

2022 Public Comment
Draft

City of Phoenix Arizona HOME-ARP Allocation Plan



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Executive Summary

The City of Phoenix Arizona has been allocated \$21,354,777 of HOME-American Recovery Plan Act (HOME-ARP) funding from the US Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation, the City of Phoenix must develop a HOME-ARP Allocation Plan that will become part of the City's PY2021 HUD Annual Action Plan by substantial amendment.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the city engaged in consultation with stakeholders and the public, including six virtual consultation sessions, direct contact with a range of agencies, city departments and organizations, a 15-day public comment period, and a public hearing.

A needs assessment and gap analysis identified the following needs and gaps that may be addressed using HOME-ARP funds:

- In January 2022, 2,909 people were residing in emergency shelter or transitional housing beds in the City of Phoenix. An additional 3,096 people were counted as unsheltered.
- According to HUD data, 950 families with income below 30% AMI live in housing that includes more than one family and is overcrowded. An additional 1,085 families with income between 30% and 50% AMI live in overcrowded conditions with one or more other families.
- An estimated 1,020 people will experience a return to homelessness each year.
- The Continuum of Care estimates there were 1,627 shelter beds for individuals and 1,262 beds for individuals in families in Phoenix in January 2021. An additional 5,085 non-congregate shelter beds are needed for individuals and 2,210 additional beds in 632 units are needed for families.
- While a full array of supportive services is available throughout the Phoenix metropolitan area, service providers often cited the following services as most needed: outreach, housing navigation, case management, employment assistance and job training, life skills training, mental health services, outpatient health services, substance abuse treatment services, landlord-tenant liaison services, and services for special populations.

- The City of Phoenix Housing Department Public Housing Authority administers multiple tenant-based rental assistance (TBRA) voucher programs, including the Section 8 Housing Choice Voucher (6,856 vouchers), Emergency Housing Voucher (390 vouchers), Veterans Affairs Supportive Housing (692 vouchers), Family Unification (91 vouchers) and Mainstream and Nursing Home Transition (97 vouchers). To encourage landlords to rent to vulnerable populations, the PHA couples EHV's with a \$1,500 landlord incentive and \$1,000 security deposit.
- The ABC Housing Agency administers approximately 4,000 permanent supportive housing vouchers for individuals and individuals in families who are experiencing or at risk of homelessness and are diagnosed with a serious mental illness. In addition, the ABC Housing Agency administers 53 Mainstream Housing Choice Vouchers for non-elderly individuals with disabilities who are experiencing or at risk of homelessness.
- There are approximately 18,000 affordable rental housing units in the city, including 2,381 public housing units. An estimated 35,510 additional affordable rental units are needed to house renters with income below 30% AMI paying more than 50% of their income for rent and utilities. In addition, there is an estimated gap of 13,905 rental units affordable to renter households with income between 30% and 50% AMI.
- In January 2021, there were 5,868 permanent supportive housing beds throughout the Phoenix metropolitan area, including 1,086 for Veterans and their families. An estimated 4,002 additional permanent supportive housing beds are needed.

To address these needs and gaps, the city will utilize HOME-ARP funds for supportive services, non-congregate shelter, rental housing, nonprofit operating cost assistance, and planning and administration. The city will provide preference to projects that serve individuals and families experiencing or at risk of homelessness.

The City of Phoenix Housing Department will publicly call for non-congregate shelter and rental housing proposals through a Call for Interest. The Call for Interest will be published in the Arizona Republic or on the City's website. Nonprofit Operating funds will be made available to nonprofit developers of HOME-ARP non-congregate shelter or rental housing projects. Supportive services funding may be managed by the City of Phoenix Homeless Services Division. Planning and administration will be managed by the City of Phoenix Housing Department.

Introduction

The City of Phoenix Arizona has been allocated \$21,354,777 of HOME-American Recovery Plan Act (HOME-ARP) funding from the US Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation, the city must develop a HOME-ARP Allocation Plan that will become part of the city's PY2021 HUD Annual Action Plan by substantial amendment. The HOME-ARP Allocation Plan must include:

1. A summary of the consultation process and feedback received;
2. A summary of comments received through the public participation process and a summary of any comments or recommendations not accepted and the reasons why;
3. For each HOME-ARP qualifying population within the city, a description of the size and demographic composition, an assessment of unmet housing and service needs, and priority needs;
4. An assessment of gaps in the housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system;
5. A summary of the planned use of HOME-ARP funds for eligible activities and the rationale for each;
6. A description of how developers and/or services providers will be selected for funding, and any activities that may be carried out directly by the city;
7. An estimate of the number of rental housing units for qualifying populations that will be produced or preserved using HOME-ARP funds;
8. A description of any preferences for individuals and families in a particular qualifying population or a segment of a qualifying population.;
9. A description of how existing debt service may be refinanced to preserve affordability of rental housing rehabilitated with HOME-ARP funds; and
10. Certifications and SF-424, SF-424B and SF-424D Forms.

HOME-ARP Eligible Qualifying Populations and Activities

HUD's CPD Notice 21-10 *Requirements for the Use of Funds in the HOME-American Rescue Plan Program* establishes requirements for funds appropriated under section 3205 of the American Rescue Plan Act of 2021 for the HOME Investment Partnerships Program (HOME) to provide homelessness assistance and supportive services.

The American Rescue Plan Act (ARP) defines HOME-ARP qualifying individuals or families, including Veterans, as individuals and families:

1. Experiencing homelessness, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act;
2. At risk of homelessness, as defined in section 401 of the McKinney-Vento Homeless Assistance Act;
3. Fleeing, or attempting to flee domestic violence, dating violence, sexual assault, or stalking (as defined by HUD in 24 CFR 5.2003) or human trafficking (as outlined in the Trafficking Victims Protection Act of 2000 as amended [22 USC 7102]); and
4. That are other populations, where providing supportive services or assistance under section 212(a) of the National Affordable Housing Act 42 USC 12472(a) would:
 - a. Prevent a family's homelessness;
 - b. Serve those with the greatest risk of housing instability.

HOME-ARP funds may be used to benefit qualifying populations through:

1. Tenant-based Rental Assistance (TBRA);
2. Development, including acquisition, of affordable rental housing;
3. Provision of supportive services;
4. Development, including acquisition, of non-congregate shelter;
5. Nonprofit capacity building and operating assistance; and
6. Program planning and administration.

Stakeholder Consultation and Public Participation

HUD requires each HOME-ARP Participating Jurisdiction (the city) to consult with agencies and service providers whose clientele include the HOME-ARP qualifying populations. The city must consult with the Continuum of Care serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities.

HUD also requires the city provide opportunities for the public to comment on the proposed Allocation Plan, including the amount of HOME-ARP funds that will be received and the range of activities that the city may undertake.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the city engaged in consultation with stakeholders and the public. Consultation with stakeholders and the public included virtual consultation sessions, a 15-day public comment period, and a public hearing. The housing department also reached out directly with agencies and organizations that did not attend a consultation session, and other city departments.

Stakeholder Consultation

Six virtual listening sessions were held. The initial series of four listening sessions were held on October 18, 2021, October 21, 2021, November 2, 2021, and November 4, 2021. The initial series of listening sessions included 1) an overview of the HOME-ARP notice to facilitate understanding of qualifying populations, eligible activities, and process of securing HOME-ARP funds from HUD, 2) an opportunity for participants to ask clarifying questions, and 3) an opportunity for participants to provide input into needs and gaps, and priority populations and activities. The second series of listening sessions were held on September 8, 2022. The second series of listening sessions included 1) an overview of qualifying populations and eligible activities, 2) data included in the Allocation Plan and the planned uses of HOME-ARP funds, and 3) an opportunity for participants to provide input into needs and gaps, priority populations and activities, and the planned uses of funds.

Fifty-two individuals representing the public, and nonprofit and public organizations that address the needs of qualifying populations and people with disabilities participated in the sessions. Sessions were announced through the city's affordable housing development list serve, which includes over 1,000 individuals that partner with the city to address affordable housing. Members of the city's homelessness task force were contacted directly via email. Finally, the city reached out to organizations and the public through a tweet sent from the Housing Department twitter account.

In addition to the listening sessions, the city directly contacted agencies by phone or through virtual meetings. Phone and virtual meetings were made to ensure that all HUD-required agency types were consulted, and to further clarify gaps and priority activities and populations.

Organizations Consulted by Organization Type and Method of Consultation

Organization Consulted	Type of Organization	Contact Method
A New Leaf	Nonprofit, advocates to address needs of qualifying populations including homeless and DV survivors	Virtual Session Phone Contact Email Contact
ABC Housing Agency/HOM Inc.	Public Housing Authority	Virtual Meeting
Ability 360	Fair housing, civil rights, or disability organization	Phone Contact Email Contact
Alinea Foundation	Private, addresses needs of qualifying populations	Virtual Session
Architectural Resource Team	Private, addresses needs of qualifying populations	Virtual Session
Area Agency on Aging	Private, addresses needs of qualifying populations	Virtual Session
Arizona Center for the Blind and Visually Impaired	Fair housing, civil rights, or disability organization	Virtual Session
Arizona Department of Economic Security	Public agencies that address the needs of the qualifying populations	Virtual Session
Arizona Department of Economic Security	Public agencies that address the needs of the qualifying populations	Virtual Session
Arizona Department of Housing	Public agencies that address the needs of the qualifying populations	Virtual Session
Arizona Developmental Disabilities Planning Council	Fair housing, civil rights, or disability organization	Virtual Session

Organization Consulted	Type of Organization	Contact Method
Arizona Housing Coalition	Nonprofit, advocates to address needs of qualifying populations including DV survivors, veterans' groups, PHAs, fair housing, civil rights, needs of persons with disabilities	Virtual Session Phone Contact Email Contact
Arizona Housing Incorporated	Nonprofit, advocates to address needs of qualifying populations	Virtual Contact
Arizona Town Hall	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Atlantic Development & Investments, Inc.	Private, addresses needs of qualifying populations	Virtual Session
AZ Commission for the Deaf and the Hard of Hearing	Fair housing, civil rights, or disability organization	Virtual Session
AZ Health Care Cost Containment System	Public agencies that address the needs of the qualifying populations	Phone Contact
Banner Health	Private, addresses needs of qualifying populations	Virtual Session
Behold Charities International	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Branch International	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Butler Housing Company, Inc.	Private, addresses needs of qualifying populations	Virtual Session
Catholic Charities	Nonprofit, advocates to address needs of qualifying populations	Virtual Session Phone Contact Email Contact
Central Arizona Shelter Services	Nonprofit, advocates to address needs of qualifying populations	Virtual Session

Organization Consulted	Type of Organization	Contact Method
Chicanos Por La Causa	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
City of Phoenix Equal Opportunity Department	Fair housing, civil rights, or disability organization	Phone Contact Email Contact
City of Phoenix Homelessness Taskforce	Public agencies that address the needs of the qualifying populations	Phone Contact Email Contact
City of Phoenix Human Services Department	Public agencies that address the needs of the qualifying populations	Phone Contact Email Contact
City of Phoenix Public Housing Authority	Public Housing Authority	Virtual Contact
Community Development Partners	Private, addresses needs of qualifying populations	Virtual Session
Community Housing Partnership	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
EMS Workforce Center	Public agencies that address the needs of the qualifying populations	Virtual Session
Equity Capital	Private, addresses needs of qualifying populations	Virtual Session
From the Ground Up AZ	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Foundation for Senior Living	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Fund for Empowerment	Private, addresses needs of qualifying populations	Virtual Session

Organization Consulted	Type of Organization	Contact Method
Game Day Real Estate	Private, addresses needs of qualifying populations	Virtual Session
Gorman & Company	Private, addresses needs of qualifying populations	Virtual Session
Healthy Giving Council	Nonprofit, advocates to address needs of qualifying populations	Phone Contact Email Contact
Homeward Bound	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Housing Initiative Project	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
ICNA Relief	Private, addresses needs of qualifying populations	Virtual Session
Kelwood Communities	Private, addresses needs of qualifying populations	Virtual Session
Local Initiatives Support Corporation (LISC)	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Maggie's Place	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Maricopa Association of Governments	Continuum of Care, Public agencies that address the needs of the qualifying populations	Phone Contact Email Contact
Megalos Capital	Private, addresses needs of qualifying populations	Virtual Session
Mercy House Living Centers	Nonprofit, advocates to address needs of qualifying populations	Virtual Session

Organization Consulted	Type of Organization	Contact Method
Modivcare	Private, addresses needs of qualifying populations	Virtual Session
Native American Connections, Inc.	Nonprofit, advocates to address needs of qualifying populations	Virtual Session Phone Contact
Newsom nonprofit consulting	Private, addresses needs of qualifying populations	Virtual Session
One-n-ten	Nonprofit, advocates to address needs of qualifying populations	Phone Contact Email Contact
Pennrose	Private, addresses needs of qualifying populations	Virtual Session
Phoenix Rescue Mission	Nonprofit, advocates to address needs of qualifying populations	Virtual Contact
RAMWorks	Private, addresses needs of qualifying populations	Virtual Session
Revival Development Services	Private, addresses needs of qualifying populations	Virtual Session
STAND	Private, addresses needs of qualifying populations	Virtual Session
Southwest Fair Housing Council	Fair housing, civil rights, or disability organization	Phone Contact Email Contact
The Crossroads	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
The Danco Group	Private, addresses needs of qualifying populations	Virtual Session

Organization Consulted	Type of Organization	Contact Method
The Richman Group	Private, addresses needs of qualifying populations	Virtual Session
Trellis	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Ulysses Development	Private, addresses needs of qualifying populations	Virtual Session
United Methodist Outreach Ministries (UMOM)	Nonprofit, advocates to address needs of qualifying populations	Virtual Session Phone Contact Email Contact
Valley of the Sun United Way	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Violence Impact Project Coalition	Nonprofit, advocates to address needs of qualifying populations	Virtual Session
Vitalyst Health Foundation	Nonprofit, advocates to address needs of qualifying populations	Virtual Session

Summary of Feedback Received from Consulted Organizations

Consultation revealed strongest support for:

1. Production or preservation of affordable rental housing;
2. Production of non-congregate shelter; and
3. Supportive services.

Stakeholders discussed the need to prioritize affordable rental housing and non-congregate shelter to address the severe shortage of both rental units and beds. Stakeholders encouraged the city to:

- Prioritize shovel ready projects, including those that were unsuccessful in securing a 9% LIHTC allocation, are leveraging other resources, and that convert unutilized or underutilized buildings;

- Incorporate accessibility features for individuals with and families with members with disabilities, using existing referral networks to ensure units are available for those facing eviction or experiencing homelessness.
- Include project-based vouchers and other operating funds to ensure the lowest-income and most vulnerable are housed;
- Partner with non-traditional land sources (hospitals, schools, etc.) to help reduce the cost of land and co-locate housing near employment and services;
- Focus on small projects (4-7 units) that can be rehabilitated to create safe and tight-knit communities of qualifying populations;
- Produce single-room occupancy units and couple the units with substantial supportive services to help people move from homelessness to housing stability; and
- Focus on households with income less than \$30,000 who are priced out of the housing market.

Stakeholders also shared the necessity of ensuring supportive services are available, yet some indicated that they would prefer to not utilize federal funding for services. Stakeholders also emphasized that any services funded with HOME-ARP need to be delivered through an organized and uncomplicated referral network.

Considering priority HOME-ARP populations, people experiencing and at risk of homelessness were identified as a priority due to increasing numbers of unsheltered homeless individuals and families in the city. Often-cited subpopulations included people with disabilities, seniors, and individuals exiting institutions (health care, criminal justice).

Public Participation

Opportunities for public participation began with the announcement of the October and November 2021 listening sessions via the housing department's twitter account. Additional opportunities were offered through announcement of the September listening sessions. A public hearing was held on September 12, 2022 and a 15-day public comment period began September 13, 2022 and ended September 27, 2022. City council subcommittee and full council meetings are conducted publicly, providing additional opportunities for the public to participate.

A combined notice of public comment period and public hearing were published in the *Arizona Republic, La Voz, Arizona Informant, and Record Reporter*. In addition, the public notice was posted on the housing department website, on twitter, and emailed to the Housing Department listserv and the Neighborhood Services Department listserv.

Efforts to Broaden Public Participation

To broaden public participation, the city announced the public comment period and public hearing on its website and via twitter. To reach the broadest possible audience, public notices were placed in the *Arizona Republic, La Voz, Arizona Informant, and Record Reporter*. Organizations that partner with the city were encouraged to provide the notice and hearing information to the individuals and families they serve.

Comments and Recommendations Received

Comments and recommendations received at the public hearing and during the public comment period will be included in the final HOME-ARP Allocation Plan.

Comments and Recommendations Not Accepted and Reasons Why

Comments and recommendations not accepted and the reasons why will be included in the final HOME-ARP Allocation Plan.

Needs Assessment and Gap Analysis

The needs assessment and gap analysis must evaluate the 1) size and demographic composition of HOME-ARP qualifying populations, 2) unmet housing and services needs of HOME-ARP qualifying populations, and 3) priority housing and services needs of HOME-ARP qualifying populations. In addition, the needs assessment and gap analysis must identify any gaps within the current shelter and housing inventory, and service delivery system. This needs assessment and gap analysis focuses on:

1. Sheltered and unsheltered homeless populations;
2. Currently housed individuals and families at risk of homelessness;
3. Individuals and families fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking;
4. Other individuals and families requiring services or housing to prevent homelessness;
and

5. Households at greatest risk of housing instability or residing in unstable housing situations.

Housing Inventory Count (HIC)

The annual Housing Inventory Count (HIC) provides useful context regarding the number and type of beds and units that are available for individuals and families experiencing homelessness on any given night. The following tables summarize beds and units in Phoenix as of January 2021 by bed type.

Emergency housing beds include emergency shelter and transitional housing; emergency shelter generally allows for short-term or nightly stays, while transitional housing generally allows for a stay up to 24 months. Both types of emergency housing may include supportive services designed to facilitate movement from homelessness to independent living.

Emergency Housing Beds Available January 2021 City of Phoenix								
	Current Inventory					Beds for Subpopulations		
	Family Units	Family Beds	Adult-Only Beds	Child-Only Beds	Total Year-Round Beds	Chronic	Veterans	Youth
Emergency Shelter	273	902	1,127	0	2,028	n/a	3	25
Transitional Housing	106	360	490	0	850	n/a	82	47
Total Emergency Housing Beds	379	1,262	1,617	0	2,878	n/a	85	72

In addition to emergency shelter and transitional housing, rapid rehousing and permanent supportive housing are available in Phoenix and the surrounding metropolitan area. These resources are planned for and coordinated by the Maricopa Association of Governments Regional Continuum of Care (MAG CoC). Rapid rehousing provides security and utility deposits and/or monthly rental and utility assistance for rental units that rent for less than the fair market rent. Assistance is generally provided for the shortest period of time necessary for a household to gain stable housing and can range from 3 to 24 months. There were 1,750 rapid rehousing beds in the MAG CoC in January 2021. Of rapid rehousing beds, 1,215 were family beds, 535 were adult-only beds, 365 were dedicated to Veterans, and 10 were dedicated to youth.

Permanent supportive housing provides for an unlimited lease term; residents receive services necessary to promote continued housing stability. There were 5,868 permanent supportive housing beds in the MAG CoC in January 2021. Of permanent supportive housing beds, 1,485 were family beds and 4,383 were adult-only beds. Of permanent supportive beds, 1,621 were dedicated for people experiencing chronic homelessness, 1,086 were dedicated to Veterans, and 17 were dedicated to youth.

Size and Demographic Composition of Qualifying Populations

Sheltered Homeless Populations

The 2022 sheltered point-in-time count identified 2,909 people experiencing sheltered homelessness in Phoenix on January 24, 2022. People are considered sheltered when they are residing in emergency shelter or transitional housing, but not when they are receiving rapid rehousing assistance or residing in permanent supportive housing. Among individuals experiencing sheltered homelessness, approximately:

- 65% (1,891) were age 25 or older; 7% (204) were age 18 to 24; and 28% (815) were age 17 or younger.
- 56% (1,629) identified as male, 43% (1,236) identified as female, and less than 1% (15) identified as transgender or gender non-conforming;
- 76% (2,211) identified as non-Hispanic and 24% (698) identified as Hispanic; and
- 56% (1,514) identified as White, 32% (931) identified as Black or African American, 6% (175) identified as multiple races, 5% (131) identified as Native American, and less than 1% identified as either Asian or Native Hawaiian or Other Pacific Islander.

Unsheltered Homeless Populations

The 2022 point-in-time unsheltered count identified 3,096 people experiencing unsheltered homelessness in Phoenix on January 24, 2022. Among individuals experiencing unsheltered homelessness in 2022 approximately:

- 88% (2,724) were age 25 or older; 9% (279) were age 18 to 24; and 3% (93) were age 17 or younger.
- 72% (2,235) identified as male, 28% (851) identified as female, and 10 (less than 1%) identified as transgender or gender non-conforming;
- 78% (2,415) identified as non-Hispanic and 22% (681) identified as Hispanic;

- 68% (2,105) identified as White, 21% (650) identified as Black or African American, 7% (217) identified as Native American, 3% (93) identified as multiple races, and less than 1% identified as either Asian or Native Hawaiian or Other Pacific Islander; and
- 21% (664) met the definition of experiencing chronic homelessness;
- 18% (569) were adults with a substance use disorder;
- 17% (527) were adults with a serious mental illness;
- 8% (242) were fleeing domestic violence;
- 7% (217) were Veterans; and
- 2% (70) were an adult with HIV/AIDS.

At-risk of Homelessness

Households at risk of homelessness are those with incomes below 30% AMI that lack sufficient resources or support networks to prevent homelessness, and 1) have moved more than two times due to economic reasons in the past 60 days, 2) are doubled up with another household due to economic hardship, 3) will be evicted within 21 days, 4) live in a hotel or motel without financial assistance from a nonprofit or government entity, 5) live in an efficiency apartment and are overcrowded, or 6) are exiting a publicly-funded institution or system of care.

HUD Comprehensive Housing Affordability Strategy (CHAS) 2014-2018 data Table 10 provides information on overcrowding among households that include more than one family. The CHAS data indicates there are approximately 950 households with incomes below 30% AMI that are at risk of homelessness in the City of Phoenix. An additional 1,085 families with income between 30% and 50% AMI live in overcrowded conditions with one or more other families.

Fleeing or Attempting to Flee Domestic Violence, Dating Violence, Sexual Assault, Stalking or Human Trafficking

The January 2022 PIT identified 307 sheltered survivors of domestic violence. Providers of services to survivors of domestic violence indicate the number of individuals in need of shelter is significantly undercounted as many survivors double up with other families. Federal Bureau of Investigations Uniform Crime Reporting data for Phoenix indicates that approximately 1,000 sexual assaults are reported annually. Nationally, approximately 90% of sexual assault victims are female, and 50% of sexual assaults are perpetrated by an individual known to the victim. The National Human Trafficking Hotline reported 608 contacts and 193 human trafficking cases

in 2020; local data is not available. Additional demographic information for individuals in this qualifying population is unavailable or confidential.

Other Populations

Other populations, as defined by HOME-ARP, include those who:

1. Are currently housed and at risk of repeat homelessness;
2. Have incomes below 30% AMI and are experiencing severe housing cost burden; and
3. Otherwise meet the definition of at risk of homelessness and have incomes between 30% and 50% AMI.

Currently housed and at risk of repeat homelessness

HUD System Performance Measurement data for the MAG CoC indicates that approximately 16% of individuals exiting emergency shelter, or transitional or permanent housing in any given year will return to homelessness within 12 months. In 2020, approximately 6,375 people exited homelessness. The estimated number of people returning to homelessness each year is 1,020.

At greatest risk of housing instability – Households with incomes < 30% AMI and experiencing severe housing cost burden

2014-2018 HUD CHAS data indicates there are 35,510 renter households in Phoenix with annual income less than 30% AMI that are at greatest risk of housing instability. These renter households include:

- 975 two-person households, one or both of whom are age 62 or older
- 12,605 small families with 2-4 non-elderly people;
- 5,250 large families with 5 or more people;
- 5,235 people living alone or with non-relatives who are age 62 or older; and
- 11,445 people living alone or with non-relatives, all of whom are age 61 or younger.

At greatest risk of housing instability – Households with incomes 30-50% AMI that meet HUD’s §91.5 definition of at risk of homelessness

Households in this category are those with incomes between 30% and 50% AMI that lack sufficient resources or support networks to prevent homelessness, and 1) have moved more than two times due to economic reasons in the past 60 days, 2) are doubled up with another household due to economic hardship, 3) will be evicted within 21 days, 4) live in a hotel or motel without financial assistance from a nonprofit or government entity, 5) live in an efficiency apartment and are overcrowded, or 6) are exiting a publicly-funded institution or system of care.

There is no available data regarding individuals or families that 1) have moved more than two times due to economic reasons in the past 60 days, 2) live in a hotel or motel without financial assistance from a nonprofit or government entity, 3) live in an efficiency apartment and are overcrowded, or 4) are exiting a publicly-funded institution or system of care.

HUD Comprehensive Housing Affordability Strategy (CHAS) 2014-2018 data Table 10 provides information on households by income level that are doubled up. This CHAS data indicates there are approximately 1,085 households with incomes between 30% and 50% AMI that are at risk of homelessness in Phoenix.

The city disbursed over \$310 million to nearly 29,000 renter households impacted by COVID-19 to prevent eviction and utility shut-off. Since the beginning of 2022, 48,237 evictions have been filed in Maricopa County, with an estimated 24,950 eviction filings occurring in Phoenix. At any given time, an estimated 3,500 households are at risk of being evicted within 21 days.

Unmet Housing and Service Needs of Qualifying Populations

The greatest unmet housing needs of qualifying populations are:

- Permanent rental housing that is affordable; and
- Permanent supportive rental housing that coordinates specialized services with housing that is affordable.

The greatest unmet service needs of qualifying populations, including sheltered and unsheltered homeless populations, people fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking, currently housed populations at

risk of homelessness, other families requiring services or assistance to prevent homelessness, and those at greatest risk of housing instability or in unstable housing situations are:

- Outreach services;
- Housing navigation;
- Case management;
- Employment assistance and job training;
- Life skills training;
- Mental health services;
- Outpatient health services;
- Substance abuse treatment services;
- Landlord-tenant liaison services; and
- Services for special populations.

Additional service needs of qualifying populations may include the following as described in HUD CPD Notice 2021-10, as may be amended:

- Child care;
- Education services;
- Meal or grocery assistance;
- Housing search and counseling assistance;
- Coordinated service linkage;
- Legal services;
- Transportation;
- Credit repair;
- Services for special populations, including trauma-informed services; and
- Financial assistance to secure stable housing, such as rental application fees, security and utility deposits, and first and last month's rent.

Current Resources Available to Assist Qualifying Populations

Current available resources available to assist qualifying populations include:

1. Emergency Shelter and Transitional Housing;
2. Tenant-based rental assistance;
3. Affordable and Permanent Supportive Rental Housing; and
4. Supportive services.

Emergency Shelter and Transitional Housing

In January 2020, there were an estimated 2,879 emergency shelter and transitional shelter beds in Phoenix.

Tenant-based Rental Assistance

The City of Phoenix Housing Department Public Housing Authority (PHA) administers multiple tenant-based rental assistance (TBRA) voucher programs, including the Section 8 Housing Choice Voucher (6,856 vouchers), Emergency Housing Voucher (390 vouchers), Veterans Affairs Supportive Housing (692 vouchers), Family Unification (91 vouchers) and Mainstream and Nursing Home Transition (97 vouchers).

In addition to Phoenix PHA TBRA programs, the Arizona Behavioral Health Corporation Housing Agency (ABC Housing Agency) administers approximately 4,000 TBRA permanent supportive housing vouchers and 53 Section 8 Mainstream Vouchers for non-elderly persons with disabilities experiencing homelessness or at risk of homelessness. ABC Housing Agency vouchers may be used to rent units throughout the Phoenix metropolitan area, including outside of the City of Phoenix boundaries.

Affordable and Permanent Supportive Rental Housing

There are approximately 16,500 affordable rental housing units funded with HOME, LIHTC, and HUD subsidies, insurance and project-based subsidies. In January 2020, there were 5,868 permanent supportive housing beds, including 1,086 for Veterans and their families throughout the MAG CoC region. In addition, the City of Phoenix manages 2,381 public housing units in 10 developments throughout the city.

Supportive Services

A full range of supportive services is available in the City of Phoenix and the Phoenix metropolitan area.

Shelter, Housing and Service Delivery System Gaps

This gaps analysis examines need for different types of housing, shelter and supportive services individually. An investment in one area of need can positively influence other areas of need.

Shelter Gap

There is an estimated need for 5,085 additional shelter beds for individuals and 1,262 additional shelter beds in 632 units for individuals in families.

Shelter Gap Methodology

The shelter gap methodology utilized the January 2022 point-in-time count of sheltered and unsheltered individuals and individuals in families. The number of sheltered individuals and individuals in families in emergency shelter and transitional housing were separately multiplied by the average stay in each shelter type and added to identify the total nightly need for beds. To estimate family units needed, the estimated bed need was divided by 3.5 people per family.

Shelter Gap - Beds for Individuals	
Individuals Sheltered in Emergency Beds (1,105) x 2.3-month average stay	5,762
Individuals Sheltered in Transitional Housing Beds (538) x 6.9-month average stay	940
Total Nightly Need for Individual Beds	6,702
Estimated Existing Individual Bed Capacity (Emergency Shelter + Transitional Housing)	1,617
<i>Net Nightly Need for Individual Beds</i>	<i>5,085</i>

Shelter Gap - Beds for Individuals in Families and Family Units	
Individuals in Families in Emergency Beds (819) x 3.3-month average stay	2,989
Individuals in Families in Transitional Housing Beds (467) x 11.6-month average stay	483
Total Nightly Need for Family Beds	3,472
Estimated Existing Family Bed Capacity (Emergency Shelter + Transitional Housing)	1,262
<i>Net Nightly Need for Beds for Individuals in Families</i>	<i>2,210</i>
<i>Net Nightly Need for Family Units (3.5 people/family average)</i>	<i>632</i>

Tenant-based Rental Assistance Gap

There is an estimated gap of 49,415 tenant-based rental assistance vouchers for households with income less than 50% AMI and paying more than 50% of household income for rent, including utilities.

Tenant-based Rental Assistance Gap Methodology

The number of tenant-based rental assistance vouchers was calculated using HUD CHAS Data Table 7 and is equal to the number of renter households with income less than 50% of AMI and paying more than 50% of household income for rent, including utilities.

City of Phoenix Tenant-based Rental Assistance Gap	
Renter Households with Income <50% AMI paying more than 50% of income for rent, including utilities	49,415

Affordable and Permanent Supportive Rental Housing Gap

There is an estimated gap of 35,510 rental units affordable to renter households with income less than 30% AMI. In addition, there is an estimated gap of 13,905 rental units affordable to renter households with income between 30% and 50% AMI. Units for 4-person renter households with income less than 30% AMI will generally have rent, including utilities that does not exceed \$660/month. Units for 4-person renter households with income between 30% and 50% AMI will generally have rent, including utilities that does not exceed \$1,100/month.

Permanent supportive rental housing is a subset of the affordable rental housing gap, primarily for households who are experiencing chronic homelessness, have income less than 30% AMI, and who have a household member with a disability. In addition to an affordable rent, permanent supportive housing provides an array of services necessary to help people with disabilities and/or experiencing chronic homelessness to retain housing stability. There is an estimated gap of 4,002 permanent supportive housing units in Phoenix.

Affordable and Permanent Supportive Rental Housing Gap Methodology

The number of Affordable Rental Units was calculated using HUD CHAS Data Table 7 and is equal to the number of renter households in each income category paying more than 50% of household income for rent, including utilities.

Affordable Rental Unit Gap	
Renter Households with Income <30% AMI paying more than 50% of income for rent, including utilities	35,510
Renter Households with Income 30% to 50% AMI paying more than 50% of income for rent, including utilities	13,905
<i>Total Affordable Rental Unit Need</i>	<i>49,415</i>

The number of Permanent Supportive Housing Units needed was calculated by multiplying the ACS 2019 1-year population estimates for Phoenix by the per capita need (.002381) for Arizona as calculated by the Corporation for Supportive Housing.

Permanent Supportive Housing Gap	
Population	1,680,988
Corporation for Supportive Housing per Capita estimate of permanent supportive housing need	.002381
<i>Total Permanent Supportive Housing Gap</i>	<i>4,002</i>

Service Delivery System Gaps and Methodology

To identify gaps in the service delivery system, the city consulted with stakeholders and drew on its experience working with human services organizations. Consultation with stakeholders revealed numerous service delivery system gaps including:

- Outreach services;
- Housing navigation;
- Case management;
- Employment assistance and job training;
- Life skills training;
- Mental health services;

- Outpatient health services;
- Substance abuse treatment services;
- Landlord-tenant liaison services; and
- Services for special populations.

Characteristics of Housing Associated with Increased Risk of Homelessness for Other Populations

For other populations, severe housing cost burden, or paying more than 50% of household income for rent and utilities is the primary characteristic of housing associated with increased risk of homelessness.

Priority Needs for Qualifying Populations

Priority needs for qualifying populations are:

- Affordable rental housing;
- Non-congregate shelter;
- Supportive services including:
 - Outreach services;
 - Housing navigation;
 - Case management;
 - Employment assistance and job training;
 - Life skills training;
 - Mental health services;
 - Outpatient health services;
 - Substance abuse treatment services;
 - Landlord-tenant liaison services; and
 - Services for special populations.

HOME-ARP Activities

Based on input received through the stakeholder consultation and public participation processes, and the assessment of needs and gaps, the City of Phoenix plans to use HOME-ARP funds for supportive services, non-congregate shelter, rental housing, nonprofit operating, and administration and planning.

Uses of HOME-ARP Funding

Activity	Funding Amount	Percent of Allocation	Statutory Limit
Supportive Services	\$2,500,000		
Non-congregate Shelter	\$8,209,649		
Tenant-based Rental Assistance	\$0		
Rental Housing	\$8,209,649		
Non-profit Operating	\$300,000	1%	5%
Non-profit Capacity Building	\$0	0%	5%
Administration and Planning	\$2,135,479	10%	15%
Total HOME-ARP Allocation	\$ 21,354,777		

Distribution of HOME-ARP Funds to Address Identified Needs

The City of Phoenix Housing Department will publicly call for non-congregate shelter and rental housing proposals through a Call for Interest. The Call for Interest will be published in the *Arizona Republic* and on the City’s website. Nonprofit Operating funds will be made available to nonprofit developers of HOME-ARP non-congregate shelter or rental housing projects.

Supportive services funding may be managed by the City of Phoenix Homeless Services Division. Planning and administration will be managed by the City of Phoenix Housing Department.

Rationale for Uses of HOME-ARP Funding

Input received through the consultation process reinforced the recommendations of the recently-issued *Strategies to Address Homelessness Task Force Recommendations* to the City Manager document. The task force recommended adding new shelter beds equal to 35% to 50% of the Phoenix unsheltered point-in-time count, and adding permanent supportive and

affordable housing units to reduce the risk of homelessness. Based on the 2022 unsheltered point-in-time count of 3,096 individuals in Phoenix, an additional 1,080 – 1,550 shelter beds are recommended.

In 2019, Phoenix was the fastest growing city in the nation. For four consecutive years, more people moved to Phoenix than any other city in the country. Phoenix’s housing production has not kept pace with population growth, and according to the 2021 *Housing Phoenix Plan*, 163,067 additional housing units are needed, including 99,581 subsidized and affordable units to meet current and anticipated demand.

HUD 2014-2018 CHAS data identified 35,510 renter households with income less than 30% AMI who were severely cost burdened and an additional 13,905 renter households with income between 30% and 50% who were severely cost burdened. These households are in most immediate need of an affordable rental unit.

The volume of severely cost burdened renters could be reduced through the use of HOME-ARP funds for either tenant-based rental assistance or rental housing production. Given the shortage of available units resulting from increased demand generated by continued in-migration, implementing a new tenant-based rental assistance program is unlikely to meet the needs of the city’s most vulnerable renters. This challenge is underscored by data that shows voucher holders search for a housing unit takes on average 110 days. Searchers are most likely to be seeking 1-, 2-, or 3- bedroom units and the average search times are 90 days for a 1-bedroom, 111 days for 2-bedroom and 109 days for a 3-bedroom. Individuals seeking studio units have the longest search times at 127 days.

In addition, the city received 390 Emergency Housing Vouchers (EHVs) in 2021. These vouchers serve the same qualifying populations as HOME-ARP. As of July 2022, 85 voucher holders had found units and an additional 70 were searching. Adding new tenant-based rental assistance for the same population served by EHVs is likely to create unnecessary competition for scarce units.

The addition of HOME-ARP rental units, coupled with operating support will help to ease the burden of housing costs for the city’s lowest-income renters who are at high risk of housing instability and homelessness or are currently experiencing homelessness and seeking opportunities for housing stability. Permanent supportive rental housing will help to address the needs of the growing population of people experiencing chronic homelessness or people with disabilities who need supportive services coupled with affordable housing.

Investment of HOME-ARP funds in non-congregate shelter will provide continued opportunities to serve people who are experiencing unsheltered homelessness.

Some nonprofit partners have capacity to develop, manage and deliver shelter and rental units, yet struggle to secure the operating funds necessary to ensure consistency in operations. Nonprofit partners will benefit from operating expense assistance to support their efforts to develop appropriate shelter, and housing.

HOME-ARP Housing Production Goals

The city estimates it will produce and support an estimated 33 affordable rental units with HOME-ARP funds, assuming average development costs of \$250,000/unit. The actual number of units produced will depend on the ability to leverage HOME-ARP funds with other financing sources.

The specific rental housing production goal of 33 units will address the priority need for affordable rental housing units.

Preferences

HOME-ARP preferences provide a priority for the selection of applicants who fall into a specific qualifying population to receive assistance. A preference permits an individual that qualifies for a preference to be selected for HOME-ARP assistance before another eligible applicant that does not qualify for a preference.

The city will provide preference to non-congregate shelter and rental housing projects that serve people experiencing homelessness. Bonus points will be included in the project evaluation criteria, which will be further described in the Call for Interest.

Preferences will provide non-congregate shelter to address the unmet gap of 5,085 non-congregate shelter beds for individuals, 2,210 shelter beds for families, and affordable rental units for the estimated 49,415 individuals and families at risk of homelessness.

HOME-ARP projects will be required to implement the homeless preference through a written waiting list. Populations that are not provided a preference in a project will be placed on the waiting list and must be selected for occupancy or tenancy for any units not occupied or leased by individuals and families experiencing homelessness.

To ensure that no qualifying populations or subpopulations are excluded, the coordinated entry system will not be used for HOME-ARP funds.

Limitations

The City of Phoenix does not intend to limit eligibility for a HOME-ARP rental housing or a HOME-ARP Non-congregate Shelter to a particular population or subpopulation of a qualifying population.

HOME-ARP Refinancing Guidelines

The City of Phoenix may use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds. When the city elects to refinance existing debt, it will follow its standard underwriting guidelines. In addition to following these guidelines, the city will use HOME-ARP funds to refinance existing debt only when:

1. The cost of rehabilitation to refinancing is equal to or greater than 1.1:1 to demonstrate that rehabilitation is the primary activity;
2. The project will remain viable and meet the HOME-ARP requirements for not less than 15 years as evidenced by underwriting and review of management practices to ensure that disinvestment in the property has not occurred;
3. The investment will maintain current affordable units, create additional affordable units, or both; and
4. The refinancing does not include loans made or insured by any federal program.