

**Arizona Department of Health Services
Division of Behavioral Health Services**

HOUSING DESKTOP MANUAL



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TABLE OF CONTENTS

1. INTRODUCTION.....	3
2. HISTORY & BACKGROUND.....	3-4
3. ADHS/DBHS HOUSING CONTINUUM	4-6
4. ADHS/DBHS HOUSING REVIEW COMMITTEE.....	6-7
5. ADHS/DBHS HOUSING MONITORING AND OVERSIGHT.....	7-10
6. ADHS/DBHS HOUSING REQUIREMENTS.....	10-15
A. STATE FUNDED SUPPORTED HOUSING PROGRAM.....	10-11
B. FEDERAL PROGRAMS/ASSISTANCE.....	11-12
C. SUBCONTRACTING REQUIREMENTS.....	12-13
D. OTHER RBHA HOUSING REQUIREMENTS/PROCEDURES.....	13-14
E. T/RBHA MONITORING.....	14-15
7. APPENDIX.....	16-41
A. DESK PROTOCOL – CHECKLIST for Permanent Housing Acquisition.....	17-20
B. ALLOWABLE & UNALLOWABLE ACTIVITIES – When Developing an Annual Housing Spending Plan.....	21-22
C. APPLICATION CHECKLIST: ACQUISITION AND/OR REHABILITATION, NEW CONSTRUCTION.....	23-41

1. INTRODUCTION

Recovery often starts with safe, decent and affordable housing so that individuals are able to live, work, learn and participate fully in their communities. Assisting individuals in achieving their goals is a key component of the behavioral health system. Safe, stable, and familiar living arrangements are critical to a person's ability to benefit from treatment and support services. The Arizona Department of Health Services Division of Behavioral Health Services (ADHS/DBHS), the Tribal and Regional Behavioral Health Authorities (T/RBHAs) have developed a number of housing options and treatment programs that offer a variety of levels of care for persons with a Serious Mental Illness (SMI) throughout Arizona.

This document will review the existing continuum of housing options available to persons with SMI. In addition, this manual will provide to the T/RBHAs the information needed to propose housing projects to be funded by ADHS/DBHS, as well as, describe the processes utilized by ADHS/DBHS to approve and monitor both housing acquisition and housing assistance programs.

Consistent with the Substance Abuse and Mental Health Services Administration (SAMHSA) definition of Permanent Supportive Housing, the ADHS/DBHS defines housing as decent, safe, and affordable community-based housing that provides tenants with the rights of tenancy under state and local landlord tenant laws and is linked to voluntary and flexible support and services designed to meet tenants' needs and preferences to remain in the housing they have chosen.

2. HOUSING HISTORY AND BACKGROUND

As recently as four decades ago, most persons with serious mental illnesses would have lived in state psychiatric hospitals their entire lives. Most of these locked down institutions housed thousands of people within self-contained "campuses" that offered little, if any, opportunity to overcome the symptoms of mental illness, master living skills or return to community life.

This cycle would have continued if it had not been for legal advocates who filed lawsuits to provide better living conditions for persons with SMI. Member, family, and advocacy groups sought to address the well-publicized abuses in state hospitals by seeking treatment in the least restrictive setting. Much of the decrease in hospital censuses can be attributed to the movement called "deinstitutionalization" which emerged in the 1950s and 1960's as an outgrowth of significant changes in the public's viewpoint about mental illness in America.

Care of individuals with mental illness shifted from hospitals to the community. However, the vast array of services, housing and supports necessary for safe community living never materialized. Persons with mental illness often were:

- Discharged to the streets, as they had no place to live upon discharge;
- Placed in nursing home settings;
- Cycled in and out of psychiatric hospitals and jails;
- Living in unlicensed, unsanitary Board and Care or fifthly and unsafe flop houses; and
- Victims of landlords and owners of group homes that barely fed them, hardly ever cleaned the facilities, and took all of their money as "room and board."

As public outcry increased due to media attention in the 1970's, individuals with a mental illness began to be placed in large residential treatment facilities that were highly structured. The person's housing was dependent on their participation in the programming. Residential treatment centers were overcrowded and often substandard. These settings placed residents in physical and emotional risks and did not offer tools for tenants to recover from their mental illness.

In the 1980s, developing small group homes with congregate meals and “supervision” round-the-clock emerged as the preferred housing model. This model worked for some individuals, however, the overwhelming majority of people with mental illness wanted to live in their own homes with access to individualized, flexible supports.

In Arizona, court documents enacted in January of 1991 through the Supreme Court decision related to Arnold vs. Sarn had a major effect on housing for persons with SMI, especially for those living in deplorable conditions. Inappropriate, unsafe, and unsanitary living conditions ranked high among the problems cited in the Arnold vs. Sarn lawsuit that required drastic changes to the behavioral health system.

The agreements reached require that a range of housing options be afforded to class members in the least restrictive manner. Guidelines were established on the use of a property to house no more than 8 persons (Rule of 8) with serious mental illness or no more than 25% of an apartment complex (Density Rule), whichever is greater, to avoid recreating “mini institutions” in the community. Recently, the Rule of 8 was omitted from this requirement, but the Density Rule still stands. The ADHS/DBHS also understands that this is difficult to abide by in more rural and frontier lands across Arizona, and special requests to waive the Density Rule can be made by the T/RBHAs.

In 2000, the Governor signed into law HB 2003, which provided additional funding to purchase housing, increase vocational rehabilitation and enhance case management with the use of Tobacco Tax Litigation funds. The settlement provided permanent housing for priority population members. The properties are scattered throughout Maricopa and Pima Counties, with housing options specifically tailored to the needs of members. A thorough neighborhood due diligence is conducted on all properties to assure access to:

- Public transportation and/or dial-a-ride services;
- Clinical sites and consumer run centers;
- Employment and job training opportunities;
- Cultural centers, libraries and parks;
- Community support and faith based centers; and
- Grocery stores and pharmacies.

The properties purchased consist of houses and small apartment complexes with accommodations for technical support staff on or off site. Clinical teams provide ample opportunities to assist members in acquiring the skills necessary to manage or eliminate the debilitating symptoms of a mental illness, and they promote productive, satisfying and independent lives emphasizing the member's unique strengths, culture and self-determination.

ADHS/DBHS has shifted to a “Housing First” approach, which is founded on the belief that housing is a basic human right for all persons regardless of disability. The program provides individuals with housing first while other services are being determined. The individual chooses where he or she wants to live, and housing is not dependent upon their participation in a “program” or “treatment.” Rents are subsidized and supportive services are provided on a voluntary basis to help the individual to remain successfully housed in the community.

3. ADHS/DBHS HOUSING CONTINUUM

ADHS/DBHS and the T/RBHAs have developed a number of housing options for persons with a serious mental illness. In addition, providers have partnered with the U.S. Department of Housing and Urban Development (HUD) on several projects and individuals are linked to HUD funded housing programs, whenever possible. Unfortunately many of the HUD funded programs have extensive waiting lists and individuals with certain criminal backgrounds are not eligible for housing assistance through HUD. ADHS/DBHS and the T/RBHAs

have also developed rental assistance and eviction prevention programs that provide financial assistance to individuals to help obtain or maintain independent housing.

Housing is currently funded through Title XIX and Non-Title XIX funds (state general funds), Senate Bill 1616 funds (SB1616), and Bridge Subsidy Funds.

HUD provides funding for adults who are homeless and disabled. On May 20, 2009, President Obama signed into law a bill to reauthorize HUD's McKinney-Vento Homeless Assistance Programs. The bill, known as the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, made numerous changes to HUD's homeless assistance programs:

- Significantly increases resources to prevent homelessness
- New incentives will place more emphasis on rapid re-housing, especially for homeless families.
- The existing emphasis on creating permanent supportive housing for people experiencing chronic homelessness will continue, and families have been added to the definition of chronically homeless.
- Rural communities will have the option of applying under a different set of guidelines that may offer more flexibility and more assistance with capacity building.

HUD published the HEARTH Continuum of Care (CoC) Program interim rule on July 31, 2012 and it became effective August 31, 2012. Changes made include codifying the CoC process, expanding the definition of homelessness, and focusing selection criteria more on performance. The purpose of the CoC Homeless Assistance Program is to reduce the incidence of homelessness in CoC communities, by assisting homeless individuals and families in quickly transitioning to self-sufficiency and permanent housing, as authorized under Title IV of the McKinney-Vento Homeless Assistance Act.

The HEARTH Act consolidates the programs formerly known as the Supportive Housing Program (SHP), the Shelter Plus Care (S+C) Program, and the Section 8 Moderate Rehabilitation for Single Room Occupancy (SRO) Program into one grant program: the Continuum of Care program.

RBHAs are required to work in collaboration with the Arizona Department of Housing (ADOH) and ADHS/DBHS and the three Continuums of Care to ensure the revised requirements of the HEARTH Act are met, allowing Arizona to maximize the HUD Continuum of Care Homeless Assistance Programs awarded throughout the State.

RBHAs and Providers awarded HUD funding are required to participate in the Homeless Management Information System (HMIS), a software application designed to record and store client-level information on the characteristics and service needs of homeless persons. The HMIS is used to coordinate care, manage program operations, and better serve clients.

ADHS/DBHS Housing Program (not licensed):

- **Community Living with Supports (Acquisition and Leasing)**- have primarily focused on individuals transitioning from the Arizona State Hospital, supervisory care homes, boarding homes, residential treatment, inpatient facilities and jail. The focus is on assisting members to establish a social support system, employment and access community resources successfully. Rental subsidy is provided with members paying no more than 30% of their adjusted income towards rent as stated in lease/occupancy agreements, in sponsor based or tenant based housing. The two community housing models are pursued:
 - **House Model**-multiple individuals reside in a home and both treatment and support services may be provided up to 24 hours per day or through an ACT Team.

- **Small Apartment Complex**-typically less structured with treatment and support services either on-site (e.g. in a vacant apartment) or provided by ACT Teams and community service providers based on the individual's service plan.
- **Housing Rental Assistance Types and Programs**-in an effort to establish and increase the availability of permanent, safe and secure housing options, ADHS/DBHS offers financial assistance using housing funds from both the Title-19 and Non-Title 19 funding sources.
- Questions pertaining to the financial assistance programs should be directed to the T/RBHA Housing Department.

Independent Federal Housing:

These include the HUD Section 8 programs 811 programs and 202 administered through the local Public Housing Authorities. These include tenant based, sponsor based and project rental assistance.

- **Sponsor-Based Rental Assistance**-the sponsor leases the dwelling unit, pays the full amount of rent directly to the landlord/owner, and holds all liability of damages and losses. The landlord/owner performs credit, criminal history and background checks on the sponsor and may perform them on each prospective tenant prior to and/or during tenancy. The tenant is obligated to pay 30% of their adjusted monthly income to the sponsors for their share of the monthly rent. The tenant may select the location according to the space availability and the landlord/owners willingness to participate in the program.
- **Tenant-Based Rental Assistance**-the tenant leases the dwelling units, pays 30% of their adjusted income for rent directly to the landlord/owner. The tenant is responsible for damages and losses, the tenant may be required to meet landlords/owners credit history and criminal background checks prior to and during tenancy, and consumers can choose location of the dwelling unit. The Housing Provider (sponsor) pays the remainder of the rent directly to the landlord/owner.
- **Project Based Housing**-the tenant leases the unit and location is limited to the units available at the project site (subsidy stays with the unit). The individual pays 30% of their adjusted income directly to the landlord/owner. The tenant is responsible for damages and losses, the tenant may be required to meet landlords/owners credit history and criminal background checks prior to and during tenancy. HUD provides the subsidy directly to the complex.

4. ADHS/DBHS HOUSING REVIEW COMMITTEE

Purpose

The ADHS/DBHS Housing Review Committee was established to ensure that decisions to fund housing programs and/or purchase properties with state funds are fiscally sound, address regional needs and are completed in both a fair and impartial manner.

Proposed Scope and Structure

ADHS/DBHS recognizes that “recovery starts with stable housing” and the importance of ensuring that individuals and their families must have safe and affordable housing, to reach their recovery goals.

The ADHS/DBHS initiated a housing program as a part of the Arnold vs. Sarn settlement and further expanded this program with the allocation of funds through the HB2003 legislation. This beginning effort established a foundation for developing permanent and subsidized housing for individuals with a serious mental illness. The development of the ADHS/DBHS Housing Desktop Manual and the establishment of the ADHS/DBHS Housing Review Committee formalize the scope, structure and establish protocols. As the decision-making body, the ADHS/DBHS Housing Review Committee is charged with making recommendations for allocating funds, establishing review criteria and administration of the ADHS/DBHS Housing Desktop Manual.

Committee Structure

- Meets on an as needed basis.
- Reviews the selection of housing programs and acquisition of properties proposed by the T/RBHAs.
- Reviews and makes recommendation on technical assistance requested by the T/RBHAs.
- Establishes working committees as needed for product development

ADHS/DBHS Housing Review Committee shall consist of the following members:

- ADHS/DBHS Housing Administrator (Chair)
- ADHS/DBHS Employment Administrator
- Chief Financial Officer
- Network Manager or designee
- Bureau Chief for System of Care
- Members of the System of Care Team
- ADHS/DBHS Tribal Liaison
- ADHS/DBHS PATH (Projects for Assistance in Transition from Homelessness) Program Representative
- Representative from the ADHS/DBHS Office of Individuals and Family Affairs
- Others as needed on an ad hoc basis

Roles and Responsibilities

- Establishment of a fair and impartial process for reviewing housing program and property acquisition proposals and establishing funding recommendations to be presented to ADHS/DBHS Leadership.
- Meets to review proposals. Guidelines for the proposals will be finalized by the committee and may include; past and expected performance, regional gaps/unmet needs and expected outcomes.
- Consults on the design and roll-out of appropriate training and consultation.
- Assist in the development, implementation and review of both key initiatives to expand/improve housing opportunities and ADHS/DBHS documents such as the ADHS/DBHS Provider Manual, ADHS/DBHS Housing Desktop Manual, etc.
- Ensure state and local housing initiatives address the regional and cultural needs of the community
- As applicable, reviews population data, clinical outcomes, National Outcome Measures (NOMs) and other key findings related to housing.

5. ADHS/DBHS Housing Monitoring and Oversight

Purpose

To establish a fair and impartial process for monitoring housing and housing assistance programs (e.g. eviction prevention programs or rental subsidy programs) funded through ADHS/DBHS and administered by T/RBHAs for behavioral health recipients.

History

Annual Administrative Review, which was in place to review and evaluate the T/RBHA administration and the housing project development process, was once located in the Housing Desktop Manual, but ADHS/DBHS has shifted to implementing the SAMHSA Evidence-Based Practice (EBP) fidelity of Permanent Supportive Housing.

A class action suit—*Arnold v. Sarn*—was filed in 1981 against the State of Arizona alleging that the ADHS/DBHS and Maricopa County did not provide a comprehensive community mental health system as required by statute.

In January 2014, officials at ADHS, Maricopa County, and office of the Governor reached an agreement with Plaintiffs, an exit to the *Arnold v. Sarn*, Parties agreed to provide certain community services and terminate the litigation. The agreement includes an increase of services in four areas: Assertive Community Treatment, Supported Employment, Supportive Housing and Peer and Family Services. The agreement also provides for the use of several tools by the parties to evaluate services provided in Maricopa County, including a quality service review, network capacity analysis and SAMHSA fidelity tools.

Annual Monitoring and Oversight Activities

1. Annual SAMHSA Fidelity Review Areas to be reviewed will be established by the ADHS/DBHS Housing Administrator, in conjunction with ADHS/DBHS Housing Review Committee, and other applicable departments.
 - a. At a minimum, the Annual SAMHSA Fidelity Review will include:
 - i. T/RBHA participation in SAMHSA Permanent Supportive Housing fidelity reviews. These reviews will begin in GSA6 in FY 2015, and are expected to be implemented state-wide in 2017.
 1. SAMHSA fidelity of permanent supportive housing requires safe living conditions for residents, and coordination with local PHA guidelines.
 - ii. A sample of the property on-site records will be reviewed to examine areas including, but not limited to:
 1. Documentation of Tenant Rights and Crime/Drug Free Addendum(s).
 - a. Permanent supportive housing fidelity requires residents have tenancy rights, including choice of living options and not paying more than 30% of their income toward rent.
 - iii. Rent collection processes and verification that rents collected are consistent with Housing Urban Development (HUD) standards or as established by ADHS/DBHS.
 - iv. Current Release of Information Forms signed by the tenant.
 - v. Waiting List Process.
 - vi. Work Order Logs and Damages Policy.
 - vii. Compliance with landlord tenant requirements and assurance that tenants are treated fairly including a review of the all complaints received during the past 12 months.

2. Other
 - i. T/RBHA administration of housing assistance programs or oversight of administration if contracted out to another agency including the monthly accounting of all behavioral health recipients in its housing program and of its housing and service providers.
 - ii. T/RBHA oversight of Community Placement Funds and Arizona State Hospital Transition funds to ensure to address housing needs in a timely manner for individuals leaving the Arizona State Hospital.
 - iii. T/RBHA monitoring of providers or agencies who have been awarded housing funds
 - iv. T/RBHA housing staff.
 - v. T/RBHA trainings related to accessing housing resources and regulations (e.g. Section 8 and Landlord Tenant Act).
3. Annual Property Reviews/Onsite Monitoring - ADHS/DBHS contracts with the Arizona Department of Housing to conduct annual property inspections utilizing the Housing Quality Standards (HQS) guide of HUD.
 - a. When schedules permit, property inspections will occur jointly with ADOH and the ADHS/DBHS Housing Administrator or his/her designee.
 - b. ADOH will provide a summary of their findings to ADHS/DBHS. The ADHS/DBHS Housing Coordinator will oversee to ensure that any deficiencies are corrected.
 - c. In February, 2013, the Interagency Service Agreement (ISA) between the ADHS/DBHS and the Arizona Department of Housing (ADOH) was amended to reflect the following:
 - i. After the effective date of this ISA, but no earlier than 6-months prior to the expiration of each property's restricted use date, ADOH will inspect each housing project one final time. The final inspection will consist of a physical inspection of each assisted unit.
 - ii. All physical inspections shall be followed up by written correspondence, which shall include the following information:
 1. Date of monitoring
 2. Name of monitoring inspector
 3. Property address(es) monitored.

Ongoing Monitoring, Coordination Activities and Technical Assistance Opportunities

1. Network Plan Review Process
 - a. The ADHS/DBHS Housing Administrator will provide Network Management a copy of all approved T/RBHA Housing Project Proposals.
 - b. Approved housing project proposals will be incorporated into the T/RBHA Annual and Quarterly Network Development Plans, as appropriate, and progress on implementation will be tracked through the quarterly Network Review process.
 - c. The ADHS/DBHS Housing Administrator and the T/RBHA Housing Coordinators will participate in network meetings (as needed/requested).
2. ADHS/DBHS Housing Administrator Coordination and Technical Assistance Activities
 - a. Quarterly meetings (or as needed/requested) will be held with all T/RBHA Housing Coordinators to provide training, technical assistance and share information across regions.
 - b. Conduct monthly (or as needed/requested) consultation through individual on-site visits or via telephone to T/RBHAs and/or housing providers.
 - c. Establish working committees, as needed, for product design, eliminating housing barriers and cross training.
 - d. Provide consultation on the design and delivery of appropriate trainings related to housing individuals who receive behavioral health services.

3. Clinical Treatment and Support Services Record Review - a random sample of clinical records for individuals who are or who have received housing and/or housing assistance funded through ADHS/DBHS may be conducted to ensure that both treatment and support services are provided consistent with the approved housing proposal, as well as, the individual needs of the tenant. This technical assistance review and/or other similar monitoring activities may focus on areas such as provision of on-site services and linkages to other service providers or community resources (e.g. permanent rental subsidy, assistance to address landlord tenant issues, medication assistance, vocational services and transportation).
4. ADHS/DBHS Finance Business Manager
 - a. Review expenditures related to housing on a quarterly basis for the first two quarters and monthly for the final two quarters.
 - b. Findings of the review will be provided to the ADHS/DBHS Housing Review Committee and other applicable departments.

Communication and Feedback Loops

1. Summaries of monitoring activities, including exemplary practices/projects and areas requiring correction plans, will be provided to the ADHS Housing Review Committee, and potentially other committees as determined in the Housing Review Committee.
2. The Housing Administrator will be responsible for tracking and monitoring T/RBHA housing corrective action plans to ensure timely implementation and resolution of issue(s).

Monitoring Tools

- A. SAMHSA Fidelity Scoresheet and Fidelity Scale for Permanent Supportive Housing
- B. ADHS/DBHS Housing Review Committee will review and approve all monitoring tools developed.

6. ADHS/DBHS Housing Requirements

A. State Funded Supported Housing Programs

T/RBHAs must comply with the following requirements to effectively manage limited housing funds in providing supported housing services to eligible individuals (see the [ADHS/DBHS Covered Behavioral Health Services Guide](#) for additional information on Supported Housing):

- T/RBHAs must use supported housing allocations for individuals with a SMI and according to any restrictions pertaining to the funding source. For example, a particular allocation may require it be used for TXIX/XXI persons, while another allocation may require it be used for Non-TXIX persons.
- Housing must be safe, stable, and consistent with the member's recovery goals and be the least restrictive setting necessary to support the member. Shelters, hotels, and similar temporary living arrangements do not meet this expectation.

- T/RBHAs must not actively refer or place individuals determined to have SMI in a shelter, licensed Supervisory Care Homes, unlicensed board and care homes, or other similar facilities.¹
- T/RBHAs may not utilize any funding source provided by ADHS/DBHS toward any type of rental subsidies, acquisitions, or property improvements for boarding homes and similar places.
- T/RBHAs may charge up to, but not greater than, 30% of a tenant's income towards rent. If a rent payment is increased in state funded housing programs, the T/RBHA must provide the tenant with a 30 day notice at the time of the tenant's annual recertification.
- T/RBHAs must not use supported housing allocations to pay for telephones or telephone usage fees.
- T/RBHAs must not use supported housing allocations for room and board charges in residential treatment settings (Level II and Level III facilities). However, T/RBHAs may allow residential treatment settings to establish policies which require that persons earning income contribute to the cost of room and board.
- T/RBHAs may provide move-in assistance and eviction prevention services to those members in permanent housing. When move-in assistance is provided, T/RBHAs must prioritize assistance with deposits and payment for utilities over other methods of assistance, such as move-in kits or furnishings. T/RBHAs are encouraged to seek donations for necessary move-in/home furnishing items whenever possible. T/RBHAs must not use supported housing allocations or other funding received from ADHS/DBHS (including block grant funds) to purchase furniture.
- For appeals related to supportive housing services, T/RBHAs and providers must follow requirements in [Policy and Procedures Section 1804, Notice and Appeal Requirements \(SMI and Non-SMI/Non-Title XIX/XXI\)](#).
- Housing related grievances and requests for investigation for persons determined to have SMI must be addressed in accordance with [Policy and Procedures Section 1803, Conduct of Investigations Concerning Persons with Serious Mental Illness](#).
- T/RBHAs must additionally submit T/RBHA plans describing the T/RBHA housing programs and submit periodic reports on housing programs, as outlined in the T/RBHA contracts and intergovernmental agreements.

B. Federal Programs and Assistance

The US Department of Housing and Urban Development (HUD) provides funding for adults who are homeless and disabled. With these funds, HUD requires states to have active community-based forums during which local representatives identify regional homeless needs and gaps in each community. There are three HUD Continuum of Care programs in Arizona that provide funding for homeless individuals with disabilities. The programs are comprised of civic, faith-based, business, non-profit and government leaders who rate and rank programs applying for HUD funding. ADHS/DBHS and RBHAs are members of the Continuum of Care programs and provide the funding match required for the program to maintain existing

¹When a behavioral health recipient chooses to reside in an unlicensed board and care home, behavioral health providers must report any observations of unsafe conditions to the local housing authority and the ADHS Bureau of Residential Facilities Licensing in Phoenix at (602) 364-2639 or Tucson at (520) 628-6965.

housing and to create new housing programs for RBHA enrolled members. (TRBHAs are not eligible for these HUD grants.) ADHS/DBHS and RBHAs provide funding for the following HUD programs:

Shelter Plus Care rent subsidy for homeless people with disabilities and their families:

HUD requires a funding match to receive and maintain federal funds. The day to day operations are administered by RBHAs and other non-profit organizations.

Supportive Housing:

RBHA contracted housing providers serve as both grantee *and* administrator of various HUD housing programs.

Federal HUD Housing Choice Voucher Program:

- Tenants pay 30% of their adjusted income towards rent.
- Vouchers are portable throughout the entire country after one year.
- Permanent housing is obtainable for individuals following program rules.
- The program is accessed through local Public Housing Authorities (PHAs) through a waiting list.
- Initial screening is conducted by the PHA; however, the final decision is the responsibility of the landlord.
- A Crime Free - Drug Free Lease Addendum is required.

C. Subcontracting Requirements

RBHAs must adhere to the following subcontracting requirements:

- Subcontract with a non-profit organization within the RBHA's geographic service area(s) (GSA) that is eligible to serve as a grantee for HUD- funded grant programs under the McKinney-Vento Homeless Continuum of Care, Mainstream 811, Rural Development and other federal programs.
- Provide a dollar for dollar cash match in the form of supportive services in order to qualify for federal rent subsidies and submit commitment letters to the HUD Continuum of Care committee as part of its annual application to HUD. For-profit RBHAs must go through subcontracted non-profit agencies, whereas non-profit RBHAs may provide the match directly.
- Subcontract with a Community Development Corporation or other non-profit entity to manage the federal dollar for dollar cash match in the form of housing related support services committed to local non-profit organizations under the HUD Homeless Continuum of Care housing program.
- For RBHAs or RBHAs with subcontracted agencies that have HUD grants, report data to the local Homeless Management Information System (HMIS) project manager on contract, to administer the HMIS data collection for that geographical region.

- Administer the ADHS/DBHS Property Acquisition Program, through subcontracts with or partnerships with non-profit entities that have the capacity, experience, and knowledge of low-income housing programs; available funding streams and resources for supportive housing for adults determined to have SMI.
- Administer State funding housing programs through subcontracts or partnerships with non-profit agencies that have the financial capacity to operate a project based housing program and who manage a variety of affordable housing programs for people with disabilities.
- Demonstrate that for real property, housing for members or buildings and improvements to buildings purchased by the T/RBHA or its subcontractor with funds provided by ADHS, excluding net profits earned under the Contract, have the following:
 - A use restriction in the deed, and;
 - Covenants, Conditions and Restrictions, or;
 - Another legal instrument subject to prior written approval by ADHS/DBHS that requires the property to be used solely for the benefit of members; and
 - An application for funding consisting of an intended use plan.

D. Other RBHA Housing Program Requirements/Procedures

T/RBHAs must maintain their housing programs in accordance with the following:

- Maintain at the T/RBHA level, a sufficient number of dedicated staff of housing professionals with knowledge, expertise, experience and skills and require housing subcontractors to employ a sufficient number of staff with knowledge, expertise and experience to participate in and administer a variety of affordable housing programs for persons with disabilities. Also, require housing subcontractors to employ a sufficient number of staff with financial management, screening and referral skills, knowledge of federal wait lists, grant writing knowledge for applying for new funds, and provide the dollar for dollar cash match, in the form of supportive services, required by HUD to maintain current HUD grants as they come up for renewal, and to fund future grants
- Participate in the HUD Homeless Continuum of Care process in the region and obtain data required by HUD and timely submit required match/leveraging letters for renewal and new applications.
- Collaborate and partner with other agencies participating in the HUD Homeless Continuum of Care Planning Process, HMIS Advisory and User's Committees to maintain and expand housing resources.
- Deliver a range of housing services and present available options for housing to persons determined to have SMI consistent with the individual's goals and needs in the Individual Service Plan.
- Maintain all housing units currently in use in the GSA(s), including units acquired through the use of HB2003 funding, Community Living, State Housing Trust Funds, and other State of Arizona housing funds specifically for members determined to have a SMI.
- Provide individuals determined to have SMI discharged from the Arizona State Hospital, supervisory care homes or unlicensed board and care homes with housing options that promote independent living.
- Collaborate with State, County and local government agencies to support housing initiatives and resolve housing issues, concerns and complaints that affect members.

- Develop new housing capacity, program initiatives and options when needed in collaboration with ADHS/DBHS and the ADOH.
- Collaborate with Public Housing Authorities (PHA) contracted through the piloted Housing Bridge Subsidy Program in accordance with the Program Policies & Procedures Manual for the Bridge Subsidy Program / Tenant-Based Rental Assistance.
- Provide program oversight, monitoring, technical assistance and training to contacted Public Housing Authorities and service providers.
- Advocate for individuals determined to have SMI who are homeless and those released from Residential Treatment and Board and Care facilities to obtain housing units.
- Identify and screen individuals determined to have SMI that satisfy Section 8 criteria and refer the prospective tenant to contracted Public Housing Authority.
- At HUD and/or DBHS request, participate in the ADHS/DBHS Housing Review Committee.
- Participate in the ADHS/DBHS Quarterly Housing Meetings.
- Require providers to participate with the individual's treatment team in order to identify available housing units and to place individual in an affordable appropriate living environment upon discharge from an institutional setting.
- Accept all persons determined to have a SMI into a State Funded Housing Program subject to funding availability.

E. T/RBHA Monitoring

T/RBHAs must conduct the following monitoring activities:

- Monitor non-profit housing subcontractors for compliance with federal requirements of the HUD homeless grants.
- Develop and maintain an accounting system of all individuals in its housing program and of its housing and support service providers and, if requested by ADHS/DBHS, submit the data in a format approved by ADHS/DBHS on a monthly basis.
- Conduct a quarterly Housing Inventory of housing providers and tenants. This inventory shall include the number and types of housing programs, number of units, fund source, and populations served.
- Conduct regular inspections of housing units including tenant living situations to determine whether the individual has access to basic needs and whether the living environment is safe, secure and the least restrictive environment consistent with the treatment goals in the Individual Service Plan.
- Demonstrate that annual training was provided to T/RBHA and provider housing program staff on the following topics: Property acquisition; maintaining units on Housing Quality Standards; fair housing

laws; and the Arizona Residential Landlord Tenant Act. Report to ADHS/DBHS on the number of trainings provided, topics of trainings, number of staff in attendance, and a brief description of the training.

- Submit, using the ADHS/DBHS Application Checklist-Acquisition and/or Rehabilitation New Construction, notwithstanding the funding source used, prior to the purchase of any new property leveraged with funds provided through ADHS/DBHS, and if applicable, a Notice of Real Property Transaction, which shall include the following:
 - Copies of Covenants, Conditions, and Restrictions (CC&Rs) recorded with the County Recorder's Office.
- The funding source used to purchase the property, specifically whether the purchase is to be made with funds provided through ADHS/DBHS or other funds.
 - The financing arrangements made prior to purchase the property.
 - Prior approval from ADHS/DBHS if the property is purchased with funds provided through ADHS/DBHS
 - A deed containing the use restrictions and covenants, conditions, or restrictions, or another legal instrument that ensures the property is used solely for the benefit of members and that failure to comply with the use restrictions allows the State to take title to the property or otherwise enforce the restrictions.
- Develop and submit an Annual Housing Spending Plan for development, maintenance, use and acquisition of housing properties in a format specified by ADHS/DBHS. The Annual Housing Spending Plan shall meet requirements of the Housing Desktop Manual. The plan is subject to approval of the ADHS/DBHS Housing Review Committee and must contain;
 - Barriers, trends and accomplishments in housing identified during the reporting period; and
 - Evidenced based best practices to improve housing capacity in responding to unmet housing needs and related issues by completing a community needs assessment with housing providers, stakeholders, tenant and community input.
 - Monitor and report utilization of affordable housing options on Bridge Subsidy Program tenants connected to Section 8 vouchers or independence through self-sufficiency to ADHS/DBHS.

Appendix

Appendix A: DESK PROTOCOL – CHECKLIST for Permanent Housing Acquisition

Appendix B: Allowable and Unallowable Activities: When Developing an Annual Housing Spending Plan

Appendix C: APPLICATION CHECKLIST: ACQUISITION AND/OR REHABILITATION, NEW
CONSTRUCTION

**DESK PROTOCOL - CHECKLIST
For Permanent Housing Acquisition
Updated: August, 2013**

Commonly Used Acronyms:

ADHS - AZ Department of Health Services
ADOH - AZ Department of Housing
CC&Rs - Covenants, Conditions and Restrictions
CEO - Chief Executive Officer
CER - Contractor's Expenditure Report
DBHS - Division of Behavioral Health Services

Hsg Admin. - Housing Administrator
HRC - Housing Review Committee
JLBC - Joint Legislative Budget Committee
NPO=Non-profit organization
T/RBHA=Tribal/Regional Behavioral Health Auth.

	Action Steps	Timeline	Resource Person(s)
A	The FY's housing funding amount and schedule is determined by Legislative Appropriation. Upon approval of the state budget, the ADHS/DBHS Finance Department forwards the information to the DBHS Housing Administrator (Hsg Admin.) with notice of the amount of allocation and any restrictions/requirements for use of the funds.	Varies	*JLBC *ADHS/DBHS Finance *DBHS Hsg Admin.
B.	DBHS Hsg Admin. and Finance make recommendations on the amount allocated to T/RBHA's, taking into consideration the percentage of RBHA-enrolled members, past performance, ability to leverage funds with other sources, and/or gaps/region needs etc... Recommendations are forwarded to the DBHS Housing Review Committee (HRC).	Within two weeks of knowing budget	*DBHS Hsg Admin. *ADHS/DBHS Finance *DBHS HRC
C	Housing Review Committee reviews allocations and provides feedback/approval. After approval, the DBHS Hsg Admin. sends the T/RBHAs Allocation Letters spelling out the current allocation funding amounts and requests the submission of the Annual Housing Spending Plan. The ADHS/DBHS Housing Project Proposal Outline Form (Annual Housing Spending Plan template) and a document that explains allowable and unallowable activities when developing an annual Housing Spending Plan will accompany the allocation letters (Appendix B). The Annual Housing Spending Plan proposals outline the types and number of units, populations to be served, support services, timeframes to buy/build, ability to identify match or leverage funds from other sources (to maximize total dollars), outcomes, and any other requirements.	Within four weeks the Annual Housing Spending Plan is due to DBHS	*DBHS Hsg Admin. *T/RBHAs *DBHS HRC
D.	DBHS Hsg Admin. reviews the T/RBHAs' Housing Spending Plan proposals based on past performance, ability to match and/or leverage funds with other sources and gaps/region needs, etc..., and prepares a Housing Spending Plan summary and recommendations for the Housing Review Committee's approval.	Within two weeks of receipt of Annual Spending Plan	*DBHS Finance *DBHS Hsg Admin. *DBHS HRC
E.	If the Housing Spending Plan is not approved, the DBHS Hsg Admin. will follow up with the T/RBHA for technical assistance and work with that T/RBHA until the Housing Spending Plan is	Within two weeks of receipt of	*DBHS Hsg Admin. *T/RBHAs

	approved.	Annual Spending Plan	
F.	DBHS Hsg Admin. sends funding approval letters to T/RBHAs listing funding amounts, approved projects and fund sources to the T/RBHAs, along with templates of the ADHS Property Acquisition Application if an acquisition project or major rehab project is approved.	Within two weeks of receipt of Annual Spending Plan	*DBHS Hsg Admin. *T/RBHAs
G.	Upon approval, DBHS Finance prepares allocation schedules and notifies the T/RBHA Finance departments and if multiple funding streams, which source needs to be used first. Finance sends copy to DBHS Hsg Admin.	Within two weeks of receipt of Annual Spending Plan	*ADHS/DBHS Finance *T/RBHA Finance *DBHS Hsg Admin.
T/RBHA's Begin Prospective Housing Acquisition			
1	Only Non-Profit Organizations (NPOs) in good standing with the Arizona Corporation Commission are eligible for this funding. The T/RBHAs are responsible for validating the potential NPO's good standing.	N/A	*NPO *T/RBHA
2	Any T/RBHAs planning on acquisition or major rehab, in conjunction with any necessary NPOs or Providers, will complete and submit two (2) copies to DBHS Hsg Admin. an ADHS Property Acquisition Housing Application. As part of the ADHS Property Acquisition Housing Application, along with any necessary parties, the T/RBHA will assist in the facilitation and contracting of the following: Property Appraisal; Home Inspection; Termite Inspection; Title search of property (for liens and ownership); Purchase Contracts; and Phase I Environment inspection.	Varies	*T/RBHA *DBHS Hsg Admin. *NPO *Realtor/Seller *Title Co. *Contractors
If the project is Arizona Department of Housing (ADOH)-funded, please follow sections 3-8.			
3.	The DBHS Hsg Admin. conducts a completeness review of the ADHS Property Acquisition Housing Application prior to delivering to ADOH. If the Application is incomplete, the DBHS Hsg Admin. will work with the T/RBHA housing representative until it is complete. If the Application is complete, the DBHS Hsg Admin. delivers the Application, along with any other documents attached, to the ADOH so they may perform their underwriting review and provide recommendations as to whether the acquisition is monetarily feasible.	Within one week of receipt of ADHS Property Acquisition Housing Application	*ADOH *DBHS Hsg Admin. *T/RBHAs
	ADOH's Underwriting Report may include, but is not limited to, the following: <ul style="list-style-type: none"> • Brief description of the project • Housing Application inconsistencies/deficiencies • Underwriting findings • Potential Red Flags • Recommendations 	N/A	*ADOH
4.	Once the underwriting is complete, the ADOH will submit to the	Shortly after	*DBHS Hsg

	DBHS Hsg Admin., both electronically and hard copy, the underwriting report listing out any necessary corrections that need to be completed, and will also provide recommendations about the project that would support an official approval from ADHS.	underwriting is performed	Admin. *ADOH
5.	Usually through the DBHS Hsg Admin., ADOH will send ADHS/DBHS Finance a bill for whichever properties were inspected. Fee structure is as follows: \$800.00/single family unit property review & \$1,200/multi-family property review.	Shortly after underwriting is performed	*ADOH *ADHS/DBHS Finance *DBHS Hsg Admin.
6.	After receipt of the ADOH underwriting report, the DBHS Hsg Admin. will staff ADOH's recommendations with the T/RBHA housing representative. The HRC will be notified of ADOH's findings. When approved, the DBHS Hsg Admin. sends out an official notice of approval for the housing project electronically.	Within two weeks of receipt of ADOH underwriting report	*DBHS Hsg Admin. *DBHS HRC *T/RBHAs
7.	If a project is not recommended or feasible, possibly based on ADOH's underwriting and recommendations, the DBHS Hsg Admin. will follow up with the T/RBHA for technical assistance and to decide on next steps.	Within two weeks of receipt of ADOH underwriting report	*DBHS Hsg Admin. *ADOH *T/RBHAs
8.	After acquisition project is approved, T/RBHA follows all recommendations listed in the approval letter until the project is completed and residents have moved in. ADHS/DBHS is available for technical assistance during this time.	Varies	*T/RBHAs *DBHS Hsg Admin.
If the project is ADHS/DBHS-funded, please follow sections 9-13. ²			
9.	The T/RBHA will submit the following for each property: <ul style="list-style-type: none"> • The completed Housing Application, which contains, among many other things, an Appraisal and the review of fair-market pricing & the Title Report, which ensures that there are no issues with the title. • Phase I Environmental Report (completed by a T/RBHA licensed contractor). • Property Inspection (also completed by a T/RBHA licensed contractor). • Termite Inspection (also completed by a T/RBHA contractor). 	T/RBHA should start this process right after receipt of Annual Spending plan Approval Letter, but submissions may vary	*DBHS Hsg Admin. *T/RBHAs
10.	A DBHS HRC sub-committee comprised of at least the DBHS Hsg Admin., a DBHS System of Care team member, and a member of the DBHS Finance Department will review the submitted T/RBHA documents (listed in #7) to determine whether or not to approve the project.	Within two weeks of receipt of submitted documents	*DBHS Hsg Admin. *T/RBHAs *DBHS HRC Sub-Committee
11.	Prior to approval of any project, the following must occur: <ul style="list-style-type: none"> • Verification that each contractor is Arizona-certified and in good standing with the Better Business Bureau. 	Within two weeks of receipt of	*DBHS Hsg Admin.

² ADHS/DBHS has the right to defer the initial review of acquisition/rehab properties to ADOH. If this were to occur, steps 3-8 would be followed.

	<ul style="list-style-type: none"> An Attestation Letter signed by the T/RBHA CEO, attesting to their good intentions of the project and absence of any perceived conflicts of interest in the purchase or development of the project. 	submitted documents	
12.	The DBHS Hsg Admin. will send the T/RBHA an official approval letter when the project is approved.	Within two weeks of receipt of submitted documents	*DBHS Hsg Admin.
13.	If a project is not recommended or feasible, the DBHS Hsg Admin. will follow up with the T/RBHA for technical assistance and to decide on next steps.	Within two weeks of receipt of submitted documents	*DBHS Hsg Admin. *ADOH *T/RBHAs
The following occurs for ALL housing acquisition projects:			
14.	The T/RBHA submits the required Covenants, Conditions and Restrictions (CC&Rs) to DBHS Hsg Admin. when the project has been completed and the CC&Rs have been recorded with the County Recorder.	Within 30 days of the date of closing	*T/RBHAs *DBHS Hsg Admin.
15.	Funding must be expended (based on dates of service) by June 30 of each state fiscal year at both the T/RBHA and provider/subcontractor levels. Any work on the housing must be completed. Properties should have completed the closing process, and payment must be made by June 30 of each year in order for the rehabilitation/renovation to be allowed to be recorded as expenditure during the fiscal year.	June 30 of each state fiscal year	*T/RBHAs
T/RBHA's Begin Rehabilitation / Renovation Planning			
16.	T/RBHAs follow "Action Steps" A-F above.	See "Action Steps"	See "Action Steps"
17.	T/RBHA works with the service provider to complete all of the rehab activities depicted in their Annual Housing Spending Plan.	Varies	*T/RBHAs *Service Provider
18.	T/RBHA submits Contractor's Expenditure Reports (CERs) to ADHS/DBHS Finance Department for payment.	Varies	*ADHS/DBHS Finance *T/RBHAs
19.	ADHS/DBHS reserves the right to conduct any random on-site inspection audits to ensure validity of purchased items.	N/A	*DBHS Hsg Admin. *ADHS/DBHS Finance
20.	Funding must be expended (based on dates of service) by June 30 of each state fiscal year at both the T/RBHA and provider/subcontractor levels. Any work on the housing must be completed. Properties should have completed the closing process, and payment must be made by June 30 of each year in order for the rehabilitation/renovation to be allowed to be recorded as expenditure during the fiscal year.	June 30 of each state fiscal year	*T/RBHAs

Allowable and Unallowable Activities When Developing an Annual Housing Spending Plan

All funds allocated must be utilized only for reasonable and customary construction costs or acquisition and rehabilitation costs of properties to be built, improved and conveyed to eligible non-profit organizations and to increase permanent housing stock (including move-in and eviction prevention programs). Costs directly attributable and traceable to the development of permanent housing for low-income adults with a serious mental illness will be considered. They include:

Eligible Property and Unit Types

The property may be one of the following types of residences;

- Single-family home;
- Town-home;
- Condominium;
- Small apartment complex;
- Manufactured housing, only if the unit:
 - Is situated on a permanent foundation, as evidenced by certification, and is connected to permanent utility hook-ups;
 - Is located on land that has a permanent title and not in a park;
 - Meets the construction standards;
 - Meets applicable local and/or state codes.

Eligible Activities and Costs

- Environmental Review. Completion of the environmental review process is recommended before taking a physical action on a site or making a commitment or expenditure of funds.
- Displacement, Relocation, and Acquisition Provisions. In the event current tenants are low income and have no resources and/or disabled, the cost of relocating them is an allowable expense.
- Lead-Based Paint. Current regulations require that owners notify occupants of the hazards of lead based paint if children are among the tenants in the units. Additionally, T/RBHA's must conduct a visual assessment, paint testing, and/or risk assessment, depending on the results requiring removal to stabilize the paint.
- New Construction. Local and state requirements, listed below are allowable expenses.
- Handicapped accessibility requirements of the Fair Housing Act and the ADA, were applicable.
- Building Acquisition.
- Tribal, state or local Housing Quality Standards and code requirements to bring property to code.
- Mixed-Income Projects. Projects that mix State funds with federal and/or private funds are eligible for financing/leveraging of projects.
- Costs of appliances, permanently placed equipment and utility hook-ups during construction.
- Rental assistance/subsidy in mass rental tenant based housing.
- Move-In and Keep-In program costs that foster permanent rent subsidy or prevent homelessness.
- Utility Hook-up/turn-on; including cost of firewood for projects using wood burning appliances for heat.

Ineligible Properties and Units

- Infrastructure costs in proportion to the percentage of units identified for open market.
- Acquisition and/or rehabilitation of property to be sold to pre-identified beneficiaries.
- Homebuyer subsidies to individuals.
- Acquisition and/or rehabilitation of property to for-profit companies.
- Move-in programs that are time limited such as short term transitional housing.
- Purchasing of properties owned by T/RBHA or State of Arizona employees or family members.
- Purchase of furniture.

Eligible Infrastructure Hard and Soft Costs

Hard Costs	Soft Costs
<ul style="list-style-type: none"> ▪ Site preparation or improvement, including lot clearing and demolition ▪ Utility line installation ▪ Street paving ▪ Sidewalk paving ▪ Water retention basins ▪ Curbs and curb cuts 	<ul style="list-style-type: none"> ▪ Engineering ▪ Plans and specification and general description of work required/obtained ▪ Competitive bids from contractors

Eligible Construction or Acquisition/Rehabilitation Costs

Hard Costs	Soft Costs
<ul style="list-style-type: none"> ▪ Acquisition of land and existing structures ▪ On-site costs, such as site preparation or improvement, including demolition ▪ Off-site costs may or may not be eligible – contact the ADHS housing for guidance ▪ Materials and labor ▪ Improvements for physically disabled (ADA) ▪ Compliance with HUD lead-based paint regulations (rehab) ▪ Energy-related improvements <p>For manufactured housing units:</p> <ul style="list-style-type: none"> ▪ Foundations ▪ Tie-downs ▪ Utility hook-ups ▪ All other eligible hard costs 	<ul style="list-style-type: none"> ▪ Title reports and insurance ▪ Legal and accounting, including cost certifications ▪ Appraisals ▪ Construction-period taxes and insurance ▪ Recording fees ▪ Environmental review (<i>only if required</i>) ▪ Architectural fees, including specifications and job progress inspections ▪ Engineering fees ▪ Builder, consultant or developer fees ▪ Building permits ▪ Impact fees Relocation assistance for displaced renters. ▪ Project audits and field inspections <p>For manufactured housing units:</p> <ul style="list-style-type: none"> ▪ Foundation/permanency certifications ▪ All other eligible soft costs

Ineligible Activities or costs include:

- Most off-site improvements
- Property ownership by or for a For-Profit Company.
- Neighborhood infrastructure improvements such as parks, recreation areas, swimming pools, tennis courts, and other neighborhood improvements not necessary for the provision of safe, decent and sanitary housing.
- Landbanking (i.e., acquiring and holding land for which a project design is not completed or funded nor ready for *immediate* development of permanent housing for the seriously mentally ill).
- Refinancing of personal agency debt in order to qualify the non-profit for mortgage financing.
- Subsidies or mortgage buy-downs that do not comply with this funding.
- Delinquent taxes, fees or charges levied on a property (seller expense).
- Maximum Property Value and Purchase Price and Property Eligibility.
- Properties priced above the appraised value, please check with ADHS housing for guidance.
- Repurchase of furniture for any previously owned acquisition, (House or Apartment)
- Telephone service for tenants living in State owned properties.

APPLICATION CHECKLIST
ACQUISITION AND/OR REHABILITATION
NEW CONSTRUCTION

✓	
	Acquisition of existing housing (no rehabilitation necessary)
	Acquisition of existing housing with rehabilitation
	New construction
	Site-specific pre-development loan

✓	
X	Application is typewritten or computer generated.
X	All Attachments/Appendices are clearly numbered and tabbed.

Submit the original and two (2) copies directly to (as **agreed** on with **ADHS/BHS**) ↓:

Joann Hatton, Housing Administrator
Joann.Hatton@azdhs.gov
 Arizona Department of Health Services / Division of Behavioral Health
 150 North 18th Avenue, 2nd Floor, Room 280
 Phoenix, Arizona 85007
 (602) 364-4556

**APPLICATION for Housing Development under the Arizona Department of Health Services
Property Acquisition Program
Arizona Department of Health Services
Division of Behavioral Health Services
150 North 18th Avenue, Suite 280
Phoenix, AZ 85007
(602) 364-1356**

SECTION I. GENERAL APPLICANT AND PROJECT INFORMATION

This application and any subsequent revisions or clarifications, if approved for funding, will become part of your approval of funds under the Arizona Department of Health Services Contract Compliance Housing Development Program to provide housing for adults with serious mental illnesses.

1. APPLICANT INFORMATION

Applicant Name: _____

Contact/Title: _____

Address: _____

Telephone: _____

Fax: _____

E-mail: _____

2. HOUSING PROVIDER (if different than applicant)

Name:	_____	<u>Type of Entity:</u>	_____
Contact/Title:	_____	Ltd. Partnership	_____
Address:	_____	Individual	_____
City/State/Zip	_____	Corporation	_____
Telephone:	_____	Other	_____
Fax:	_____		_____

3. DEVELOPER/OWNER (if different than applicant or housing provider)

Name:	_____	<u>Type of Entity:</u>	_____
Contact/Title:	_____	Ltd. Partnership	_____
Address:	_____	Individual	_____
City/State/Zip	_____	Corporation	_____
Telephone:	_____	Other	_____
Fax:	_____		_____

4. PROJECT LOCATION

Area to be served (city, county, town, etc.) _____ County, Arizona

5. TYPE OF ACTIVITY AND PROJECT (check all that apply).

<u>ACTIVITY</u>	<u>Total Units</u>	<u>PROJECT TYPE</u>	<u>Total Units</u>
Acquisition Only	_____	Multi-family	_____
Acquisition and Rehabilitation	_____	SRO	_____
New Construction	_____	Group Home	_____
Pre-development Loan	_____		_____

6. AMOUNT OF REQUEST

<u>Source</u>	<u>Loan</u>	<u>Grant</u>	<u>Total</u>
ADHS/DBHS Housing Program	_____	_____	_____
State Housing Trust Fund	_____	_____	_____
Other federal or state funds	_____	_____	_____
TOTAL AMOUNT REQUESTED	_____	_____	_____

7. NUMBER OF STATE HOUSING FUND UNITS

- a. Total project cost _____
- b. Total number of units in project _____
- c. Average per unit investment (all units) [divide b – number of units by a total project cost] _____
- d. Total ADHS/DBHS State Housing Fund Request _____
- e. Number of ADHS/DBHS - SHF units. [Divide d – total fund request by c - average per unit investment]. Round up any fraction to the next whole number. _____

Period of Use – All ADHS units shall be retained for the intended use period for a minimum of 25 years. Use shall be restricted through Covenants, Conditions & Restrictions.

8. SERVICE POPULATION INCOME LEVEL.

In Column A, indicate the total number of units in your project. In Column B, indicate the number of units to be set-aside for a specific income level. **IMPORTANT:** If you indicate you will assist a specific income level in column B, you will be required to set-aside those units for that income level. You may be offered additional or alternative financing sources for your project.

	<u>A. Total Units</u>	<u>B. SMI Units</u>
• At or below 50% of median income	_____	_____
• At or below 60% of median income	_____	_____
• At or below 80% of median income	_____	_____
• Greater than 80% of median income	_____	_____
• Other (specify)	_____	_____

9. PROJECT MANAGEMENT

Indicate the name, title, address, email address and phone number of each position involved in your project. Attach additional sheets if necessary.

Project Manager

Name _____
Company and address _____
Telephone Number _____
Email _____
Job duties on this project _____

Project Coordinator (day-to-day), if different from above

Name and email _____
Company _____
Telephone Number _____
Job duties on this project _____

Fiscal Manager

Name and email _____
Company _____
Telephone Number _____
Job duties on this project _____

Project Architect (n/a, if acquisition only)

Name and email _____
Company _____
Telephone Number _____
Job duties on this project _____

Construction Contractor/Builder (n/a, if acquisition only)

Name and email _____
Company _____
Telephone Number _____
Job duties on this project _____

Project Team (continued)

Consultant (if applicable)

Name and email

Company

Telephone Number

Job duties on this project

Property Manager

Name and email

Company

Telephone Number

Job duties on this project

Service Provider (if applicable)

Name

Company

Telephone Number

Job duties on this project

Other (specify)

Name

Company

Telephone Number

Job duties on this project

Other (specify)

Name

Company

Telephone Number

Job duties on this project

PROJECT INFORMATION

Complete one "Project Information Form" for each site included as part of this application

10. LOCATION.

Include a map indicating the project location and a photo of the proposed property at Tab A.

Project Address:

City/State/Zip

11. SITE ACQUISITION

The site(s) acquired or to be acquired are from a _____ Related party _____ unrelated party

Name of Seller

Address

State/City/Zip

Phone number:

Email address

Total Cost of Site

Does the site include acreage in excess of what will be used for the project proposed in this application?

Yes

No

If yes, attach an explanation behind site control documentation

12. TYPE OF SITE CONTROL (select one and attach document).

Type

Expiration Date (mm/dd/yy)

Deed

Purchase contract

Option

Long-term lease (25 or more yrs)

13. SITE CONTROL

Attach a copy of the Appraisal or Estimate of Value

YES NO

Has the Fair Market Value of the property been established?

Has seller been informed of the Fair Market Value?

If YES, Date of notification:

How was the fair market value established?

If by appraisal, Date of Appraisal:

14. ZONING, UTILITIES AND APPROVALS

Attach evidence of zoning approvals and utility availability for new construction projects or those involving a change in use. For projects involving new construction or rehabilitation, also include if available site plan approval notices and copies of building permits.

YES NO

Site is properly zoned for the proposed development.

If no, when will zoning issue be resolved? DATE:

All utilities are presently available to the site.

If no, which utilities must be brought to site?

Who has responsibility for bringing utilities to site?

The local government has approved the site plan.

The local government has issued a building permit.

The plans and specifications are complete.

If no, the plans and specifications are _____% complete.

15. ENVIRONMENTAL ISSUES

Yes No

Has there been an evaluation of asbestos hazards? If no, why not.

Has there been an evaluation of lead-based paint hazards? If no, why not.

Is the building in a historic district?

Is the building a designated historic building?

Is the project eligible for Historic Tax Credit? If yes, attach a complete breakdown of the determination of the basis for the eligible Historic Tax Credit.

16. CONSTRUCTION/REHABILITATION COST ESTIMATE

Attach a complete third-party line-item cost estimate. Rehabilitation cost estimates must include a description and cost estimate of exterior rehabilitation AND a description and cost estimate, by unit, of the necessary interior rehabilitation.

The attached cost estimate is based on:

_____ contractor review of actual drawings

_____ architect review of actual drawings

_____ architect building inspection

_____ contractor building inspection

_____ other (specify):

Name of person providing cost estimate: _____

Firm: _____

Phone number: _____

17. SOURCES OF FINANCING

COLUMN A. Indicate the name of the funding source and agency.

COLUMN B. Indicate the amount of funds that are committed to the project. Committed funds are funds that are not contingent upon receipt of ADHS/DBHS or other funds and for which you have a letter of commitment. Attach letters of commitment at Tab G.

COLUMN C. Indicate the amount of funds that are tentatively committed to the project. Tentatively committed funds are funds that are contingent upon receipt of ADHS/DBHS or other funding, or funds that you have applied for but have not yet been awarded.

COLUMN D. Indicate the date you applied for tentative funding.

COLUMN E. Indicate the date you expect to receive award/denial of tentative funding. All tentative financing must be firmly committed within 90 days of submittal of this application.

CONSTRUCTION SOURCES – Available before project is operating. IF APPLICABLE				
A	B	C	D	E
Source	Committed	Tentative	Date Applied	Date Expected
ADHS/DBHS				
State Housing Fund				
Subtotals:				
Total Fund Sources (Column B + C)				

Total construction sources above must equal total permanent sources below and must also equal total project development costs.

PERMANENT SOURCES – Available before project is operating.				
A	B	C	D	E
Source	Committed	Tentative	Date Applied	Date Expected
ADHS/DBHS				
State Housing Trust Fund				
Subtotals:				
Total Fund Sources (Column B + C)				

18. BUDGET SOURCES / CONTACT INFORMATION

For all sources of financing (other than ADHS/DBHS or State Housing Trust Fund) listed on the previous page, provide the name of your primary contact person, address, telephone and FAX numbers.

1. Source of funds:			
Contact Person:			
Address:			
City/State/Zip:			
Email Address:			
Telephone Number:		FAX Number:	
Are these funds free and clear of any penalties that may result in loss of property due to an inability to repay? If no, please explain:			

2. Source of funds:			
Contact Person:			
Address:			
City/State/Zip:			
Email Address:			
Telephone Number:		FAX Number:	
Are these funds free and clear of any penalties that may result in loss of property due to an inability to repay? If no, please explain:			

3. Source of funds:			
Contact Person:			
Address:			
City/State/Zip:			
Email Address:			
Telephone Number:		FAX Number:	

Are these funds free and clear of any penalties that may result in loss of property due to an inability to repay? If no, please explain:	
--	--

4. Source of funds:	
Contact Person:	
Address:	
City/State/Zip:	
Email Address:	
Telephone Number:	FAX Number:
Are these funds free and clear of any penalties that may result in loss of property due to an inability to repay? If no, please explain:	

19. USES OF FINANCING AND PROJECT BUDGET

COLUMN A. If a specific use of funds is not listed, indicate the type of use in the "Other" box.

COLUMN B. Indicate the amount of ADHSDBHS funds to be expended for the specified use.

COLUMN C. Indicate the amount of State Housing Trust Funds to be expended for the specified use.

COLUMN D. Indicate other source amounts for the specified use.

COLUMN E. Indicate the total amount of columns B, C, and D for the specified use.

COLUMN F. Indicate the source of other funds from Column D for the specified use.

A	B	C	D	E	F
Activity	ADHS/DBHS	State Housing Trust Fund	Other Sources	Total All Sources	Source
Acquisition					
Land					
Existing Structures					
Closing Costs					
Other:					
Site Improvements					
Off-site					
On-site					

A	B	C	D	E	F
Activity	ADHS/DBHS	State Housing Trust Fund	Other Sources	Total All Sources	Source
Landscaping					
Rehabilitation or Construction Costs					
Demolition					
Rehabilitation					
New Construction					
Contingency					
Builder's Profit					
Builder's Overhead					
Permits/Fees not paid by Builder					
Other:					
Other:					
Other:					
Professional Fees					
Architectural Design					
Architect Supervision					
Engineering Fees					
Accounting Fees					
Legal Fees					
Soils Report					
Environmental Review					
Other					
Other:					
Construction Loan Costs					
Loan Origination Fee					
Construction Interest					
Constr. Insurance					
Credit Enhancement					
Const Period Taxes					
Credit Report					
Other					

A	B	C	D	E	F
Activity	ADHS/DBHS	State Housing Trust Fund	Other Sources	Total All Sources	Source
Related Costs					
Title Insurance					
Consultants					
Developer's Fee					
Developer Overhead					
Appraisal					
Building Permit fees paid by Builder					
Market Study					
Project Audit					
Operating Reserve					
Replacement Reserve					
Other:					
Other					
Relocation costs					
Temporary Relocation					
Permanent Relocation					
Permanent Loan Costs					
Origination Fee					
Credit Enhancement					
Title and Recording					
Other:					
Other					
General Administrative Costs					
Other Costs (specify):					
Furnishings					
Rental Office Furnishings & Equip.					
Other:					
Other					
Other					

A	B	C	D	E	F
Activity	ADHS/DBHS	State Housing Trust Fund	Other Sources	Total All Sources	Source
Other					
TOTALS					

20. PROJECT OCCUPANCY INFORMATION

Yes No

 Are the buildings currently occupied?

IF YES, indicate type of occupancy: persons _____ businesses _____ other _____

Number of vacant units _____ Number of occupied units _____

21. RELOCATION INFORMATION

YES NO

 Will this project involve permanent relocation of tenants, businesses, or other organizations?

 Will this project involve temporary relocation of tenants, businesses, or other organizations?

Note: if this application will include relocation, either temporary or permanent, attach a relocation plan including activities and estimated costs.

22. RENTAL ASSISTANCE/SUBSIDY

Yes No

_____ _____ Do or will any tenants receive monthly rental assistance?

If yes, indicate the type of rental assistance:

_____ Section 8 or other federal housing subsidy program through a PHA

_____ Shelter Plus Care – Supportive Housing Program HUD Homeless Programs

_____ State of Arizona funds:

_____ Other (indicate source):

23. MONTHLY UTILITY ALLOWANCES.

Obtain the utility allowances from the local housing authority, or provide basis for utility cost estimates.

Name of Housing Authority Providing Utility Allowance Schedule:

Utilities	Type (Gas, LP, Electric, Oil, etc)	Utilities paid By:				Enter Allowance by BR Size:			
		RBHA	Hsg Prov.	Owner	Tenant	0 BR	1 BR	2 BR	___ BR
Heating									
Air Cond.									

Cooking									
Lighting									
Hot Water									
Water									
Sewer									
Trash									

24. ADHS/DBHS - STATE HOUSING FUND RENT LIMITS:

ADHS/DBHS rents may not exceed the lesser of the Fair Market Rent or the rent limit established for the proposed income limit, by bedroom size. Utilize the chart included with the instructions to complete this information. *This chart is for guidance only and rents may be lower.*

	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Fair Market Rent							
50% Rent Limit							
65% Rent Limit							

25. ADHS OR STATE HOUSING FUND UNIT RENTS:

IF TENANT RENTS ARE CALCULATED AS A PERCENTAGE OF THE TENANT'S INCOME (E.G. 30% OF ADJUSTED INCOME), INCLUDE YOUR ESTIMATE OF THAT RENTAL INCOME IN THIS CHART, IN LIEU OF SPECIFIC PER UNIT RENTAL RATES.

A No. of BRs	B Unit Size (sq. ft.)	C No. of ADHS/DBHS Units/or Beds	D Monthly Rent per Unit/or Beds (estimated)	E Total Monthly Rent (C x D)
0				
1				
2				
3				
4				
Other:				
Totals:				
Total Monthly Rental Income – ADHS/DBHS Units:				

NOTE: Tenant rent is based on 30% of the consumers adjusted income at \$____.00 per tenant totaling \$____ rent collected from tenants and a subsidy of \$____.00 per one (1) bedroom unit, \$____.00 per two bedroom unit and \$____.00 for the three bedroom unit, the total subsidy \$____.00.

26. MONTHLY INCOME FROM ALL UNITS:

- 1. Total Monthly Rental Income from ADHS/DBHS units: _____
- 2. Total Monthly Rental Income from other units: _____
- 3. Other monthly income (e.g., laundry, etc.). List sources: _____
- 4. Less Vacancy Allowance: _____
- 5. Total Monthly Income (1+2+3-4): _____

27. MONTHLY/ANNUAL CASH FLOW PROJECTION/OPERATING PROFORMA -- YEAR 1

INCOME			
		Monthly	Annual
1	TOTAL INCOME FROM ALL SOURCES (QUESTION 26, line 5)		
EXPENSES			
ADMINISTRATIVE			
2	Management		
3	Site Manager		
4	Legal/Accounting/Audit		
5	Affirmative Marketing		
6	Office Supplies		
7	Other (specify)		
8	TOTAL ADMINISTRATIVE EXPENSES (2+3+4+5+6+7)		
OPERATING			
9	Owner-paid Utilities		
10	Insurance		
11	Trash Removal		
12	Other (specify)		
13	TOTAL OPERATING EXPENSES (9+10+11+12)		
MAINTENANCE			
14	Interior Maintenance/Repairs		
15	Exterior Maintenance/Repairs		
16	TOTAL MAINTENANCE EXPENSES (14+15)		
17	Real Estate Taxes		
18	Operating Reserve		
19	Replacement Reserve		
20	Other (specify)		
21	Other (specify)		
22	Other (specify)		
23	TOTAL ANNUAL EXPENSES (8+13+16+17+18+19+20+21+22)		

24	NET INCOME AFTER EXPENSES (1-23)		
ANNUAL DEBT SERVICE			
20	1st Mortgage		
26	2nd Mortgage		
27	Other debt/distributions		
28	TOTAL DEBT SERVICE (20+26+27)		
NET INCOME (24 - 28)			

28. ANNUAL PERCENTAGE INCREASES

Annual percentage increase in income: 2%
Annual percentage increase in expenses: 3%

29. CASH FLOW PROJECTION/OPERATING PROFORMA

Complete for a period of at least twenty-five years, longer if other financing sources require an extended period of service or affordability.

ANNUAL OPERATING PROFORMA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Income					
Less Vacancy					
Effective gross Income					
Expenses					
Cash Flow					
	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Income					
Less Vacancy					
Effective gross Income					
Expenses					
Cash Flow					
	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Income					
Less Vacancy					
Effective gross Income					
Expenses					
Cash Flow					
	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
Income					
Less Vacancy					

Effective gross Income					
Expenses					
Cash Flow					
	YEAR 21	YEAR 22	YEAR 23	YEAR 24	YEAR 25
Income					
Less Vacancy					
Effective gross Income					
Expenses					
Cash Flow					

Note: Over the 25-year period _____ Agency will receive \$___ positive cash flow. These funds will be placed in Operating and Replacement Reserve accounts to cover future cost provision related to operating and replacement costs.

30. HOUSING PROVIDER AND/OR DEVELOPER PARTNERS

Describe the methodology for soliciting housing partners, including the advertising or other form of solicitation, criteria for selection and status of any contract(s). If the RBHA or the housing provider will utilize a private sector developer, describe how the project site, number of units that will be occupied by enrolled consumers, purchase price and cost estimates, development and completion schedule and ongoing operating procedures were developed.

Describe who (RBHA, housing provider, developer/owner) will be responsible for: site selection; project financing; acquisition, rehabilitation, construction activities; lease-up; maintenance; and ongoing operations.

ADHS/DBHS assistance to mixed-population projects: If the housing units to be funded by ADHS/DBHS are part of a larger project to be developed by a housing provider and/or developer, describe how the seriously mentally ill clients will be referred to the project and any unique or special services that will be provided in conjunction with the housing.

Describe the relationship of the property manager to the RBHA during project operations.

Project Management. Provide a description of the housing provider and/or developer experience and ability to implement and manage special needs housing assistance programs and/or related activities.

31. PROJECT DESCRIPTION. Describe your proposed project.

Project type. Explain your rationale for selecting the type of project: new construction, acquisition rehabilitation, or rehabilitation of an existing property. Consider the availability, cost and condition of existing housing units v. new construction and the impact of each on the community as a whole.

Ongoing operations. Briefly describe the proposed project operations. Give enough detail to clearly illustrate all activities associated with the proposed project. Consider the following when describing ongoing operations:

- Selection of tenants, intake, waiting list, and eviction procedures;
- Lease and associated service agreement terms and conditions;
- Service providers and the type and level of service that will be provided either on-site (at the housing) or in conjunction with the housing;
- Unit inspection schedule and procedures;
- Amount of rent that each tenant will be charged.

32. PROJECT SITING

Describe in detail discussions that have taken place, if any, with local government officials and/or community residents regarding the siting of the proposed project. Indicate whether the unit of local government is aware of the project application and its intended use.

33. ORGANIZATIONAL CHART

Insert an organizational chart showing the staffing and lines of authority FOR THIS PROJECT. The organizational chart must reflect the relationships of key personnel identified in the program management section of this application.

34. TITLE REPORT

Insert a copy of the preliminary title report prepared by the title company handling the escrow/purchase of the property.

35. Applicant Affidavit, Release and Certification Form

The undersigned Applicant hereby applies to the Arizona Department of Housing (the "Department"), serving as agent for the Arizona Department of Health Services Division of Behavioral Health Services (ADHS/DBHS), for a commitment of ADHS/DBHS resources or State Housing Trust Funds. The undersigned is responsible for ensuring that the project consists of or will consist of qualified low income housing for adults with serious mental illnesses, as described in the application packet, and will satisfy all applicable State and Federal requirements in the acquisition, rehabilitation or construction and subsequent operation of the project to receive a commitment of ADHS/DBHS resources or State Housing Trust Funds. The applicant represents and certifies that the application has not requested any more ADHS/DBHS resources State Housing Trust Funds than are necessary to provide affordable housing. In planning this project, the applicant certifies that it has provided for and will continue to encourage the participation of citizens, particularly persons of low income who are residents of areas in which the ADHS/DBHS or State Housing Trust Funds are proposed to be used.

The Applicant understands that the Department will determine the eligibility of the project based, at least in part, on the figures submitted with the application by the Applicant and the readiness of the project to proceed, as presented in the application. The applicant is responsible for the accuracy of these figures. Misrepresentations, mistakes or omissions may be the basis for the cancellation of an award.

The Applicant understands and agrees that should the Department commit more funds than the State of Arizona is entitled to award in any given fiscal year (whether State or Federal), and funding is not available as awarded, the Department shall be held harmless by the Applicant, the Applicant's investors and anyone else relying upon the commitment.

The Applicant acknowledges and agrees that it will at all times cooperate with regard to request(s) for submittal of additional requests for information from the Department as necessary.

The Applicant acknowledges and agrees to fully comply and cooperate with all monitoring activity of the Department after the date of commitment. The Applicant will give the State, T/RBHA, the U.S. Department of Housing and Urban Development, if applicable, and any State authorized representatives access to and the right to examine all records, books, papers, or documents related to the application and any resulting funding awards.

If currently a State-certified Community Housing Development Organization (CHDO), the applicant will continue to comply with the requirements for CHDOs as contained in the definition at 24 CFR Section 92.2.

By executing this authorization and release, the Applicant does hereby authorize the ADHS/DBHS and the Arizona Department of Housing, to obtain and furnish and release, to all proper institutions and/or agencies, full and complete records, reports and/or information pertaining to the Applicant and its application under the ADHS/DBHS, or State Housing Trust Fund program.

The Applicant agrees that the ADHS/DBHS, Arizona Department of Housing, its agents, employees, attorneys, contractors and representatives will at all times be indemnified and held harmless against all losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including, but not confined to, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments, and any loss from such judgments or assessments) directly or indirectly resulting from, arising out of, or related to acceptance, consideration and approval or disapproval of the Applicant's application for funding.

The Applicant hereby represents and certifies under penalty of A.R.S. 13-2311 and 39-161 that the information set forth herein, and all material submitted by the Applicant to the Department, are to the best of the Applicant knowledge, true and complete and accurately describe the proposed project. The undersigned is duly authorized to execute this instrument on behalf of the Applicant and possesses the legal authority to apply for an allocation of ADHS/DBHS, or State Housing Trust Funds and to execute the proposed program. Further, the Applicant represents that its governing body has duly adopted or passed an official act of resolution, motion, or similar action authorizing the filing of the application, including all understandings and assurances required, and directing and authorizing the applicant's chief executive officer and/or other designated official representative to act in connection with the application and to provide such additional information may be required.

The Applicant understands that all representations made herein, and all documentation submitted, is subject to verification by the Department, and that any misrepresentations or inaccuracies, whether intentional or not, may subject the project to a loss of competitive scoring points or to disqualification. For the purposes of verification, the Applicant and Developer hereby authorize the Department to request information on entities and individuals closely related to this transaction from any lender, investor, or other institution or entity named in this application. Such information includes but is not limited to audits, financial statements, credit history, copies of income tax returns, and other information deemed necessary by the Department.

The Applicant has caused this document to be duly executed in its name as of this ___ day of _____, 20__.

Chief Executive Officer: _____

Agency Name: _____

By: _____

Its: _____