

Housing Trust Fund

ADDRESSING ARIZONA'S
MOST CRITICAL HOUSING NEEDS.

The Housing Trust Fund (HTF) is the only state resource dedicated to addressing Arizona's housing-related needs. HTF is a dedicated source of monies derived from Unclaimed Property proceeds, which are assets collected by the Arizona Department of Revenue. HTF receives 55 percent of all Unclaimed Property proceeds at the close-out of each fiscal year.

More than 70 percent of HTF is spent in rural Arizona. Since many rural communities receive few, if any federal dollars, HTF is often the only source for developing and preserving housing in those communities.

Arizona Department of Housing (ADOH) receives zero general fund or tax generated support but relies on Housing Trust Fund to sustain critical programs.

what are the BENEFITS?

Housing Trust Funds are flexible dollars that can be used to fund a myriad of activities that are not fundable with the limited federal funds that come to the state. These critical housing activities include:

- Mortgage Foreclosure Counseling, as well as counseling for first-time homebuyers
- Emergency foreclosure, eviction prevention and utility assistance to prevent homelessness
- Homeownership and rental development projects not conducive to federal funding
- Homeless and domestic violence shelter developments and operating support
- Emergency home repairs
- Support for the Arizona Housing Finance Authority bonding programs
- Emergency and Disaster-related housing assistance
- Fair housing education; planning grants and pre-development loans; grantee administration costs
- Matching funds for \$8 million in federal HOME program funding and the Homeless Management Information System, mandated by HUD

what are the CONSEQUENCES of a FUNDING DECREASE?

- Loss of viability of all ADOH programs which rely on HTF for grantee administration, gap financing and other support. For instance:
 - o The activities of the Arizona Housing Finance Authority would be threatened, including its ability to issue \$100 million in mortgage revenue bonds to assist new homebuyers in 2008.
 - o Without HTF to provide additional gap financing, the most affordable Low-Income Housing Tax Credit rental projects geared towards the lowest income levels (funded with federal tax credits) would not be viable and will not be built.
 - o Without grantee administration dollars, Arizona's communities could lose up to 25 or more housing-related positions serving Arizona communities.
 - o Over \$8 million in federal funding would be jeopardized due to loss of required federal match, and elimination of funding for fair housing activities, an unfunded federal mandate.
- Those with most urgent housing needs, and the hardest populations to serve, would be disproportionately impacted, resulting in:
 - o No new funding for homeless or domestic violence shelters or emergency operating funds to keep existing shelters open.
 - o Elimination of emergency eviction and utility assistance to prevent homelessness, which could assist up to 6000 individuals and households at risk of becoming homeless. (For every \$1 spent in prevention, \$8 is saved by eliminating services to reverse the homeless situation.)
 - o Elimination of state housing funding to Arizona's Native American tribes.
 - o Emergency repair funding would not be available to assist low-income households, many of them elderly or disabled, with crucial heating and cooling and roof repairs.
 - o No funding to address emergency housing situations created by floods or fires.
- There would be no dollars to address the state's current mortgage foreclosure crisis, including dollars for mortgage foreclosure counseling services and mortgage foreclosure assistance.

what would be the **ECONOMIC IMPACT?**

Housing is an industry that generates jobs and wages, local and state tax revenue, long term property taxes and enhances the viability of safe stable neighborhoods and communities. HTF contributes greatly to the economic health of Arizona's communities by leveraging new dollars into the economy.

Because more than 70 percent of HTF commitments are made to projects and programs serving rural Arizona, the loss of HTF disproportionately impacts the economy of Arizona's rural communities.

The following table represents the estimated economic impacts of various levels of HTF funding:

Economic Impact Area	\$1 Million HTF Plus Associated Leverages	\$5 Million HTF Plus Associated Leverages	\$10 Million HTF Plus Associated Leverages	\$15 Million HTF Plus Associated Leverages	\$20 Million HTF Plus Associated Leverages	\$27 Million HTF Plus Associated Leverages
Employment Impact (Number of Jobs)						
Rural Counties	48	240	480	720	960	1,296
Urban Counties	18	90	180	270	360	486
State Total	66	330	660	990	1,320	1,782
Wages and Salaries Impact						
Rural Counties	\$1,056,267	\$5,281,335	\$10,562,670	\$15,844,005	\$21,125,340	\$28,519,209
Urban Counties	\$559,745	\$2,798,725	\$5,597,450	\$8,396,175	\$11,194,900	\$15,113,115
State Total	\$1,656,012	\$8,280,060	\$16,560,120	\$24,840,180	\$33,120,240	\$44,712,324
State and Local Tax Revenues Impact						
Rural Counties	\$205,093	\$1,025,465	\$2,050,930	\$3,076,395	\$4,101,860	\$5,537,511
Urban Counties	\$127,023	\$635,115	\$1,270,230	\$1,905,345	\$2,540,460	\$3,429,621
State Total	\$332,929	\$1,664,645	\$3,329,290	\$4,993,935	\$6,658,580	\$8,989,083
Output or Total Economic Value Impact						
Rural Counties	\$2,912,871	\$14,564,355	\$29,128,710	\$43,693,065	\$58,257,420	\$78,647,517
Urban Counties	\$1,994,537	\$9,972,685	\$19,945,370	\$29,918,055	\$39,890,740	\$53,852,499
State Total	\$4,907,408	\$24,537,040	\$49,074,080	\$73,611,120	\$98,148,160	\$132,500,016

Note: Estimates above are based on estimated impact of FY2007 HTF commitments. The economic impact of the Arizona Housing Finance Authority's \$100 million in bonding authority is not included.



For more information, contact:

Fred Karnas, Director
 Arizona Department of Housing
 602-771-1007

1110 W. Washington, Suite 310
 Phoenix, AZ 85007
www.housingaz.com