

Housing and Homelessness Funding Commitments

A Fiscal Review of Federal Support
and Arizona's Allocation

AUTHORED BY ENDEAVOR TOGETHER ON
BEHALF OF THE ARIZONA HOUSING COALITION

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Introduction

The Arizona Housing Coalition commissioned an analysis of financial commitments from Federal and Arizona-based sources aimed at addressing housing insecurity and homelessness from across the state. With the goals of fostering greater transparency and equipping partners with data to improve housing outcomes, the project provides an examination of how public funds have been allocated across key programs by detailing the flow of resources from national initiatives to state-level implementation. Findings from this assessment aim to provide decisionmakers with a detailed fiscal baseline and identified opportunities to improve the alignment and effectiveness of funding efforts.

Methodology

This analysis of monetary obligations drew from multiple authoritative sources, with efforts made to verify, clean, and align data from systems that varied in structure, detail, and reporting conventions. Original data were collected from HUD Exchange reports, State budget documents, and the official Federal spending database: USAspending.gov.

The *primary tier of investigation* explored Federal commitments across Housing and Homelessness programs, with a spotlight on funding to Arizona's entities. The *secondary tier of investigation* delved into sub-granted dollars from the State of Arizona and other federally funded grantees; and the *tertiary tier of investigation* identified new investments from the State.

Complexity of relevant program funding can be attributed to the overlapping multi-year nature of many housing and homelessness initiatives, the layering of funding streams for joint-project outcomes, and differences in fiscal calendars between Federal, State, and local entities. While all Federal Agencies operate on the same fiscal year (October 1 - September 30), State and local governments, including Arizona, follow different fiscal calendars (typically July 1 - June 30). These distinctions, combined with program elements that allow funds to be drawn down over multiple years or require immediate spending, create inconsistencies in how and when funding activity is reported. **For the purposes of this project, data was collected for calendar year 2024 (1/1/24 - 12/31/24) to develop a discrete baseline of funding to and across Arizona.**

Funding *obligations* represent the financial commitments recorded by Agencies within the stipulated period, which can indicate the intended allocation of resources for that time. Conversely, *outlays* denote the actual disbursement of funds, which may occur after the obligation and can include payments, against prior-year commitments. Both measures offer unique potential insights, though *obligations* provide a more immediate and consistent measure for analyzing the timing and distribution of funding. *Outlay* reports comparatively might lag due to payment schedules and administrative processes. **As such, obligations serve as the central measure of financial activity in this report, offering a standardized way to assess how funds were committed across Agencies and programs during the 2024 calendar year.**

Recognizing that *outlays* can demonstrate the pace and realization of actual spending, this study also includes a focused, transaction-level review of outlay data for Federal grants tagged with “homeless” or “homelessness” awarded to Arizona recipients. This portion of analysis required identifying and reviewing individual payment records across multiple grants, offering a more detailed understanding of how related Federal funding moves from commitment to implementation.

Data were organized and examined through multiple lenses, such as by program, by agency, and by grantee. Collaborative categorization by intended use of funds was employed, grouping obligations into categories such as prevention, services, housing support, and “sticks & bricks” housing development or renovation projects. This exercise highlighted a key challenge in analyzing these investments, namely the difficulty of sorting funding streams that allow for broad, flexible use across multiple categories, dependent on local implementation decisions and not always accompanied by clear outcome measures. Considering these factors, the effort to organize funds by intended use was inherently interpretive and could be approached differently depending on the goals of the analysis. While not exhaustive or definitive, this method surfaces patterns in how funds are positioned within the broader system of housing and homelessness response.

All findings were compiled in spreadsheets to increase accessibility, transparency, and functionality to customize the data. While every effort was made to ensure accuracy, limitations inherent in multiyear programs and varying reporting periods mean that some overlap or timing discrepancies may exist. Nonetheless, this methodology provides a robust baseline for understanding the flow of housing and homelessness funding in Arizona during calendar year 2024.

The Arizona Housing Coalition values transparency, accuracy, and accessibility in all research publications. Wherever possible, we include links to reputable external data sources, such as federal, state, and academic datasets, to allow readers to verify information and explore further.

Federal Landscape

The United States Government provides funding to states directly through various Federal Agency programs aimed at addressing housing insecurity and homelessness nationwide.

Within the Executive Branch, the United States Interagency Council on Homelessness (USICH or the Council) has coordinated 19 Federal Agencies since 1987 and provided technical assistance to State and local partners to implement initiatives.¹ The Council’s mission is “to coordinate the federal response to homelessness and to create a national partnership at every level of government and with the private sector to reduce and end homelessness in the nation while maximizing the effectiveness of the federal government in contributing to the end of homelessness.”

The Council produces:

- Annual reports to the President;
- Annual reports to Congress;
- Performance and Accountability Reports;
- Congressional Budget Justifications; and,
- The National Strategic Plan to prevent and end homelessness.

Federal Agencies administer a range of programs specifically designed to address housing instability and homelessness, including those that fund shelter operations, supportive services, rental assistance, and housing development. These targeted programs are often tailored to address the unique needs of unhoused populations or those at risk of homelessness.

Alongside these dedicated programs, the Federal response also includes Agency programs that impact the housing and homelessness context indirectly. Programs such as Medicaid, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP) influence stability and intersect with homelessness prevention efforts.

Targeted and Non-Targeted Programs can be reviewed in the [Federal Programs to Address Housing and Homelessness](#) spreadsheet.

United States Interagency Council on Homelessness Agency Partners

- U.S. Department of Agriculture (USDA)
- U.S. Department of Commerce (DOC)
- U.S. Department of Defense (DoD)
- U.S. Department of Education (ED)
- U.S. Department of Energy (DOE)
- U.S. Department of Health & Human Services (HHS)
- U.S. Department of Homeland Security (DHS)
- U.S. Department of Housing and Urban Development (HUD)
- U.S. Department of the Interior (DOI)
- U.S. Department of Justice (DOJ)
- U.S. Department of Labor (DOL)
- U.S. Department of Transportation (DOT)
- U.S. Department of Veterans Affairs (VA)
- U.S. Environmental Protection Agency (EPA)
- General Services Administration (GSA)
- Office of Management and Budget (OMB)
- Social Security Administration (SSA)
- U.S. Postal Service (USPS)
- White House Office of Faith-Based and Neighborhood Partnerships



Spotlight: U.S. Department of Housing and Urban Development

Established as part of the New Deal in 1934, the creation of the [Federal Housing Administration](#) (FHA) was the first major Federal action to address housing challenges after local efforts, charities, and settlement houses led the way in years prior – notably during the Great Depression when housing instability and homelessness were on the rise. The FHA was absorbed into the [U.S. Department of Housing and Urban Development](#) (HUD) when the 1965 Department of Housing and Urban Development Act established the Cabinet-level agency.

HUD provides funding through various programs, including the Continuum of Care Program, the Emergency Solutions Grant Program, and HOME Investment Partnerships Program, Housing Opportunities for Persons with AIDS Program, the Housing Trust Fund, the Recovery Housing Program, the Housing Choice Voucher Program, Project Based Rental Assistance, and the Community Development Block Grant.



National obligations across these HUD programs totaled more than \$63 billion in 2024.

2024 HUD National Obligations by Program ²

Choice Neighborhoods Initiative	\$333,271,070
Community Development Block Grant	\$5,439,098,341
• <i>Disaster Recovery</i>	\$1,972,010,600
• <i>Recovery Housing Program</i>	\$24,215,205
Continuum of Care Program*	\$2,881,877,914
• <i>DV Bonus</i>	\$3,693,037
• <i>Youth Homelessness Demonstration Program</i>	\$110,087,928
Emergency Solutions Grant Program*	\$308,414,120
Fair Housing Assistance Program	\$6,771,835
Fair Housing Initiative Program	\$10,763,217
Family Self-Sufficiency Program	\$125,944,323
HOME Investment Partnerships Program	\$1,239,823,018
Housing Opportunities for Persons with AIDS	\$451,058,000
Housing Choice Voucher Program	\$40,080,021,814
• <i>HUD-Veterans Affairs Supportive Housing</i>	\$33,671,773,015
Housing Counseling Assistance	\$19,361,185
Housing Trust Fund ³	\$1,242,213,142
Indian Community Development Block Grant	\$71,208,251
Indian Housing Block Grants	\$1,319,159,900

Native Hawaiian Housing Block Grant	\$22,289,270
Project Based Rental Assistance	\$4,386,839,116
Public Housing Capital Fund	\$3,326,902,659
Public Housing Operating Fund	\$1,217,414,628
Self-Help and Assisted Homeownership Opportunity Program	\$16,366,358
Supportive Housing for Persons with Disabilities	\$133,674,364
Supportive Housing for the Elderly	\$571,272,100
Tenant Resource Network	\$10,000,000
Youth Homelessness System Improvement Grants	\$50,000,000
Total	\$63,263,744,625⁴

HUD Funded Program Details | 2024 National Award Value

Sorted by Funding Type

Formula Block Grants

- Community Development Block Grant (CDBG) \$5.4 billion**
 Formula block grant that provides flexible funding to cities, counties, and states to support affordable housing, infrastructure, and economic development projects that benefit low- and moderate-income communities.
- CDBG Disaster Recovery (CDBG-DR) \$1.97 billion**
Formula-based funding for recovery and rebuilding in communities affected by major disasters, including housing and infrastructure projects.
 - Recovery Housing Program (RHP) \$24 million**
Formula grant to states for temporary, stable housing for individuals recovering from substance use disorders.
- Emergency Solutions Grant Program (ESG) \$308 million**
 Formula block grant to states and local governments to prevent homelessness and rapidly rehouse individuals and families who have lost housing, including funding for emergency shelters, street outreach, homelessness prevention, rapid rehousing, and data collection.
- HOME Investment Partnerships Program (HOME) \$1.2 billion**
 Formula block grant to states and localities to build, buy, or rehabilitate affordable housing for rent or homeownership and to provide direct rental assistance to low-income households.
- Housing Trust Fund (HTF) \$1.2 billion**
 Formula grant to states to produce, preserve, and operate rental housing for extremely low-income and very low-income households.
- Indian Housing Block Grant (IHBG) \$1.3 billion**
 Formula block grant to tribes and tribally designated housing entities (TDHEs) to develop, maintain, and operate affordable housing for Native American families.
- Native Hawaiian Housing Block Grant (NHHBG) \$22 million**
 Formula block grant to the State of Hawaii's Department of Hawaii Home Lands to support affordable housing for low-income Native Hawaiian families.

- **Public Housing Capital Fund** **\$3.3 billion**
Formula grant to public housing agencies to modernize, repair, and maintain public housing properties.
- **Public Housing Operating Fund** **\$1.2 billion**
Formula grant to public housing agencies covering daily operations, including maintenance, utilities, and staffing.
- **Family Self-Sufficiency Program (FSS)** **\$125.9 million**
Formula-funded program that helps HUD-assisted families increase earnings and build assets by connecting them to services like job training, child care, transportation, and financial literacy.

Competitive/Discretionary Grant Programs

- **Choice Neighborhood Initiative (CNI)** **\$333 million**
Competitive grant program supporting the revitalization of distressed public and HUD-assisted housing into mixed-income communities, while promoting resident services, education, and economic stability.
- **Continuum of Care (CoC) Program** **\$2.88 billion**
Competitive grant funding for nonprofit providers, states, and local governments to end homelessness through permanent and transitional housing, supportive services, and coordinated entry systems.
 - **CoC DV Bonus** **\$3.69 million**
Competitive bonus funding under CoC for domestic violence providers.
 - **CoC Youth Homelessness Demonstration Program** **\$110 million**
Competitive demonstration grant program funding local efforts to prevent and end homelessness among youth and young adults (up to age 24).
- **Fair Housing Initiatives Program (FHIP)** **\$10.76 million**
Competitive grant program for nonprofit organizations to investigate housing discrimination and educate the public and housing providers about fair housing rights.
- **Housing Counseling Assistance (Section 106)** **\$19 million**
Competitive grants to HUD-approved housing counseling agencies for financial literacy, homeownership counseling, and tenant assistance.
- **Indian Community Development Block Grant (ICDBG)** **\$71 million**
Competitive block grant supporting tribes in improving community infrastructure and economic development, including housing-related activities.
- **Self-Help Homeownership Opportunity Program (SHOP)** **\$16 million**
Competitive grant program supporting nonprofits that help low-income families build affordable homes through self-help construction, training, and technical assistance.
- **Tenant Resource Network (TRN)** **\$10 million**
Competitive grant program supporting outreach and education for tenants in at-risk properties to preserve affordable housing and prevent displacement.
- **Youth Homelessness System Improvement Grants (YHSI)** **\$50 million**
Competitive grants to support improvements in youth homelessness systems at local and state levels.

Formula + Competitive (Hybrid)

- **Housing Opportunities for Persons with AIDS (HOPWA)** **\$451 million**
Funds housing assistance and supportive services for low-income individuals living with HIV/AIDS. Combines formula grants to eligible jurisdictions with competitive funding for special projects.
- **Fair Housing Assistance Program (FHAP)** **\$6.77 million**
Formula-based cooperative agreements funding state and local agencies to enforce fair housing laws and combat housing discrimination.

Rental Assistance Programs

- **Housing Choice Voucher (HCV) Program** **\$40 billion**
Tenant-based rental assistance administered by local public housing agencies, enabling very low-income families, the elderly, and people with disabilities to afford housing in the private market.
 - **HUD-Veterans Affairs Supportive Housing (HUD-VASH)** **\$33.67 billion**
Voucher-based assistance combined with VA case management and supportive services for homeless veterans and their families.
- **Project-Based Rental Assistance (PBRA)** **\$4.38 billion**
Contract-based rental assistance for units reserved for low-income tenants, tied to specific housing units rather than individuals.

Capital Advance & Rental Assistance Programs

- **Supportive Housing for Persons with Disabilities (Section 811)** **\$133.67 million**
Funds development and subsidies for rental housing with supportive services for very low-income adults with disabilities.
- **Supportive Housing for the Elderly (Section 202)** **\$571 million**
Funds development and operation of affordable housing with supportive services for very low-income elderly persons to age in place with dignity.



HUD distributions to grantees in Arizona totaled approximately \$890 million in 2024.

2024 HUD Obligations to Arizona by Program ⁵

Choice Neighborhoods Initiative	\$3,500,000
Community Development Block Grant	\$59,122,895
• <i>Disaster Recovery</i>	<i>\$0</i>
• <i>Recovery Housing Program</i>	<i>\$0</i>
Continuum of Care Program*	\$107,320,791

• <i>DV Bonus</i>	\$0
• <i>Youth Homelessness Demonstration Program</i>	\$1,711,373
Emergency Solutions Grant Program*	\$4,852,501
Fair Housing Assistance Program	\$176,400
Fair Housing Initiative Program	\$0
Family Self-Sufficiency Program	\$1,988,638
HOME Investment Partnerships Program	\$20,368,693
Housing Opportunities for Persons with AIDS	\$7,187,034
Housing Choice Voucher Program	\$388,319,607
• <i>HUD-Veterans Affairs Supportive Housing</i>	<i>\$350,700,578</i>
Housing Counseling Assistance	\$0
Housing Trust Fund⁶	\$3,434,122
Indian Community Development Block Grant	\$5,129,432
Indian Housing Block Grants	\$242,282,387
Native Hawaiian Housing Block Grant	\$0
Project Based Rental Assistance	\$18,752,555
Public Housing Capital Fund	\$11,742,333
Public Housing Operating Fund	\$5,495,826
Self-Help and Assisted Homeownership Opportunity Program	\$0
Supportive Housing for Persons with Disabilities	\$1,679,039
Supportive Housing for the Elderly	\$7,164,003
Tenant Resource Network	\$0
Youth Homelessness System Improvement Grants	\$1,700,000
Total AZ HUD Funding	\$890,216,256

Spotlight: U.S. Department of the Treasury & the Low-Income Housing Tax Credit

The Internal Revenue Service (IRS) within the U.S. Department of the Treasury oversees the **Federal Low-Income Housing Tax Credit (LIHTC) program**, first signed into law as part of the Tax Reform Act of 1986 by President Ronald Reagan as an incentive for increased private sector investment in affordable housing. The IRS is responsible for administering the appropriate allocation for LIHTC credit amounts to [State Housing Agencies](#) and monitoring compliance with tax law. The program was made permanent in 1993 as part of the Omnibus Budget Reconciliation Act and **annually distributes “approximately \$10.5 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.”⁷**

Though LIHTC is technically supported by the IRS, the Department of Housing and Urban Development maintains [an online database](#) at property and tenant levels.

- **The HUD LIHTC database holds data for 54,102 projects and 3.7 million units made operational between 1987 and 2023 nationally.**
- **For this same period, [576 projects](#) were funded across Arizona contributing 44,697 added low-income housing units.** ⁸

Property data for 2024 is collected in the fall of 2025 to be added to the database in spring of 2026.⁹ [Tenant-level data reported by state and property](#) can also be accessed via HUD.

Arizona Landscape

Arizona's funding landscape for addressing homelessness and promoting housing stability is supported by a blend of Federal, State, and local resources. The Arizona Department of Housing (ADOH) serves as the primary administrator of Federal housing funds, though some entities in the state also manage related programs. ADOH additionally is the lead agency for distributing State-allocated resources, including the State Housing Trust Fund and the Arizona Low-Income Housing Tax Credit, both of which are authorized by the Arizona State Legislature.

In parallel, the Arizona Department of Economic Security (DES) plays a critical role in supporting housing stability through the administration of human services programs that intersect with homelessness prevention and response. DES manages programs such as Emergency Solutions Grants, Homelessness Prevention Assistance, rental and utility assistance, and case management services. The Agency also partners with local governments and service providers to deliver wraparound supports, including employment assistance, behavioral health connections, and public benefits for long-term housing stability.

Several State Agencies contribute to addressing homelessness and housing needs, such as:

- The **Arizona Health Care Cost Containment System** (AHCCCS), the State's Medicaid Agency, funds permanent supportive housing, especially for individuals with serious mental illness, and works through Regional Behavioral Health Authorities to integrate health and housing services.



- The **Arizona Department of Health Services** (DHS) supports homelessness prevention and housing stability through its oversight of public health initiatives, behavioral health programs, and substance use treatment services. DHS also collaborates with other State agencies and community partners to address health-related drivers of housing instability, such as untreated mental illness, addiction, and chronic disease.
- The **Arizona Department of Veterans' Services** (ADVS) partners with federal programs like HUD-VASH to help unhoused veterans secure housing and supportive services.
- The **Arizona Department of Corrections, Rehabilitation & Reentry** (ADCRR) supports transitional housing and reentry planning for people exiting incarceration, reducing the risk of homelessness upon release.
- The **Arizona Department of Education** (ADE) oversees implementation of the McKinney-Vento Homeless Education Program, ensuring that students experiencing homelessness receive educational support and stability.
- **Public Housing Authorities** (PHAs) across Arizona (e.g., in Phoenix, Tucson, and Mesa) administer Housing Choice Vouchers (Section 8), public housing, and special-purpose voucher programs to meet local housing needs.

Together, ADOH, DES, AHCCCS, DHS, ADVS, ADCRR, ADE, and local PHAs collaborate with Continuums of Care (CoCs), Tribal Nations, nonprofit organizations, and municipalities to form the broader homelessness response system supporting a wide range of interventions. Local governments and philanthropic organizations also contribute through matching funds, grantmaking, and leveraging of material resources. These efforts aim to reduce homelessness, expand housing access, and improve long-term housing stability for vulnerable populations across Arizona.

Spotlight: The Arizona Housing Trust Fund

The Arizona Housing Trust Fund (HTF) was established in 1988 by the State Legislature ¹⁰ and is one of Arizona's most important tools for addressing housing affordability, stability, and homelessness prevention. Managed by the Arizona Department of Housing (ADOH), the HTF provides resources to support both capital and non-capital projects aimed at assisting low-income individuals and families across the state.

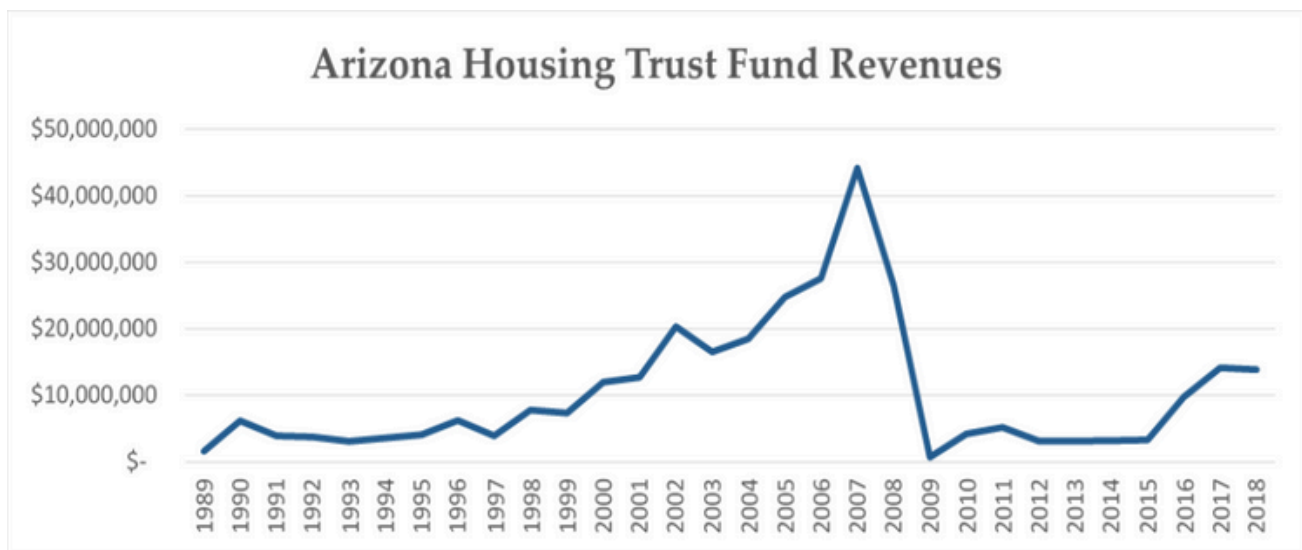
The HTF can be utilized alongside other funding streams and act as flexible gap financing to maximize the impact of Federal resources supporting housing initiatives. Funds can be applied to a range of activities, including new affordable housing development, expansion of emergency shelter and transitional housing capacity, supportive housing for people experiencing chronic homelessness, and infrastructure improvements to facilitate housing development in rural areas and on Tribal lands.

Since the **first deposit of \$1.5 million in 1989**¹¹, funding to the HTF has been marked by substantial variations in deposits, caps, and sweeps, creating notable historical fluctuations in revenues. The fund originally received a designated 33 percent of unclaimed property revenues, which was later increased to 55 percent of collections in 1998. This expanded access to revenues secured significant growth in the early 2000s, and **the HTF reached more than \$40 million in revenues at its peak in 2007**.

As the Great Recession began impacting the Arizona economy, these growing HTF revenues were swept to the State General Fund to account for budget shortfalls; and **approximately \$57 million was diverted from the HTF from 2010 - 2011**. The fund was awarded a one-time appropriation of **\$10.5 million for FY 2010 - 2011**; however, beginning **FY 2012, the HTF was capped at \$2.5 million per year**. The statutory dedication of unclaimed property revenues was also eliminated, leaving the HTF dependent on discretionary legislative appropriations.

Contributions to the HTF were reliant on interest earned by the fund, loan repayments, and returned cash outlays until 2019, resulting in **\$32 million in deposits over the 8-year period**. The primary source of deposits originated from the [Home Plus Program](#) under the Arizona Industrial Development Authority (AzIDA), formerly the Arizona Housing Finance Authority. Revenue generated by AzIDA for connecting low and moderate-income homebuyers to mortgage loans stems from the sale of State-issued bonds to investors, borrower repayments, and administrative and service fees.

In 2019, the Legislature allocated **\$15 million to the HTF for FY 2020**.¹² This was the first significant legislative appropriation to the fund in almost a decade. **In 2021, \$8 million** was transferred from the Home Plus Program.



Source: Arizona Department of Housing, [Arizona Housing Trust Fund](#)

The next appropriation of **\$60 million to the HTF was authorized for FY 2023 by the Ducey Administration** as part of a larger initiative that also dedicated **an additional \$60 million to a newly created Homeless Shelter and Services (HSS) Fund.**¹³

The HTF was later prioritized by the Hobbs Administration when the Governor championed and approved a historic **\$150 million deposit for FY 2024. No additional dollars were approved for the HTF for FY 2025.**

Outcomes from the FY 2024 \$150 Million Deposit Presented by the State

Expenditures from the State Housing Trust Fund are reported annually by the ADOH.

ADOH HTF Expenditure Report FY 2024 + FY 2025

In practice, monies from the HTF are combined with resources from the Federal HOME Investment Partnership Program and the National Housing Trust Fund, each administered by the ADOH. This combination funding is referred to as the **State Housing Fund**, which supports competitive loans to developers that ensure long-term rental access for low-income tenants in need of affordable permanent or transitioning rental housing. Non-repayable grants are also awarded to cover the costs of renovation, acquisition, and development.

Arizona Homeless Shelter and Services Fund

The Arizona Homeless Shelter and Services Fund (HSSF) was established to provide dollar-for-dollar support to projects that supply shelter and services to persons experiencing homelessness with a **\$60 million appropriation from the State General Fund in FY 2023.** From this appropriation, \$20 million was allocated for FY 2023 and \$40 million was set aside for use in FY 2024.

The HSSF was authorized one year after **\$10 million was legislatively approved for the Homeless Services Grant Pilot for FY 2022.** In FY 2023, \$1.8 million was committed from the HSSF for the development or rehabilitation of shelters impacting 147 Arizona households, and **another \$20 million was invested via supplemental appropriation before the pilot was transitioned to the HSSF.**

For CY 2024, two projects were awarded funding from the blended SHF:

- **Paradise Motel Project:** The Primavera Foundation was awarded \$200,000 for the renovation of a 41-unit motel to provide affordable housing to low-income persons and families in South Tucson.
- **West Point II Apartments Project:** La Frontera received a \$150,000 grant to offer 84 one-bedroom apartments to Tucson residents experiencing homelessness, with a focus on serving seniors and individuals with disabilities.¹⁴



Spotlight: The Arizona Low-Income Housing Tax Credit

The Arizona Low-Income Housing Tax Credit (LIHTC) was established in 2021 as a funding mechanism to stimulate the development and preservation of affordable rental housing across the state. Modeled after the Federal LIHTC program, the Arizona version provided State tax credits to developers who build or rehabilitate rental housing reserved for low-income households, seniors, or special needs populations. At the time of its approval, Arizona became the 17th state, along with the District of Columbia, to create a State housing tax credit aligned alongside the Federal LIHTC.

\$4 million per year for four years was allocated to the State LIHTC, with a sunset date of December 31, 2025. Two credit twos were offered under the program, a competitive 9% credit to cover up to 70 percent of eligible development costs and a non-competitive 4% credit with automatic approval when at least 50 percent of costs were covered by tax-exempt private bonds. Together, the credits supported affordable new construction and rehabilitation across Arizona.

Arizona Legislature approved the **FY 2025 State Budget** in June after a 165-day legislative session, throughout which advocates sought the renewal of the State LIHTC before the sunset at the end of CY 2025. Governor Hobbs sought to increase the annual cap on the credit from \$4 million to \$10 million, however, **the Legislature did not approve any funding or renewal of the program.** As it stands, webpages for the State LIHTC have been removed from the Arizona Department of Housing's website in anticipation of the sunset.



Overall, the Arizona Legislature invested approximately \$417.6 million in State General Fund appropriations for housing and homelessness.

2024 State of Arizona Investments

Aging Housing Assistance	\$5,000,000
AHCCCS Housing Program	\$65,324,800
Arizona is Home Program	\$13,000,000
DOC Transitional Housing Grants	\$2,000,000
Homeless Shelter and Services Fund	\$40,000,000
Homeless Veterans Reintegration Program	\$5,000,000
Housing Trust Fund	\$150,000,000
Military Transitional Housing Fund	\$1,900,000
Mobile Home Relocation Fund	\$5,000,000
Non-Medicaid Behavioral Health Supported Housing	\$65,324,800

State Lottery Homelessness Assistance Fund	<i>Report Overdue</i>
State Low-Income Housing Tax Credit	\$4,000,000
Safe Place to Park Grants*	\$875,000
Seriously Mentally Ill Housing Trust Fund	\$217,300
State Housing Trust Fund	\$60,000,000
Total AZ HUD Funding	\$417,641,900

State Funded Programs | 2024 Allocation

Available Reported Outcomes

• Aging Housing Assistance \$5 million

Provides funding to support housing programs for older adults, helping them maintain stable and accessible living arrangements. Administered by the Arizona Department of Economic Security, Aging and Adult Services.

Aging Housing Assistance		
Area Agencies on Aging (AAA)	FY 24 Approved Allocation	Est. Clients Served
AAA Region One	\$2,199,916	500
Pima Council on Aging	\$772,857	300
Northern Arizona Council of Governments	\$447,131	131
Western Arizona Council of Governments	\$424,348	98
Pinal-Gila Council for Senior Citizens	\$400,000	176
Southeastern Arizona Governments Association	\$240,000	100
Navajo Nation	\$284,363	380
Intertribal Council of Arizona	\$231,385	40
Total	\$5,000,000	1,725

• AHCCCS Housing Program \$65 million

Provides supportive housing for members with serious mental illness or behavioral health needs. Administered by AHCCCS to help stabilize health and housing.

• Arizona is Home Program \$13 million

Assists first-time homebuyers across the state. Administered by Arizona Housing Finance Authority to increase homeownership opportunities. This funding is anticipated to help 500 homebuyers statewide.

• DOC Transitional Housing Grants \$2 million

Provides temporary housing and reintegration support for people leaving incarceration. Administered by the Department of Corrections to reduce recidivism.

• Homeless Shelter and Services Fund \$40 million

Offers shelters and supportive services to people experiencing homelessness. Managed by the Department of Housing to address immediate housing needs.

- **Homeless Veterans Reintegration Program** **\$5 million**

Assists homeless veterans with employment, training, and supportive services. Administered by the Department of Veterans' Services to support reintegration.
- **Military Transitional Housing Fund** **\$1.9 million**

Provides funding for transitional housing for military members separating from service. Administered by the Department of Housing, with awards made through a competitive NOFA process.
- **Mobile Home Relocation Fund** **\$5 million**

Supports the relocation of mobile home residents affected by redevelopment, sale, or closure of mobile home parks. Managed by the Department of Housing to preserve affordable housing and minimize displacement.
- **Non-Medicaid Behavioral Health Supported Housing** **\$65 million**

Provides supportive housing for individuals with behavioral health needs who are not covered by Medicaid. Administered by AHCCCS to stabilize housing and connect residents to services.
- **State Lottery Homelessness Assistance Fund** **Not Reported**

Provides funding from the Arizona State Lottery for community-based homelessness prevention and services. Administered by the Department of Housing to support local shelters, rapid rehousing, and related programs.
- **State Low-Income Housing Tax Credit** **\$4 million**

Provides tax credits to developers to create affordable housing units across Arizona. Administered by the Department of Housing, supporting projects in multiple counties and promoting economic development through housing construction.

In calendar year 2024, the Department held three separate State Tax Credit (STC) allocation rounds awarding six projects contributing to 582 units of affordable housing to be created. Three counties, Gila, Maricopa, and Yavapai will have projects that include STC from 2024. It is anticipated these six projects will house 1,433 persons and have an economic impact of more than \$200 million through anticipated project costs.
- **Safe Place to Park Grants** **\$875,000**

Competitive grants for nonprofits to investigate housing discrimination and educate the public on fair housing rights. Administered locally, however, program was paused in 2024, with remaining funds redirected to rapid rehousing initiatives.

This initiative was paused after rejection by local voters in November 2024, and money was redirected from the Sedona City Council to Catholic Charities in February 2025 to support rapid rehousing.
- **Seriously Mentally Ill Housing Trust Fund** **\$217,300**

Supports nonprofit programs providing housing for individuals with serious mental illness. Administered by the Arizona Department of Housing to increase access to stable, supportive housing statewide.

 - **Yuma Project:** serving 6 individuals, totaling \$390,551
 - **Pascua Yaqui TRBHA:** serving 4 individuals, totaling \$32,793
- **State Housing Trust Fund** **\$60 million**

Provides competitive grants to nonprofits for housing development, education, and fair housing programs. Administered by the Department of Housing to expand affordable housing opportunities statewide.

31 awards were funded to provide the following outcomes:

 - **116 Transitional Housing Units**, providing increased stability and self-sufficiency for those individuals assisted.

- **1,106 new and preserved shelter beds**, reducing immediate harm for individuals living on the streets and reducing strain on public resources.
- **400 people assisted in a Safe Outdoor Space**, providing pathways to services and reducing displacement and criminalization.
- **9,576 unsheltered individuals assisted** through direct services and/or shelter, reducing health risks and substance abuse for individuals receiving help.

Findings and Recommendations

In 2024, HUD obligated **\$63 billion** across its housing and community development programs, with funding concentrated in a handful of large initiatives. Nearly two-thirds of these obligations (40 billion) supported the Housing Choice Voucher Program, including \$33.7 billion specifically for HUD-VASH serving veterans. This heavy reliance on vouchers underscores HUD's commitment to maintaining affordability in the private market but also reveals limited investment in expanding the supply of affordable housing. By contrast, the Continuum of Care program, which coordinates homelessness services, received just \$2.88 billion. Programs tied to unit construction and rehabilitation, such as CDBG (\$5.4 billion) and HOME/HTF (\$2.4 billion), together accounted for only a fraction of total federal spending. Tenant protections, fair housing enforcement, and housing counseling programs received less than \$50 million combined, highlighting the limited national emphasis on systemic safeguards compared with large-scale rental subsidies.

At the state level, Arizona shows a similar pattern of concentrated short-term funding paired with under-resourced long-term development. The Housing Trust Fund provided \$150 million in 2024, making it the cornerstone of the State's housing strategy. Programs like the AHCCCS Housing Program and Non-Medicaid Behavioral Health Supported Housing each received \$65.3 million, combining housing with health and behavioral support services and reflecting a targeted effort to meet residents' interconnected needs. By contrast, despite generating an estimated \$200 million impact to support rural and urban projects, the State Low-Income Housing Tax Credit was not reapproved during this reporting period and is scheduled to sunset, limiting its potential to spur private development and ongoing unit creation.

Both Federal and State allocations show a heavy tilt toward maintaining affordability through short-term supports, with fewer reliable mechanisms to expand the housing stock or sustain long-term stability. Arizona's investments in housing-health integration demonstrate promising innovation, but instability in tools like LIHTC and the lack of dedicated, recurring revenue keep the system vulnerable to cycles of progress and retrenchment.



These funding patterns illustrate both the promise and the limitations of Arizona's housing finance structure. The state has shown it can mobilize significant resources when the need is urgent, but the mix of federal reliance, volatile state allocations, and temporary mechanisms exposes structural fragilities that undermine long-term stability.

Specific structural challenges include:

- **Volatile State funding.** Arizona has a history of large, one-time housing allocations followed by sharp pullbacks. For example, **while 30 states now operate State LIHTC programs, Arizona remains the first and only state to implement such a program and then discontinue it.**¹⁵ Similarly, the Housing Trust Fund has experienced both robust infusions and lean years. This “topsy-turvy” approach undermines the state’s ability to plan consistently and weakens the housing pipeline.
 - **Recommendation: End the cycle of unpredictable funding by stabilizing State investments and sustaining programs over time.**
- **Lack of a dedicated funding mechanism.** Although the 2024 General Fund appropriation was substantial, the absence of a permanent revenue source makes each year uncertain. Developers and service providers cannot reasonably expect continued resources, which limits long-term planning and discourages private sector partnership.
 - **Recommendation: Re-establish a dedicated funding stream for housing development, ensuring predictable, long-term support that allows for scaling and stability.**
- **Unclear metrics for success.** While many programs require grantees to submit information into the Homeless Management Information System (HMIS) and efforts to coordinate data across agencies are underway, the lack of standardized outcome metrics makes it difficult to fully assess the impact of investments across systems and improve services for individuals experiencing homelessness and related concerns.
 - **Recommendation: Develop shared metrics for success to guide the deployment of funding, and use coordinated data collection and follow-up procedures to track outcomes.**
- **Reliance on Federal resources.** Arizona depends largely on Federal programs — such as housing vouchers, emergency assistance, and targeted grants — to support the majority of its homelessness and housing services. This means shifts in Federal policy, funding levels, or program priorities can have an outsized effect on the State’s ability to maintain services and plan for long-term needs. Recent Federal cuts, Council closures, and changing approaches signal uncertainty of future support.
 - **Recommendation: Demonstrate State and local impact of Federal housing and homelessness programs to secure critical funding, while building a state funding model that leverages sustained public and private investment and increases Arizona’s capacity to meet community needs.**



Conclusion

This report provides a detailed overview of Federal and State financial commitments to housing and homelessness in Arizona, highlighting both the scale of investment and the structural challenges in the system. Funding was found to be heavily concentrated in short-term affordability measures, with comparatively limited investment in long-term housing development, preservation, and sustainable revenue mechanisms. Arizona's reliance on Federal programs and the variability of State funding create uncertainty that can disrupt services and planning. By stabilizing State investments, creating predictable funding streams, and improving coordination and measurement across programs, Arizona can better align resources to meet housing needs and support stability.

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Footnotes

1. It is relevant to note President Donald Trump signed [Executive Order 14238](#) in March 2025 directing the elimination of the USICH “to the maximum extent consistent with applicable law.” All USICH staff have been placed on administrative leave and operations effectively halted at the time of this report.
2. Programs in grey italics are nested within the above program. These obligations are listed for informative purpose and are not twice counted in the funding total. *Core program under the McKinney-Vento Homeless Assistance Act
3. The Housing Trust Fund is supported by a small percentage of annual new business volume from Fannie Mae and Freddie Mac fees and assessments and receives no direct Congressional appropriation.
4. These obligations exclude funding for legal, administrative, research, and policy activities.
5. Programs in grey italics are nested within the above program. These obligations are listed for informative purpose and are not twice counted in the funding total. *Core program under the McKinney-Vento Homeless Assistance Act
6. The Housing Trust Fund is supported by a small percentage of annual new business volume from Fannie Mae and Freddie Mac fees and assessments and receives no direct Congressional appropriation.
7. U.S. Department of Housing and Urban Development. *Low-Income Housing Tax Credit (LIHTC): Property and Tenant Level Data*. HUD USER: <https://www.huduser.gov/portal/datasets/lihtc.html>
8. U.S. Department of Housing and Urban Development, HUD USER. LIHTC Database Access. “This system allows selective access to data from HUD’s Low-Income Housing Tax Credit Database. Data output is in either easy-to-read HTML tables, or a comma delimited text file suitable for further analysis.” HUD USER: <https://www.huduser.gov/lihtc/>
9. U.S. Department of Housing and Urban Development. *Low-Income Housing Tax Credit (LIHTC): Property Level Data*. HUD USER: <https://www.huduser.gov/portal/datasets/lihtc/property.html>
10. A.R.S. 41-3955 and A.R.S. 44-313
11. Source: Arizona Department of Housing. *Arizona Housing Trust Fund*. <https://housing.az.gov/arizona-housing-trust-fund>
12. Source: Joint Legislative Budget Committee. (2020). *FY 2021 Appropriations Report*. Arizona Joint Legislative Budget Committee. <https://azjlb.gov/21AR/FY2021AppropRpt.pdf>
13. Source: National Low Income Housing Coalition. (2022, July 18). *Arizona Legislature passes \$60 million for state housing trust fund*. National Low Income Housing Coalition. <https://nlihc.org/resource/arizona-legislature-passes-60-million-state-housing-trust-fund>
14. Source: Arizona Housing Fund. *Grants*. Arizona Housing Fund. <https://arizonahousingfund.org/grants/>
15. Novogradac. (n.d.). *State LIHTC program descriptions*. <https://www.novoco.com/resource-centers/affordable-housing-tax-credits/state-lihtc-program-descriptions>