

September 1, 2021

The Honorable Karen Fann
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

The Honorable Russell Bowers
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Dear President Fann and Speaker Bowers:

A.R.S. § 41-3955.01, subsection D, requires AHCCCS to submit an annual report on the status of the Seriously Mentally Ill Housing Trust Fund (SMI HTF), including a summary of facilities, the cost, location of each facility, and the number of individuals benefiting from operation, construction, or renovation of the facilities.

In State Fiscal Year (SFY) 2021, AHCCCS' SMI HTF expenditures were \$222,799, as reported in the Arizona Financial Information System (AFIS). Table 1 below displays the location of each facility and the associated expenditures and number of individuals served by location:

Table 1:

Location of Properties	Number of Individuals Served	SFY 2021 Expenditures ¹
Show Low	2	\$145,408 ²
Flagstaff	14	\$77,391
Total	16	\$222,799

¹The table reflects cash basis reporting.

²The expenditure in Show Low includes costs to both acquire land and construct the property whereas the Flagstaff expenditure was for rehabilitation of an existing property (to extend the State's use to house members designated SMI for additional years).

In addition to the SFY 2021 expenditures reported above, AHCCCS recently processed invoices in the amount of \$566,552 for projects approved in SFY 2020 and completed and operational in SFY 2021. These projects are located in Tucson and Yuma. From the perspective of expenses related to projects completed and operational in SFY 2021 then, total expenditures of the SMI HTF equals \$789,351. However, since final reimbursement on these two projects was made in the first quarter of SFY 2022, related expenditures will be reported in the SFY 2022 Housing Trust Fund Report based on the date of payment.

AHCCCS has been changing its focus over the last couple years related to allocations of the SMI HTF dollars, shifting to targeted, large-scale site-based projects, where the dollars are dedicated to fixed properties allowing AHCCCS to have a committed number of housing units available at relatively stable rents. This cost containment measure is particularly beneficial in Today's volatile housing market of

increasing rents, adding pressure to finding more low-income housing. An additional cost containment benefit of these large-scale projects is the ability to leverage other mainstream housing capital funding such as Arizona Department of Housing tax credits or local government funds, reducing the per unit costs for the SMI HTF. A project-based focus may result in multi-year capital expenditures, making annual expenditures less consistent from year-to-year as the projects are identified and completed.

In addition to funds expended in SFY 2021, an additional \$2,040,102 was allocated for expenditure in SFY 2022 as shown in Table 2. The allocation for Arizona Complete Health – Complete Care Plan (AzCH), the Regional Behavioral Health Authority (RBHA) in southern Arizona, reflects the next planned site-based collaborative allocation.

Table 2:

Entity	FY 2022 Allocations
Pascua Yaqui Tribe (Tribal RBHA [TRBHA])	\$170,746
White Mountain Apache (TRBHA)	\$35,000
AzCH	\$1,834,356
Total	\$2,040,102

Finally, during SFY 2021, AHCCCS was approved to utilize up to \$200,000 of SMI HTF funds to hire two full time equivalent positions to assist in the operation and oversight of AHCCCS' state funded housing program (Laws 2020, 1st Regular Session, Chapter 408). Subsequent reports will include these expenditures in Table 1.

If you have any questions regarding this report, please feel free to contact me at (602) 417-4711.

Sincerely,



Jami Snyder
Director

cc: Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Christina Corieri, Governor's Office, Senior Advisor