

October 2, 2024

The Honorable Warren Petersen
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

The Honorable Ben Toma
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Dear President Petersen and Speaker Toma:

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

Facility-specific costs:

In State Fiscal Year (SFY) 2024, SMI HTF expenditures totaled \$423,344 for facility-specific costs. Table 1 below displays the location of each facility and/or the entity receiving funding, the associated expenditures, and number of individuals served by the expenditures:

Table 1:

Location of Project	Individuals Served	SFY 2024 Expenditures
Yuma	6	\$ 390,551
Pascua Yaqui TRBHA	4	\$ 32,793
TOTAL	10	\$ 423,344

SMI HTF Appropriations - AHCCCS Personnel and Operations

The SFY2025 General Appropriations Act appropriated \$217,700 of SMI HTF monies to AHCCCS to fund full time positions to assist in the operation and oversight of the agency’s housing programs. There is currently one FTE vacancy, which is expected to be filled promptly and should not impact program operations.

Other SMI HTF fund uses:

In addition to the above facility funds expended in SFY 2024, an additional \$8,005,663 has been allocated from the SMI HTF. The projects associated with these expenditures are expected to be completed and funds fully expended in SFY 2025. The projects are listed in Table 2 below. Please note: both spent and unspent SFY 2024 funding allocations will be included in the SFY 2025 report.

Table 2 also includes an allocation of \$2,000,000 million from the SMI HTF that was allocated in SFY 2024 to support AHCCCS’ Housing and Health Opportunities Demonstration (H2O). Although the H2O demonstration is primarily federally funded, CMS approval for the initiative is contingent on the State providing \$5,492,600 in funding each year. In SFY 2024, this funding came from the Housing Trust Fund. In SFY 2025, \$2,000,000 of the state’s obligation will come from the SMI Housing Trust Fund. For SFY 2026, AHCCCS is again requesting \$5,492,600 in state funding for the H2O program.

This roughly \$5.5 million state investment is used to draw down an additional \$110,000,000 in federal funds to support housing and health-related needs and services for AHCCCS members who have been designated SMI and who are unhoused or at risk of homelessness. In addition to other SMI benefits and services, this funding will be used to provide outreach to potentially eligible members, as well as temporary shelter placement, pre-tenancy support, short-term rental and move-in assistance, and case management services to help members sustain their housing. The H2O program is projected to serve around 8,000 members during the five-year demonstration period.

Due to the blended funding sources for this program, the agency is unable to formulate a projection of how many of these individuals will be served using SMI HTF funds versus other state or federal fund sources.

Table 2:

Location of Project	Projected Individuals Served	Expected SFY 2025 Expenditure
Yuma	6	\$ 417,449
Show Low	20	\$ 1,100,000
Phoenix	7	\$ 350,000.00
Glendale	20	\$ 2,000,000
WMA	Undetermined	\$ 35,000
PY	Undetermined	\$ 103,214
Phoenix	40	\$ 2,000,000
H2O	Undetermined	\$2,000,000
TOTAL	Undetermined	\$ 8,005,663

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

Sincerely,



Carmen Heredia
Director

cc: Sarah Brown, Director, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Zaida Dedolph Piccoro, Health Policy Advisor, Office of the Governor