

COMMITTEE ON REGULATORY AFFAIRS AND GOVERNMENT EFFICIENCY
SENATE AMENDMENTS TO S.B. 1357
(Reference to printed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

[Green underlining in brackets] indicates text added to new session law or text restoring existing law.

[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.

[Green strikeout in brackets] indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

<<Green strikeout in carets>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Repeal

3 Section 41-3025.06, Arizona Revised Statutes, is repealed.

4 Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes,
5 is amended by adding section 41-3029.15, to read:

6 41-3029.15. Arizona department of housing: termination
7 July 1, 2029

8 A. THE ARIZONA DEPARTMENT OF HOUSING TERMINATES ON JULY 1, 2029.

9 B. TITLE 41, CHAPTER 37 AND THIS SECTION ARE REPEALED ON JANUARY 1,
10 2030.

11 <<Sec. 3. Section 41-3953, Arizona Revised Statutes, is amended to
12 read:

13 41-3953. Department powers and duties: definition

14 A. The department is responsible for establishing policies,
15 procedures and programs that the department is authorized to conduct to
16 address the affordable housing issues confronting this state, including
17 housing issues of [~~low income~~] [~~LOW-INCOME~~] families, [~~moderate income~~]
18 [~~MODERATE-INCOME~~] families, housing affordability, special needs
19 populations and decaying housing stock. Among other things, the
20 department shall provide to qualified housing participants and political
21 subdivisions of this state financial, advisory, consultative, planning,
22 training and educational assistance for the development of safe, decent
23 and affordable housing, including housing for low and moderate income
24 households. The department is responsible for maintaining and enforcing
25 standards of quality and safety for manufactured homes, mobile homes and
26 factory-built buildings.

1 B. Under the direction of the director, the department shall:

2 1. Establish guidelines applicable to the programs and activities
3 of the department for the construction and financing of affordable housing
4 and housing for low and moderate income households in this state. These
5 guidelines shall meet or exceed all applicable state or local building and
6 health and safety code requirements and, if applicable, the national
7 manufactured home construction and safety standards act of 1974 and title
8 VI of the housing and community development act of 1974 (P.L. ~~[93-383]~~
9 [96-399], as amended by P.L. 95-128, 96-153 and 96-339). Guidelines
10 established pursuant to this paragraph do not apply to the department's
11 activities prescribed in section 35-726, subsection E.

12 2. Accept and allocate any monies as from time to time may be
13 appropriated by the legislature for the purposes set forth in this
14 article.

15 3. Perform other duties necessary to administer this chapter.

16 4. Perform the duties prescribed in sections 35-726 and 35-728.

17 5. Stimulate and encourage all local, state, regional and federal
18 governmental agencies and all private persons and enterprises that have
19 similar and related objectives and purposes, cooperate with the agencies,
20 persons and enterprises and correlate department plans, programs and
21 operations with those of the agencies, persons and enterprises.

22 6. Conduct research on its own initiative or at the request of the
23 governor, the legislature or state or local agencies pertaining to any
24 department objectives.

25 7. Provide information and advice on request of any local, state or
26 federal agencies, private persons and business enterprises on matters
27 within the scope of department activities.

28 8. Consult with and make recommendations to the governor and the
29 legislature on all matters concerning department objectives.

30 9. Make annual reports to the governor and the legislature on its
31 activities, including the geographic location of its activities, its
32 finances and the scope of its operations. [THE ANNUAL REPORTS SUBMITTED
33 PURSUANT TO THIS PARAGRAPH SHALL ALSO INCLUDE ALL OF THE FOLLOWING
34 OUTCOME-BASED METRICS:

35 (a) THE NUMBER OF AFFORDABLE HOUSING UNITS DEVELOPED IN THIS STATE.

36 (b) ANY CHANGES IN HOMELESSNESS RATES IN THIS STATE DUE TO
37 PERMANENT SUPPORTIVE HOUSING INITIATIVES.

38 (c) ANY IMPROVEMENTS IN HOUSING ACCESSIBILITY FOR UNDERSERVED AND
39 RURAL POPULATIONS IN THIS STATE.]

40 10. Maintain and enforce standards of quality and safety for
41 manufactured homes, mobile homes and factory-built buildings and enforce
42 rules adopted by the board pursuant to section 41-4010.

43 C. Under the direction of the director, the department may:

44 1. Assist in securing construction and mortgage financing from
45 public and private sector sources.

46 2. Assist mortgage financing programs established by industrial
47 development authorities and political subdivisions of this state.

1 3. Assist in the acquisition and use of federal housing assistance
2 programs pertinent to enhance the economic feasibility of a proposed
3 residential development.

4 4. Assist in the compliance of a proposed residential development
5 with applicable federal, state and local codes and ordinances.

6 5. Prepare and publish planning and development guidelines for the
7 establishment and delivery of housing assistance programs.

8 6. Contract with a federal agency to carry out financial work on
9 the federal agency's behalf and accept payment for the work.

10 7. Subcontract for the financial work prescribed in paragraph 6 of
11 this subsection and make payments for that subcontracted work based on the
12 expectation that the federal agency will pay for that work.

13 8. Accept payment from a federal agency for work prescribed in
14 paragraph 6 of this subsection and deposit those payments in the Arizona
15 department of housing program fund established by section 41-3957.

16 9. Contract for the services of outside advisers, consultants and
17 aides reasonably necessary or desirable to enable the department to
18 adequately perform its duties.

19 10. Contract for and incur obligations reasonably necessary or
20 desirable within the general scope of department activities and operations
21 to enable the department to adequately perform its duties.

22 11. Use any media of communication, publication and exhibition in
23 the dissemination of information, advertising and publicity in any field
24 of its purposes, objectives or duties.

25 12. Adopt rules deemed necessary or desirable to govern its
26 procedures and business.

27 13. Contract with other agencies in furtherance of any department
28 program.

29 14. Use monies, facilities or services to provide contributions
30 under federal or other programs that further the objectives and programs
31 of the department.

32 15. Accept gifts, grants, matching monies or direct payments from
33 public or private agencies or private persons and enterprises for the
34 conduct of programs that are consistent with the general purposes and
35 objectives of this article and deposit these monies in the Arizona
36 department of housing program fund established by section 41-3957.

37 16. Establish and collect fees and receive reimbursement of costs
38 in connection with any programs or duties performed by the department and
39 deposit the fees and cost reimbursements in the Arizona department of
40 housing program fund established by section 41-3957.

41 17. Provide staff support to the board of manufactured housing.

42 D. For the purposes of this section, the department is exempt from
43 chapter 23 of this title.

44 E. The department is the designated state public housing agency as
45 defined in the United States housing act of 1937 (42 United States Code
46 sections 1401 through 1440) for the purpose of accepting federal housing
47 assistance monies and may participate in the housing assistance payments

1 program. Federal monies may be secured for all areas of this state
2 subject only to the limitations prescribed in subsection F of this
3 section.

4 F. For areas of this state where an existing public housing
5 authority has not been established pursuant to section 36-1404, subsection
6 A, the department acting as a public housing agency may undertake all
7 activities under the section 8 tenant-based rental housing assistance
8 payment program, except that the department shall not undertake a section
9 8 tenant-based rental housing assistance payment program within the
10 boundaries of a city, town or county unless authorized by resolution of
11 the governing body of the city, town or county. If the department accepts
12 monies for a section 8 tenant-based rental housing assistance payment
13 program for areas of this state where an existing public housing authority
14 has been established pursuant to section 36-1404, subsection A, the
15 department shall only accept and secure federal monies to provide housing
16 for the seriously mentally ill or other populations with
17 disabilities. The department may accept and secure federal monies for
18 undertaking all contract administrator activities authorized under a
19 section 8 project-based rental housing assistance payment program in all
20 areas of this state and this participation does not require the
21 authorization of any local governing body.

22 G. The department shall not itself directly own, construct, operate
23 or rehabilitate any housing units, except as may be necessary to protect
24 the department's collateral or security interest arising out of any
25 department programs.

26 H. Notwithstanding any other provision of this section, the
27 department may obligate monies as loans or grants applicable to programs
28 and activities of the department for the purpose of providing housing
29 opportunities for low or moderate income households or for housing
30 affordability or to prevent or combat decaying housing stock. Unless
31 otherwise required by federal or state law, any loan repayments shall be
32 deposited in the Arizona department of housing program fund established by
33 section 41-3957.

34 I. For any construction project financed by the department pursuant
35 to subsection C of this section, except for contract administration
36 activities in connection with the project-based section 8 program, the
37 department shall notify a city, town, county or tribal government that a
38 project is planned for its jurisdiction and, before proceeding, shall seek
39 comment from the governing body of the city, town, county or tribal
40 government or an official authorized by the governing body of the city,
41 town, county or tribal government. The department shall not interfere
42 with or attempt to override the local jurisdiction's planning, zoning or
43 land use regulations.

44 J. The department has the administrative responsibility through its
45 hearing officer function concerning alleged violations of the Arizona
46 mobile home parks residential landlord and tenant act under title 33,
47 chapter 11.

1 K. The [ARIZONA] department [OF HOUSING] shall act consistently
2 with the minimum standards of the United States department of housing and
3 urban development so as to be designated the ~~[""]~~state inspector~~[""]~~ for
4 manufactured homes and related industries. The [ARIZONA] department [OF
5 HOUSING] shall implement all existing laws and regulations established by
6 the federal government, its agencies and this state for that purpose.

7 [L. FOR THE PURPOSES OF THIS SECTION. "PERMANENT SUPPORTIVE
8 HOUSING" MEANS LONG-TERM HOUSING ASSISTANCE PAIRED WITH SUPPORTIVE
9 SERVICES AIMED AT INDIVIDUALS EXPERIENCING HOMELESSNESS OR INDIVIDUALS
10 WITH SPECIAL NEEDS.]>>

11 <<Sec. 4. Section 41-3955, Arizona Revised Statutes, is amended to
12 read:

13 41-3955. Housing trust fund; purpose; annual report

14 A. The housing trust fund is established, and the director shall
15 administer the fund. The fund consists of monies from unclaimed property
16 deposited in the fund pursuant to section 44-313, monies transferred
17 pursuant to section 35-751 and investment earnings.

18 B. On notice from the department, the state treasurer shall invest
19 and divest monies in the fund as provided by section 35-313, and monies
20 earned from investment shall be credited to the fund.

21 C. Except as provided in subsection D of this section, fund monies
22 shall be spent on approval of the department for developing projects and
23 programs connected with providing housing opportunities for low and
24 moderate income households and for housing affordability programs.
25 ~~[Pursuant to section 44-313, subsection A,]~~ a portion of fund monies shall
26 be used exclusively for housing in rural areas.

27 D. Fund monies may be spent on constructing or renovating
28 facilities and on housing assistance, including support services, for
29 persons who have been determined to be seriously mentally ill and to be
30 chronically resistant to treatment.

31 E. For the purposes of subsection C of this section, in approving
32 the expenditure of monies, the director shall give priority to funding
33 projects that provide for operating, constructing or renovating facilities
34 for housing for low-income families and that provide housing and shelter
35 to families that have children.

36 [F. ALL PROGRAMS ESTABLISHED BY THE DEPARTMENT AND FUNDED BY THE
37 HOUSING TRUST FUND PURSUANT TO THIS SECTION SHALL REQUIRE PRIOR REVIEW BY
38 THE JOINT LEGISLATIVE BUDGET COMMITTEE.]

1 ~~[F.]~~ [G.] The director shall report annually to the legislature on
2 the status of the housing trust fund. The report shall include a summary
3 of facilities for which funding was provided during the preceding fiscal
4 year and shall show the cost and geographic location of each facility and
5 the number of individuals benefiting from the operation, construction or
6 renovation of the facility. The report shall also include the number of
7 individuals who benefit from housing assistance pursuant to subsection D
8 of this section. The report shall be submitted to the president of the
9 senate and the speaker of the house of representatives, and a copy
10 provided to the secretary of state, not later than September 1 of each
11 year.

12 ~~[G.]~~ [H.] Monies in the housing trust fund are exempt from the
13 provisions of section 35-190 relating to lapsing of appropriations.

14 ~~[H.]~~ [I.] An amount not to exceed ten percent of the housing trust
15 fund monies may be appropriated annually by the legislature to the
16 department for administrative costs in providing services relating to the
17 housing trust fund.

18 ~~[I.]~~ [J.] For any construction project financed by the department
19 pursuant to this section, the department shall notify a city, town, county
20 or tribal government that a project is planned for its jurisdiction and,
21 before proceeding, shall seek comment from the governing body of the city,
22 town, county or tribal government or an official authorized by the
23 governing body of the city, town, county or tribal government. The
24 department shall not interfere with or attempt to override the local
25 jurisdiction's planning, zoning or land use regulations.>>

26 <<Sec. 5. Title 41, chapter 37, article 2, Arizona Revised
27 Statutes, is amended by adding section 41-3958, to read:

28 41-3958. Comprehensive performance measurement system:
29 tracking system: wire transfer protocols:
30 reporting requirements; definitions

31 [A. THE DEPARTMENT SHALL:

32 1. ESTABLISH AND IMPLEMENT A COMPREHENSIVE PERFORMANCE MEASUREMENT
33 SYSTEM WITHIN TWELVE MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION. THE
34 SYSTEM SHALL REQUIRE ALL OF THE FOLLOWING:

35 (a) ANNUAL GOALS WITH MEASURABLE BENCHMARKS FOR EACH HOUSING
36 PROGRAM IN THIS STATE.

37 (b) MECHANISMS FOR DATA COLLECTION AND REVIEW TO ASSESS THE
38 EFFECTIVENESS OF THE HOUSING PROGRAMS IN THIS STATE.

39 (c) QUARTERLY REPORTING TO THE PRESIDENT OF THE SENATE AND THE
40 SPEAKER OF THE HOUSE OF REPRESENTATIVES REGARDING PROGRAM PERFORMANCE
41 OUTCOMES, SUGGESTED IMPROVEMENTS FOR AFFORDABLE HOUSING, REDUCTIONS IN
42 HOMELESSNESS AND OTHER KEY METRICS.

43 2. CONDUCT A BIENNIAL EVALUATION OF ALL HOUSING PROGRAMS IN THIS
44 STATE TO ASSESS PROGRAM ALIGNMENT WITH STATE HOUSING GOALS AND ENSURE
45 COMPLIANCE WITH ALL STATUTORY REQUIREMENTS.

46 3. ESTABLISH SECURE WIRE TRANSFER PROTOCOLS TO MITIGATE FRAUD
47 RISKS, INCLUDING ALL OF THE FOLLOWING:

1 (a) DUAL AUTHORIZATION FOR ALL WIRE TRANSFERS EXCEEDING \$10,000.

2 (b) REAL-TIME FRAUD DETECTION AND REPORTING MEASURES INTEGRATED
3 INTO THE FINANCIAL MANAGEMENT SYSTEM.

4 (c) MANDATORY RECONCILIATION AND AUDITING OF ALL WIRE TRANSFERS ON
5 A MONTHLY BASIS.

6 4. CONDUCT BIENNIAL REVIEWS OF REGULATORY FEES ASSOCIATED WITH
7 MANUFACTURED HOUSING IN THIS STATE TO ENSURE ALIGNMENT WITH REGULATORY
8 COSTS. ANY PROPOSED FEE CHANGES SHALL BE SUBMITTED TO THE BOARD OF
9 MANUFACTURED HOUSING ESTABLISHED BY SECTION 41-4009 FOR APPROVAL AND ARE
10 SUBJECT TO A THIRTY-DAY PUBLIC COMMENT PERIOD. ALL COMPLAINTS RELATED TO
11 MANUFACTURED HOUSING MUST BE RESOLVED WITHIN ONE HUNDRED TWENTY DAYS.

12 5. ESTABLISH A TRACKING SYSTEM THAT MONITORS COMPLAINT RESOLUTION
13 TIMELINES. THE DEPARTMENT SHALL PROVIDE QUARTERLY REPORTS REGARDING ANY
14 UNRESOLVED COMPLAINTS TO THE BOARD OF MANUFACTURED HOUSING, THE PRESIDENT
15 OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

16 B. ANY INSTANCE OF FRAUDULENT ACTIVITY INVOLVING STATE MONIES SHALL
17 BE REPORTED TO THE GOVERNOR, THE JOINT LEGISLATIVE BUDGET COMMITTEE AND
18 THE AUDITOR GENERAL WITHIN TEN BUSINESS DAYS. RESTITUTION EFFORTS SHALL
19 BE INITIATED WITHIN THIRTY DAYS AFTER IDENTIFYING THE FRAUDULENT ACTIVITY.

20 C. FOR THE PURPOSES OF THIS SECTION:

21 1. "COMPREHENSIVE PERFORMANCE MEASUREMENT SYSTEM" MEANS A
22 SYSTEMATIC PROCESS FOR TRACKING, EVALUATING AND REPORTING ON PROGRAM
23 OUTCOMES, INCLUDING ESTABLISHING GOALS, PERFORMANCE BENCHMARKS AND
24 MEASURABLE OUTCOMES.

25 2. "WIRE TRANSFER PROTOCOLS" MEANS SECURE PROCESSES AND STANDARDS
26 TO PREVENT UNAUTHORIZED FINANCIAL TRANSFERS.]>>

27 <<Sec. 6. Quarterly reporting: delayed repeal

28 [A. The Arizona department of housing shall provide quarterly
29 reports to the president of the senate and the speaker of the house of
30 representatives regarding the use of monies from the housing trust fund
31 pursuant to section 41-3955, Arizona Revised Statutes, as amended by this
32 act, that includes all of the following:

33 1. Details on all financial transactions in the housing trust fund.

34 2. Detailed information on recipients of monies from the housing
35 trust fund and any projected and realized results and analyses of the
36 performance of the housing trust fund in comparison to the goals of the
37 housing trust fund.

38 B. The Arizona department of housing shall also conduct a review of
39 approved and paid payment requests since July 1, 2021 to identify any
40 improper payments made to grantees and how to recover those monies. The
41 status of the review and recovery activities shall be outlined in the
42 quarterly reports pursuant to subsection A of this section.

43 C. This section is repealed from and after December 31, 2026.]>>

44 Sec. 7. Purpose

45 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,
46 the legislature continues the Arizona department of housing to address the
47 affordable housing issues confronting this state, including housing issues

1 of low and moderate income families, housing affordability, housing for
2 special needs populations and decaying housing stock, to maintain
3 standards of quality and safety for manufactured homes, factory-built
4 buildings, mobile homes and accessory structures and to adjudicate
5 complaints regarding and ensure compliance with the Arizona mobile home
6 parks residential landlord and tenant act.

7 Sec. 8. Retroactivity

8 Sections 1 and 2 of this act apply retroactively to from and after
9 July 1, 2025.

10 Enroll and engross to conform

11 Amend title to conform

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