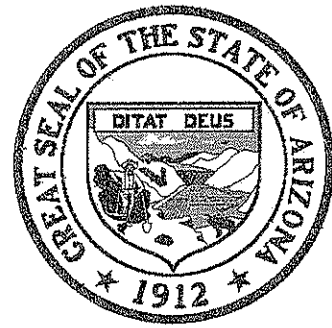


Housing Supply Study Committee



**Final Report
December 2022**

Committee Members:

Senator David Gowan, Co-Chair
Senator Martin Quezada
Matthew Contorelli
Jake Hinman
Spencer Kamps
Jean Moreno

Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Thomas Simplot
Mayor Corey Woods

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REPORT 2022

Background

The Housing Supply Study Committee (Study Committee) was established by Laws 2022, Chapter 185. The purpose of the 11-member Study Committee is to (1) review data on the scope of housing supply and access; (2) compile an overview of ways to address Arizona's housing shortage and to mitigate its causes; and (3) solicit ideas and opinions of industry and subject matter experts and the community on additional recommendations.

The Study Committee is required to submit a final report regarding the Committee's findings that will foster a positive housing supply in Arizona to the Legislature and to provide a copy to the director of the Arizona Department of Housing by December 31, 2022.

Summary of Committee Activity

The Committee met on the following dates: July 12, July 26, August 9, August 23, September 7, September 12, September 26, November 15, November 17, December 6, December 13 and December 20.

Committee Hearing July 12

The members of the Study Committee introduced themselves and opined on the current housing supply. Co-Chair Kaiser outlined the Study Committee schedule for the upcoming months. Staff gave an overview of the Study Committee purpose statement.

Co-Chair Kaiser stated his intent to hear from subject matter experts in the housing industry to discuss housing supply, how homes are built and potential barriers. The Study Committee had an open discussion on such issues. The Study Committee heard public testimony.

Members stated they would like to have discussions in the upcoming meetings on the following topics: tax increment financing, private property rights, home prices, potential policy legislation and what other states have done. Co-Chair Kaiser stated the Study Committee will create a findings report which maybe used for potential legislation, additionally, will hear from a 3rd party auditor who will assess Arizona's housing supply.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022071003>

Committee Hearing July 26

The Study Committee first heard presentations from city officials followed by presentations from home builders on the home building process. Committee members inquired on the following topics: zoning stipulation, zoning process and time frames, rezoning process, design guidelines and standards, infrastructure and building application permits. Members noted the benefits of educating the public by housing advocates.

The Study Committee heard public testimony and Co-Chair Kaiser closed with a tentative schedule and agenda for the next meeting.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022071008>

Committee Hearing August 9

The Study Committee heard presentations on how the housing supply is impacting Arizonans. Members inquired on veteran homelessness. Director Wright (Arizona Department of Veterans' Services) opined that a cause is related to mental health issues and an increase cost of rent. The Committee had further discussions on vouchers for veterans.

The Study Committee had discussions regarding the zoning process, supportive household services, loan income tax credit programs and affordable housing for military members. Co-Chair Kaiser stated he would discuss the 3rd party assessment at the next meeting.

The Study Committee heard public testimony and closed with members commenting on costs of housing, zoning laws and rent control.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022081000>

Committee Hearing August 23

The Study Committee heard presentations on environmental impacts on housing supply. Co-Chair Kaiser inquired on the requirement of an assured water supply for developers and the percentage of water usage. It was noted that 75% of the state's water was used for agricultural purposes. The Committee had further discussions on water usage and supply.

Member Hinman inquired on zoning regulation impacts on single and multi-family homes. A discussion ensued on zoning process and reform. Member Stotler opined on the impacts of eliminating single room occupancy has on homelessness. Senator Quezada offered comments on heat as an intersectional issue. The Study Committee had further discussions on eviction rates and homelessness. Member Hinman provided an overview of *Voice of Surprise*.

The Study Committee heard public testimony.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022081001>

Committee Hearing September 7

The Study Committee met in Flagstaff to hear from city officials and the local community on housing supply access and shortages. Staff opened committee presentations with an overview of the Committee purpose.

Member Hinman noted a shortage of 8,000 homes and inquired on any hinderances on building. Further discussions ensued regarding NIMBYism. Member Woods offered comments regarding down zoning. The Study Committee had a discussion regarding inclusionary zoning practices and methods to increase housing production.

Co-Chair Kaiser inquired on the city's strategy to resolve the housing shortfall. Ms. Darr (City of Flagstaff Housing Director) commented on the city's plan, which includes achieving density with the limited land supply.

The Study Committee heard public testimony.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022091000>

Committee Hearing September 12

The Study Committee met in Tucson to hear from city officials and the local community on housing supply access and shortages. Staff opened committee presentations with an overview of the Committee purpose.

Co-Chair Kaiser commented that there is a statewide housing shortfall of 275,000 single family homes and that for every one rental home there are 20 applicants. Mayor Romero commented on Tucson's housing supply issues. Mayor Romero opined on protections for Section 8 renters including making it unlawful for property managers to reject a rental application solely based on the applicant's source of income including rental assistance.

The Study Committee had discussions on barriers to housing, differences in housing types including "tiny homes", supply and demand effects on housing costs and zoning process.

Co-Chair Kaiser noted there is an increase in developing high end apartment and townhome communities due to the number of units being built on a particular lot, the smaller the number of units on the property the more expensive each unit costs.

The Study Committee had further discussion on the zoning process, streamlining the development process, affordable housing.

The Study Committee heard public testimony.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2022091003>

Committee Hearing September 26

The Study Committee met in Sedona to hear from city officials and the local community on housing supply access and shortages. Staff opened committee presentations with an overview of the Committee purpose.

The Study Committee heard from the mayor of Sedona, Prescott and Cottonwood who provided opening remarks and expressed concerns on housing supply issues. Mayor Moriarty, City of Sedona, stated the city was short 1,500 housing units. Mayor Elinski, City of Cottonwood, stated the city was short 1,400 housing units.

The Study Committee had discussions on City of Sedona's number of short-term rentals and impacts on housing. Co-Chair Kaiser inquired on the greatest housing need and challenges to meet such needs. Ms. Boone opined there was a need for more apartments and diversity in housing. Co-Chair Kaiser asked how many homes need to be built in the Verde Valley to keep up with the demand. Ms. Boone replied stating more than 700 a year. Member Moreno commented on the supply and demand on affordable housing units. The Study Committee had discussion on affordable housing, density, land usage and short-term rentals.

Co-Chair asked if there was anything the Legislature can do to help increase home builder workforce. Mr. Corbin, Cottonwood City Manager, opined that state could continue to support

community colleges and the trade skills as well as help pay for infrastructure by providing grants for water and sewer.

The Study Committee heard public testimony.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022091011>

Committee Hearing November 15

The Study Committee heard presentations on zoning and density. The members introduced themselves and staff gave an overview of the Committee purpose. The Study Committee had discussions on homeowner associations with respect to accessory dwelling units, zoning reform and lower cost housing and Prop 207.

Co-Chair Kaiser inquired on what the state can do to remove barriers for building with respect to landlocked issues and asked for feedback on how to make it easier for cities to build.

Member Serviss opined on state level intervention and investments to remove barriers. Member Mayor Woods inquired on recommendations how to produce more affordable housing. Ms. Shambrook commented on the need for political leadership.

The Study Committee heard from a panel consisting of housing developers. The Study Committee noted that there was a million acres of land available for housing development with 94% tracked for single family.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022111004>

Committee Hearing November 17

Member Kamps provided comments on regulations impacting home building: energy code and native species plant preservation. The Study Committee heard a presentation on home building, supply and access.

Co-Chair Kaiser inquired on the impacts of build-to-rent has on purchasable housing. Mr. Howard stated that there was no data indicating that build-to-rent has any impact on homeownership. The Study Committee had a discussion on build-to-rent and short-term rentals.

The Study Committee discussed the increase in costs to home development. Co-Chair Kaiser opined on the reason for building higher priced homes is due to excessive regulations driving up home costs. Member Moreno added that there are a variety of factors impacting home costs, including the increase in land costs.

Member Contorelli provided information on the third-party consultant who will be presenting on housing shortages and access. The Study Committee gave comments on density, transit and housing access.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022111008>

Committee Hearing December 6

Staff gave an overview of the Study Committee purpose and the members gave opening remarks. Member Hinman commented on a housing development project in the City of Chandler.

The Study Committee heard presentations on housing shortage impacts on economic and workforce development.

Co-Chair Kaiser asked what the most expensive part in the building process is. Ms. Delgadillo responded stating the construction costs. Mr. Kamps followed up with a discussion on tax abatement. The Study Committee had a discussion on shelter space. Mr. Hinman opined on land usage by cities in producing more homes.

Member Hinman commented that from 1980 to 1989 the state built 373,000 residential units and from 2010 to 2019 the state built 240,000 residential units. Mr. Erdmann provided comments on supply and demand. The Study Committee had discussions on possible solutions to the housing shortage.

The Study Committee heard public testimony.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022121000>

Committee Hearing December 13

The Study Committee introduced themselves and gave opening remarks. The Study Committee heard a presentation on housing trends and had discussions on the information presented. Member Moreno commented on housing affordability.

The Study Committee heard from a third-party consultant on Arizona Housing Supply and had discussions on the report.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022121008>

Committee Hearing December 20

The Study Committee offered and had discussions on the Committee's findings and recommendations.

The Study Committee heard public testimony.

A video recording of the Study Committee can be found at:
<https://www.azleg.gov/videoplayer/?eventID=2022121009>

Findings and Recommendations

Submitted by Co-Chairman Kaiser

HOUSING SUPPLY STUDY COMMITTEE

Chairman's Findings & Recommendations

Representative Steve Kaiser

December 20, 2022

Detailed Narrative (Addendum)

What We Know

- Arizona has a severe housing shortage
 - We must build homes of all types to meet growing demand
 - ADOH says we are short 270,000 homes
 - Local regulatory barriers are the primary reason for this shortage
- Not addressing housing will harm Arizona's economy
 - Businesses are having harder times recruiting
 - Hospitals cannot find housing for their workers

Purpose of Committee

- The 11-member Housing Supply Study Committee was created to:
 - Review data on the scope of housing supply and access;
 - Compile an overview of ways to address Arizona's housing shortage and to mitigate its causes; and
 - Solicit ideas and opinions of industry and subject matter experts and the community on additional recommendations.

Our Members

- Co-Chair Steve Kaiser
- Co-Chair David Gowan
- Senator Martin Quezada
- Representative César Chávez
- Mayor Corey Woods, City of Tempe
- Director Thomas Simplot, ADOH
- Matthew Contorelli, Realtors
- Jake Hinman, Multi-Housing
- Spencer Kamps, Homebuilders
- Jean Moreno, City of Glendale
- Joan Serviss, Housing Coalition, Non-profit

Committee Details

- Today's meeting marks the HSSC's 12th time meeting since July
- Time Spent:
 - 30 hours & 49 minutes
- Miles Travelled:
 - Over 756 miles
 - From the State Capitol to Flagstaff, Sedona, and Tucson

HOUSING SUPPLY STUDY COMMITTEE

Finding #1

- There is no clearinghouse for data and reporting related to housing supply and construction
 - We do not have a clear understanding of what the statewide housing supply needs are
 - There is no reporting mechanism for how many homes are permitted in Arizona versus how many homes are denied

Recommendation #1

- The Arizona Department of Housing and the Arizona Commerce Authority shall create an interactive “Housing Needs Assessment” dashboard to provide data and transparency on housing supply
 - Dashboard will serve as a city-by-city scorecard of housing supply based on certain metrics
- Reconvene the State Interagency Council on Housing and Homelessness

Finding #2

- Zoning is the primary barrier to addressing the housing shortage
 - This was the most consistent theme for the majority of presenters (non-profits, builders, developers, business leaders)
 - Zoning reform is a bipartisan issue

Recommendation #2

- Regulatory Relief for Zoning:
 - Reform zoning laws that still include adequate community input
 - Reducing redundancies in general plans vs. zoning law
 - Reducing the need for rezoning cases
 - Expediting zoning when in compliance with a general plan
 - Commercial and Ag land - residential expedited zoning
 - Grant program to rural communities for infrastructure
 - State Land Department study on government-owned land
 - Optional administrative review approvals at the city level for developments
- Addressing the "Missing Middle"
 - Reducing requirements for development standards in zoning districts such as minimum lot sizes, lot coverage, setbacks & parking
 - Allowing accessory dwelling units (ADUs), manufactured homes, fourplexes through 20-unit multi-family housing

Finding #3

- Homes in Arizona take too long to be built

HOUSING SUPPLY STUDY COMMITTEE

- The committee heard many examples of housing projects taking over 2-years to simply get local approval
- The processes allow too much arbitrary discretion and too many different approvals

Recommendation #3

- Allowing “at-risk approval” permits at the municipal level
- To allow building to continue while still holding developers accountable
- Create consistency in public comment timeframes

Finding #4

- Starter homes both for sale and for rent have been regulated out of Arizona
 - It is becoming more and more difficult to build a basic home or apartment in Arizona
 - Design standards and guidelines have substantially increased the cost of housing

Recommendation #4

- Limiting the discretionary review of design standards including unnecessary costs, ambiguity & time

Finding #5

- Our most vulnerable are running out of housing options
 - Seniors are our fastest growing homeless population
 - Single room occupancies have been zoned out of cities
 - Manufactured homes are a dwindling portion of our attainable housing supply

Recommendation #5

- Allow for single-room occupancy
- Allow for smaller homes with less parking restrictions
- Set aside shelters and public money to protect our most vulnerable
- Create permanent funding source for the Housing Trust Fund

Finding #6

- NIMBYism has had a dramatic impact on housing supply
 - Attainable and senior housing faces steep hurdles with extra NIMBYism
 - NIMBYism has become more organized and sophisticated
 - Most new housing developments face stiff resistance no matter where they are proposed

HOUSING SUPPLY STUDY COMMITTEE

Recommendation #6

- Create appeals process for builds that meet city zoning and city codes but get denied by council

Next Steps

- Continued stakeholder meetings
- Legislation in the 56th Legislature

Special Thanks to our Presenters (Not including public testimony)(Over 70 presenters!)

- Alan Stephenson, Deputy City Manager, City of Phoenix
- Christopher Baker, Director of Development Services, City of Goodyear
- Katie Wilken, Deputy Director of Planning, City of Goodyear
- Jeff Gunderson, Senior VP of Land Operations, Lennar Homes
- Patrick Brown, Division VP of Land, DR Horton
- Chuck Chisolm, Director of Land Planning, K.Hovnanian Homes
- Jason Weber, VP of Land Acquisition and Development, Tri Pointe Homes
- Director Wanda Wright, Arizona Department of Veterans' Services
- Kuhl Brown, Real Estate Development Director for the Mountain Plains Region
- Diana Yazzie Devine, President and CEO of the non-profit Native American Connections
- Maureen Casey & Denise Resnick, FirstPlace
- Lisa Glow, Central Arizona Shelter Services
- Mary Lynn Kasunic, President & CEO/Executive Director of the Area Agency on Aging, Region One
- John Mendibles, League of Veterans
- Bridget Sharpe, Human Rights Campaign
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- Jerry Stabley, President of the Arizona Planning Association
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- Ginger Kneup, Southern Arizona Home Builders Association
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- Tom Heath, Nova Home Loans
- Jim Tofel, Tofel-Dent Construction

HOUSING SUPPLY STUDY COMMITTEE

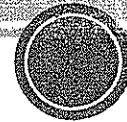
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- Kevin Erdmann, Mercatus Center and George Mason University
- Suzanne Kinney, NAIOP
- Anhubav Bagley, Maricopa Association on Governments
- Tyler Marie Theile, VP, COO, Director of Public Policy, Anderson Economic Group

HOUSING SUPPLY STUDY COMMITTEE

Chairman's Findings & Recommendations

Representative Steve Kaiser

Detailed Narrative Included in Addendum



December 20, 2022

WHAT WE KNOW



Arizona has a severe
housing shortage



Not addressing housing *will*
harm Arizona's economy



PURPOSE OF COMMITTEE

▪ The 11-member Housing Supply Study Committee was created to:

1. Review data on the scope of housing supply and access;
2. Compile an overview of ways to address Arizona's housing shortage and to mitigate its causes; and
3. Solicit ideas and opinions of industry and subject matter experts and the community on additional recommendations.



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Director Thomas Simplot, ADOH

Mathew Contorelli, Realtors

Jake Hinman, Multihousing

Spencer Kamps, Homebuilders

Jean Moreno, City of Glendale

Joan Serviss, Housing Coalition, Non-profit





12 meetings since July



30 hours & 49 minutes



Over 756 miles travelled

COMMITTEE DETAILS



RESEARCH AND ANALYSIS DIVISION

- There is no clearinghouse for data and reporting related to housing supply and construction
 - We do not have a clear understanding of what the statewide housing supply needs are
 - There is no reporting mechanism for how many homes are permitted in Arizona versus how many homes are denied



RECOMMENDATION #1

- The Arizona Department of Housing and the Arizona Commerce Authority shall create an interactive "Housing Needs Assessment" dashboard to provide data and transparency on housing supply
 - Dashboard will serve as a city-by-city scorecard of housing supply based on certain metrics
- Reconvene the State Interagency Council on Housing and Homelessness



FINDING #2

- Zoning is the primary barrier to addressing the housing shortage
 - This was the most consistent theme for the majority of presenters (non-profits, builders, developers, business leaders)
 - Zoning reform is a bipartisan issue



RECOMMENDATION #2

▪ Regulatory Relief for Zoning:

- Reform zoning laws that still include adequate community input
- Reducing redundancies in general plans vs. zoning law
- Reducing the need for rezoning cases
- Expediting zoning when in compliance with a general plan
- Commercial and Ag land - residential expedited zoning
- Grant program to rural communities for infrastructure
- State Land Department study on government-owned land
- Optional administrative review approvals at the city level for developments



RECOMMENDATION #2 (CONT.)

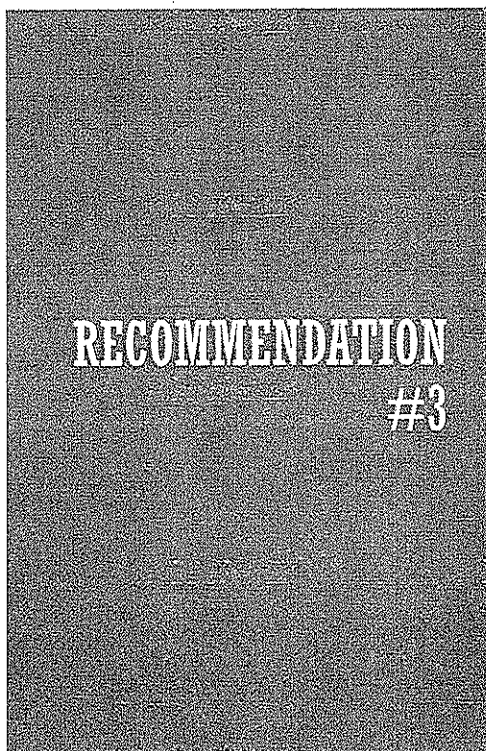
▪ Addressing the "Missing Middle"

- Reducing requirements for development standards in zoning districts such as minimum lot sizes, lot coverage, setbacks & parking
- Allowing accessory dwelling units (ADUs), manufactured homes, fourplexes through 20-unit multi-family housing





- Homes in Arizona take too long to be built
 - The committee heard many examples of housing projects taking over 2-years to simply get local approval
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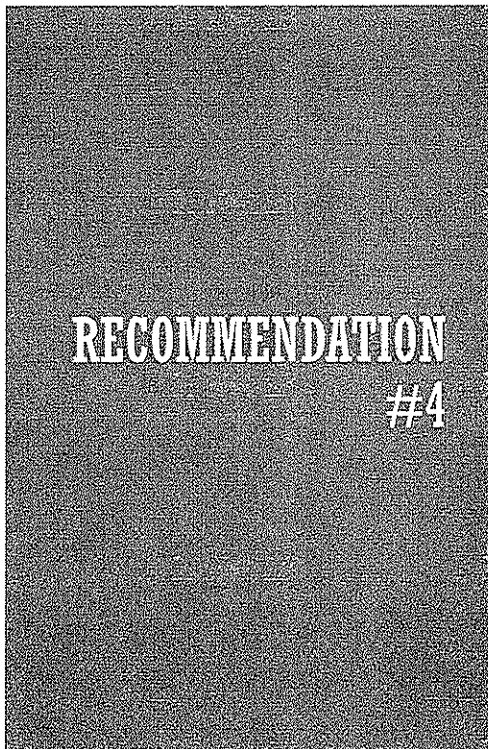
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- To allow building to continue while still holding developers accountable
- Create consistency in public comment timeframes





ARIZONA HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

- Starter homes both for sale and for rent have been regulated out of Arizona
- It is becoming more and more difficult to build a starter home or apartment in Arizona

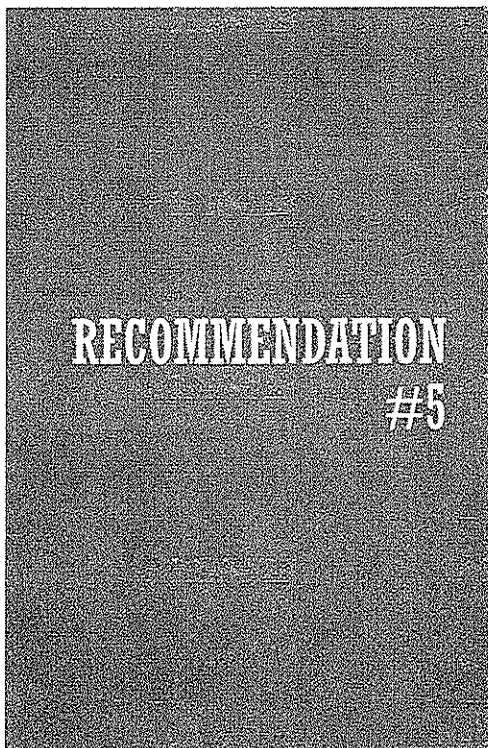


- Limiting the discretionary review of design standards including unnecessary costs, ambiguity & time





- Our most vulnerable are running out of housing options
 - Seniors are our fastest growing homeless population
 - Single room occupancies have been zoned out of cities
 - Manufactured homes are a dwindling portion of our attainable housing supply



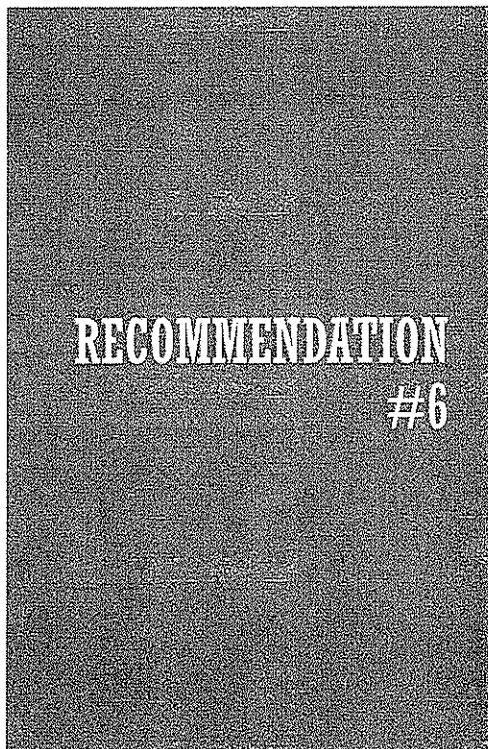
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- Create permanent funding source for the Housing Trust Fund





2014-2015 ANNUAL REPORT OF THE HOUSING AND COMMUNITY DEVELOPMENT COMMISSION

- NIMBYism has had a dramatic impact on housing supply
 - Attainable and senior housing faces steep hurdles with extra NIMBYism
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 - Most new housing developments face stiff resistance no matter where they are proposed



- Create appeals process for builds that meet city zoning and city codes but get denied by council



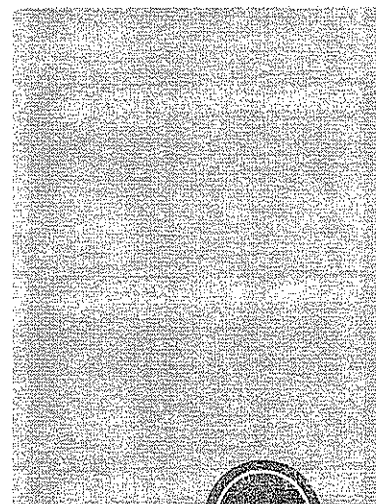


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(OVER 70 PRESENTERS!)



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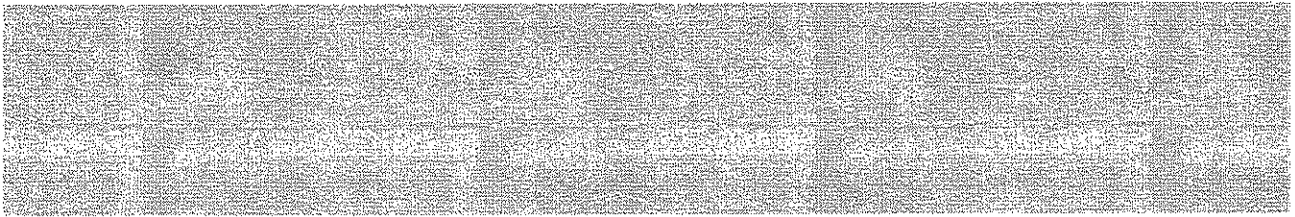


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END



Findings and Recommendations

Submitted by Jean Moreno

Background

- The issue we are facing in Arizona is not just about housing supply, it is about housing supply and accessibility to housing that people can attain and sustain.
- Even with an increased supply of homes, those with the greatest need will be shut out of new housing opportunities or lose their existing housing without other policy reforms.
- There needs to be more emphasis on the desperate need for very low-income housing, particularly for seniors, veterans, and the disabled on fixed income.
- In the Phoenix metropolitan area, the availability of apartments for rent in an amount less than \$1,000 decreased by 83% since 2010. Source: *U.S. Census Bureau, American Community Survey*.
- One-third of older households in Pima and Maricopa County are cost-burdened – meaning they spend more than 30% of their income on rent alone. Cost Burdens Among Older Adults Are at an All-Time High Joint Center for Housing Studies (harvard.edu). Fixed-income residents with monthly checks at \$850 - \$950
- CASS has seen a 43% increase in service for seniors 55+ (1,717 total). 1,459 seniors utilized CASS shelter services and 821 were 62 years or older
- While Arizona needs housing of all types, government resources to provide low-income rental and owner-occupied housing as well as supportive housing that the market, on its own, has not taken care of, should be the most urgent focus.
- The state has an obligation under the federal Fair Housing Act to affirmatively further fair housing in designing and implementing any new legal regimes governing land use and zoning. So, necessarily, **the State needs to be planning proactively to create more inclusive pathways to housing opportunities, making the housing supply available to all Arizonans.**
- **Any legislative reforms must ensure that housing supply and availability benefits all Arizonans, regardless of their wealth, identities, or life circumstances.**

Ideas

- Changes to the Landlord Tenant Act or other appropriate area of state law:
 - Require landlords to utilize uniform and transparent tenant screening requirements and regulate application processing fees. Low-income tenants often pay multiple, high application processing fees without information about how their applications will be decided, only to be denied a rental home after failing a subjective screening assessment and those fees are non-refundable. Landlords often use third-party companies to conduct background checks using arbitrary, undisclosed criteria – and sometimes

automated tools – to make leasing decisions. The results of the background checks frequently include inaccurate or outdated information that incorrectly limits tenants' access to available housing opportunities.

- Some landlords also have blanket policies that discriminate against certain tenants (i.e., denying housing applications from families or individuals with an eviction judgment in their rental history or who applied for rental assistance in the past). The construction of more Arizona homes will be of little benefit to many tenants unless and until there are specific consumer protections for housing applicants and the screening processes they navigate.
- Create a permanent state-wide emergency rental assistance program. The pandemic-related Emergency Rental Assistance Program ("ERAP") has helped many tenants in need of financial assistance stay in their homes. The various ERAP programs administered by the State of Arizona, as well as those administered by various units of local government, are set to run out of funds in 2023. A permanent, centrally operated ERAP program would ensure that low-income tenants can continue to rely on this resource during temporary financial emergencies and have uniform application criteria no matter where they live in the state. A state ERAP program is a good investment in protecting housing supply and availability. Preventing unnecessary and costly evictions will eliminate housing supply inefficiencies and pricing factors contributing to the unhealthy rental housing market affecting all Arizonans at present.
- Require landlords seeking eviction for non-payment of rent to seek diversion first and accept housing assistance payments if available. Here are some examples (note, we will need ERA funding for these practices to be effective):
 - The State of Massachusetts has developed a two-tiered eviction process that has integrated the ERA program into eviction proceedings. In the first tier, landlords and tenants work with a mediator who can direct them to ERA resources to cover qualified rental arrears. This state-funded program also engages legal aid services, as well as housing reinstatement services, for those cases where tenants ultimately experience eviction.
 - The city of Memphis and Shelby County's joint program includes a data sharing relationship with the local court system. This partnership affords ERA program administrators real-time information about neighborhoods with increased eviction activity, allowing more targeted outreach towards tenants and landlords. Using this data, the ERA program administrators have been able to foster effective relationships with larger apartment complexes and engage directly with tenants on the premises. Memphis and Shelby County have also contracted with a local nonprofit organization with experience providing legal services to tenants facing evictions, helping them to reach settlement and avoid evictions.
 - The city of Philadelphia's ERA program is also integrated directly into the city's eviction court system. The court requires defendants to apply for the city's ERA program before allowing the eviction to proceed. Further, all landlords who enroll in the city's ERA program are automatically enrolled in

- the eviction diversion system, alerting them to the resources offered by the city to help avoid tenant evictions, such as nonprofit mediation services.
- o Louisville, KY is utilizing a multi-pronged approach to eviction diversion that includes legal representation for tenants, community-based outreach, and collaboration with local courts. The city has allocated \$400,000 of their ERA funding to enact a right to counsel program for tenants with children who are facing eviction.
- Engage in wide-spread educational campaigns for federal housing programs, such as the federal HUD Veterans Affairs Supportive Housing ("VASH") and Housing Choice Voucher ("HCV") programs. Information sessions, promotions, and increased education will help remove the stigma of participating in these programs, for both landlords and tenants. Removing the stigma will help ensure the utilization of a key resource that provides stable revenue to landlords and stable homes to tenants, while making a greater supply of homes available to more Arizonans.
- Require collaborative public outreach campaigns that speak to the need of the type of housing necessary for the progress and stability of a neighborhood. Neighborhoods and communities thrive economically when residents providing the full range of goods and services necessary for success can afford to live there. Through community outreach, developers, and cities, can achieve a greater understanding on what type of housing is needed and residents will gain a clearer picture of the makeup of their neighborhood. For example, "who are the people in your neighborhood" campaigns will illustrate that the people who work in the grocery stores, the local small businesses, restaurants, schools, and in law enforcement would like to live in the neighborhoods where they serve, but are frustrated in achieving this goal because there is no housing for them. Proactive outreach would help get ahead of the much-discussed problem of "NIMBY-ism" that arises when real estate developers propose workforce housing, including multi-family developments that are essential to the delivery of necessary goods and services to vibrant neighborhoods and communities.
- In urban cores or areas where infrastructure already exists, allow either a development impact fee waiver or create a state fund to focus on the development of mixed-income rental housing (where some units are market rate and some are subsidized based on income) or entry-level owner-occupied housing that is affordable (based on 60-80% Area Median Income and 30% of that being used towards rent/housing costs) This means mortgage or rent that is roughly \$1,332-1,776 per month.
- Examine rules and regulations regarding LIHTC to determine if the tax credit programs can be used to support mixed-income development.
- Create consistency amongst all cities regarding notification distances for zoning and major general plan amendment public notifications.

Housing Supply Study Committee

Jean Moreno

- Prohibit public comment from unaffected residents (not living or owning property within the identified "zone") from being considered when making decisions on zoning cases.
- Provide a relief fund for cities that they can use to defend lawsuits or pay claims arising from zoning decisions that give residents the ability to sue under the Arizona Private Property Rights Protection Act. This is one of the reasons why the 1% of residents have a strong voice in zoning cases – cities are concerned that they will have to defend themselves against a claim of diminished property values if they allow a multi-family development or increase the dwelling units per acre.
- Allow cities to implement a short-term rental tax (similar to hotel tax) with the proceeds restricted to staffing building development departments to improve plan review/permitting process timelines **OR** to incentivize the development of affordable units (renter or owner occupied). This will allow cities to generate additional revenue from out of state (or area) visitors to advance a community's development goals.
- Provide seed funding available to cities/towns for acquisition and rehab of blighted single-family homes (those that are unsafe to occupy etc.) to be placed in a Community Land Trust, these can be implemented at the local level and are a great way to get low-income households into home ownership.

Findings and Recommendations

Submitted by Mayor Corey Woods

Housing Solutions – Legislative Options

Cities and Towns in Arizona are working diligently to address housing issues in our state. We have taken proactive steps to explore new solutions and approaches at the local level. Process related structural reforms should be explored for opportunities to make improvements that will reduce the time and costs of bringing projects to completion. However, cities and towns are focused on enhancements with a proven track record of increasing affordable housing stock and mitigating affordability issues in a manner that will not endanger the health and safety of the community. Statewide, one-size-fits-all, concepts often prove ineffectual in practice and will not provide the relief many Arizonans need. For example, zoning preemptions will likely not receive the broad support necessary to pass. It is clear that Arizona residents want to have a role in the planning of their community and will not accept wholesale elimination of public involvement in the zoning and rezoning processes. Therefore, time and efforts on this matter are best spent on exploring local, adaptable solutions. The residents of Arizona are best served by allowing local governments to explore targeted solutions while state government enacts higher-level solutions requiring state action. With that framework in mind, below are some concepts the Legislature could consider during the next legislative session.

General Housing

- Process reforms that require changes to state law and that reduce timeframes for approval and find efficiencies in the process, provided those changes don't negatively impact the health and safety of the community, or undermine infrastructure and resource planning.
- Local referendum and legal protest reform.
- Provide state funding to assist in legal costs for Prop 207 claims.
- Enact a "deal closing fund" for housing, providing state funding to assist in regulatory compliance costs and infrastructure needs for affordable housing developments.
- Specify optional administrative authority at the local level to approve plats, lot splits, and other applications related to land divisions.
- Clarify and narrow the statutory definition of a "person aggrieved" for the purposes of limiting remedies to those truly impacted by land use changes.
- Standardize the number of community meetings required and distance notification requirements across all cities for zoning.
- Develop consistent standards for what is categorized as a major vs. minor General Plan Amendment (GPA). Standardize outreach requirements for Major GPA.
- Encourage local governments to work with housing developers to explore non-legislative improvements and promulgate best practices to foster and encourage housing growth in their communities.

Affordable Housing

- Establish a robust, ongoing funding source for the Housing Trust Fund.
- Eliminate the preemption on inclusionary zoning.
- Create a state program to hold developers harmless for lost one-time revenue associated with building affordable housing units as part of a project.
- Establish a state-level emergency rental assistance program.
- Authorize tax increment financing for affordable housing.
- Enacting a Source of Income Non-discrimination statute.

Findings and Recommendations

Submitted by Joan Serviss



Arizona Housing Coalition

Speaking Up for Home and Hope

Arizona Housing Coalition Priorities

State

1. Housing Trust Fund

- Secure a one-time \$200 million investment to the Housing Trust Fund (HTF) in addition to sustainable, ongoing allocations. The HTF is a flexible, responsive state resource devoted to addressing housing needs. The HTF has helped finance affordable housing units, assists rural families to become homeowners, and supports homeless prevention programs and other critical needs.

2. DES' Coordinated Homeless Program

- Increase the Department of Economic Security's (DES) allocation for the Coordinated Homeless Program line item through direct state General Fund dollars, an increase of lottery funds, or an allowable use of HTF dollars.
- The Coordinated Homeless Program is responsible for developing and implementing the State Plan to End Homelessness. Program goals include:
 - Ensuring individuals are connected to services available.
 - Providing immediate shelter for individuals who are at risk or homeless.
 - Providing financial assistance to families to avoid homelessness.
 - Rapidly transition individuals from homelessness to housing.

3. State Low-Income Housing Tax Credit

- Consider the continuation and expansion of the State Low Income Housing Tax Credit (LIHTC) program. In 2021, Arizona joined 22 other states in creating its own state LIHTC program – including Colorado, Utah, and New Mexico. LIHTC is a proven strategy that works and helps affordable housing developers access financing that can be paired with other federal and local funds to incentivize the construction of more affordable units.
- State LIHTC is a critical tool in addressing Arizona's housing affordability crisis as the program enables permanent supportive housing in the state. This critical tool is set to expire in 2025.

4. Reconvene the State Interagency Council on Housing and Homelessness

- Initially created in 2004, the Council's goal was to bring together state agencies and community stakeholders to coordinate efforts and share resources. Reconvening the Council and providing staffing resources will help mitigate the disconnect between state departments, nonprofits, and local jurisdictions.

5. Teacherages

- Arizona statute currently allows rural school districts to allocate funds and property toward developing, procuring, and maintaining housing options for their staff. Expand this option for urban and suburban areas to fill needed gaps in workforce housing for Arizona educators.



Arizona Housing Coalition

Speaking Up for Home and Hope

6. Inclusionary Zoning

- Eliminate the preemption on inclusionary zoning to allow cities and counties to require affordable units as part of a development. Allow for the opportunity to reimburse developers for the cost of the subsidy: compensation could take the form of city tax relief, waiver of permit or other local development fees, or waiver or expedition of permits or other local requirements.

7. Publicly Owned Land

- Prioritize affordable housing for publicly owned land, vacant and surplus land policy.

8. Affordable Housing Opportunity Zones/Tax Increment Financing

- Allow local governments to form 'Affordable Housing Opportunity Zones' in which a percentage of existing revenue from a specified district within a community is used for housing or making infrastructure upgrades that will make housing development more feasible.
- An alternative to 'Affordable Housing Opportunity Zones' is enabling tax increment financing for affordable housing.

Local

1. Encourage expedited zoning and entitlement processes through incentives.
2. Encourage a streamlined design review process.
3. Consider incentives to reduce minimum lot sizes, increase single-family residences per lot (duplexes, etc.), and reduce parking minimums.
4. Expand/encourage accessory dwelling units (ADUs) and single-room occupancy units (SROs)
5. Land banking

Appendix

Minutes and Reference Materials have been placed on file with the House Chief Clerk's Office