ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – First Regular Session

COMMITTEE ON WAYS AND MEANS

Report of Regular Meeting
Monday, February 2, 2015
House Hearing Room 3 -- 2:00 p.m.

Convened 2:28 p.m.
Recessed
Reconvened
Adjourned 4:38 p.m.

Members Present
Mr. Cardenas
Mr. Mesnard
Mr. Olson
Mr. Sherwood
Mrs. Ugenti
Mr. Weninger
Mr. Wheeler
Mr. Kern, Vice-Chairman
Mr. Mitchell, Chairman

Members Absent

Request to Speak
Report – Attachment 1

Presentations

Name	Organization	Attachments (Handouts)
None		

Committee Action

Bill	Action	Vote	Attachments (Summaries, Amendments, Roll Call)
HB2147	DPA	9-0-0-0	2, 3, 4
HB2151	HELD		
HB2152	DP	6-3-0-0	5, 6
HB2153	DP	6-3-0-0	7, 8
HB2252	HELD		
HB2253	DPA	8-0-0-1	9, 10, 11, 12
HB2254	DP	5-4-0-0	13, 14, 15

Abby Selvey
Abby Selvey, Chairman Assistant
February 4, 2015

(Original attachments on file in the Office of the Chief Clerk; video archives available at http://www.azleg.gov)

Information Registered on the Request to Speak System

House Ways and Means (2/2/2015)

HB2152, STOs; luxury tax credits

Testified in support:

Sydney Hay, AMERICAN FEDERATION FOR CHILDREN; Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH

Testified as neutral:

Sean Laux, AZ DEPT OF REVENUE

Support:

Harry Miller, Executive Director, representing self; Susan Hicks, representing self; Ron Johnson, Arizona Catholic Conference; Josh Kredit, CENTER FOR ARIZONA POLICY; Krystal Slivinski, AMERICANS FOR PROSPERITY AZ; Patrick OMalley, representing self

Oppose:

Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Janice Palmer, AZ School Boards Assn; Geoff Esposito, Arizona School Boards Association; Rebekah Friend, Arizona AFL-CIO; Tory Anderson, SECULAR COALITION FOR ARIZONA

All Comments:

Tory Anderson, SECULAR COALITION FOR ARIZONA: The Secular Coalition for Arizona opposes public dollars used toward religious education.

HB2153, tax credits; STOs; preapproval; entities

Testified in support:

Sydney Hay, AMERICAN FEDERATION FOR CHILDREN; Ron Johnson, Arizona Catholic Conference

Support:

Walter Dudley, representing self; Harry Miller, Executive Director, representing self; Susan Hicks, representing self; Farrell Quinlan, State Director, NATIONAL FEDERATION OF INDEPENDENT BUSINESS; Leslie White, representing self; Krystal Slivinski, AMERICANS FOR PROSPERITY AZ; Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Josh Kredit, CENTER FOR ARIZONA POLICY; Tom Jenney, AMERICANS FOR PROSPERITY AZ; Patrick OMalley, representing self

Neutral:

Leonard Clark Clark, representing self; Sean Laux, AZ DEPT OF REVENUE

ATTACHMENT 1

Oppose:

Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Janice Palmer, AZ School Boards Assn; Geoff Esposito, Arizona School Boards Association; Rebekah Friend, Arizona AFL-CIO; Tory Anderson, SECULAR COALITION FOR ARIZONA; William (Bill) Adams, representing self

All Comments:

Tom Jenney, AMERICANS FOR PROSPERITY AZ: Thank you for voting to expand student opportunities and to allow more businesses to support school choice.; Tory Anderson, SECULAR COALITION FOR ARIZONA: The Secular Coalition for Arizona opposes public dollars utilized for religious education.

HB2252, tax; delinquency dates; tax liens

Support:

Jen Marson, AZ ASSOCIATION OF COUNTIES; Beth Ford, representing self; Dodie Doolittle, representing self; Jean Reynolds, representing self; Leah Castro, representing self; Charles 'Hos' Hoskins, representing self

All Comments:

Dodie Doolittle, Self: As Pinal County Treasurer, I am in support of this bill and the proposed amendment.; Jean Reynolds, Self: Graham County Treasurer - Jean Reynolds; Leah Castro, Self: La Paz County Treasurer - Leah Castro; Charles 'Hos' Hoskins, Self: Maricopa County Treasurer - Charles Hoskins

HB2147, TPT; municipal tax; pole attachment

Support:

Michael Stull, COX COMMUNICATIONS ARIZONA, LLC; Michael DiMaria, CENTURYLINK, INC; Philip Bashaw, GRAND CANYON STATE ELECTRIC COOP ASSN; Meghaen Dell'Artino, COX COMMUNICATIONS ARIZONA, LLC; Marcus Dell'Artino, CENTURYLINK, INC; Steve Barela, AZ PUBLIC SERVICE COMPANY (APS); Kevin McCarthy, Arizona Tax Research Association; Lyn Harry White, representing self; Helen Heiden, Arizona Chamber Of Commerce And Industry; Gretchen Kitchel, SALT RIVER PROJECT (SRP); Steven Eddy, TUCSON ELECTRIC POWER COMPANY; John MacDonald, COMCAST/NBC UNIVERSAL

Neutral:

Leonard Clark Clark, representing self; Jim Hartdegen, Other; Sean Laux, AZ DEPT OF REVENUE

All Comments:

Michael Stull, COX COMMUNICATIONS ARIZONA, LLC: HR 2147 reverses a DOR administrative error and restores the Status Quo whereby utility pole attachments remain exempt from TPT assessment. Cox Communications requests your support of HB2147. Thank you.

HB2151, DOR audits; three-year limit

Support:

Walter Dudley, representing self; Farrell Quinlan, State Director, NATIONAL FEDERATION OF INDEPENDENT BUSINESS; Helen Heiden, Arizona Chamber Of Commerce And Industry; Ken Buxton, representing self

HB2253, property tax assessments; one-year cycle

Testified in support:

Pamela Pearsall, representing self; Douglas Wolf, representing self; Paul Petersen, representing self; Joe Wehrle, representing self; Trey Williams, AZ ASSOCIATION OF COUNTIES; Debbie Annibale, representing self; Bill Staples, representing self

Support:

Michael Combrink, MARICOPA COUNTY; Beth Ford, representing self; Christine Marzon, representing self; Dodie Doolittle, representing self; Deborah Hughes, representing self; Cammy Darris, representing self; Sarah Benatar, representing self; Cindy Cox, representing self; Linda Durr, representing self; Jean Reynolds, representing self; Leah Castro, representing self; Charles 'Hos' Hoskins, representing self; Robert Pizorno, MARICOPA COUNTY; Judy Banks, representing self; Phil Leiendecker, representing self; Tom Farley, Arizona Association Of Realtors; Darlene Adler, representing self

Neutral:

Michael Racy, Lobbyist, Arizona Association Of Property Tax Consultants, Other; Dale Wiebusch, Legislative Associate, League Of AZ Cities And Towns; Geoff Esposito, Arizona School Boards Association

Oppose:

Bas Aja, DIR. GOV RELATIONS, Arizona Cattlemen's Association; Kevin McCarthy, Arizona Tax Research Association; Russell Smoldon, Ryan; Scot Mussi, Arizona Free Enterprise Club; Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Jeff Sandquist, NAIOP; Joy Gomez, representing self; Helen Heiden, Arizona Chamber Of Commerce And Industry

All Comments:

Michael Racy, Arizona Association Of Property Tax Consultants, Other: Hurts local government budgeting and property owners appeal rights.; Russell Smoldon, Ryan: Ryan has concerns with the 60 day timeline in 42-16051, petition timeline in 42-16055(A) and the sec. 42-16205.01(A) appeal rights. Ryan is happy to work with the Chairman and the Assessor going forward to find solutions.; Pamela Pearsall, Self: AsYavapai County Assessor, It is difficult for taxpayers to understand paying taxes on valuations that are almost 2 years old. This bill will create more clarity, and also allows Assessor's to react to declines in the market within a timely fashion.; Douglas Wolf, Self: Pinal County Assessor Doug Wolf; Christine Marzon, Self: Coconino County Assessor - Christine Marzon; Dodie Doolittle, Self: As Pinal County Treasurer, we hear a lot of questions from taxpayers when they receive a tax statement because the values are not the same as reported by the Assessor as a result of the current statute. This bill will resolve these questions.; Deborah Hughes, Self: Gila County Assessor - Deborah Hughes; Cammy Darris, Self: Navajo County Assessor - Cammy Darris; Sarah Benatar, Self: Coconino County Treasurer - Sarah Benatar; Cindy Cox, Self: Mohave County Treasurer - Cindy Cox; Linda Durr, Self: Greenlee County Assessor - Linda Durr; Paul Petersen, Self: Maricopa County Assessor - Paul Petersen; Jean Reynolds, Self: Graham County Treasurer -

Jean Reynolds; Leah Castro, Self: La Paz County Treasurer - Leah Castro; Charles 'Hos' Hoskins, Self: Maricopa County Treasurer - Charles Hoskins; Joe Wehrle, Self: Yuma County Assessor - Joe Wehrle; Phil Leiendecker, Self: Cochise County Assessor - Phil Leiendecker; Debbie Annibale, Self: Yavapai County; Geoff Esposito, Arizona School Boards Association: We have met with the interested parties and continue to work towards having questions addressed.; Joy Gomez, Self: The valuation cycle affects much more than just the county assessors, the timing of the cycle affects all of state and local government. The advantages to final #'s for budgeting purposes, far outweighs the discomfort of the timing of valuations.; Darlene Adler, Self: Graham County Assessor - Darlene Adler

HB2254, municipal tax exemption; residential lease

Testified in support:

Courtney Gilstrap LeVinus, Arizona Multihousing Association; Susan Brenton, MANUFACTURED HOUSING COMMUNITIES OF AZ INC; wayne hyatt, representing self

Testified as opposed:

Christian Price, representing self; Jim Rumpeltes, representing self; Ken Strobeck, LEAGUE OF ARIZONA CITIES & TOWNS; Jackie Meck, representing self; Eric Orsborn, representing self; Mayor John Lewis, Mayor, Town of Gilbert, representing self; George Diaz, Principal, BUCKEYE, TOWN OF; Michael Colletto, PROFESSIONAL FIRE FIGHTERS OF AZ

Support:

Nicole LaSlavic, AZ ASSOCIATION OF REALTORS; Tom Farley, Arizona Association Of Realtors; Emilena Turley, representing self; Helen Heiden, Arizona Chamber Of Commerce And Industry; Valerie Iverson, EXECUTIVE DIRECTOR, Arizona Housing Alliance; Ryan O'Daniel, MANUFACTURED HOUSING COMMUNITIES OF AZ INC; Scot Mussi, Arizona Free Enterprise Club

Neutral:

Leonard Clark Clark, representing self

Oppose:

Lana Mook, representing self; Amber Wakeman, City Of El Mirage; Rob Bohr, GOODYEAR, CITY OF; Christopher Cornelison, representing self; Paul Jepson, City Of Maricopa; Alison Zelms, Deputy City Manager, PRESCOTT, CITY OF; Patrice Kraus, City Of Chandler; Brad Lundahl, SCOTTSDALE, CITY OF; Rachel Aja, City Of Peoria; Marge Zylla, TEMPE, CITY OF; Mayor Mark Mitchell, representing self; Leah Hubbard Rhineheimer, GILBERT, TOWN OF; Scott Butler, MESA, CITY OF; Margot Leal, City Of Phoenix; Jessica Blazina, City Of Avondale; Linda Kavanagh, representing self; Vincent Manfredi, representing self; Heather Wilkey, Town Of Gilbert; Melissa Keckler, representing self; Brent Stoddard, Director of Intergovernmental Programs, City Of Glendale; Sara Sparman, Town Of Queen Creek

All Comments:

Lana Mook, Self: The City of El Mirage will lose $962,000.00 per year if this legislation passes. This also represents 15% of the City's sales tax base.; Amber Wakeman, City Of El Mirage: The City of El Mirage will lose $962,000.00 per year if this legislation passes. This represents 15% of the City's sales tax base.; Christopher Cornelison, Self: The Town of Oro Valley is opposed to this legislation, as it goes AGAINST our efforts of TPT simplification. Although

it does not currently have a direct effect on our residents, this proposed legislation merely takes away another budgeting tool.; Christian Price, Self: As Mayor of the City of Maricopa, I would like to address the committee.; Scott Butler, MESA, CITY OF: This bill will have a $10 million/year negative impact on the City of Mesa. Please vote no to ensure all residents continue to pay their fair share for city services and the burden is not shifted to homeowners.; Jim Rumpeltes, Self: The Mayor is also against this bill.; Linda Kavanagh, Self: Takes away local control. Renters won't be paying fair share for government services & amenities. Will result in higher taxes for single family dwellers.; Vincent Manfredi, Self: The City of Maricopa cannot afford passage of this measure. I am diametrically opposed!; Ken Strobeck, LEAGUE OF ARIZONA CITIES & TOWNS: This has a major revenue impact of $87 million a year to city and town general funds.; Melissa Keckler, Self: On behalf of the Town of Florence.; Ryan O'Daniel, MANUFACTURED HOUSING COMMUNITIES OF AZ INC: Manufactured housing communities allow affordable housing, but residents are already paying property tax on personal property (home) in addition to the property tax paid by the park owners.

HOUSE OF REPRESENTATIVES

HB 2147

TPT; municipal tax; pole attachment

Sponsors: Representatives Olson, Mitchell: Senator Lesko, et al.

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2147 exempts the leasing or renting of space to make attachments to utility poles from Transaction Privilege Tax (TPT).

HISTORY

TPT is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax. Business activities subject to TPT include, but are not limited to: retail, restaurants and bars, transient lodging (hotel/motel), commercial leasing, advertising, amusements, personal property rentals, real property rentals, construction contracting, owner/builders, manufactured building, severance (mining, timbering), transportation, printing, publishing, utilities, communications, air/railroad, and private cars/pipelines.

Arizona Revised Statutes (A.R.S.) § 42-5071 outlines various exemptions from the personal property rental classification of TPT. A.R.S. § 42-6004 lists goods and services that are exempt from municipal TPT, sales, use and other similar taxes.

PROVISIONS

1. Exempts the leasing or renting of space to make attachments to utility poles from the TPT personal property retail classification.
2. Excludes the leasing or renting of space to make attachments to utility poles from the utilities and commercial lease classifications.
3. Defines *cable operator* and *utility pole.*
4. Includes various provisions regarding refund claim requirements, deadlines and specifies that the total amount of refunds may not exceed $200,000.
5. Applies retroactively to taxable periods beginning from and after August 31, 2006.
6. Contains a severability clause.
7. Makes technical and conforming changes.

Fifty-second Legislature
First Regular Session

WM
H.B. 2147

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2147

(Reference to printed bill)

1 Page 16, strike lines 16 through 45

2 Strike page 17

3 Amend title to conform

JUSTIN OLSON

2147jo1
01/29/2015
4:19 PM
C: dmt

Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered _____ Analysts Initials ___

ATTACHMENT 3

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2147

DATE February 2, 2015 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood		✓			
Mrs. Ugenti		✓			
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		9	0	0	0

Abby Delvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 4

HOUSE OF REPRESENTATIVES

HB 2152

STOs; luxury tax credits
Sponsor: Representative Olson

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2152 creates a credit against luxury tax liability for a farm winery, manufacture, microbrewery, or craft distiller for contributions to School Tuition Organizations (STOs).

HISTORY

Pursuant to Arizona Revised Statues (A.R.S.) §§ 43-1183, 43-1184 a dollar-for-dollar credit is allowed against income taxes for contributions to an STO. STO tax credits are not to exceed an aggregate annual amount of $43 million for fiscal year 2015 with the cap increasing 20% each subsequent year. STO credits must receive preapproval from the Arizona Department of Revenue (DOR) and are awarded on a first-come-first-serve basis. If an allowable tax credit exceeds the tax payer's tax liability, the credit may be carried forward for five consecutive tax years. A.R.S. §§ 43-1504, 43-1505 stipulate that STO's receiving contributions use at least 90% of contributions to provide scholarships or tuition grants to low-income, disabled or displaced children.

According to A.R.S. §§ 42-3354, 42-3355 spirituous liquor wholesalers, farm wineries, microbreweries and craft distillers are required to pay a monthly luxury tax to DOR. A.R.S § 42-3052 prescribes luxury tax rates for alcohol: $3 per gallon of spirituous liquor, 84 cents per gallon of vinous liquor with alcohol content less than 24%, 25 cents per container or 8 ounce portion of vinous liquor with an alcohol content greater than 24% and 16 cents per gallon of malt liquor or cider.

PROVISIONS

1. Allows farm wineries, manufactures, microbreweries and craft distillers to claim a credit against luxury tax liability for contributions to STOs providing scholarships to low-income, disabled or displaced children.
2. Makes technical and conforming changes.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2152

DATE February 2, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas			✓		
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood			✓		
Mrs. Ugenti		✓			
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		6	3	0	0

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 6

HOUSE OF REPRESENTATIVES

HB 2153

tax credits; STOs; preapproval; entities
Sponsor: Representative Olson

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2153 establishes a pro rata tax credit for an S Corporation or Limited Liability Company (LLC) that donates to a School Tuition Organization (STO).

HISTORY

Pursuant to Arizona Revised Statues (A.R.S.) §§ 43-1183, 43-1184 a dollar-for-dollar credit is allowed against income taxes for contributions to an STO. STO tax credits are not to exceed an aggregate annual amount of $43 million for fiscal year 2015 with the cap increasing 20% each subsequent year. STO credits must receive preapproval from the Arizona Department of Revenue (DOR) and are awarded on a first come first serve basis. If an allowable tax credit exceeds the tax payer's tax liability, the credit may be carried forward for five consecutive tax years. A.R.S. §§ 43-1504, 43-1505 stipulate that STO's receiving contributions use at least 90% of contributions to provide scholarships or tuition grants to low-income, disabled or displaced children.

The U.S. Internal Revenue Code § 1361 defines an S Corporation as a small business corporation which does not have more than 100 shareholders, nonresident shareholders, nonindividual shareholders or more than one class of stock. A.R.S. § 29-651 defines a LLC as a company in which members, managers, employees, officers and agents are not liable for debts and obligations resulting from a court order, except under certain circumstances prescribed in statue.

PROVISIONS

1. Allows an S Corporation or LLC to claim a pro rata tax credit for STO donations.
2. Requires that an S Corporation or LLC donate at least $5,000 to qualify for the STO tax credit.
3. Prohibits businesses from directing STO contributions to a particular student.
4. Instructs the Joint Legislative Tax Credit Review Committee to review the tax credit during years ending in zero and five.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2153

DATE February 2, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas			✓		
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood			✓		
Mrs. Ugenti		✓			
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		6	3	0	0

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 8

HOUSE OF REPRESENTATIVES

HB 2253

property tax assessments; one-year cycle
Sponsor: Representative Mitchell

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2253 modifies various property tax deadlines to establish a one-year tax cycle.

HISTORY

Arizona Revised Statutes (A.R.S.) Title 42, Chapter 11 outlines property tax provisions. Currently, real property is on a two-year tax cycle. Year one, referred to as the *valuation year*, is when a valuation is made on a property. Immediately following year two, the *tax year*, the valuation from the previous year is acknowledged.

Laws 1997, Chapter 150 § 172 established a two-year tax cycle in order to give counties adequate time to address the large amount of appeals. In 2012, the Arizona voters passed Proposition 117 which amended the Constitution to cap the annual increase in the value of real property to five percent over the value of the property for the previous year.

The table below outlines the schedule for the two-year property tax cycle:

Valuation Year	***Tax Year***
March 1 – notice of value delivered May 1 – appeal of valuation deadline August 15 – appeals must be addressed by the assessor December 20 – assessment roll completed by the assessor and submitted to the Board of Supervisors	October 1 – assessor to transmit values to compute levy limits October 1 – first half of property tax due March 1 the following calendar year – second half of taxes due

PROVISIONS

1. Revises the valuation, assessment, levy and collection schedule to establish a single-year property tax cycle, from an 18 month property tax cycle.
2. Removes the requirement for a county assessor to submit an electronic roll of assessed value by January 15.
3. Defines *valuation date* to include real and personal property:
   a. valued by the Department of Revenue (DOR) - January 1 of the year preceding the year in which taxes are levied
   b. valued by the assessor - January 1 of the year taxes are levied.

4. Requires DOR to conduct sales-ratio studies and issue a letter listing concerns to the assessor, and requires the assessor to address the concerns by submitting complete data files to DOR.
5. Removes language regarding cases of omission or change within the valuation year.
6. Repeals a section of statute regarding the assessment process in new construction cases.
7. Excludes the county BOE from utilizing the assessment roll abstract.
8. Eliminates language regarding valuation appeals or classifications originating from supplemental notices.
9. Clarifies revisions made to equalization orders are effective the year in which the order was issued.
10. Prohibits a county or state BOE decision regarding a valuation from new construction from being appealed directly to the court.
11. Removes language allowing a new owner to appeal a valuation if there was a change in ownership after December 15.
12. Specifies that a notice of valuation for commercial personal property must be sent out by August 30, excluding mobile homes.
13. Requires the assessor to complete a commercial personal property roll and submit it to the BOS.
14. Authorizes the county and state board of equalization to utilize the commercial personal property roll for lawful purposes.
15. Revises section short title to read *The Property Owner Protection Act*.
16. Contains an effective date from and after December 31, 2016 for sections 1-10; and from and after December 31, 2017 for sections 11-34.
17. Makes technical and conforming changes.

MARK WHITNEY
3581 West Ironwood Drive
Chandler, Arizona 85226

February 2, 2015

The Honorable Darin Mitchell
Chairman, Ways and Means Committee
House of Representatives
1700 W. Washington
Room 313
Phoenix, Arizona 85007

Re: Comments on the Property Owners Protection Act
H.B. 2253

Dear Chairman Mitchell:

I am writing to you to suggest a few amendments to the Property Owners Protection Act, H.B. 2253 (the "Act"). These suggested adjustments to the proposed Act would reform real property tax laws in Arizona for the betterment of all Arizona real property taxpayers.

The following are my suggested amendments by section:

- Sec. 13: Set the deadline for the annual issuance of property tax valuation notices from March 1st to January 15th (currently, February 1st).
  - Purpose: The purpose of this amendment is to move the property tax cycle back 15 days to accommodate the additional 15 days in the appeal deadline provision in Section 17 of the Act.

- Sec. 17: Set the deadline for an administrative property tax appeal to the county assessor to 45 days after the mailing of the property valuation notice (currently, 30 days).
  - Purpose: Taxpayers must comply with an outdated substantial evidence standard when filing an administrative appeal. *See* A.R.S. § 42-16051(B), -16052.[1] Notably, the majority of taxing jurisdictions in the United States *do not* require this outdated substantial evidence standard. Of specific concern is the requirement that the taxpayer supply the county assessor with year-end operating statements and rent rolls to utilize the income approach to valuation. Often, these financial statements are not available until the end of the first

[1] While outside the scope of the Act as drafted, the Legislature could amply protect taxpayers from excessive burdens by simply repealing the substantial evidence requirement in A.R.S. § 42-16051(B) and § 42-16052.

ATTACHMENT 10

quarter of the calendar year. While meeting even the 45-day deadline will be difficult for taxpayers, this additional time will assist both in-state and out-of-state taxpayers with meeting this requirement.

- Sec. 27: Set the deadline for a direct appeal to Superior Court to September 15th (currently, August 15th).
  - Purpose: The current direct appeal to Superior Court deadline is December 15th. Moving the deadline back 4 months appears to be excessive and does not take into account the number of property owners who acquire property in the fourth quarter of the calendar year. Providing an additional 30 days along with the suggested amendment to Section 30, below, extends direct appeal to Superior Court rights to all property owners during the calendar year whether or not they acquire property before or after an arbitrary statutory deadline. Again, the focus of these amendments is to increase taxpayer rights, not decrease these rights.

- Sec. 30: Preserve the rights of new purchasers of real estate to appeal after the direct appeal to Superior Court deadline by permitting purchasers of real estate after September 15th of the valuation year to appeal directly to Superior Court by December 31st of the valuation year.
  - Purpose: Currently, new purchasers of real estate (namely, those that purchase after December 15th of the valuation year) are granted **an additional year** to appeal to Superior Court pursuant to A.R.S. § 42-16205.01. This extended timeline acknowledges that sophisticated real estate investors often make very substantial real estate purchases in the fourth quarter of the calendar year, often in December of the calendar year.

    A query of the CoStar real estate sales database revealed that $2.245 billion in commercial real estate sales occurred in Maricopa County from August 15, 2014 to December 31, 2014 (consisting of over 1,300 office, retail, industrial, flex, and land sales). Denying taxpayers the right to appeal property tax valuations for properties acquired after the litigation deadline in the early fall will substantially prejudice these investors. This amendment provides those taxpayers an extended deadline until the end of the calendar year, furthering the Act's goal of compressing the property tax cycle into one calendar year.

. . .

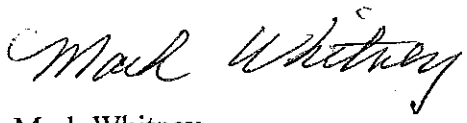
. . .

. . .

. . .

These amendments expand taxpayer rights, while continuing your goal of the Act–namely to compress the property tax cycle into one year. Please consider these amendments at your committee's hearing today and throughout the legislative review of this Act.

Very truly yours,



Mark Whitney

Fifty-second Legislature
First Regular Session

WM
H.B. 2253

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2253

(Reference to printed bill)

1 Page 11, line 3, strike "THIRTY" insert "FORTY-FIVE"

2 Amend title to conform

DARIN MITCHELL

2253-p1-mitchell
1/29/15
3:31 PM
H:laa

Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered ____ Analysts Initials ___

ATTACHMENT 11

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2253

DATE February 2, 2015 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood					✓
Mrs. Ugenti		✓			
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		8	0	0	1

Abby Salvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 12

HOUSE OF REPRESENTATIVES

HB 2254

municipal tax exemption; residential lease
Sponsor: Representative Mitchell

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2254 restricts a city, town or other taxing jurisdiction from imposing a tax or fee on the business of renting or leasing real property for residential purposes.

HISTORY

Transaction Privilege Tax (TPT) is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax. Business activities subject to TPT include, but are not limited to: retail, restaurants and bars, transient lodging (hotel/motel), commercial leasing, advertising, amusements, personal property rentals, real property rentals, construction contracting, owner/builders, manufactured building, severance (mining, timbering), transportation, printing, publishing, utilities, communications, air/railroad, and private cars/pipelines. Arizona Revised Statutes § 42-6004 outlines various items and services that are exempt from municipal TPT.

PROVISIONS

1) Restricts a city, town or other taxing jurisdiction from imposing TPT, Sales, Use, Franchise or a similar tax or fee on the business of renting or leasing real property for residential purposes.
2) Stipulates that a city, town or other taxing jurisdiction that impose a tax or fee as of January 1, 2015 must:
   a) not increase rates.
   b) annually reduce the rate by 25% for four consecutive years beginning July 1, 2016 and each July 1, thereafter.
3) Requires a city, town or other taxing jurisdiction beginning July 1, 2019 to repeal any tax or fee on the business of renting or leasing real property for residential purposes.
4) Defines *real property for residential purposes.*
5) Applies retroactively from and after December 31, 2014.
6) Makes technical and conforming changes.

HB2254

municipal tax exemption; residential lease

Representative Darin Mitchell

State of Arizona
Fifty-second Legislature
First Regular Session
2015

Contact:
Courtney Gilstrap LeVinus
(602) 390-1398
Courtney@azcapitolconsulting.com

ATTACHMENT 14

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Sample Lease Agreements ..... **Error! Bookmark not defined.**

HB2254, MUNICIPAL TAX EXEMPTION; RESIDENTIAL LEASE

****BLUE DENOTES NEW LANGUAGE.****

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 42-6004, Arizona Revised Statutes, is amended to read:

42-6004. Exemption from municipal tax

G. A CITY, TOWN OR OTHER TAXING JURISDICTION SHALL NOT LEVY A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, ON THE BUSINESS OF RENTING OR LEASING REAL PROPERTY FOR RESIDENTIAL PURPOSES, EXCEPT THAT A CITY, TOWN OR OTHER TAXING JURISDICTION THAT LEVIES A TAX OR FEE ON THE BUSINESS OF RENTING OR LEASING REAL PROPERTY FOR RESIDENTIAL PURPOSES ON JANUARY 1, 2015 SHALL NOT THEREAFTER INCREASE THE RATE OF THE TAX OR FEE BUT SHALL ANNUALLY REDUCE THE RATE BY TWENTY-FIVE PERCENT OF THE INITIAL RATE FOR FOUR CONSECUTIVE YEARS BEGINNING ON JULY 1, 2016 AND EACH JULY 1 THEREAFTER. BEGINNING FROM AND AFTER JUNE 30, 2019, A CITY, TOWN OR OTHER TAXING JURISDICTION SHALL REPEAL ANY TAX OR FEE ON THE BUSINESS OF RENTING OR LEASING REAL PROPERTY FOR RESIDENTIAL PURPOSES. THIS SUBSECTION APPLIES REGARDLESS OF WHETHER A CITY OR TOWN HAS ADOPTED THE MODEL CITY TAX CODE PURSUANT TO ARTICLE 2 OF THIS CHAPTER. FOR THE PURPOSES OF THIS SUBSECTION, REAL PROPERTY FOR RESIDENTIAL PURPOSES:

1. INCLUDES A DWELLING UNIT, LODGING FACILITY OR TRAILER OR MOBILE HOME SPACE IF THE UNIT, FACILITY OR SPACE IS INTENDED TO SERVE AS THE PRINCIPAL OR PERMANENT PLACE OF RESIDENCE FOR THE LESSEE OR RENTER OR IS LEASED OR RENTED TO A SINGLE TENANT FOR AT LEAST THIRTY CONSECUTIVE DAYS.

2. DOES NOT INCLUDE HEALTH CARE FACILITIES, LONG-TERM CARE FACILITIES OR HOTEL, MOTEL OR OTHER TRANSIENT LODGING BUSINESSES.

Sec. 2. Retroactivity

This act applies retroactively to from and after December 31, 2014.

HIGHLIGHTS

CONTEXT

- Arizona and Alaska are the only two states that allow their municipalities to impose sales tax on residential renters.
- Twenty of the 91 municipalities in Arizona, including Tucson and Flagstaff, do not levy a sales tax on renters.
- The state eliminated the statewide renter's tax in 1977.

WHO PAYS RENTER'S TAX

- Approximately 1/3 of Arizona residents rent homes.
- Renter's tax is a separate line item in rental lease agreements.
- The population of renters has various income levels, however, it does include those in the lowest-income bracket who are most harmed by this regressive double tax.
- It is unfair to balance municipal budgets on the backs of renters.

RENTERS ARE DISPROPORTIONALLY TAXED

- Homeowners do not pay tax on their monthly mortgage.
- Homeowners receive a homeowner rebates and mortgage interest tax deductions; renters cannot deduct their rental tax.
- Renters pay property taxes through their rent.

HISTORY OF RESIDENTIAL RENTERS TAX

Arizona is one of two states in the country that allows its cities to impose a transaction privilege tax on residential rent.

Approximately one-third of Arizona residents live in rental homes. Rental residents pay the same taxes and utility charges fees (property tax is built into the rent) as those that live in owner-occupied homes, yet renters are also subjected to an additional rental tax.

Prior to 1977 the State of Arizona (not municipalities) taxed residential rental property. Thanks to a small group of apartment owners and operators and their residents, the legislature repealed the tax in 1977. This group of owners and operators founded what is now known as the Arizona Multihousing Association. Starting in the 1980s, municipalities began implementing their own rent tax in order to create an additional revenue source.

In 2011, the legislature passed SB1160, a bill that requires cities to seek voter approval (as opposed to a Council majority vote) in order to increase their rent tax rate. Since the bill's passage, the cities of Buckeye, Glendale and Paradise Valley have all increased their general sales tax rate; however they all were prohibited from increasing their rental tax rates.

Twenty Arizona cities and towns do NOT collect residential rental tax, including:

Bullhead City	Lake Havasu City	Payson	Sedona	Willcox
Flagstaff	Marana	Prescott Valley	Show Low	Winslow
Globe	Oro Valley	Quartzsite	Snowflake	
Kearny	Parker	Safford	Tucson	
Kingman			Tusayan	

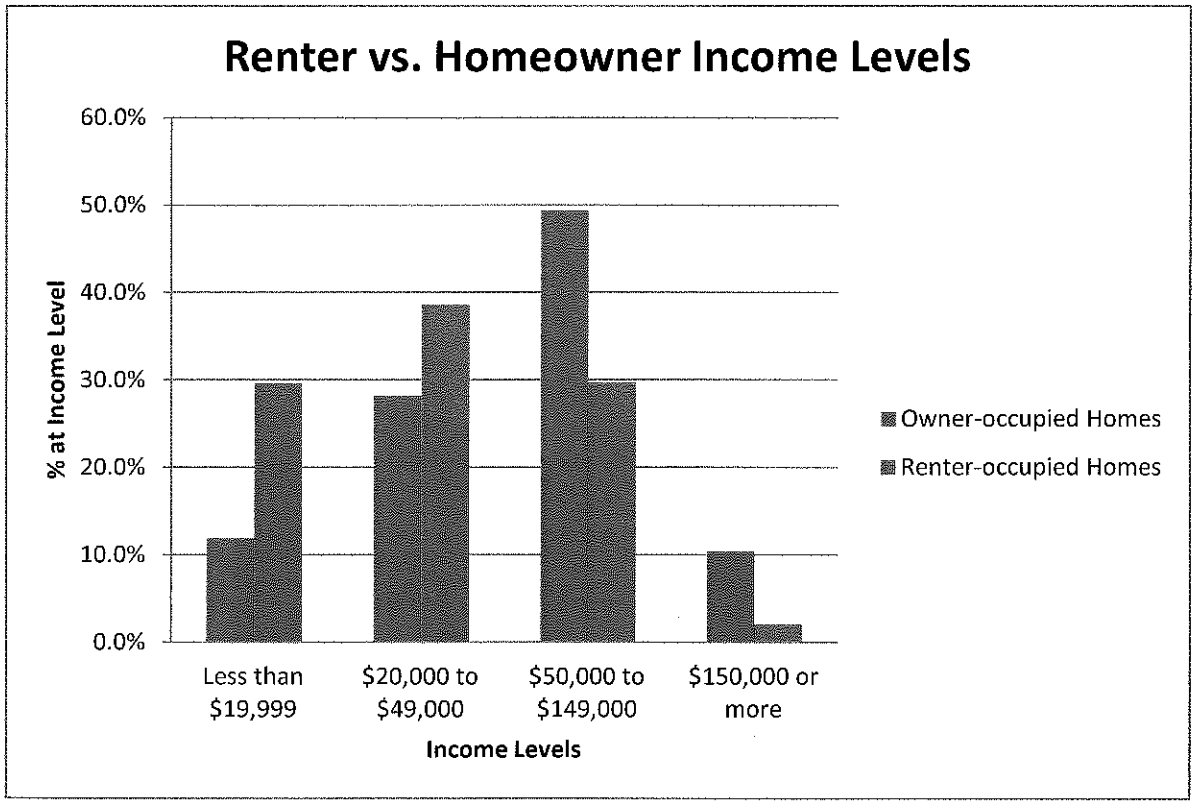
2013 AMERICAN COMMUNITY SURVEY DATA

HOUSEHOLD INCOME LEVELS

FACT: The median household income for Arizona renters is nearly half of the median household income for Arizona homeowners.

- **Residential rental tax burdens lower income families.**
- Median Household Income for all Arizona residents: $49,774
- Median Household Income for Homeowners: $61,132
- Median Household Income for Renters: $33,497

	Owner-occupied Homes	Renter-occupied Homes	Total occupied Homes
Total Homes	1,527,475	842,815	2,370,290
% of Arizona Homes	*64.40%*	*35.60%*	*100.00%*



***Source: U.S. Census Bureau, 2009- 2013 5-year American Community Survey, www.census.gov.*

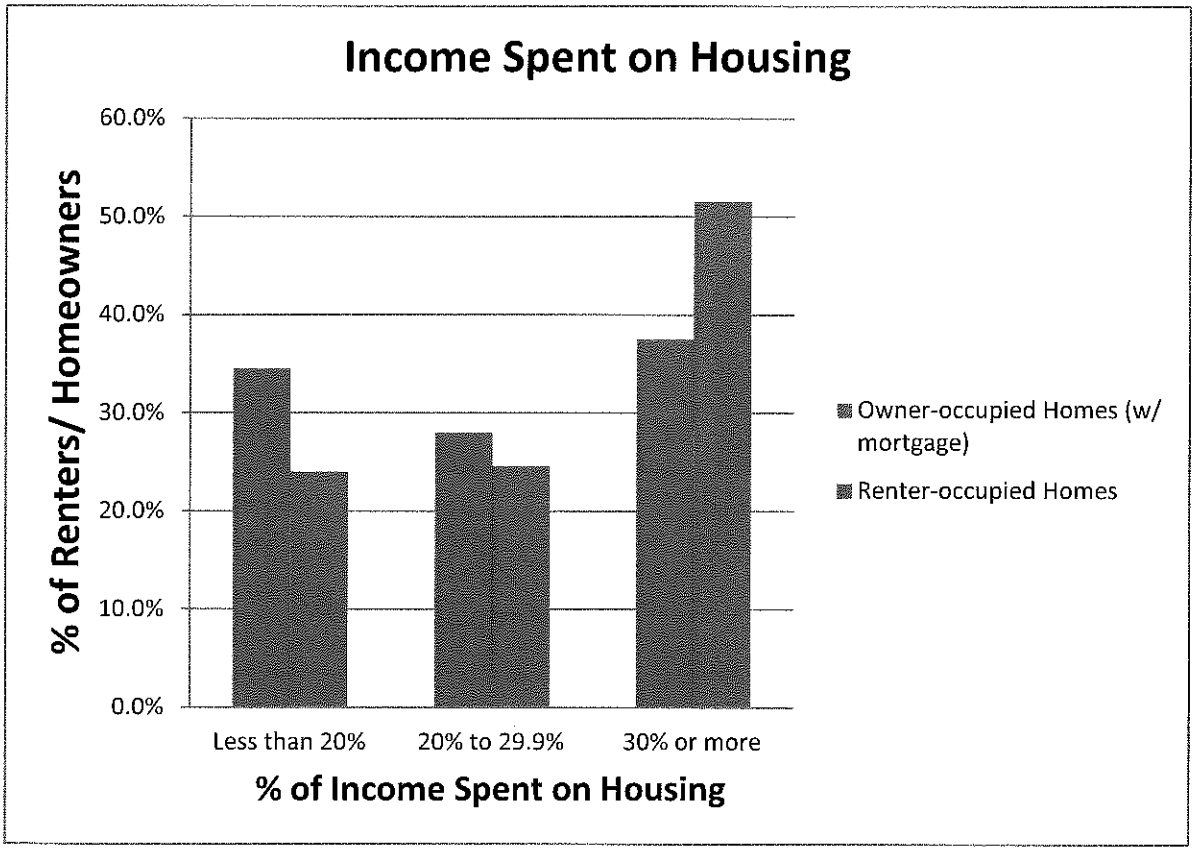
2013 AMERICAN COMMUNITY SURVEY DATA

PERCENTAGE OF INCOME SPENT ON HOUSING

FACT: Renters are more likely to spend more than 30% of their household income on housing.

- According to the U.S. Census Bureau, 30% is a rule of thumb for the amount of income that a family can spend and still have enough left over for other nondiscretionary spending.
- The 30% rule evolved from the United States National Housing Act of 1937.
- **52% of Arizona renters spend more than 30% of their household income on housing.**
- **Only 24% of Arizona renters spend less than 20% of their household income on housing.**

	Owner-occupied Homes	Renter-occupied Homes	Total occupied Homes
Total Homes	1,527,475	842,815	2,370,290
% of Arizona Homes	*64.40%*	*35.60%*	*100.00%*



***Source: U.S. Census Bureau, 2009- 2013 5-year American Community Survey, www.census.gov.*

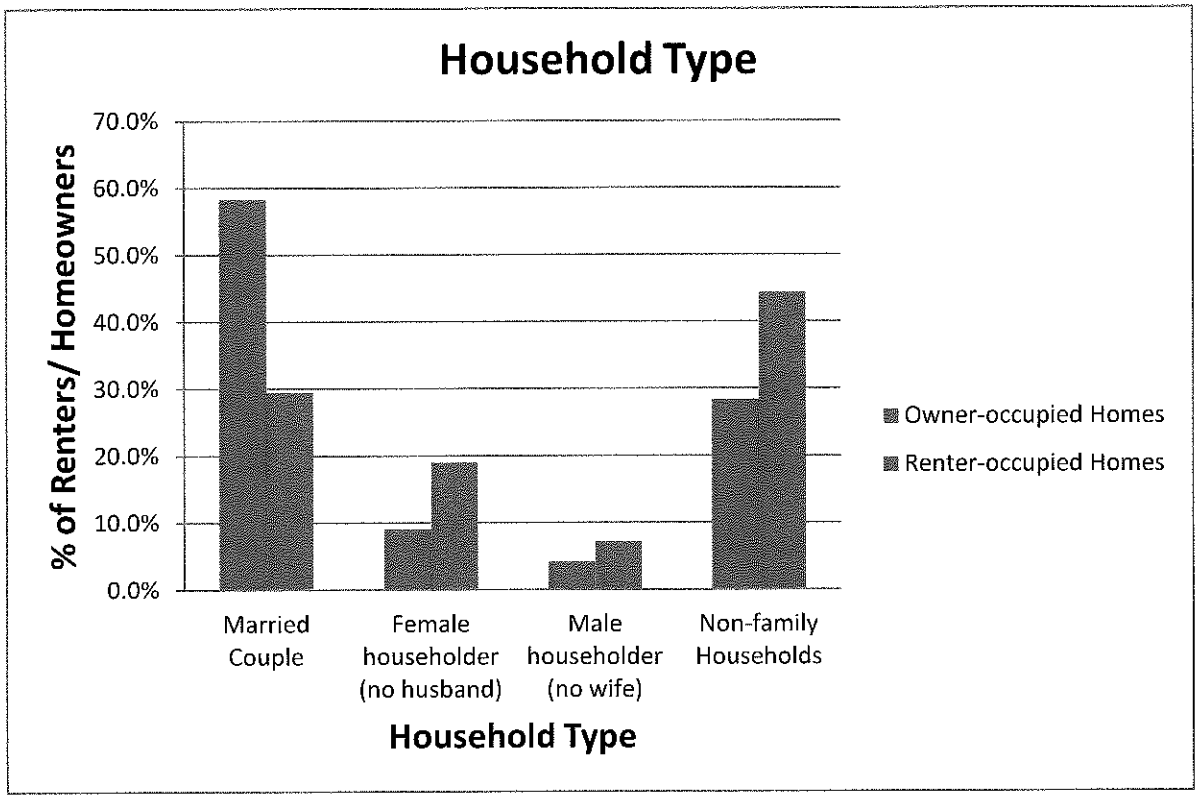
2013 AMERICAN COMMUNITY SURVEY DATA

TYPE OF HOUSEHOLD

FACT: Arizona renters are more likely to be single parents or live alone.

- 44.4% of renters live alone.
- More single mothers and fathers live in rental housing.

	Owner-occupied Homes	Renter-occupied Homes	Total occupied Homes
Total Homes	1,527,475	842,815	2,370,290
% of Arizona Homes	*64.40%*	*35.60%*	*100.00%*



***Source: U.S. Census Bureau, 2009- 2013 5-year American Community Survey, www.census.gov.*

RENTER'S TAX RATES BY MUNICIPALITY

Not all Arizona cities and towns collect renter's tax. Those twenty cities are prohibited from creating a renter's tax without seeking voter approval due to the passage of SB1060 in 2011. The 71 other cities and towns that collect renter's tax, are required to seek voter approval in order to increase their current rental tax rates.

Apache Junction	2.20%	**Globe**	**0%**	**Safford**	**0%**
Avondale	2.50%	Goodyear	2.50%	Sahuarita	2.00%
Benson	2.50%	Guadalupe	3.00%	San Luis	4.00%
Bisbee	2.50%	Hauchuca City	1.50%	Scottsdale	1.65%
Buckeye	2.00%	Hayden	3.00%	**Sedona**	**0%**
Bullhead City	**0%**	Holbrook	3.00%	**Show Low**	**0%**
Camp Verde	2.00%	Jerome	3.50%	Sierra Vista	1.00%
Carefree	3.00%	**Kearny**	**0%**	**Snowflake**	**0%**
Casa Grande	1.80%	**Kingman**	**0%**	Somerton	3.30%
Cave Creek	3.00%	**Lake Havasu City**	**0%**	South Tucson	2.50%
Chandler	1.50%	Litchfield Park	2.80%	Springerville	3.00%
Chino Valley	3.00%	Mammoth	2.00%	St. Johns	2.00%
Clarkdale	3.00%	**Marana**	**0%**	Star Valley	2.00%
Clifton	3.00%	Maricopa	2.00%	Superior	2.00%
Colorado City	2.00%	Mesa	1.75%	Surprise	2.20%
Coolidge	3.00%	Miami	2.50%	Taylor	2.00%
Cottonwood	3.00%	Nogales	2.00%	Tempe	1.80%
Dewey-Humboldt	2.00%	**Oro Valley**	**0%**	Thatcher	2.00%
Douglas	2.80%	Page	3.00%	Tolleson	2.50%
Duncan	2.00%	Paradise Valley	1.65%	Tombstone	2.50%
Eagar	3.00%	**Parker**	**0%**	**Tucson**	**0%**
El Mirage	3.00%	Patagonia	3.00%	**Tusayan**	**0%**
Eloy	3.00%	**Payson**	**0%**	Wellton	2.50%
Flagstaff	**0%**	Peoria	1.80%	Wickenburg	1.70%
Florence	2.00%	Phoenix	2.00%	**Willcox**	**0%**
Fountain Hills	1.60%	Pima	2.00%	Williams	3.00%
Fredonia	4.00%	Pinetop-Lakeside	2.50%	Winkleman	3.50%
Gila Bend	3.00%	Prescott	2.00%	**Winslow**	**0%**
Gilbert	1.50%	**Prescott Valley**	**0%**	Youngtown	2.00%
Glendale	2.20%	**Quartzsite**	**0%**	Yuma	1.70%
		Queen Creek	2.25%		

APARTMENTS CONTRIBUTION TO ARIZONA'S ECONOMY

APARTMENTS WE LIVE HERE

Arizona

http://www.weareapartments.org/arizona

691.9K apartment residents

395.5K apartment homes

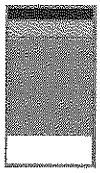
$19.6B total contribution to the state economy

188.9K total jobs supported

WE LIVE IN APARTMENTS

Apartment Residents:	691,856
Spending Power:	$7,968,907,853
Direct Jobs Supported:	61,622
Total Economic Contribution:	$16,735,651,374
Total Jobs Supported:	161,962

Who Lives in Apartment Households

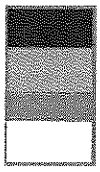


- 9% Married couple with no children
- 9% Married couple with children
- 65% Single individual living alone or with roommates
- 18% Single Parent

WE MANAGE APARTMENTS

Total Apartment Homes:	395,464
Operation Dollars Spent:	$1,239,779,465
On-site Jobs:	9,303
Total Economic Contribution:	$2,360,079,400
Total Jobs Supported:	23,041

The Buildings We Manage



- 27% 5 to 9 apartment homes per building
- 29% 10 to 19 apartment homes per building
- 16% 20 to 49 apartment homes per building
- 28% 50 apartment homes per building or more

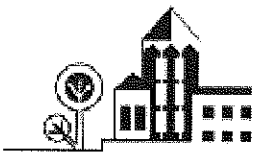
WE BUILD APARTMENTS

Construction Dollars Spent:	$228,321,617
On-site Jobs:	1,666
Total Economic Contribution:	$469,452,076
Total Jobs Supported:	3,853

Residential Construction Permits

- 19% Apartments
- 81% All other residential housing (includes single family homes, town homes, duplexes, triplexes and quadplexes)

Nationally, apartments and our 35 million residents contribute $1.1 trillion to the economy.



NMHC National Multifamily Housing Council | NAA National Apartment Association

NMHC/NAA JOINT LEGISLATIVE PROGRAM

1850 M STREET NW, SUITE 540 | WASHINGTON, DC 20036 | 202-974-2300 | WWW.NMHC.ORG

ARIZONA MULTIHOUSING ASSOCIATION
MULTIFAMILY HOUSING LEASE AGREEMENT

This Apartment Lease Agreement (hereinafter "Lease") is entered into on this _____ day of _____ 20___ for apartment _____ and parking space _____ (hereinafter "Leased Premises") of the residential rental community known as _____ Apartments, located at _____, _____, Arizona _____. The above-described premises are hereby leased by _____, ☐ as Manager and Agent for _____ ("Owner") or ☐ as Owner (either/both hereinafter "Management"), to the following individual(s) (hereinafter jointly "Resident"):

(1) _____	SSN _____	(2) _____	SSN _____
(3) _____	SSN _____	(4) _____	SSN _____
(5) _____	SSN _____	(6) _____	SSN _____

If more than one individual is named above, each shall be jointly and severally liable hereunder. Occupancy is hereby limited to those individuals named above, and Leased Premises are leased to Resident solely for the purpose of a residence. No business activity or operations shall be undertaken within Leased Premises without prior written approval from Management. Pets are not permitted without prior written authorization by Management.

MOVE IN COSTS (to be paid on _____): _____ pro-rated rent + _____ fees + _____ deposits = _____.

MONTHLY RENTAL OBLIGATION, REFUNDABLE DEPOSITS, AND NON-REFUNDABLE FEES

MONTHLY RENTAL OBLIGATION		REFUNDABLE DEPOSITS		NON-REFUNDABLE FEES	
BASE RENT:	_____	SECURITY DEPOSIT:	_____	APPLICATION FEE:	_____
PET RENT:	_____	PET DEPOSIT:	_____	ADMINISTRATION FEE:	_____
OTHER: _____	_____	OTHER: _____	_____	PET ADMINISTRATION FEE:	_____
SUBTOTAL:	_____	OTHER: _____	_____	UTILITY CONNECTION FEE:	_____
MUNICIPAL TAX (_____%):	_____	OTHER: _____	_____	OTHER: _____	_____
MONTHLY LEASE CONCESSION:	_____	OTHER: _____	_____	OTHER: _____	_____
TOTAL MONTHLY RENT:	_____	**TOTAL DEPOSITS:**	_____	**TOTAL FEES:**	_____

TERMS AND CONDITIONS OF LEASE

1. **Term of Lease Agreement.** The term of this Lease shall be for _____ months and _____ days, commencing on the _____ day of _____ 20_____ and concluding on the _____ day of _____ 20_____. After this ending date, the Lease shall continue automatically as a month-to-month tenancy unless otherwise terminated. Resident shall not sublet or assign this contract without written permission of Management.

2. **Payment of Rent.** Payment of the Total Monthly Rent shall be no later than the first (1st) day of each calendar month at ☐ the on-site manager's office or ☐ at the location otherwise designated by Management, which is _____, _____, _____, _____ _____. Rent shall be payable by personal check or certified funds in the exact amount due. Payment by cash will not be accepted. Resident shall pay, as additional rent no later than the next rental payment date, the following fees: (A) a flat late fee of $_____ on the ____ day and, commencing on the ____ day, a daily late fee of $_____ per day for each day that any portion of the Total Monthly Rent is delinquent; (B) $_____ as an administrative fee for the preparation and service of any written notice regarding breach of this Lease; (C) $_____ as an administrative fee for each check dishonored for payment; (D) a fine of $_____ for bringing an unauthorized pet onto the grounds of the community; and (E) the costs for repairs of damage caused by Resident or Resident's guests. Resident agrees that if any of Resident's payment attempts are dishonored, Resident shall make all future payments by certified check or money order. Resident further agrees that Management possesses the exclusive right to determine how Resident's payments are applied toward the various monetary obligations of this Lease (including, but not limited to, rent, unpaid deposits, charges, and fees). If any notice regarding the payment of rent is sent by Management to Tenant, Management ☐ requires ☐ may elect to insist ☐ does not require that payment will only be accepted via certified funds (and, if all boxes left blank, it shall be conclusively presumed that Management does not require certified payment).

3. **Concession.** There ☐ exists ☐ does not exist a Concession to this Lease. If a Concession does exist, ☐ for the first ____ month(s) of this Lease, Management agrees to reduce the basic monthly rent by $_____ per month and/or ☐ Management grants a one-time concession of $_____. The Concession is provided with the understanding that in the event Resident does not fully perform under the terms and conditions of this Lease, Resident agrees to return to Management any Concession herein accepted or to reimburse Management for the full market value of said Concession.

4. **Deposits and Fees.** Resident hereby agrees to pay to Management a Refundable Security Deposit as security for the performance of Resident's obligations under this Lease. This Refundable Security Deposit shall be held by Management, without interest accruing to Resident, until the conclusion of the Lease and any renewals. At the conclusion of Resident's occupancy of Leased Premises, Management shall be entitled to deduct from the Refundable Security Deposit such amounts as may be necessary to remedy any defaults, damages, or outstanding and unpaid charges owed or due as compensation to Management for Resident's non-compliance. The taking or application of the security as described above does not preclude Management from exercising its remedies as set forth in the Arizona Residential Landlord and Tenant Act, A.R.S. §§ 33-1301 et seq. During the term of the Lease, Resident shall not allocate or use any portion of the Refundable Security Deposit as a credit toward the payment of rent. Resident further agrees to pay those deposits set forth above as security for specific performance under this Lease. Resident also agrees to pay the above-referenced non-refundable fees for the purposes as described by the name of the fee, including for the application to reside at the community and for the administrative duties required as part of the leasing of the property. Resident shall not be entitled to any interest on the Refundable Security Deposit or any other deposits or fees. Resident acknowledges that Management may utilize the Refundable Security Deposit during the term of the lease in accordance with relevant provisions in the property management agreement, if any, in accordance with A.R.S. § 33-1321(G).

5. **Policies of Insurance.** Management ☐ requires ☐ does not require Resident to obtain a policy or policies of renter's insurance. If Management exercises this option, Resident shall obtain a policy or policies of insurance and shall name Management as a beneficiary of and additional insured under such a policy or policies. Resident is liable for damage to all property owned by Resident, and Resident shall look to Resident's policy of insurance and not to Management for damage to Resident's possessions.

6. **Utilities.** In addition to the obligation of payment of rent, Resident understands and agrees that payment for utilities shall be assessed in the following manner (and, for the purposes below, "M" is Management, "R" is Resident, and "N/A" is Not Applicable):

Electricity: ☐M ☐R ☐N/A	Water: ☐M ☐R ☐N/A	Trash: ☐M ☐R ☐N/A	Other: _____ ☐M ☐R ☐N/A
Natural Gas: ☐M ☐R ☐N/A	Sewer: ☐M ☐R ☐N/A	Telephone: ☐M ☐R ☐N/A	Other: _____ ☐M ☐R ☐N/A

With regard to any utilities not listed above, those utilities are hereby and conclusively presumed to be the responsibility of Resident. If any utilities are the responsibility of Resident, Resident agrees to pay all deposits required by the utility companies and furnish to Management, prior to the commencement of occupancy of the Premises, account numbers for those utilities. Resident further agrees that, should Management retain the services of a third-party company to meter the utility usage, Resident shall pay the monthly administrative fees associated with that submetering. Furthermore, Resident agrees that Management has the right to bill and charge utility usage at the Community through a Ratio Utility Billing System, by proportion to any reasonable division of responsibility, or in any other proper manner it deems fit, and that Management may change the method of submetering by providing written notice at least thirty (30) days in advance. Should Resident fail to pay any third-party utility billing and Management is assessed penalties for Resident's failure to pay in a timely manner, Management shall have the right to assess late payment penalties upon Resident as are assessed against Management by the third-party billing administrator.

7. **Municipal Tax Increase.** Management shall have the right, upon thirty (30) days' written notice to Resident, to increase the Total Monthly Rent to reflect any increases or decreases in the municipal tax assessed by the city in which the Leased Premises are located.

8. **Fair Housing.** Management and the community are dedicated to honoring Arizona and Federal Fair Housing laws. Reasonable accommodations to the policies and regulations of the community, including for assistive animals, will be made or allowed as necessary in order to enable Residents with disabilities or special needs an equal opportunity to utilize the Leased Premises and the amenities of the community. Management will also permit reasonable modifications to the existing premises at ☐ Resident's expense ☐ Management's expense when those modifications are necessary to allow Residents with disabilities an equal opportunity to use and enjoy the premises. Management reserves the right to require reasonable information concerning the disability and evidence showing a nexus between Resident's disability and the accommodation or modification sought. When Management has authorized Resident to make a reasonable modification to the premises, Resident may be required to restore Leased Premises to its prior condition if failure to make such a restoration would interfere with owner's or the subsequent resident's use and enjoyment of the Leased Premises. Any person who believes that he/she is being discriminated against in violation of the Arizona or Federal Fair Housing Laws, or who needs a reasonable accommodation or modification in order to have an equal opportunity to use and enjoy the dwelling is encouraged to contact the managing agent, who is identified in Paragraph 25, below.

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APARTMENTS
RENTAL AGREEMENT

(Company), as Manager and Agent (hereinafter called "Lessor") for the Owner rents to Lessee(s), jointly and severally, Apartment No. **«Apt_Number»** of Arboretum Apartments, located at **(Address)**., Tucson, AZ 85750 to be used solely for the purpose of a personal residence by (name of each occupant):

(1) **«Resident_Name_1»** (2) **«Resident_Name_2»**
(3) **«Resident_Name_3»** (4) **«Resident_Name_4»**
(5) **«Resident_Name_5»** (6) **«Resident_Name_6»**
(7) **«Resident_Name_7»**

Occupancy is limited to those persons named above. No one else may occupy the apartment. Persons not listed above must not stay in the apartment for more than fourteen (14) days per month without prior written consent from Lessor.

- Note - Resident may obtain a copy of the Arizona Residential Landlord and Tenant Act (ARLTA) from the Arizona Secretary of State.
- Note -- Resident(s) hereby stipulate(s) and agree(s) that service of any notice pursuant to ARLTA at the above-listed address is sufficient to acquire *in personam* and *in rem* jurisdiction over all of the signors of this agreement regardless if any signer(s) might not actually reside in the apartment unit.

1. **LEASE TERM: The initial term of the Lease Contract beginning «Begin_Date» and ending at midnight on «End_Date» for an unfurnished apartment and Lessee(s) shall pay rent, tax, charges and deposits as set forth below. This Lease Contract will automatically renew month-to-month unless either party gives at least thirty (30) days written notice of termination or intent to move out as required by paragraph 33(A).**

2. **MONTHLY RENTAL CHARGES:** / **OTHER CHARGES AND DEPOSIT (S):**

Rent	**$«Market_Rent»**	Security Deposit	**$«Security_Deposit»**
Pet Rent (Does not apply to assistive animals)	**$«Pet_Rent»**	Pet Deposit (Does not apply to assistive animals)	**$«Pet_Deposit»**
Parking Rent	$ N/A	NONREFUNDABLE Administration Charge	**$«Admin_Fee»**
Water, Sewer, and Trash Charge	**$ «Water_Sewer_Trash»**	NONREFUNDABLE Pet Charge	**$«Pet_Fee»**
Other	**$(«Military_Discount»)**		
Subtotal	**$«Total_Rent_Due»**	UTILITIES:	
		Electricity:	Paid By: **Lessee**
City Sales Tax (Applicable rate subject to change during lease term)	$ N/A	Water, sewer & trash charges:	Paid by: **Lessee**
		Other: Telephone, Cable, etc.:	Paid by: **Lessee**
TOTAL MONTHLY RENT	**$«Total_Rent_Due»**		

_____ **INITIAL**

3. **RENT AND CHARGES**: The rent shall be $ **«Total_Rent_Due»** per month plus applicable sales taxes, payable in advance and without demand at the on-site manager's office on or before the 1st **day of each month.** Rent is payable with one personal check, cashiers check, certified check or money order in the exact amount due and NO CASH will be accepted for rent. Lessee will pay as additional rent: (1) an initial late charge of **$50.00 on the** 4th day of the month, plus a late charge of **$10.00 per day after** that date until paid in full; (2) a charge of **$50.00** for each check returned for non-payment, plus initial and daily late charges from due date until acceptable payment in the form of a certified/cashier's check or money order is received; (3) An administrative fee of **$25.00** will be assessed for the preparation and service of notices of breach or of termination; (4) the costs of repairs caused by damages due to an act of neglect by Lessee or Lessee's guest; (5) a **$100.00** assessment for bringing an unauthorized pet on the property AND any applicable pet fee/deposit will be due and payable immediately; (6) all rental taxes and any increases in all rental taxes upon 30 days written notice from landlord. Lessee's failure to pay rent or other charge(s) due may provide basis for termination of this Rental Agreement at the option of Lessor. Lessee further agrees that Lessor has the exclusive right to determine how Lessee's payments are applied towards the various monetary obligations of the Rental Agreement (e.g., rent, unpaid deposits, charges and/or pet permit violations).

4. **PERSONAL CHECKS.** Lessor will not accept personal checks for payment on or after the 4th day of the month, nor will Lessor accept payments by more than one check or via a check from a third party. Additionally, if a Lessee has two (2) checks returned for non-sufficient funds or are otherwise dishonored, Lessee will be required to make rental payments by either money order or cashier's check.

5. **UTILITY COSTS/SALES TAX ADJUSTMENTS DURING LEASE TERM**: Lessor shall have the right, upon 30 days written notice to Lessee, to increase the total rent due by an amount reasonably related to any increase in the cost of utilities and/or any change or increase in City sales tax.

6. **PARKING/VEHICLE POLICIES**: Lessee agrees that only vehicles identified below may park on the property without separate written consent from Lessor. Trailers and Boats are unauthorized and will be towed if found on the property unless there is separate written consent from Lessor.

MAKE/MODEL	TYPE	YEAR	LICENSE NO.	STATE	SPACE #
«Make_Model_1»	«Vehicle_Type_1»	«Year_1»	«License_1»	«State_1»	«Parking_Space_1»
«Make_Model_2»	«Vehicle_Type_2»	«Year_2»	«License_2»	«State_2»	N/A

Lessor may assign parking spaces or areas for Lessees and guests. Lessor may also designate: (1) Parking areas; (2) Whether trailers, boats, or campers may park and whether inoperable, abandoned or unauthorized vehicles will be towed at the owner's expense after a 24-hour notice is posted on the vehicle. Vehicles parked in fire lanes, reserved parking or undesignated parking will be towed (with 24 hours notice) at owner's expense. The 24-hour notice does not apply to vehicles that are parked in a space assigned to another Lessee, parked in a marked tow-away or parked to impede traffic or trash collection easements. Vehicles parked in this manner will be towed away immediately without warning at owner's expense. If Lessor pays Lessee's towing expense, such expense shall be deemed as additional rent owed and be immediately due and payable. Guests must only park in designated spaces - never on sidewalks, in landscape areas or apartments and must not damage asphalt, etc. Vehicles parked on the property must park "head in" only and show current registration. Lessor may elect to charge as additional rent a $100.00 fee for repeat offenders. Please limit your speed within the community to 10 mph.

7. **AUTOMOBILES:** Notwithstanding the Parking/Vehicle Policies set forth above, the following additional restrictions shall apply: (1) One vehicle per licensed Leaseholder; (2) All vehicles must have a current state registration, be in operable condition, and registered in the Lessor office; (3) Inoperable cars (cars with flat tires, broken windows, etc.) will not be permitted on the premises; (4) Any vehicle(s) deemed abandoned in the sole judgment of the Owner or which are not registered will be towed at the vehicle owner's expense after a 24-hour notice has been placed on the vehicle; (5) Any vehicle(s) illegally parked in a fire lane, blocking an entrance, exit, driveway, dumpster, or parked illegally in a designated parking space will be immediately towed, without notice, at the owner's expense; (7) Lessees may **NOT** wash or repair a car in the parking lot or empty ashtrays/trash from their cars into the parking lot or on property; (8) If recreational vehicles are permitted on the property, they must be parked in the area designated by Lessor; (9) Handicapped-designated parking spaces are solely for the use of vehicles displaying the appropriate placards or license plates.

8. **COVERED PARKING:** Lessee acknowledges that carports are reserved for use only by the Lessee renting or assigned to such space. Lessee further understands that unauthorized cars parked in a reserved or an assigned covered parking space by a Lessee, occupant or guest will be subject to towing without notice at the vehicle owner's expense. **Lessees should inform their guests of these provisions.** If an unauthorized vehicle is parked in uncovered parking, please contact the Lessor Office so we may tag the car for 24-hours prior to having it towed at the vehicle owner's expense.

Lessee Signature	Date	Lessee Signature	Date
Lessee/Guarantor Signature	Date	Lessor (Authorized Agent for the Owner)	Date

MYTH AND FACT

NMHC National Multi Housing Council®

SIERRA CLUB

AIA

Urban Land Institute

About NMHC–the National Multi Housing Council

NMHC is a national association representing the interests of the nation's larger and most prominent apartment firms. NMHC advocates on behalf of rental housing, conducts apartment-related research, encourages the exchange of strategic business information, and promotes the desirability of apartment living. One-third of Americans rent their housing, and 15 percent of all U.S. households live in an apartment home.

Doug Bibby, *President*

About Sierra Club

The Sierra Club's members are 700,000 of your friends and neighbors. Inspired by nature, we work together to protect our communities and the planet. The Club is America's oldest, largest, and most influential grass-roots environmental organization.

Larry Fahn, *President*

About AIA–the American Institute of Architects

Since 1857, the AIA has represented the professional interests of America's architects. As AIA members, more than 75,000 licensed architects, emerging professionals, and allied partners express their commitment to excellence in design and livability in our nation's buildings and communities. Members adhere to a code of ethics and professional conduct that assures the client, the public, and colleagues of an AIA-member architect's dedication to the highest standards in professional practice.

Douglas L. Steidl, *President*

About ULI–the Urban Land Institute

ULI–the Urban Land Institute is a nonprofit educational and research institute supported by its members. Its mission is to provide responsible leadership in the use of land to enhance the total environment. ULI sponsors educational programs and forums to encourage an open exchange of ideas and sharing of experiences; initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development. Established in 1936, the Institute has more than 24,000 members and associates from more than 80 countries representing the entire spectrum of the land use and development disciplines.

Richard M. Rosan, *President*

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As this country continues to grow and change, communities are left to figure out where all these new people will live, work, and shop. New markets are emerging for real estate that offers a more convenient lifestyle than is offered by many low-density sprawling communities. New compact developments with a mix of uses and housing types throughout the country are being embraced as a popular alternative to sprawl. At the core of the success of these developments is density, which is the key to making these communities walkable and vibrant.

Unfortunately, in too many communities higher-density mixed-use development is difficult to construct because of zoning and building codes that favor low-density development with segregated uses and because of opposition from the community. This publication looks at several myths surrounding higher-density development and attempts to dispel them with facts to help dismantle the many barriers such developments face.

ULI is proud to have partnered with NMHC–the National Multi Housing Council, Sierra Club, and AIA–the American Institute of Architects on this publication. This convergence of interests highlights the importance each organization has placed on finding a new development pattern that better fits the needs of a growing and changing country.

ULI will continue to provide forums in which all stakeholders can explore and debate issues about growth and development patterns and how properly designed and incorporated density can be used to accommodate new growth. ULI will conduct research, produce well-balanced information, and identify best practices on issues relevant to growth and density. Through these efforts, ULI and its partners hope to play a role in planning a better development pattern for the future.

Harry H. Frampton III
Chair

Higher-Density Development:

America's changing population is creating demand for new types of homes, offices, and retail outlets. Better solutions are needed to the challenges created by changing demographics, dwindling natural areas, smog and public health issues, shrinking municipal budgets, and traffic congestion. Communities that answer these challenges will develop into great places to live.

America will add roughly 43 million new residents—that's 2.7 million new residents per year—between now and 2020.[1] America is not only growing but also undergoing dramatic demographic changes. The traditional two-parent household with children is now less than a quarter of the population and getting proportionally smaller. Single-parent households, single-person households, empty nesters, and couples without children make up the new majority of American households, and they have quite different real estate needs.[2] These groups are more likely to choose higher-density housing in mixed-density communities that offer vibrant neighborhoods over single-family houses far from the community core.

The fact is that continuing the sprawling, low-density haphazard development pattern of the past 40 years is unsustainable, financially and otherwise. It will exacerbate many of the problems sprawl has already created—dwindling natural areas and working farms, increasingly longer commutes, debilitating traffic congestion, and harmful smog and water pollution. Local officials now realize that paying for basic infrastructure—roadways and schools, libraries, fire, police, and sewer services—spread over large and sprawling distances is inefficient and expensive.

Most public leaders want to create vibrant, economically strong communities where citizens can enjoy a high quality of life in a fiscally and environmentally responsible manner, but many are not sure how to achieve it. Planning for growth is a comprehensive and complicated process that requires leaders to employ a variety of tools to balance diverse community interests. Arguably, no tool is more important than increasing the density of existing and new communities, which includes support for infill development, the rehabilitation and reuse of existing structures, and denser new development. Indeed, well-designed and well-integrated higher-density development makes successful planning for growth possible.

Density refers not only to high-rise buildings. The definition of density depends on the context in which it is used. In this publication, *higher density* simply means new residential and commercial development at a density that is higher than what is typically found in the existing community. Thus, in a sprawling area with single-family detached houses on one-acre lots, single-family houses on one-fourth or one-eighth acre are considered higher density. In more densely populated areas with single-family houses on small lots, townhouses and apartments are considered higher-density development. For many suburban communities, the popular mixed-use town centers being developed around the country are considered higher-density development.

Most land use professionals and community leaders now agree that creating communities with a mix of densities, housing types, and uses could be the antidote to sprawl when implemented regionally. And across the country, the general public is becoming more informed and engaged in making the tough land use choices that need to be made while understanding the consequences of continuing to grow as we have in the past. Many have also come to appreciate the "place-making" benefits of density and the relationship between higher-density development and land preservation. Media coverage of the topic of growth and development has also evolved. Past media coverage of growth and development issues was often limited to the heated conflicts between developers and community residents. Many in the media are now presenting more thoughtful and balanced coverage, and several editorial boards support higher-density developments in their communities as an antidote to regional sprawl.

Yet despite the growing awareness of the complexity of the issue and growing support for higher-density development as an answer to sprawl, many still have questions and fears related to higher-density development. How will it change the neighborhood? Will it make traffic worse? What will happen to property values? And what about crime? Ample evidence—documented throughout this publication—suggests that well-designed higher-density development, properly integrated into an existing community, can become a significant community asset that adds to the quality of life and property values for existing residents while addressing the needs of a growing and changing population.

Many people's perception of higher-density development does not mesh with the reality. Studies show that when surveyed about higher-density development, those interviewed hold a negative view. But when shown images of higher-density versus lower-density development, people often change their perceptions and prefer higher density.[3] In a recent study by the National Association of Realtors® and Smart Growth America, six in ten prospective homebuyers, when asked to choose between two communities, chose the neighborhood that offered a shorter commute, sidewalks, and amenities like shops, restaurants, libraries, schools, and public transportation within walking distance. They preferred this option over the one with longer commutes and larger lots but limited options for walking.[4] The 2001 American Housing Survey further reveals that respondents cited proximity to work more often than unit type as the leading factor in housing choice.[5] Such contradictions point to widespread misconceptions about the nature of higher-density development and sprawl. Several of these misconceptions are so prevalent as to be considered myths.

To some degree, these myths are the result of memories people have of the very-high-density urban public housing projects of the 1960s and 1970s that have been subsequently deemed a failure. Somehow, the concept of density became associated with the negative imagery and social problems of depressed urban areas. The reality

is that complex interrelated factors such as the high concentration of poverty and poor educational and employment opportunities combined to doom the public housing projects. Even very-high-density housing can be practical, safe, and desirable. For example, the mixed-income apartments and condominiums or luxury high rises in New York and Chicago—some of the safest and most expensive housing in the country—prove that density does not equal an unsafe environment.

The purpose of this publication is to dispel the many myths surrounding higher-density development and to create a new understanding of density that goes beyond simplistic negative connotations that overestimate its impact and underestimate its value. Elected officials, concerned citizens, and community leaders can use this publication to support well-designed and well-planned density that creates great places and great communities that people love. With the anticipated population growth and continuing demographic and lifestyle changes, consensus is building that creating communities with a mix of densities, housing types, and uses will be both necessary and desirable.

Higher-Density Development: Myth and Fact is the sixth in a series of Urban Land Institute myth and fact booklets. The series is intended to clarify misconceptions surrounding growth and development. Other topics covered have included transportation, smart growth, urban infill housing, environment and development, and mixed-income housing.

Higher-Density Development: Myth and Fact examines widespread misconceptions related to higher-density development and seeks to dispel them with relevant facts and information. Although the benefits of higher-density development are often understated, so are the detrimental effects of low-density development. The advantages and drawbacks of higher-density development are compared throughout this publication with the alternative of low-density development. In the process, misconceptions regarding low-density development are also addressed.

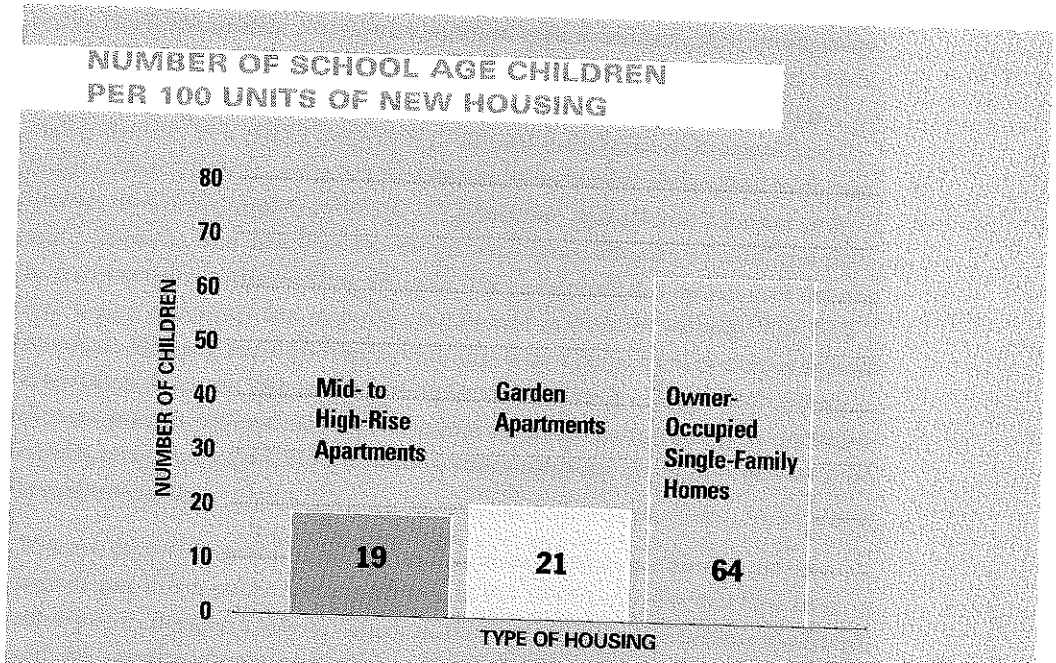
MYTH 1

Higher-density development overburdens public schools and other public services and requires more infrastructure support systems.

FACT

The nature of who lives in higher-density housing—fewer families with children—puts less demand on schools and other public services than low-density housing. Moreover, the compact nature of higher-density development requires less extensive infrastructure to support it.

ublic officials across the country struggle to afford the infrastructure needed to support sprawling development. A recent study analyzing the costs of sprawl estimated that more than $100 billion in infrastructure costs could be saved over 25 years by pursuing better planned and more compact forms of development.[6] The issue has transcended political parties and ideologies and has become an issue of basic fiscal responsibility. California's Republican Governor Arnold Schwarzenegger has criticized "fiscally unsustainable sprawl,"[7] while Michigan's Democratic Governor Jennifer Granholm has noted that sprawl "is hampering the ability of this state and its local governments to finance public facilities and service improvements."[8]



Source: *1999 American Housing Survey* (Washington, D.C.: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, 1999).

Progressive and conservative groups have identified sprawl as a real problem. Charter of the New Urbanism states that "placeless sprawl" is an "interrelated community building challenge."[9] Conservative groups have concluded that "sprawl is in fact a conservative issue" with "conservative solutions" and that "sprawl was in large part created through government intervention in the economy."[10]

Indeed, numerous government policies over the last half century have led to and supported sprawl. Historically, federal spending for transportation has subsidized large-scale highway construction over other modes of transportation. Financing policies from the Federal Housing Administration have promoted suburban subdivisions across the nation. Large lot exclusionary zoning has forced the artificial separation of land uses, leading to large distances between employment centers, housing, and retail. But many government agencies now realize they cannot afford to continue providing the infrastructure and public services that sprawl demands.

Not only do local governments absorb much of the cost of more and more roadways, profoundly longer water and electrical lines, and much larger sewer systems to support sprawling development, they must also fund public services to the new residents who live farther and farther from the core community. These new residents need police and fire protection, schools, libraries, trash removal, and other services. Stretching all these basic services over ever-growing geographic areas places a great burden on local governments. For example, the Minneapolis/St. Paul region built 78 new schools in the suburbs between 1970 and 1990 while simultaneously closing 162 schools in good condition located within city limits.[11] Albuquerque, New Mexico, faces a school budget crisis as a result of the need to build expensive new schools in outlying areas while enrollment in existing close-in schools declines.

PROFILE

MCCAFFERY INTERESTS

Located within walking distance of a Washington, D.C., Metro stop, the Market Common provides housing, offices, retail, and restaurants on a ten-acre site that was formerly a parking lot.

The Market Common Clarendon

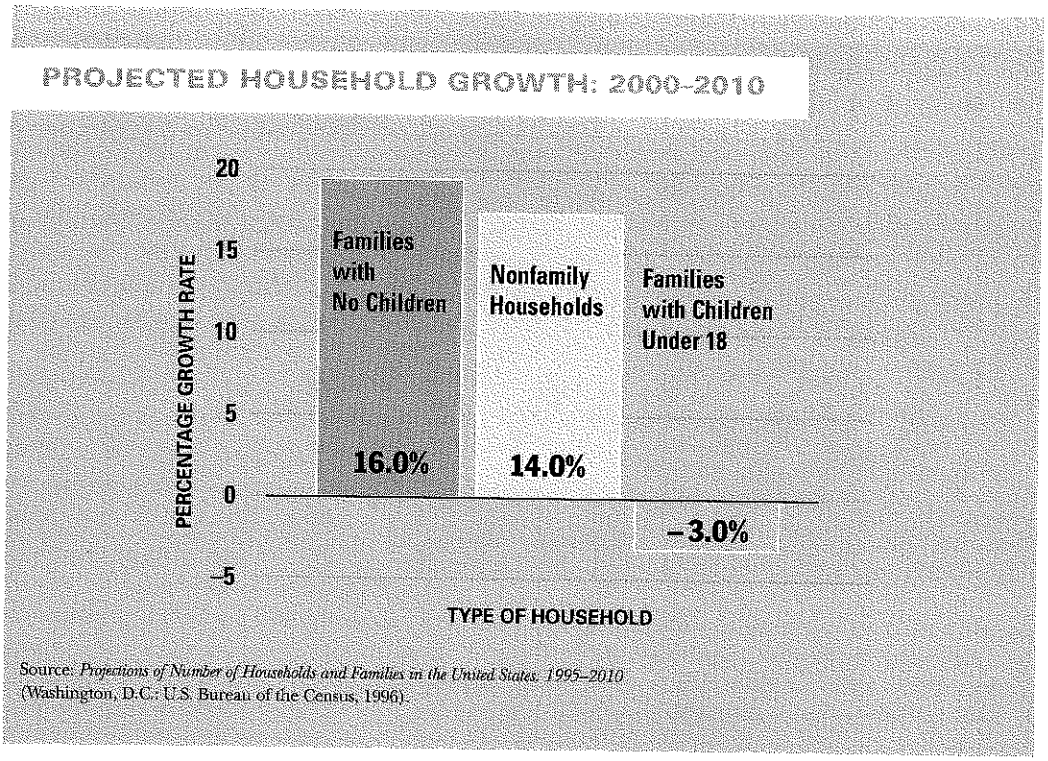
Located on the site of a former parking lot and occupying roughly ten acres of land, the Market Common in Clarendon, Virginia, just outside Washington, D.C., provides 300 Class A apartments, 87 townhouses, 100,000 square feet of office space, and 240,000 square feet of prime retail space. Located within walking distance of the Orange Line of Washington's extensive subway system, residents can leave their cars parked while they take public transit to work. They can also walk to a Whole Foods grocery store adjacent to the highly successful development. Prominent national retailers occupy the ground level of the building, and structured parking is provided. The compact development form of the Market Common promotes walking, biking, and using public transit over autos. The apartments are attractive to young professionals without children, lessening the impact on the county's school system. The project is the result of a successful collaboration of McCaffery Interests, Arlington County officials, and citizens of the Clarendon neighborhood; it has spurred new retail, office, and residential construction on neighboring sites.

Unfortunately for local governments, a growing body of evidence shows that sprawling development often does not pay enough property tax to cover the services it requires. A study conducted for a suburban community outside Milwaukee found that public services for an average-price single-family house in that community cost more than twice as much as the property taxes paid by the homeowner.[12]

One reason for the disparity between property tax revenue and the cost of public services is expenditures for public schools. Low-density suburbs and exurban areas generally attract families with more school-age children. In fact, single-family developments average 64 children for every 100 units, compared with only 21 children for every 100 units of garden apartments and 19 children for every 100 units of mid- to high-rise apartments.[13] The reason is that multifamily housing attracts predominantly childless couples, singles, and empty nesters.

And although apartment renters do not pay property tax directly, apartment owners do. Apartments are also usually taxed at a higher commercial real estate tax rate,[14] so a typical mixed-use development with retail, office, and apartments may subsidize the schools and other public services required by residents of low-density housing in the same community. This phenomenon is further exacerbated because many multifamily developments and retail and office establishments pay for their own trash disposal, shuttle buses, and security.

Reducing the distance between homes, shops, and offices also reduces the cost of public infrastructure. According to one of many studies, "The public capital and operating costs for close-in, compact development [are] much lower than they [are] for fringe, scattered, linear, and satellite development."[15] And many of these studies do not take into account the advantages created by making public transit



Source: *Projections of Number of Households and Families in the United States: 1995–2010* (Washington, D.C.: U.S. Bureau of the Census, 1996).

more feasible as well as making delivery of basic services like mail delivery, trash collection, and police and fire protection more efficient.

Another emerging body of research suggests that higher-density development is an important component of economic development initiatives and helps attract new employers. "Information economy" is a term used to define the growing industries based on the economics of the Internet, information goods, and intellectual property. Workers in this field are known as "knowledge workers," and many believe they are the future of the American economy. These workers are comfortable with the latest technology and, because their skills are transferable, choose their jobs based on the attributes of the town or city where they are located. They seek out vibrant, diverse urban centers that offer access to technology, other knowledge workers, and lifestyle.[16]

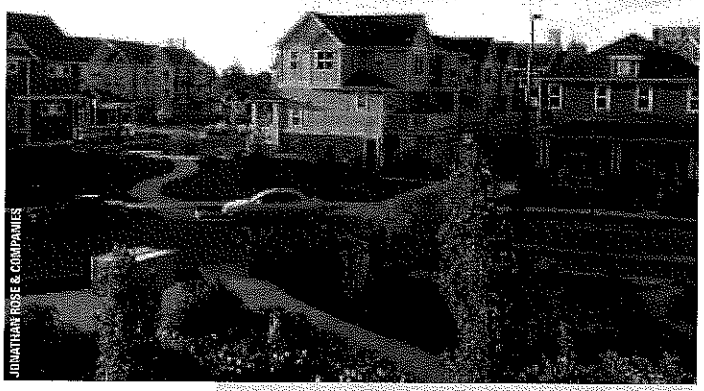
The economic development game has changed. Employers now follow the workers rather than the other way around. Therefore, communities that focus on providing a high quality of life with the energy and vitality created by urban centers will be much more likely to attract these highly prized, talented, and productive workers than communities of faceless sprawl. Companies that understand the appeal of these communities are making relocation decisions with these workers in mind. Studies have shown that increasing employment density increases labor productivity, generally by reducing commuting times.[17]

Thus, introducing higher-density projects into a community will actually increase that community's revenue without significantly increasing the infrastructure and public service burdens. Blending apartments into low-density communities can help pay for schools without drastic increases in the number of students. Diversifying housing options and adding amenities like shops and offices close by will improve the quality of life and attract businesses and people that will strengthen the community's economic stability. Increasing density provides a real economic boost to the community and helps pay for the infrastructure and public services that everybody needs.

PROFILE

Highlands' Garden Village

Built on the site of the Elitch Gardens amusement park in Denver, Highlands' Garden Village is a walkable, transit-linked community and a financially viable model for environmentally responsible infill development. New York–based developer Jonathan Rose & Companies developed single-family homes, townhouses, seniors' and multifamily apartments, cohousing, offices, and retail space on the site. At the center, a historic theater and carousel from the original amusement park are being transformed into a community performing arts center and a walking labyrinth. Berkeley, California–based Calthorpe Associates designed a plan that put new homes on three sides of a square-shaped village and a commercial "main street" on the fourth. Restaurants, studios, and shops line the street with live/work townhouses and offices above, giving residents the opportunity to live, work, and shop in the same community. The proximity of amenities, location near downtown, and convenience of public bus lines encourage people to walk and reduce travel costs.


JONATHAN ROSE & COMPANIES

Highlands' Garden Village reuses some structures from the amusement park previously located on the site. The compact development, combined with a variety of uses and housing types, uses public infrastructure more efficiently than low-density sprawling development.

MYTH 2

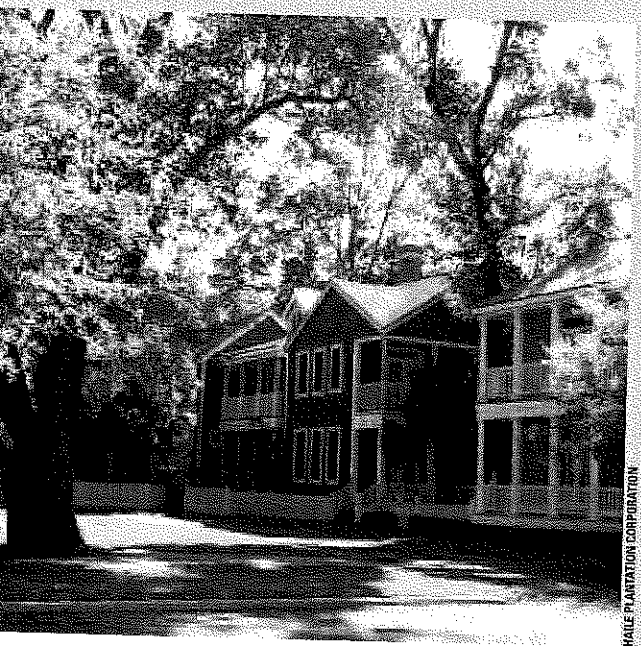
Higher-density developments lower property values in surrounding areas.

FACT

No discernible difference exists in the appreciation rate of properties located near higher-density development and those that are not. Some research even shows that higher-density development can increase property values.

The precise value of real estate is determined by many factors, and isolating the impact of one factor can be difficult. Although location and school district are the two most obvious determining factors of value, location within a community and size and condition of the house also affect value. Several studies have examined whether multifamily housing has any impact on the value of nearby single-family detached houses. These studies have shown either no impact or even a slightly positive impact on appreciation rates.

PROFILE



HAILE PLANTATION CORPORATION

Haile Plantation

Haile Plantation is a Gainesville, Florida, icon. Although it is denser than surrounding communities, the values of homes in Haile Plantation are often higher than the values of houses in neighboring lower-density communities, because the traditional neighborhood design employed there makes Haile Plantation more desirable and valuable. Beginning with the master plan in 1979, Haile Plantation has been called one of the first new urbanist communities in the country. Developers Bob Rowe and Bob Kramer in conjunction with the Haile Plantation Corporation developed the 1,700-acre site to include more than 2,700 units, ranging from single-family homes to townhouses and garden apartments. The sense of community has only grown with the expansion of the development to include a town center, a village green, trails, civic uses, and offices. Indeed, it is density and diversity that together add value to this popular Florida community.

Homes in Haile Plantation sell for more than neighboring homes because prospective buyers view the traditional neighborhood design as a valuable and desirable amenity.

For instance, one study by the National Association of Home Builders looked at data from the American Housing Survey, which is conducted every two years by the U.S. Census Bureau and the Department of Housing and Urban Development. It found that between 1997 and 1999, the value of single-family houses within 300 feet of an apartment or condominium building went up 2.9 percent a year, slightly higher than the 2.7 percent rate for single-family homes without multifamily properties nearby.[18]

Another study, commissioned by the Family Housing Fund in Minnesota, studied affordable apartments in 12 Twin Cities neighborhoods and found "little or no evidence to support the claim that tax-credit family rental developments in [the] study eroded surrounding home values."[19] And a long-term study by Harvard University's Joint Center for Housing Studies published in 2003 also confirms that apartments pose no threat to nearby single-family house values, based on U.S. Census data from 1970 to 2000.[20]

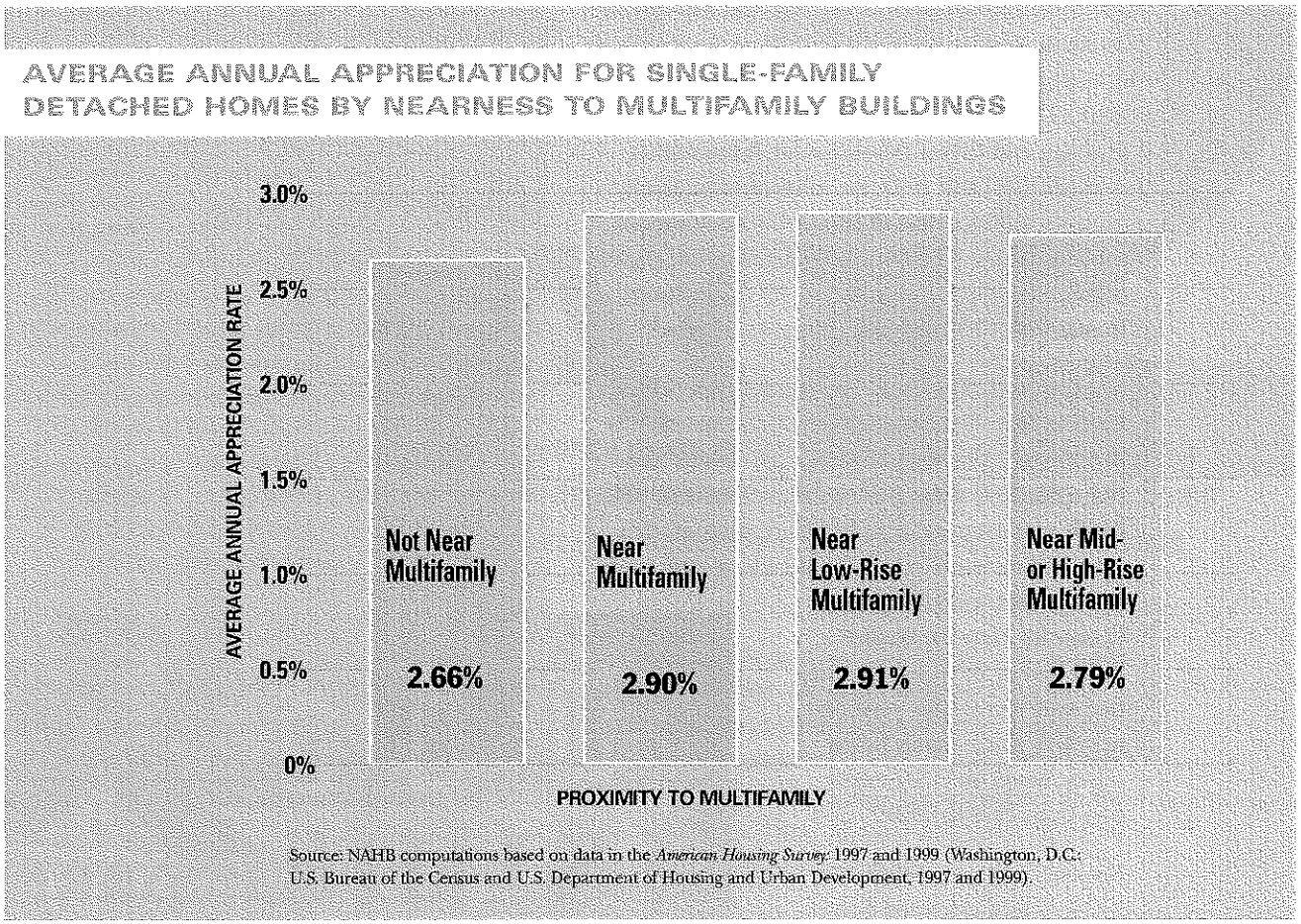
Not only is there compelling evidence that increased density does not hurt property values of nearby neighbors: researchers at Virginia Tech University have concluded that over the long run, well-placed market-rate apartments with attractive design and landscaping actually increases the overall value of detached houses nearby.[21] They cite three possible reasons. First, the new apartments could themselves be an indicator that an area's economy is vibrant and growing. Second, multifamily housing may increase the pool of potential future homebuyers, creating more possible buyers for existing owners when they decide to sell their houses. Third, new multifamily housing, particularly as part of mixed-use development, often makes an area more attractive than nearby communities that have fewer housing and retail choices.[22]

PROFILE

Echelon at Lakeside

Echelon at Lakeside is the only multifamily development in an upscale, master-planned single-family suburban neighborhood of Lakeside on Preston in Plano, Texas a suburb of Dallas. Florida-based developers Echelon Communities, LLC, overcame initial community opposition from area residents through high-quality innovative design. The award-winning architecture blends seamlessly with the surrounding neighborhood's traditional style. Larger-than-normal floor plans, individual entries, and attached garages combine to mirror the grand estates in the surrounding communities. Although street elevations make the buildings appear to be one single-family home, they actually house several multifamily units. Memphis-based architects Looney Ricks Kiss used five building types and three building styles. All units include high-quality interior finishes; community amenities include a resort-style pool, fitness facility, clubroom, business and conference center, and full-time concierge.

The award-winning apartments at Echelon at Lakeside were designed to blend with the neighboring luxury homes.



Source: NAHB computations based on data in the *American Housing Survey*: 1997 and 1999 (Washington, D.C.: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, 1997 and 1999).

Concerned citizens should use the entitlement process to demand high-quality development in their communities while understanding that density and adjacent property values are not inversely related. Higher-density real estate developers and investors in higher-density real estate need to appreciate the fact that most Americans' wealth is held in their home equity. Therefore, changes in property values can have very real consequences to existing property owners. Likewise, homeowners would benefit from knowing that developers make a substantial financial commitment when investing in new higher-density projects. This investment is an incentive to make the project successful, which can give the community leverage in working with the developer. Such interrelated and overlapping economic interests among these stakeholders make it all the more likely that a mutually beneficial agreement can be reached. Such an agreement can result in a project that enhances the existing community, ensures the appreciation of residents', developers', and the local government's financial interests, and addresses the needs of current and future residents of the community and region.

3 MYTH

Higher-density development creates more regional traffic congestion and parking problems than low-density development.

FACT

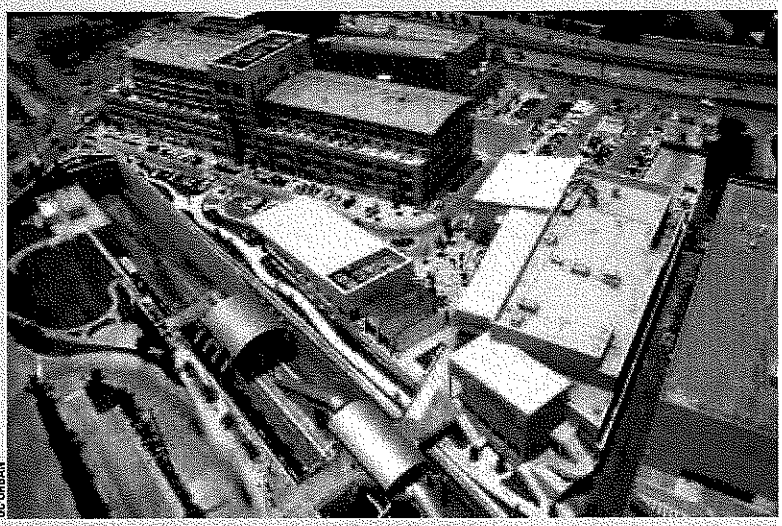
Higher-density development generates less traffic than low-density development per unit; it makes walking and public transit more feasible and creates opportunities for shared parking.

Most people assume that higher-density development generates more traffic than low-density development and that regional traffic will get worse with more compact development. In fact, the opposite is true. Although residents of low-density single-family communities tend to have two or more cars per household, residents of high-density apartments and condominiums tend to have only one car per household.[23] And according to one study using data from the National Personal Transportation Survey, doubling density decreases the vehicle miles traveled by 38 percent.[24]

PROFILE

Mockingbird Station

The residents of Mockingbird Station in Dallas, Texas, are far less dependent on their cars, because they have a whole host of amenities at their doorstep. Dallas developer Ken Hughes partnered with Denver-based Simpson Housing Group to create the ten-acre pedestrian-oriented urban village, which includes 216 loft apartments, an eight-screen film center and café, more than 90 shops and restaurants, offices, an enclosed public plaza, and parking, all directly linked to the Dallas Area Rapid Transit (DART) light-rail system. Mockingbird Station provides direct platform access to DART trains, which offer residents an eight-minute commute to Dallas's central business district and a single train connection to the Dallas Convention Center, Reunion Arena, and other downtown entertainment. The new village is also immediately adjacent to the campus of Southern Methodist University and within walking distance of the university's new stadium and sports center. RTKL created architecture reminiscent of historic train stations but with a modern twist to the materials and detailing. Although only limited driving is necessary, a parking garage is provided but placed out of sight and underground. The myriad materials, architectural styles, and amenities create a vibrant transit-oriented community.



UC URBAN

Residents of Mockingbird Station can leave their cars in the garage and take an eight-minute train ride to downtown Dallas; they can also walk to shops, offices, and a movie theater.

The reason is that higher-density developments make for more walkable neighborhoods and bring together the concentration of population required to support public transportation. The result is that residents in higher-density housing make fewer and shorter auto trips than those living in low-density housing.[25] Condominium and townhouse residents average 5.6 trips per day and apartment dwellers 6.3 car trips per day, compared with the ten trips a day averaged by residents of low-density communities. (A trip is defined as any time a car leaves or returns to a home.)

Increasing density can significantly reduce dependency on cars, but those benefits are even greater when jobs and retail are incorporated with the housing. Such mixed-use neighborhoods make it easier for people to park their car in one place and accomplish several tasks, which not only reduces the number of car trips required but also reduces overall parking needs for the community. But if retail uses are to survive, they must be near households with disposable income. Having those households within walking distance of the shops builds in a market for the stores. One study indicates that in some markets, 25 to 35 percent of retail sales must come from housing close to shops for the shops to be successful.[26]

PROFILE

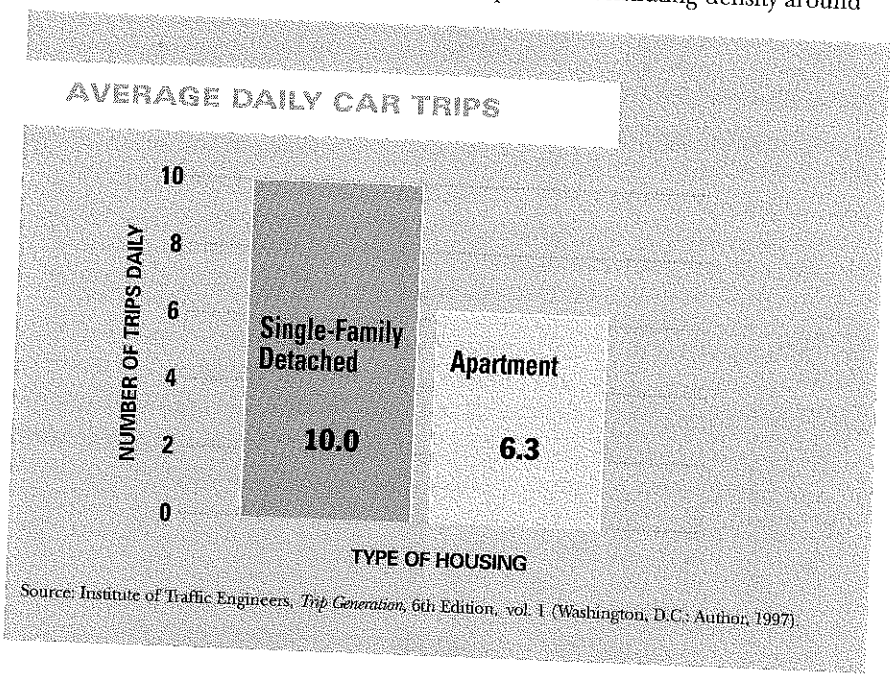
Southwest Station

The Southwest Metro Transit Commission is a small suburban bus system near Minneapolis that serves downtown Minneapolis and numerous other employment and recreation centers, including Minnesota Twins baseball games. The American Public Transportation Association calls it the "best small system in the country." In an effort to capitalize and expand on the success of the system, the commission has encouraged transit-oriented development at its bus stops. In Eden Prairie, Minnesota, the commission completed a bus depot and five-story parking garage on 22 acres of excess right-of-way. In 2001, it started selling land around the transit complex for retail and residential development. Restaurants, shops, and more than 250 apartments, condominiums, and townhouses soon followed. The new development generated revenue for the commission, new public transit riders, affordable convenient housing, and a suburban lifestyle with the amenities usually afforded only to city dwellers.

SOUTHWEST METRO TRANSIT COMMISSION

The Southwest Metro Transit Commission in suburban Minneapolis runs an award-winning bus system and has encouraged higher-density development around transit stops, like this one at Southwest Station in Eden Prairie, Minnesota.

With a typical family now making more car trips for family, personal, social, and recreational reasons than for commuting to work,[27] reducing the number of noncommuting trips takes on greater importance in the battle to reduce traffic congestion and parking problems. A case study in Washington, D.C., found that workers in dense downtown Washington made 80 percent of their mid-day trips by foot while suburban workers made 67 percent of their mid-day trips by car.[28] Although a suburban office park would never reach the density levels of a downtown area, planners can still reduce the auto dependency of suburban office workers by using some of the same design techniques. Concentrating density around



Source: Institute of Traffic Engineers, *Trip Generation*, 6th Edition, vol. 1 (Washington, D.C.: Author, 1997).

suburban offices, allowing and encouraging retail and restaurants in and near the offices, and planning for pedestrian and bike access can all reduce the number of lunchtime car trips required by office workers.

Higher-density mixed-used developments also create efficiencies through shared parking. For example, office and residential uses require parking at almost exact opposite times. As residents leave for work, office workers return, and vice versa. In addition, structured parking becomes feasible only with higher-density developments.

Higher-density development also makes public transit more feasible. When a community that includes residences, shops, and offices reaches a certain threshold of density, public transit-shuttles, bus service, trams, or light rail becomes an option for residents. It is estimated that a minimum density of seven dwelling units per acre is needed to make local bus service feasible with an intermediate level of service.[29] Light rail needs a minimum density of nine dwelling units per acre to be feasible.[30] When a community can take advantage of these options and increase the transportation choices for residents, relief is greater as total car dependency is further broken. Such choices are impossible for low-density developments.

MYTH 4

Higher-density development leads to higher crime rates.

FACT

The crime rates at higher-density developments are not significantly different from those at lower-density developments.

People sometimes associate density with crime, even though numerous studies show that no relationship exists between the two. A study in Irving, Texas, using geographic information systems and crime statistics, found no link between crime and density. In fact, it found that single-family neighborhoods are "not all associated with lower crime rates."[31] Another study conducted by the University of Alaska found no relationship between housing density and crime in Anchorage.[32]

PROFILE

Westminster Place

Although today Westminster Place is a thriving, safe community in midtown St. Louis, it was not always the case. The area, approximately 90 acres, was well known by the St. Louis police department for its high rate of violent crime, which led to the area's becoming blighted. McCormack Baron Salazar, a St. Louis–based developer, brought the community back through the addition of higher-density mixed-income housing comprising affordable and market-rate units. The master plan included for-sale and rental housing, garden apartments, townhouses, single-family homes, and even an assisted living facility for seniors. A new community pool, a bustling retail center, and a magnet school are included as well. The new plan slowed traffic through the community, added landscaping and street and parking lot lighting, and new "eyes on the street," making it more difficult for criminals to go unnoticed. The area blossomed into a place where people once again feel safe walking. The success of the community spurred the revitalization of surrounding areas.

MCCORMACK BARON SALAZAR

Increasing the housing density, adding some market-rate housing, and developing a design that slowed traffic and added additional lighting changed Westminster Place from a crime-ridden neighborhood to a thriving, safe community.

PROFILE

East Village

East Village is a small urban revitalization project on the edge of downtown Minneapolis. Before the project was built, the neglected 2.9-acre site contained several deteriorating rental homes, old commercial buildings, and abandoned surface parking lots. The neighborhood wanted to improve the area and the image of one of the city's oldest neighborhoods, Elliot Park. The developers of the project, Central Community Housing Trust and East Village Housing Corporation, developed the new mixed-income housing and commercial community to encourage a sense of community and ownership. East Village now features community green space, pedestrian paths, and neighborhood businesses. Buildings surround the greenway that leads to Elliot Park, a city park with year-round activities and a community center. Brick, bay windows, and French balconies complement historic buildings in the area. In addition, all buildings have multiple entrances to encourage interaction among neighbors. An underground 350-space parking garage frees up space for landscaped areas. This once neglected area has won two awards for innovation and design and become an exceedingly successful vibrant and safe community.

CENTRAL COMMUNITY HOUSING TRUST

The additional "eyes on the street" created by the development of East Village in Minneapolis has led to a safer vibrant community.

Arizona researchers found that when police data are analyzed per unit, apartments actually create less demand for police services than a comparable number of single-family houses. In Tempe, Arizona, a random sample of 1,000 calls for service showed that 35 percent originated from single-family houses and just 21 percent came from apartments. Similarly, a random sample of 600 calls for service in Phoenix, Arizona, found that an apartment unit's demand for police services was less than half of the demand created by a single-family house.[33]

One reason for the misperception that crime and density are related could be that crime reports tend to characterize multifamily properties as a single "house" and may record every visit to an apartment community as happening at a single house. But a multifamily property with 250 units is more accurately defined as 250 houses. To truly compare crime rates between multifamily properties and single-family houses, the officer would have to count each household in the multifamily community as the equivalent of a separate single-family household. When they do so, many find what the previous studies prove: that crime rates between different housing types are comparable.

Higher-density developments can actually help reduce crime by increasing pedestrian activity and fostering a 24-hour community that puts more "eyes on the street"[34] at all times. Many residents say they chose higher-density housing specifically because they felt more secure there; they feel safer because there are more people coming and going, making it more difficult for criminals to act without being discovered. This factor could explain why a ULI study of different housing types in Greenwich, Connecticut, shows that higher-density housing is significantly less likely to be burglarized than single-family houses.[35] The relationships among design, management, and security became better understood in the past few decades with the publication of several seminal works, including *Defensible Space: Crime Prevention through Urban Design* by Oscar Newman[36] and *Fixing Broken Windows: Restoring Order and Reducing Crime in our Communities* by George Kelling and Catherine Coles.[37] Many new higher-density developments include better lighting plans and careful placement of buildings and landscaping to reduce opportunities for crime, contributing to a safer community.

With the emergence of better-quality designs, higher-density mixed-use development is an attractive and safe addition to a community, one that is increasingly attracting a professional constituency seeking safety features. In fact, the luxury segment is one of the fastest-growing components of the multifamily industry.[38]

5 MYTH

Higher-density development is environmentally more destructive than lower-density development.

FACT

Low-density development increases air and water pollution and destroys natural areas by paving and urbanizing greater swaths of land.

Low-density sprawl takes an enormous toll on our air, water, and land. The United States is now losing a staggering 2 million acres of land a year to haphazard, sprawling development.[39] More than 50 percent of Americans live in places where the air is unhealthy to breathe,[40] and childhood asthma and other respiratory diseases are on the rise.[41] Almost half the damage to our streams, lakes, and rivers is the result of polluted runoff from paved surfaces.[42]

It is inefficient land use, not economic growth, that accounts for the rapid loss of open space and farms. Since 1994, housing lots larger than ten acres have accounted for 55 percent of the land developed.[43] This loss of land often causes unexpected economic challenges for rural communities, where farmland, forests, ranchland, and open space tend to be the economic drivers that attract businesses, residents, and tourists. Low-density sprawl compromises the resources that are the core of the community's economy and character. The majority of American homeowners think it is important to stop these trends. In fact, 76 percent of local ballot initiatives related to land conservation passed in November 2004, making $2.4 billion in funding available for protection of parks and open space.[44] But purchasing land is only part of the solution and not always an option for financially strapped governments.

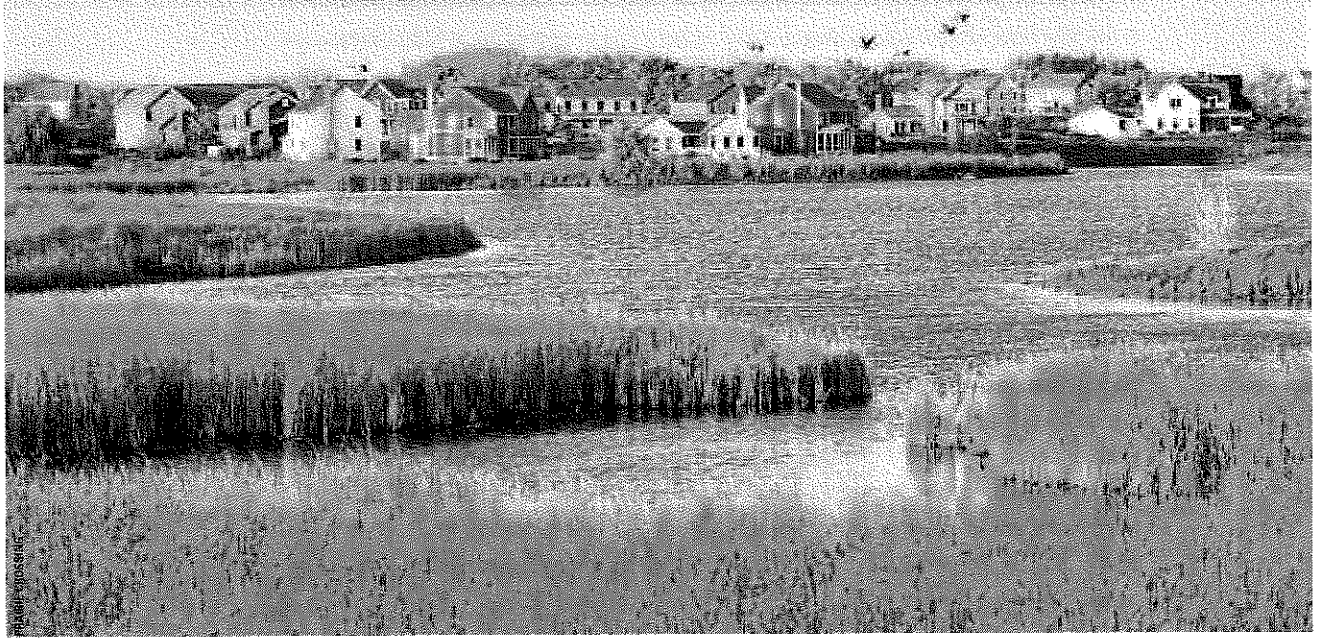
Higher-density development offers the best solution to managing growth and protecting clean air and clean water. Placing new development into already urbanized areas that are equipped with all the basic infrastructure like utility lines, police and fire protection, schools, and shops eliminates the financial and environmental costs of stretching those services farther and farther out from the core community. Compact urban design reduces driving and smog and preserves the natural areas that are assets of the community: watersheds, wetlands, working farms, open space, and wildlife corridors. It further minimizes impervious surface area, which causes erosion and polluted stormwater runoff. Two studies completed for the state of New Jersey confirm that compact development can achieve a 30 percent reduction in runoff and an 83 percent reduction in water consumption compared with conventional suburban development.[45]

PROFILE

Prairie Crossing

The developers of Prairie Crossing, George and Vicky Ranney, saved $1 million in infrastructure costs through environmentally sensitive design. The 677-acre conservation community is located in Grayslake, Illinois, 40 miles northwest of Chicago and one hour south of Milwaukee. The community features 350 acres of open space, including 160 acres of restored prairie, 158 acres of active farmland, 13 acres of wetlands, a 22-acre lake, a village green, and several neighborhood parks. Houses are sited to protect natural features such as hedgerows, native habitat, and wetlands. Designed with colors and architecture inspired by the landscape, every home has a view of open space and direct access to ten miles of on-site walking and biking trails. Wide sidewalks, deep front porches, and rear garages encourage neighbors to meet. The homes were built with U.S. Department of Energy–approved green building techniques. As a result, they are 50 percent more energy efficient than other homes in the Chicago area, and they sell for a 33 percent sales premium. Station Village is the last phase of Prairie Crossing. When complete, it will include residential, retail, and office space, all within walking distance of two commuter train stations. Residents can ride Metra's North Line to Chicago's Union Station or the Central Line to downtown Chicago and O'Hare Airport.

More than half the land at Prairie Crossing was preserved as open space, and homes were built with approved green building techniques.



PROFILE

The Preserve

USS Real Estate originally held a 550-acre tract of land in Hoover, Alabama, but sold 250 acres to the city, intending to create the Moss Rock Nature Preserve. The 680 single-family homes, 50,000 square feet of retail, and 50,000 square feet of office space are concentrated on the remaining 311-acre site. Before development of the Preserve, Hoover was characterized by sprawling conventional development and lacked a town center. The Preserve's future town center is planned to include 34 live/work units, 14 retail units, and two restaurants; at the heart of the community is the village green, an impressive eight-acre park with a town hall, a fitness center, a junior olympic swimming pool, and a kiddie pool. Residents have access to 15 acres of parks and seven miles of trails that connect to award-winning Hoover schools and the newly created Moss Rock preserve.

Clustering development at the Preserve in Hoover Alabama, enabled the creation of the 250-acre Moss Rock Nature Preserve.

Many communities employ techniques such as infill and brownfield development to transform unused, abandoned lots into vibrant, revenue-generating components of the community. Some create direct incentives for higher-density development. The city of Austin, Texas, for example, created a program that rewards developers for locating projects in the city's existing neighborhoods and downtown. Others award points for a variety of attributes, such as transit access, the redevelopment of empty lots, and an increase in pedestrian facilities. By employing standards for factors like open space, dense development, and impact on water quality, communities can facilitate good urban design that preserves natural resources.

Although a well-designed higher-density community offers residents a higher-quality environment, poorly planned sprawl does the opposite. Because low-density sprawl gobbles up so much land through large-lot zoning, it ends up destroying the very thing most people moved there for in the first place—the natural areas and farmland. It forces people to drive longer distances, increasing regional air quality problems. The average American man spends 81 minutes behind the wheel every day, while women average 63 minutes. And surveys show that the time spent driving has been consistently increasing every year.[46] The national road network, currently at 4 million miles according to the U.S. Department of Transportation, is still growing at an alarming rate, mainly for the purpose of connecting new low-density suburbs back to core communities. Along with the water and air pollution, construction of these highways perpetuates the cycle of sprawl, fragments wildlife habitats, and dries up a community's financial coffers.

Increasing density not only improves air and water quality and protects open space but also redirects investments to our existing towns and cities. It can revitalize existing communities and create more walkable neighborhoods with access to public transit and hiking and biking trails. Pedestrian-friendly higher-density developments offer general health benefits as well. Mixed land uses give people the option to walk and bike to work, shops, restaurants, and entertainment. The convenience of compact communities may help fight diseases related to obesity.[47] Higher-density communities are vital to preserving a healthy environment and fostering healthy lifestyles.

6 MYTH

Higher-density development is unattractive and does not fit in a low-density community.

FACT

Attractive, well-designed, and well-maintained higher-density development attracts good residents and tenants and fits into existing communities.

Higher-density development comes in many forms. Some of the most attractive well-planned modern development is built at a high density. Across America, appealing higher-density mixed-use town centers have been wildly popular with the public. Lushly landscaped boulevards, fountains, and showcase architecture have created a sense of place in areas previously known only for faceless, uninteresting low-density development. The enduring appeal

PROFILE

Post Riverside

Atlanta is often called the poster child for suburban sprawl. However, it is also the home of Post Riverside, a revolutionary new mixed-use pedestrian-oriented community developed by Atlanta-based Post Properties, Inc., and located on the banks of the Chattahoochee River between Atlanta's bustling Buckhead and Vinings communities. As is the trend nationally, 65 percent of all vehicle trips in Atlanta are to run errands, not to commute to work. With offices, shops, and restaurants within walking distance of the apartments, Post Riverside residents depend on autos much less than their neighbors in lower-density areas. In addition, the community is connected to Atlanta's MARTA subway system and the Cobb County transit system. This award-winning 85-acre mixed-use development includes 25,000 square feet of retail space, 225,000 square feet of office space, and 535 apartments, all designed around a gracious town square. For many people, this amenity-rich, low-maintenance lifestyle better suits their needs than a traditional single-family home in a low-density neighborhood.

POST PROPERTIES, INC. PHOTOGRAPH ©STEVE HINDS

Post Riverside in Atlanta demonstrates that higher-density development can be attractive and successful in a community known for lower-density development.

and desirability of older and more gracious higher-density neighborhoods—Georgetown in Washington, D.C., Beacon Hill and Back Bay in Boston, and Lincoln Park in Chicago—attest to the fact that some of the more desirable neighborhoods in America historically have been of higher density than that found in typical outer suburbs.

This return to the design principles of the past is at the core of the new urbanist movement that took hold in the 1990s. The movement grew as many people came to miss the sense of community that was created by the mixed-density and mixed-use communities of the past. They realized that low-density subdivisions isolated their owners not only from pedestrian access to shops and offices but also from their neighbors. The growing sense of social alienation, highlighted in books like Robert Putnam's *Bowling Alone*,[48] has led many back to the comfort of communities that are a reminder of the places where many of us grew up. These new communities combine the best design ideas of the past with the modern conveniences of today to provide residents with what has been missing from many sprawling areas—a sense of community.

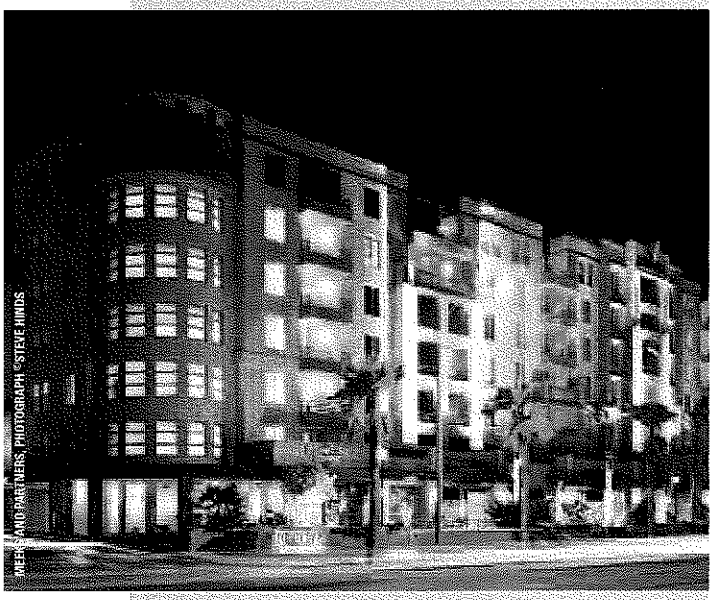
Today's developers, architects, and planners know that to attract customers and to secure zoning approvals and community acceptance, they must produce attractive and innovative properties that complement their surroundings. Design professionals are driven to produce projects that meet users' demands, understand and respond to the context of a site, enhance its neighborhood, and are built to last.[49] In fact, attendance at a recent American Institute of Architects–sponsored conference on density far surpassed expectations, speaking to the interest among land use professionals in addressing the design issues associated with density.[50]

It is plausible that the high level of citizens' opposition to density may be based on an outdated notion of what higher-density development looks like. A University of North Carolina study revealed that when given a choice between two attractively designed communities, one higher density and the other low density; the majority preferred the higher-density option.[51] Other visual preference surveys confirm that there is an almost universal negative reaction to the visual appearance of commercial strip sprawl and an almost universal positive reaction to traditional town-like communities of the past, communities that almost invariably included a mix of densities and uses.[52]

PROFILE

The Plaza at the Arboretum

This award-winning mixed-use project in Santa Monica, California, developed by California-based Legacy Partners, achieves a density of 97.5 dwelling units per acre. The attractive seven-story building includes 10,000 square feet of retail space and 350 apartment units ranging from 612 to 1,555 square feet. The architecture firm Meeks and Partners used strong geometric forms to create a playful architectural character that fits nicely in the avant-garde Hollywood studio section of Santa Monica. The development includes a swimming pool, spa, fitness center, and clubhouse.



Higher-density developments like the Plaza at the Arboretum present opportunities to create outstanding award-winning architecture.

7 MYTH

No one in suburban areas wants higher-density development.

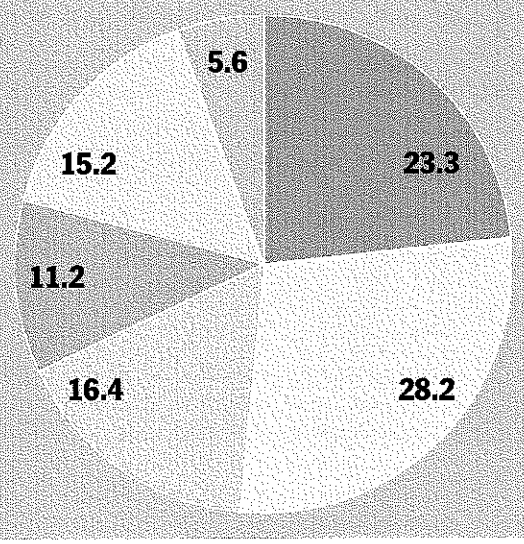
FACT

Our population is changing and becoming increasingly diverse. Many of these households now prefer higher-density housing, even in suburban locations.

When many of us think of the American Dream, we envision married couples with children living in single-family detached houses in the suburbs. The notion is that the only people who want to live in higher-density areas are those who cannot afford a traditional house with a back yard or who want to live in the middle of the city. Both perceptions are flawed.

This country's population is changing, and so are its real estate preferences. These lifestyle changes have significant implications for suburban development. For the first time, there are more single-person households (26.4 percent) than married-

HOUSEHOLDS BY TYPE: 2003 (PERCENTAGE OF TOTAL)



- Married couples with children (23.3)
- Married couples without children (28.2)
- Other family households (16.4)
- Men living alone (11.2)
- Women living alone (15.2)
- Other nonfamily households (5.6)

Source: U.S. Bureau of the Census, *Current Population Survey*, March, and *Annual Social and Economic Supplement*, 2003.

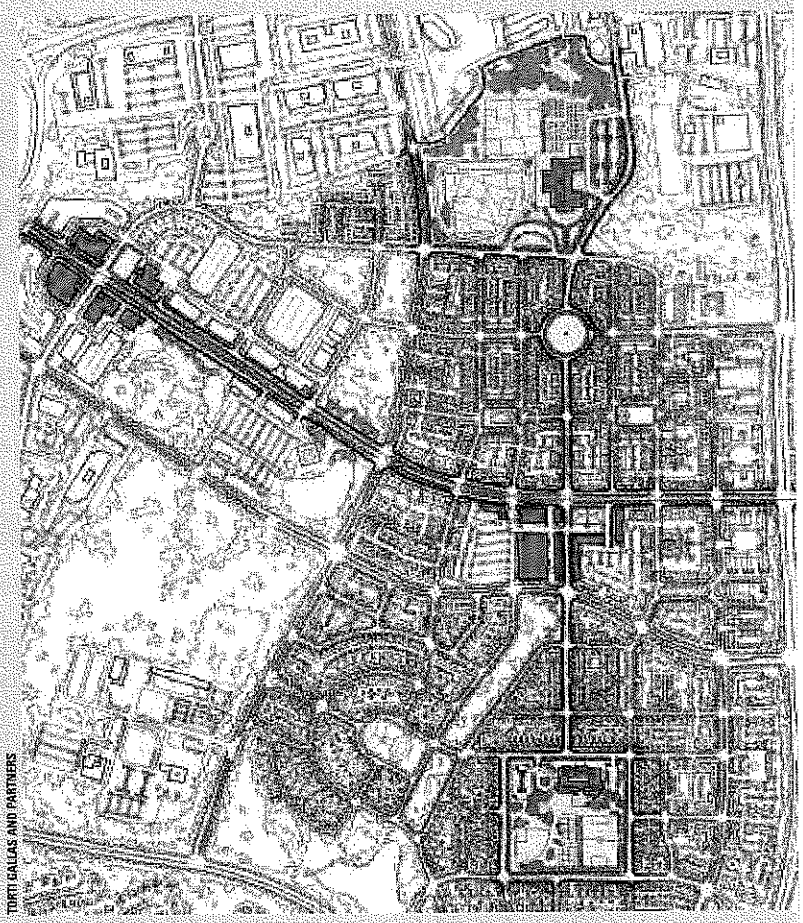
couple-with-children households (23.3 percent).[53] The groups growing the fastest, people in their mid-20s and empty nesters in their 50s, are the groups most likely to look for an alternative to low-density, single-family housing.[54]

A growing number of Americans are redefining their American Dream. They are seeking a more convenient and vibrant lifestyle. And while some seek this lifestyle in cities, many others seek the same lifestyle in the suburbs. According to a 2002 study by the National Association of Home Builders, more than half the renters questioned said they wanted to live in the suburbs.[55] Moreover, a national survey of homebuyers' community preferences found that nearly three-quarters of all

PROFILE

King Farm

This 430-acre community is characterized by the historic architecture of the region but offers an assortment of modern conveniences as well. Developed by King Farm Associates, LLC, King Farm is located in Rockville, Maryland, five miles from the Washington, D.C., beltway, 15 miles from downtown D.C., and walking distance from the Shady Grove Metro station. The neighborhood was designed for pedestrians, but the King Farm shuttle makes getting around even easier. The shuttle runs a complimentary route between the King Farm Village Center, the Metro station, and the Irvington Center, a 90-acre commercial complex next to the Metro. In addition, two types of public bus service are available at King Farm. At the Village Center, 120,000 square feet of retail space is within walking distance from both residential and commercial development. The center also includes 47 loft apartments and a one-acre village green. Watkins Pond and Baileys Common are King Farm's two residential villages. They offer single-family homes, townhouses, condominiums, and luxury apartments intertwined with natural areas. The center of Watkins Pond is a 12-acre city park with tennis and basketball courts, a soccer and softball field, two playgrounds, several picnic areas, benches, and paths.



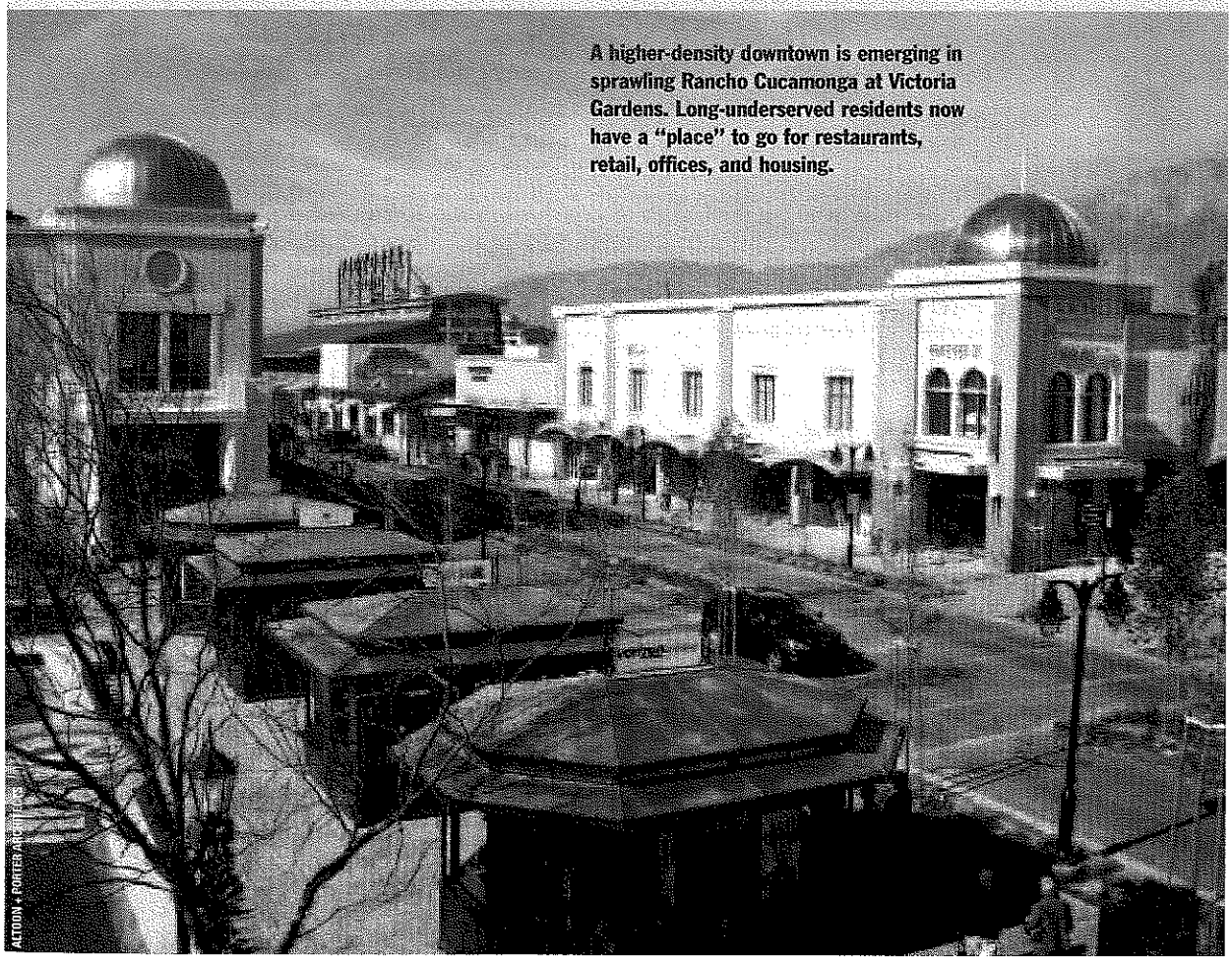
TORTI GALLAS AND PARTNERS

King Farm is a successful higher-density suburban community that integrates housing, retail shops, offices, and public transit.

PROFILE

Victoria Gardens

The city of Rancho Cucamonga, located roughly 60 miles east of Los Angeles in California's Inland Empire, has a rich agricultural history and, more recently, a history of low-density sprawl with no real city center. This situation is changing, however, with the opening of the first phases of a huge new mixed-use development known as Victoria Gardens. The development, designed by L.A.–based architects, Altoon + Porter, and being developed jointly by California-based developers Forest City California and the Lewis Investment Company, will create a vibrant higher-density downtown where none previously existed. Rapidly growing Rancho Cucamonga has been traditionally underserved by restaurants and entertainment options. The long-awaited addition of a "place" in the city has been well received by residents. The 147-acre development will eventually contain 1.3 million square feet of commercial and community space, including retail, entertainment, office, and civic uses with a cultural center and a library. Twenty acres of housing on site will allow people to live within walking distance of all the amenities of Rancho Cucamonga's new downtown.



A higher-density downtown is emerging in sprawling Rancho Cucamonga at Victoria Gardens. Long-underserved residents now have a "place" to go for restaurants, retail, offices, and housing.

ALTOON + PORTER ARCHITECTS, INC.

buyers prefer to live in a community where they can walk or bike to some destinations.[56] The 2001 American Housing Survey further reveals that respondents cited proximity to work more often than unit type as the leading factor in housing choice.[57] These surveys confirm that many people prefer the suburbs but want the amenities traditionally associated with cities, including living close to work.

With the continuing decentralization of cities and the rise of suburban communities with urban-like amenities, many people find that they can live and work in the suburbs with all the attributes of suburbia they desire without giving up walkability and convenience. A recent study confirms that in many regions, more office space is located in suburban locations than downtowns,[58] providing an opportunity for people to live near their jobs. Communities and developers that have recognized and responded to the dual trends of decentralized offices and a growing desire for a more convenient lifestyle have been rewarded. Well-placed mixed-use, higher-density developments in the suburbs are increasingly popular, creating a new sense of place.

Communities are being developed using the best concepts of traditional communities—smaller lots, a variety of housing types, front porches and sidewalks, shops and offices within walking distance, and public transit nearby. Communities like Celebration in Florida and King Farm in Maryland have been so popular with the homebuying public that past worries over whether the demand exists for them have been replaced by concerns about their rapid price appreciation, putting them out of the reach of all but the highest-income households. Today's real demographic and lifestyle changes are inspiring a return to traditional development styles that offer walkable, bikeable, and more dynamic communities that put residents closer to shops, offices, and parks.

MYTH

Higher-density housing is only for lower-income households.

FACT

People of all income groups choose higher-density housing.

Multifamily housing is not the housing of last resort for households unable to afford a single-family house. Condominiums, for instance, are often the most sought after and highly appreciating real estate in many urban markets. The luxury segment of the apartment market is also rapidly expanding. Most people are surprised to learn that 41 percent of renters say they rent by choice and not out of necessity, and households making more than $50,000 a year have been the fastest-growing segment of the rental market for the past three years.[59] Multifamily housing throughout the world has historically been the housing of choice by the wealthiest individuals because of the access and convenience it provides. From Manhattan to Miami to San Francisco, higher-density housing has been prized for the amenity-rich lifestyle it can provide.

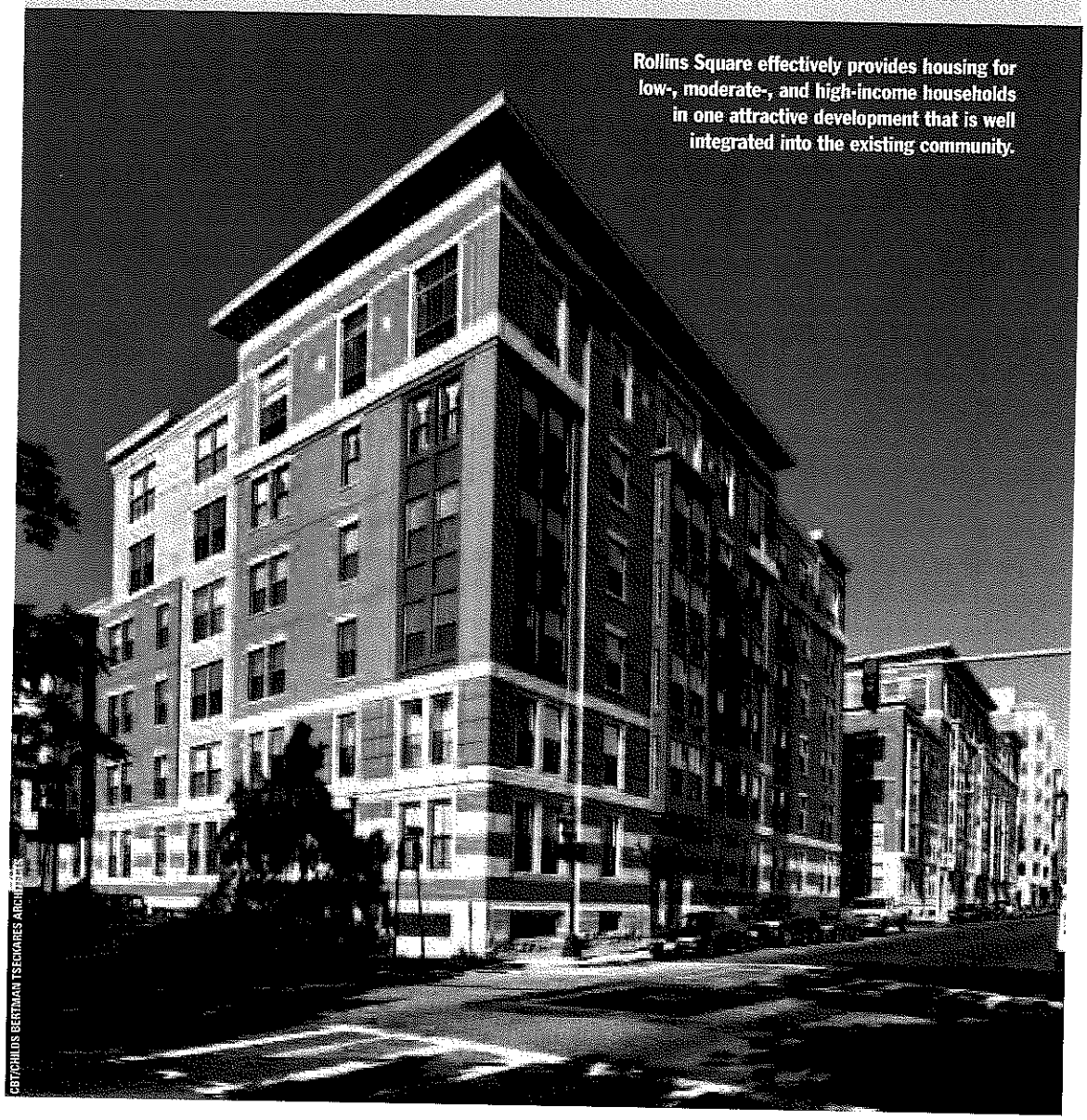
Higher-density development can be a viable housing choice for all income groups and people in all phases of their lives. Many financially secure baby boomers, who have seen their children leave the nest, have chosen to leave behind the yard maintenance and repairs required of a single-family house for the more carefree and convenient lifestyle multifamily housing provides. Interestingly, their children, the echo boomers, are entering the age where many will likely live in multifamily housing. Just starting careers, many are looking for the flexibility of apartment living to follow job opportunities. Their grandparents, likely on a fixed income, may also prefer or need to live in multifamily housing as physical limitations may have made living in a single-family house too challenging.

Providing balanced housing options to people of all income groups is important to a region's economic vitality. The availability of affordable multifamily housing helps attract and retain the workers needed to keep any economy thriving. In many American towns and cities, rapidly rising house prices are forcing working families to live farther away from their jobs. In fact, the lack of affordable housing is mentioned as the number one problem facing working families today.[60]

PROFILE

Rollins Square

Rollins Square, a mixed-use development in Boston's South End, is a truly mixed-income community that provides housing for a wide spectrum of people in all income brackets. Twenty percent of the overall units are reserved for people whose income is 30 to 60 percent of the Boston area median income (AMI), 40 percent are for-sale condominiums reserved for working households with incomes 80 to 120 percent of the AMI, and the remaining 40 percent are market-rate units selling for up to $750,000. The residences occupy two city blocks and integrate seamlessly into the existing neighborhood. The varying heights and diverse exterior materials give the appearance that the development was constructed over time. Rollins Square was developed by the Planning Office for Urban Affairs, Inc., a nonprofit developer associated with the Archdiocese of Boston.



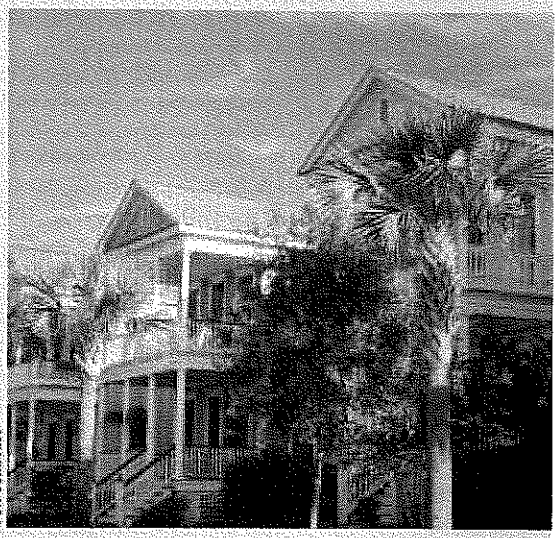
Rollins Square effectively provides housing for low-, moderate-, and high-income households in one attractive development that is well integrated into the existing community.

CBT/CHILDS BERTMAN TSECKARES ARCHITECTS

PROFILE

I'On

I'On is a 244-acre master-planned community along the deep-water marshes of Hobcraw Creek in Mount Pleasant, South Carolina. Just six miles east of Charleston, the community features 700 single-family homes, community facilities, and a small-scale commercial area. Vince Graham, principal with the I'On Company, is developing six residential neighborhoods connected by narrow streets, pedestrian corridors, and community spaces. An I'On Guild member, one of 18 builders selected for experience, talent, and financial strength, builds each individual home. The architecture is inspired by classic Lowcountry style with large balconies, deep front porches, and tall windows on even taller homes. Homes now sell for $685,000 to $1.7 million. Community facilities include I'On Square, I'On Club, the Creek Club, and the Mount Pleasant Amphitheater. Residents also enjoy easy access to the Cooper and Wando rivers, the Charleston harbor, and the Atlantic Ocean. One neighborhood boat ramp and four community docks are available for crabbing and fishing. Two miles of walking trails are available for residents; a five-acre pond, the Rookery, is a protected nesting site for wading birds. In addition, the public and private schools in Mount Pleasant are some of the best in the area.



I'ON COMPANY

Some home prices in the well-planned higher-density community of I'On are approaching $2 million. The traditional neighborhood design combined with the community amenities made possible by higher densities have made the community one of the most desirable in the Charleston area.

As the problem of affordability worsens, workers on the lower end of the salary scale may move to more affordable cities, leaving a labor shortage in their wake. Such shortages make a region less desirable as an employment center. According to PricewaterhouseCoopers, access to a large and diverse labor pool is the most important factor in making corporate decisions on locations.[61] Communities that do not provide housing for all income groups become less desirable corporate locations.

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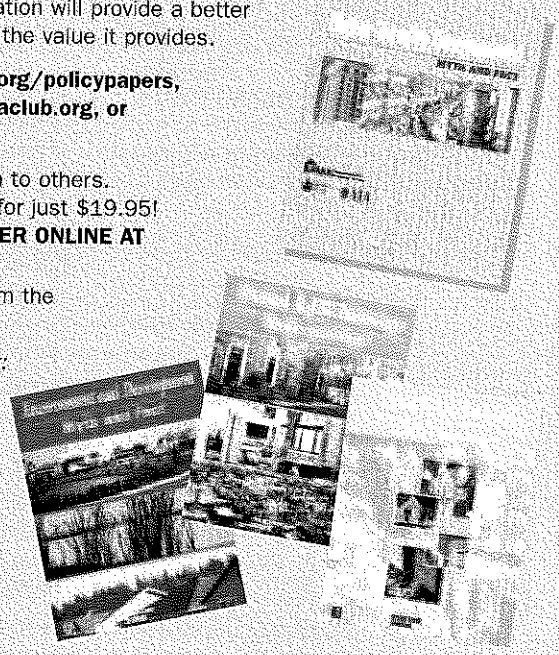

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DATE February 2, 2015 MOTION: DP

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Mr. Mesnard	✓	✓			
Mr. Olson		✓			
Mr. Sherwood			✓		
Mrs. Ugenti	✓		✓		
Mr. Weninger			✓		
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