Housing Supply Study Committee

Final Report
December 2022

Committee Members:

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

Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Thomas Simplot
Mayor Corey Woods
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REPORT 2022

Background

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

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

Summary of Committee Activity

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

Committee Hearing July 12

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

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

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

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

Committee Hearing July 26

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

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

A video recording of the Study Committee can be found at: https://www.azleg.gov/video/play?eventID=2022071008
Committee Hearing August 9

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

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

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

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

Committee Hearing August 23

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

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

The Study Committee heard public testimony.

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

Committee Hearing September 7

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

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

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

The Study Committee heard public testimony.
A video recording of the Study Committee can be found at:
https://www.azleg.gov/videoplayer/?eventID=2022091000

Committee Hearing September 12

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

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

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

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

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

The Study Committee heard public testimony.

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

Committee Hearing September 26

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

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

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

Co-Chair asked if there was anything the Legislature can do to help increase home builder workforce. Mr. Corbin, Cottonwood City Manager, opined that state could continue to support
community colleges and the trade skills as well as help pay for infrastructure by providing grants for water and sewer.

The Study Committee heard public testimony.

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

Committee Hearing November 15

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

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

Member Serviss opined on state level intervention and investments to remove barriers. Member Mayor Shanbrook commented on the need for political leadership.

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

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

Committee Hearing November 17

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

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

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

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

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

Committee Hearing December 6
Staff gave an overview of the Study Committee purpose and the members gave opening remarks. Member Hinman commented on a housing development project in the City of Chandler.

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

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

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

The Study Committee heard public testimony.

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

Committee Hearing December 13

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

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

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

Committee Hearing December 20

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

The Study Committee heard public testimony.

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

Submitted by Co-Chairman Kaiser
HOUSING SUPPLY STUDY COMMITTEE

Chairman's Findings & Recommendations
Representative Steve Kaiser
December 20, 2022

Detailed Narrative (Addendum)

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

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

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

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

Finding #1
- There is no clearinghouse for data and reporting related to housing supply and construction
  o We do not have a clear understanding of what the statewide housing supply needs are
  o There is no reporting mechanism for how many homes are permitted in Arizona versus how many homes are denied

Recommendation #1
- The Arizona Department of Housing and the Arizona Commerce Authority shall create an interactive “Housing Needs Assessment” dashboard to provide data and transparency on housing supply
  o Dashboard will serve as a city-by-city scorecard of housing supply based on certain metrics
- Reconvene the State Interagency Council on Housing and Homelessness

Finding #2
- Zoning is the primary barrier to addressing the housing shortage
  o This was the most consistent theme for the majority of presenters (non-profits, builders, developers, business leaders)
  o Zoning reform is a bipartisan issue

Recommendation #2
- Regulatory Relief for Zoning:
  o Reform zoning laws that still include adequate community input
  o Reducing redundancies in general plans vs. zoning law
  o Reducing the need for rezoning cases
  o Expediting zoning when in compliance with a general plan
  o Commercial and Ag land - residential expedited zoning
  o Grant program to rural communities for infrastructure
  o State Land Department study on government-owned land
  o Optional administrative review approvals at the city level for developments
- Addressing the "Missing Middle"
  o Reducing requirements for development standards in zoning districts such as minimum lot sizes, lot coverage, setbacks & parking
  o Allowing accessory dwelling units (ADUs), manufactured homes, fourplexes through 20-unit multi-family housing

Finding #3
- Homes in Arizona take too long to be built
The committee heard many examples of housing projects taking over 2-years to simply get local approval

- The processes allow too much arbitrary discretion and too many different approvals

**Recommendation #3**
- Allowing “at-risk approval” permits at the municipal level
- To allow building to continue while still holding developers accountable
- Create consistency in public comment timeframes

**Finding #4**
- Starter homes both for sale and for rent have been regulated out of Arizona
  - It is becoming more and more difficult to build a basic home or apartment in Arizona
  - Design standards and guidelines have substantially increased the cost of housing

**Recommendation #4**
- Limiting the discretionary review of design standards including unnecessary costs, ambiguity & time

**Finding #5**
- Our most vulnerable are running out of housing options
  - Seniors are our fastest growing homeless population
  - Single room occupancies have been zoned out of cities
  - Manufactured homes are a dwindling portion of our attainable housing supply

**Recommendation #5**
- Allow for single-room occupancy
- Allow for smaller homes with less parking restrictions
- Set aside shelters and public money to protect our most vulnerable
- Create permanent funding source for the Housing Trust Fund

**Finding #6**
- NIMBYism has had a dramatic impact on housing supply
  - Attainable and senior housing faces steep hurdles with extra NIMBYism
  - NIMBYism has become more organized and sophisticated
  - Most new housing developments face stiff resistance no matter where they are proposed
HOUSING SUPPLY STUDY COMMITTEE

Recommendation #6

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

Next Steps

- Continued stakeholder meetings
- Legislation in the 56th Legislature

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

- Alan Stephenson, Deputy City Manager, City of Phoenix
- Christopher Baker, Director of Development Services, City of Goodyear
- Katie Wilken, Deputy Director of Planning, City of Goodyear
- Jeff Gunderson, Senior VP of Land Operations, Lennar Homes
- Patrick Brown, Division VP of Land, DR Horton
- Chuck Chisolm, Director of Land Planning, K. Hovnanian Homes
- Jason Weber, VP of Land Acquisition and Development, Tri Pointe Homes
- Director Wanda Wright, Arizona Department of Veterans' Services
- Kuhl Brown, Real Estate Development Director for the Mountain Plains Region
- Diana Yazzie Devine, President and CEO of the non-profit Native American Connections
- Maureen Casey & Denise Resnick, FirstPlace
- Lisa Glow, Central Arizona Shelter Services
- Mary Lynn Kasunic, President & CEO/Executive Director of the Area Agency on Aging, Region One
- John Mendibles, League of Veterans
- Bridget Sharpe, Human Rights Campaign
- Warren Tenney, Executive Director for the Arizona Municipal Water Users Association
- Jerry Stabley, President of the Arizona Planning Association
- Melissa Guardaro, Ph.D, Assistant Research Professor Arizona State University
- Lora A. Phillips, Ph.D, Postdoctoral Research Scholar Arizona State University
- Representative Sarah Liguori, LD 28
- Dan Folk, Community Development Director, City of Flagstaff
- Michelle McNulty, Planning Director, City of Flagstaff
- Sarah Darr, Housing Director, City of Flagstaff
- Jonathan Hale, Contractor for New Mexico Social Justice Equity Institute
- Joe Galli, Senior Advisor Public Policy, Greater Flagstaff Chamber
- David Carpenter, Owner of Hope Construction
- Chris Kemmerly, Owner of Miramonte Homes
- Mark Kear, Ph.D., Assistant Professor, University of Arizona
- Arthur Nelson, Ph.D., Professor, University of Arizona
- Ginger Kneup, Southern Arizona Home Builders Association
- Rory Juneman, Lazarus & Silvyn P.C.
- Tom Heath, Nova Home Loans
- Jim Tofel, Tofel-Dent Construction
HOUSING SUPPLY STUDY COMMITTEE

- Regina Romero, Mayor, City of Tucson
- Koren Manning, Planning Administrator, City of Tucson
- Liz Morales, Director of Housing & Community Development, City of Tucson
- Michael Toriello, 355 WG Director, Community Partnership Davis-Monthan AFB
- Dre Thompson, Chief Executive Officer, Tucson, IDA
- Brandi Champion, Program Director, Housing First
- Tom Litwicki, Chief Executive Officer, Old Pueblo Community Services
- Joanne Keene, Deputy City Manager, City of Sedona
- Shannon Boone, Housing Manager for Sedona and Cottonwood
- Scott Ellis, Community Development Director, City of Cottonwood
- Bill Boor, CEO, Cavco Industries
- Ken Andersen, Executive Director Manufactured Housing Industry of Arizona
- Nolan Gray, Policy Director of California YIMBY
- Emily Hamilton, Mercatus Center
- Bill Lally, Tiffany and Bosco
- Sarah Shambrook, Dominion
- Owen Metz, Dominion
- John Carlson, Mark-Taylor Residential
- Joe Meyer, Meyer Development
- Dan Klocke, Gorman & Company
- Frank Cassidy, League of Cities and Towns
- Representative Christian Solorio, Arizona Chapter of the American Institute of Architects
- Joe Herzog, AZ Chapter of the American Institute of Architects
- David Howard, Executive Director, National Rental Home Council
- Denise Previte
- Angie Donezlon, Donezlon Consulting LLC
- Yvonne Delgadillo, Allied Argenta
- Pat Donaldson, COO St. Vincent de Paul
- Jessica Berg, CPO St. Vincent de Paul
- David Brown, Home Matters
- Debra Martell, Dignity Health
- Daniel Witt, Lucid Motors
- Kevin Erdmann, Mercatus Center and George Mason University
- Suzanne Kinney, NAIOP
- Anubhav Bagley, Maricopa Association on Governments
- Tyler Marie Theile, VP, COO, Director of Public Policy, Anderson Economic Group
WHAT WE KNOW

Arizona has a severe housing shortage

Not addressing housing will harm Arizona's economy
The 11-member Housing Supply Study Committee was created to:

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

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Jake Herman, Multihousing
Spencer Kamps, Homebuilders
Jean Moreno, City of Glendale
Jean Servais, Housing Coalition, Non-profit
FINDING #1

- There is no clearinghouse for data and reporting related to housing supply and construction
- We do not have a clear understanding of what the statewide housing supply needs are
- There is no reporting mechanism for how many homes are permitted in Arizona versus how many homes are denied
- The Arizona Department of Housing and the Arizona Commerce Authority shall create an interactive "Housing Needs Assessment" dashboard to provide data and transparency on housing supply
  - Dashboard will serve as a city-by-city scorecard of housing supply based on certain metrics
- Reconvene the State Interagency Council on Housing and Homelessness

- Zoning is the primary barrier to addressing the housing shortage
  - This was the most consistent theme for the majority of presenters (non-profits, builders, developers, business leaders)
  - Zoning reform is a bipartisan issue
• Regulatory Relief for Zoning:
  • Reform zoning laws that still include adequate community input
  • Reducing redundancies in general plans vs. zoning law
  • Reducing the need for rezoning cases
  • Expediting zoning when in compliance with a general plan
  • Commercial and Ag land - residential expedited zoning
  • Grant program to rural communities for infrastructure
  • State Land Department study on government-owned land
  • Optional administrative review approvals at the city level for developments

• Addressing the "Missing Middle"
  • Reducing requirements for development standards in zoning districts such as minimum lot sizes, lot coverage, setbacks & parking
  • Allowing accessory dwelling units (ADUs), manufactured homes, fourplexes through 20-unit multi-family housing
FINDING #3

- Homes in Arizona take too long to be built
- The committee heard many examples of housing projects taking over 2 years to simply get local approval
- The processes allow too much arbitrary discretion and too many different approvals

RECOMMENDATION #3

- Allowing "at-risk approval" permits at the municipal level
- To allow building to continue while still holding developers accountable
- Create consistency in public comment timeframes
• Starter homes both for sale and for rent have been regulated out of Arizona.
• It is becoming more and more difficult to build a starter home or apartment in Arizona.

• Limiting the discretionary review of design standards including unnecessary costs, ambiguity & time.
**FINDING #5**

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

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**RECOMMENDATION #5**

- Allow for single-room occupancy
- Allow for smaller homes with less parking restrictions
- Set aside shelters and public money to protect our most vulnerable
- Create permanent funding source for the Housing Trust Fund
• NIMBYism has had a dramatic impact on housing supply
  • Attainable and senior housing faces steep hurdles with extra NIMBYism
  • NIMBYism has become more organized and sophisticated
  • Most new housing developments face stiff resistance no matter where they are proposed

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

- Continued stakeholder meetings
- Legislation in the 56th Legislature

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David Carpenter, Owner of Hope Construction
Chris Kemeny, Owner of Miramonte Homes
Mark Karp, Ph.D., Assistant Professor, University of Arizona
Arthur Nelson, Ph.D., Professor, University of Arizona
Ginger Kneip, Southern Arizona Home Builders Association
Rory Ineman, Lazarus & Shyvn P.C.
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Anubhav Bagley, Maricopa Association on Governments
Tyler Marie Theile, VP, COO, Director of Public Policy Anderson Economic Group
Findings and Recommendations

Submitted by Jean Moreno
Background

- The issue we are facing in Arizona is not just about housing supply, it is about housing supply and accessibility to housing that people can attain and sustain.

- Even with an increased supply of homes, those with the greatest need will be shut out of new housing opportunities or lose their existing housing without other policy reforms.

- There needs to be more emphasis on the desperate need for very low-income housing, particularly for seniors, veterans, and the disabled on fixed income.

- In the Phoenix metropolitan area, the availability of apartments for rent in an amount less than $1,000 decreased by 83% since 2010. Source: U.S. Census Bureau, American Community Survey.

- One-third of older households in Pima and Maricopa County are cost-burdened—meaning they spend more than 30% of their income on rent alone. Cost Burdens Among Older Adults Are at an All-Time High Joint Center for Housing Studies (harvard.edu). Fixed-income residents with monthly checks at $850 - $950.

- CASS has seen a 43% increase in service for seniors 55+ (1,717 total). 1,459 seniors utilized CASS shelter services and 821 were 62 years or older.

- While Arizona needs housing of all types, government resources to provide low-income rental and owner-occupied housing as well as supportive housing that the market, on its own, has not taken care of, should be the most urgent focus.

- The state has an obligation under the federal Fair Housing Act to affirmatively further fair housing in designing and implementing any new legal regimes governing land use and zoning. So, necessarily, the State needs to be planning proactively to create more inclusive pathways to housing opportunities, making the housing supply available to all Arizonans.

- Any legislative reforms must ensure that housing supply and availability benefits all Arizonans, regardless of their wealth, identities, or life circumstances.

Ideas

- Changes to the Landlord Tenant Act or other appropriate area of state law:
  - Require landlords to utilize uniform and transparent tenant screening requirements and regulate application processing fees. Low-income tenants often pay multiple, high application processing fees without information about how their applications will be decided, only to be denied a rental home after failing a subjective screening assessment and those fees are non-refundable. Landlords often use third-party companies to conduct background checks using arbitrary, undisclosed criteria – and sometimes
automated tools – to make leasing decisions. The results of the background checks frequently include inaccurate or outdated information that incorrectly limits tenants’ access to available housing opportunities.

○ Some landlords also have blanket policies that discriminate against certain tenants (i.e., denying housing applications from families or individuals with an eviction judgment in their rental history or who applied for rental assistance in the past). The construction of more Arizona homes will be of little benefit to many tenants unless and until there are specific consumer protections for housing applicants and the screening processes they navigate.

- Create a permanent state-wide emergency rental assistance program. The pandemic-related Emergency Rental Assistance Program (“ERAP”) has helped many tenants in need of financial assistance stay in their homes. The various ERAP programs administered by the State of Arizona, as well as those administered by various units of local government, are set to run out of funds in 2023. A permanent, centrally operated ERAP program would ensure that low-income tenants can continue to rely on this resource during temporary financial emergencies and have uniform application criteria no matter where they live in the state. A state ERAP program is a good investment in protecting housing supply and availability. Preventing unnecessary and costly evictions will eliminate housing supply inefficiencies and pricing factors contributing to the unhealthy rental housing market affecting all Arizonans at present.

- Require landlords seeking eviction for non-payment of rent to seek diversion first and accept housing assistance payments if available. Here are some examples (note, we will need ERA funding for these practices to be effective):

  ○ The State of Massachusetts has developed a two-tiered eviction process that has integrated the ERA program into eviction proceedings. In the first tier, landlords and tenants work with a mediator who can direct them to ERA resources to cover qualified rental arrears. This state-funded program also engages legal aid services, as well as housing reinstatement services, for those cases where tenants ultimately experience eviction.

  ○ The city of Memphis and Shelby County’s joint program includes a data sharing relationship with the local court system. This partnership affords ERA program administrators real-time information about neighborhoods with increased eviction activity, allowing more targeted outreach towards tenants and landlords. Using this data, the ERA program administrators have been able to foster effective relationships with larger apartment complexes and engage directly with tenants on the premises. Memphis and Shelby County have also contracted with a local nonprofit organization with experience providing legal services to tenants facing evictions, helping them to reach settlement and avoid evictions.

  ○ The city of Philadelphia’s ERA program is also integrated directly into the city’s eviction court system. The court requires defendants to apply for the city’s ERA program before allowing the eviction to proceed. Further, all landlords who enroll in the city’s ERA program are automatically enrolled in
the eviction diversion system, alerting them to the resources offered by the city to help avoid tenant evictions, such as nonprofit mediation services.

- Louisville, KY is utilizing a multi-pronged approach to eviction diversion that includes legal representation for tenants, community-based outreach, and collaboration with local courts. The city has allocated $400,000 of their ERA funding to enact a right to counsel program for tenants with children who are facing eviction.

- Engage in wide-spread educational campaigns for federal housing programs, such as the federal HUD Veterans Affairs Supportive Housing ("VASH") and Housing Choice Voucher ("HCV") programs. Information sessions, promotions, and increased education will help remove the stigma of participating in these programs, for both landlords and tenants. Removing the stigma will help ensure the utilization of a key resource that provides stable revenue to landlords and stable homes to tenants, while making a greater supply of homes available to more Arizonans.

- Require collaborative public outreach campaigns that speak to the need of the type of housing necessary for the progress and stability of a neighborhood. Neighborhoods and communities thrive economically when residents providing the full range of goods and services necessary for success can afford to live there. Through community outreach, developers, and cities, can achieve a greater understanding on what type of housing is needed and residents will gain a clearer picture of the makeup of their neighborhood. For example, "who are the people in your neighborhood" campaigns will illustrate that the people who work in the grocery stores, the local small businesses, restaurants, schools, and in law enforcement would like to live in the neighborhoods where they serve, but are frustrated in achieving this goal because there is no housing for them. Proactive outreach would help get ahead of the much-discussed problem of "NIMBY-ism" that arises when real estate developers propose workforce housing, including multi-family developments that are essential to the delivery of necessary goods and services to vibrant neighborhoods and communities.

- In urban cores or areas where infrastructure already exists, allow either a development impact fee waiver or create a state fund to focus on the development of mixed-income rental housing (where some units are market rate and some are subsidized based on income) or entry-level owner-occupied housing that is affordable (based on 60-80% Area Median Income and 30% of that being used towards rent/housing costs) This means mortgage or rent that is roughly $1,332-1,776 per month.

- Examine rules and regulations regarding LIHTC to determine if the tax credit programs can be used to support mixed-income development.

- Create consistency amongst all cities regarding notification distances for zoning and major general plan amendment public notifications.
Housing Supply Study Committee
Jean Moreno

- Prohibit public comment from unaffected residents (not living or owning property within the identified “zone”) from being considered when making decisions on zoning cases.

- Provide a relief fund for cities that they can use to defend lawsuits or pay claims arising from zoning decisions that give residents the ability to sue under the Arizona Private Property Rights Protection Act. This is one of the reasons why the 1% of residents have a strong voice in zoning cases – cities are concerned that they will have to defend themselves against a claim of diminished property values if they allow a multi-family development or increase the dwelling units per acre.

- Allow cities to implement a short-term rental tax (similar to hotel tax) with the proceeds restricted to staffing building development departments to improve plan review/permitting process timelines OR to incentivize the development of affordable units (renter or owner occupied). This will allow cities to generate additional revenue from out of state (or area) visitors to advance a community's development goals.

- Provide seed funding available to cities/towns for acquisition and rehab of blighted single-family homes (those that are unsafe to occupy etc.) to be placed in a Community Land Trust, these can be implemented at the local level and are a great way to get low-income households into home ownership.
Findings and Recommendations

Submitted by Mayor Corey Woods
Housing Solutions – Legislative Options

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

General Housing

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

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

Submitted by Joan Serviss
Arizona Housing Coalition

Arizona Housing Coalition Priorities

State

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

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

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

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

5. Teacherages
   - Arizona statute currently allows rural school districts to allocate funds and property toward developing, procuring, and maintaining housing options for their staff. Expand this option for urban and suburban areas to fill needed gaps in workforce housing for Arizona educators.
6. Inclusionary Zoning
   - Eliminate the preemption on inclusionary zoning to allow cities and counties to require affordable units as part of a development. Allow for the opportunity to reimburse developers for the cost of the subsidy; compensation could take the form of city tax relief, waiver of permit or other local development fees, or waiver or expedition of permits or other local requirements.

7. Publicly Owned Land
   - Prioritize affordable housing for publicly owned land, vacant and surplus land policy.

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

Local

1. Encourage expedited zoning and entitlement processes through incentives.

2. Encourage a streamlined design review process.

3. Consider incentives to reduce minimum lot sizes, increase single-family residences per lot (duplexes, etc.), and reduce parking minimums.

4. Expand/encourage accessory dwelling units (ADUs) and single-room occupancy units (SROs)

5. Land banking
Appendix A:

July 12, 2022

Minutes and Reference Materials
ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date: Tuesday, July 12, 2022
Time: 1:00 P.M.
Place: HHR 1

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoPlayer/?clientID=6361162879&eventID=2022071003

AGENDA

1. Call to Order
2. Introduction of Members
3. Overview of Committee Purpose
4. Opening Remarks
5. Discussion on Housing Supply
6. Future Meetings
7. Public Testimony
8. Adjournment

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

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

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07/08/2022
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Page 1 of 1
ARIZONA STATE LEGISLATURE

HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
Tuesday, July 12, 2022
1:00 P.M., HHR 1

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientId=6361162879&eventId=2022071003

Members Present:
Senator Martin Quezada
Matthew Contorelli
Jake Hinman
Spencer Kamps
Jean Moreno
Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Thomas Simplot
Mayor Corey Woods

Members Excused:
Senator David Gowan, Co-Chair

Staff:
Ian Jaime, Senate Assistant Research Analyst
Carly Daniels, Senate Policy Advisor
Nathan McRae, House Assistant Research Analyst
Joel Hobbins, House Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:01 p.m. and attendance was taken.

INTRODUCTION OF COMMITTEE MEMBERS

Representative Kaiser offered opening comments and requested that the members introduce themselves, give an overview of their background, their expectations of the study committee and the issues of current housing demands.

Representative Kaiser outlined the future agenda for the committee.

OVERVIEW OF COMMITTEE PURPOSE

Nathan McRae, House Assistant Research Analyst, provided an overview and purpose of the committee.
OPENING REMARKS

Representative Kaiser addressed the housing and home building issues in Arizona. Mr. Kaiser invited vendors and the public to share ideas or solutions with the study committee.

DISCUSSION ON HOUSING SUPPLY

The committee discussed housing issues, private property rights, affordability, property taxes, city zoning, land availability, community opposition and supply and demand.

FUTURE MEETINGS

The committee members offered topic suggestions for future meetings.

PUBLIC TESTIMONY

David Godlewski, President, Southern Arizona Home Builders Association, provided information on housing policies and long-term solutions.

Mayor Woods suggested a presentation on Tax Increment Financing for a future meeting.

Representative Kaiser requested data on the trend of home prices from the last ten years from the committee members.

Maxine Becker, Attorney, Wildfire: Igniting Community Action to End Poverty in Arizona, posed a question on the committee's agenda.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:56 p.m.

Attached are forms noting the individuals who submitted a Speaker slip on the agenda items (Attachment A).

Respectfully submitted,

Tracey Gardner
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on __________________ Bill Number __________________

Date ________________ □ Support □ Oppose □ Neutral

Name David Godlewski Need to Speak? □ Yes □ No

Representing So AZ Home Builders

Complete Address 2840 N. Country Club Tucson AZ 85716

E-mail Address david@saahba.org Phone Number 520-195-5644

Comments: ________________________________

***FIVE-MINUTE SPEAKING LIMIT***

10:52

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on Housing Supply Bill Number __________________

Date 7/12/2022 □ Support □ Oppose □ Neutral

Name Marjorie Becker Need to Speak? □ Yes □ No

Representing Wildfire

Complete Address 315 E. Palm Lane

E-mail Address mbecker@wildfire[y] Phone Number 480-513-1202

Comments: ________________________________

***FIVE-MINUTE SPEAKING LIMIT***

20:32

ATTACHMENT A
Housing Supply Study Committee

PURPOSE: To (1) review data on the scope of housing supply and access; (2) compile an overview of ways to address Arizona’s housing shortage and to mitigate its causes; and (3) solicit ideas and opinions of industry and subject matter experts and the community on additional recommendations. On or before December 31, 2022, the Committee will submit a final report regarding the Committee’s findings that will foster a positive housing supply in this State to the Speaker of the House of Representatives and the President of the Senate and provide a copy of this report to the Director of the Arizona Department of Housing.

MEMBERSHIP:

House
Two members of the House of Representatives from different political parties and one designated as Co-Chair, appointed by the Speaker of the House of Representatives:
César Chávez, Steve Kaiser (Co-Chair)

Senate
Two members of the Senate from different political parties and one designated as Co-Chair, appointed by the President of the Senate:
David Gowan (Co-Chair), Martin Quezada

Other
One member who represents a trade association whose membership exceeds fifty-thousand real estate licensees under Title 32, Chapter 20, appointed by the Speaker of the House of Representatives:
Mr. Matthew Contorelli (6/30/2023)

One representative of the building industry who represents for-sale housing, appointed by the Speaker of the House of representatives:
Mr. Jake Hinman (6/30/2023)

One representative of the building industry who represents rental housing, appointed by the Speaker of the House of Representatives:
Mr. Spencer Kamps (6/30/2023)

Two representatives from a city or town or a statewide organization that represents cities and towns, appointed by the President of the Senate:
Ms. Jean Moreno, Director, Glendale Community Service Department
Corey Woods, City of Tempe

One representative from a statewide non-profit housing advocacy group, appointed by the President of the Senate:
Ms. Joan Serviss, Executive Director, Arizona Housing Coalition

The Director of the Arizona Department of Housing or the Director’s designee:
Mr. Thomas Simplot, Director, Arizona Department of Housing (6/30/2023)
Housing Supply Study Committee

Notes: The Committee shall meet as often as the Chairpersons deem necessary.

CONTACT: Jason Theodorou, Senate Research Staff; Paul Benny, House Research Staff
REPORT DATE: 12/31/22
EXPIRATION DATE: 6/30/23
STATUTORY CITE: Laws 2022, Chapter 185
Appendix B:

July 26, 2022

Minutes and Reference Materials
ARIZONA STATE LEGISLATURE
INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date: Tuesday, July 26, 2022
Time: 1:00 P.M.
Place: HHR 1

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientId=6361162679&eventId=2022071008

AGENDA

1. Call to Order
2. Home Building Process
3. Presentations by Cities:
   - Alan Stephenson, Deputy City Manager - City of Phoenix
   - Christopher Baker, Director of Development Services - City of Goodyear
   - Katie Wilken, Deputy Director of Planning - City of Goodyear
4. Presentations by Home Builders
   - Jeff Gunderson – Lennar Homes, Senior VP of Land Operations
   - Patrick Brown – DR Horton, Division VP of Land
   - Chuck Chisolm – K.Hovnanian Homes, Director of Land Planning
   - Jason Weber – Tri Pointe Homes, VP of Land Acquisition and Development
5. Public Testimony
6. Adjourn

Members:

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

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

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ARIZONA STATE LEGISLATURE

HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
July 26, 2022
1:00 P.M., House Hearing Room 1

Members Present:
Senator Martin Quezada
Matthew Contorelli
Jake Hinman
Spencer Kamps
Jean Moreno

Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Cindy Stotler (Thomas Simplot Designee)
Mayor Corey Woods

Members Excused:
Senator David Gowan, Co-Chair

Staff:
Paul Benny, House Research Analyst
Nathan McRae, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst
Ian Jaime, Senate Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:00 p.m. and attendance was taken.

PRESENTATIONS BY CITIES

Alan Stephenson, Deputy City Manager, City of Phoenix, distributed and explained a PowerPoint presentation entitled "City of Phoenix, Housing Supply Study Committee" (Attachment A). Mr. Stephenson answered questions posed by the Committee and offered comments.

The Committee offered comments.

Christopher Baker, Director of Development Services, City of Goodyear, distributed and explained a PowerPoint presentation entitled "City of Goodyear, Dominiun Project" (Attachment B). Mr. Baker answered questions posed by the Committee.

Katie Wilken, Deputy Director of Planning, City of Goodyear, continued with the PowerPoint presentation (Attachment B). Ms. Wilken answered questions posed by the Committee.

Mr. Baker answered additional questions posed by the Committee.
The Committee offered comments.

Ms. Wilken answered additional questions posed by the Committee.

PRESENTATIONS BY HOME BUILDERS

Jason Weber, Tri Pointe Homes, Vice President of Land Acquisition and Development, explained a PowerPoint presentation entitled "How Homes Get Built in Arizona, Site Selection Product Development" (Attachment C). Mr. Weber answered questions posed by the Committee.

Chuck Chisholm, K. Hovnanian Homes, Director of Land Planning, continued with the PowerPoint presentation on Zoning/General Plan Amendments (Attachment C). Mr. Chisholm answered questions posed by the Committee.

Tom Savage, League of Arizona Cities and Towns, answered questions posed by the Committee.

Jeff Gunderson, Lennar Homes, Senior Vice President of Land Operations, continued with the PowerPoint presentation on Preliminary and Final Plats (Attachment C). Mr. Gunderson answered questions posed by the Committee and offered comments.

Mr. Weber offered comments.

Patrick Brown, DR Horton, Division Vice President of Land, continued with the PowerPoint presentation on Land Development and Construction (Attachment C). Mr. Brown answered questions posed by the Committee.

The Committee offered comments.

Mr. Weber continued with the PowerPoint presentation on Building Plan Approval and Construction (Attachment C) and offered comments.

Mr. Gunderson continued with the PowerPoint presentation on Construction Schedule (Attachment C). Mr. Gunderson offered comments and answered questions posed by the Committee.

The Committee offered additional comments.

PUBLIC TESTIMONY

Patrick Sidener, Perfect Fix Housing, expressed his concerns with the housing supply and offered comments.
Drew Schaffer, Director, William E. Morris Institute for Justice, expressed his concerns with the housing supply and offered comments.

Representative Kaiser set the next meeting date for August 9, 2022 at 1:00 p.m.

Attached are forms noting the individuals who submitted a Speaker slip on the agenda items (Attachment D).

There being no further business, the meeting was adjourned at 4:15 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
Summary

Constraints and Opportunities

- Multi-family
- Resilience negative perceptions of neighborhood
  - Buildings out-of-scale with existing
  - Finding in the neighborhood
    - Loop 309 and I-10 corridors
    - Impacts to like ABUs

- No public process
- Rezoning 5,871 Acre
- Like ABUs and ADOT coordination
- Neighborhood support
- 665 new affordable units

- Citizen-led zoning

- Character
- Parking
- Setbacks
- Heigh

- Addressed concerns
- Neighbors
- Worked with HOA & Developer
- 900 feet housing law
- Fast housing law
- City
Development Product Site Selection

Blueprint

1. Site Selection/Product Development
2. Zoning/General Plan Approvals
3. Planning/Land Development Plans
4. Land Development and Construction
5. Building Plan Approval and Construction
6. Construction Schedule
Preliminary Plat - Documents

1. Preliminary Sewer Report
2. Preliminary Water Report
3. Preliminary Drainage Report
4. Traffic Impact Study
5. Preliminary Utility Plan
6. Preliminary Grading and Drainage Plan
7. Street Signs
8. Preliminary Plan of Improvement Plan (Streets/Turn Lanes/Traffic
9. Other Required Plans

5. Location of Landscaping
6. Landscape Plan
7. Stormwater Location
8. Stormwater System
9. Location of Utilities
10. Plot Plan (Lot/Block/Sheet)
CONSTRUCTION & INSPECTIONS

1. Salvage
2. Mass Grading
3. Sewer
4. Water
5. Contingency
6. Storm Drain
7. Retaining Walls & Thame Walls

LAND DEVELOPMENT - PERMITS

1. No T Clear Land
2. Salvage Permit
3. SWPPP/Dust Control
4. ADA Risk Grading
5. Civil Permits
6. Well & Mailbox Permits
7. DIY Utility Permit
8. Public Report
Design Review

Building Plan Approval

1. Garage Door
2. Roof Plan
3. Front Yard Landscape Plan
4. Typical Plan
5. Elevations of Options
6. Roof Materials & Colors

Application Requirements

Design Development
INSEPCIONS
BUILDING CONSTRUCTION

- Shear wall location and size
- Headers and lintels
- Ties and clips
- Framing spacing and size
- After rough framing inspection

INSEPCIONS
BUILDING CONSTRUCTION

5. Electrical Grounding
4. Footings
3. Hold-downs for structural
2. Rebar for foundations
1. Underground Plumbing & Pre-concrete
INSPECTIONS

BUILDING CONSTRUCTION 4

Water Heater Installation
HVAC / Energy Efficiency
Gas Vents
Doors / Windows
Smoke Detectors
Heating and Pluming Air
Electrical Outlets / Lights
Plumbing Fixtures
Counters & Cabinets

Before Inspections:
Roof Trusses (Tiles or Sandbags)
Water Proofing
Windows
Roof Electrical
Roof Mechanical
Roof Plumbing
Inspection:
Before Insulation and Drywall

BUILDING CONSTRUCTION 4
Construction Schedule

Certificate of Occupancy
Production Homes: 7 – 12 Months
Land Development: 12 – 18 Months
Sales / Grading: 3 – 6 Months
Permits: 3 – 6 Months
Final Plat Entitlement: 9 – 12 Months
Reservation and Pre-Entitlement: 12 – 18 Months

Sample Construction Schedule
Appendix C:

August 9, 2022

Minutes and Reference Materials
ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date:       Tuesday, August 9, 2022
Time:       1:00 P.M.
Place:      HHR 1

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2022081000

AGENDA

1. Call to Order
2. Housing Impacts on Arizonans
3. Presentations:
   • Director Wright, Arizona Department of Veterans’ Services
   • Kuhl Brown, Real Estate Development Director for the Mountain Plains Region
   • Diana Yazzie Devine, the President and CEO of the non-profit Native American Connections
   • Maureen Casey & Denise Resnick, FirstPlace
   • Lisa Glow, Central Arizona Shelter Services
   • Mary Lynn Kasunic, President & CEO/Executive Director of the Area Agency on Aging, Region One
   • John Mendibles, League of Veterans
   • Bridget Sharpe, Human Rights Campaign
4. Discussion on 3rd party contractors regarding assessment on housing supply
5. Public Testimony
6. Adjourn

Members:

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

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

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ARIZONA STATE LEGISLATURE

HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
August 9, 2022
1:00 P.M., House Hearing Room 1

Members Present:
Senator Martin Quezada
Matthew Contorelli
Jake Hinman
Spencer Kamps
Jean Moreno
Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Cindy Stotler (Thomas Simplot Designee)
Mayor Corey Woods

Members Excused:
Senator David Gowan, Co-Chair

Staff:
Stephanie Jensen, House Research Analyst
Nathan McRae, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst
Ian Jaime, Senate Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:04 p.m. and attendance was taken.

PRESENTATIONS

Wanda Wright, Director, Arizona Department of Veterans' Services, distributed and explained a PowerPoint presentation entitled "Housing Impacts on Arizona Veterans" (Attachment A). Ms. Wright offered comments and answered questions posed by the Committee.

The Committee offered comments.

Joselyn Wilkinson, House Coordinator, Arizona Department of Veterans' Services, answered questions posed by the Committee.

Ms. Wright answered additional questions posed by the Committee.

Ms. Wilkinson answered additional questions posed by the Committee.

Ms. Wright offered additional comments.
Ms. Wilkinson answered additional questions posed by the Committee.

**Kuhl Brown, Real Estate Development Director, Mountain Plains Region**, distributed and explained a PowerPoint presentation entitled "Arizona House of Representatives – Housing Supply Study Committee" (Attachment B). Mr. Brown answered questions posed by the Committee.

The Committee offered comments.

**Diana Yazzie Devine, President and CEO, non-profit Native American Connections**, distributed and explained a PowerPoint presentation entitled "Native American Connections" (Attachment C). Ms. Devine answered questions posed by the Committee.

The Committee offered comments.

**John Mendibles, League of Veterans**, expressed his concerns with veterans experiencing housing issues and offered comments.


**Toyosi Adesoye, The Daniel Jordan Fiddle Foundation Center for Public Policy Fellow, First Place Global Leadership Institute**, continued with the PowerPoint presentation (Attachment D).

Ms. Casey continued with the PowerPoint presentation on The Power of Our Examples (Attachment D).

**Lisa Glow, Central Arizona Shelter Services**, expressed her concerns on the six different populations being affected by the housing issue and asked for creative solutions.

**Mary Lynn Kasunic, President & CEO/Executive Director, Area Agency on Aging, Region One**, distributed and explained a PowerPoint presentation entitled "Responding to Community Needs for 48 Years" (Attachment F). Ms. Kasunic answered questions posed by the Committee.

**Bridget Sharpe, Human Rights Campaign**, expressed her concerns on housing for those who have been discriminated against because of their identity. Ms. Sharpe answered questions posed by the Committee.
PUBLIC TESTIMONY

Holly Gieszl, representing herself, expressed her personal experience with the housing supply and offered comments.

The Committee offered comments.

Michael J. Hernandez, Senior Citizens Rent, expressed his concerns with the housing rent increase and asked the legislative members to establish a new law that protects seniors from housing rate increases.

The Committee offered comments.

Gabriel Jaramillo, Vítalist Health Foundation, asked for support from the cities to address housing needs in their communities. Mr. Jaramillo answered questions posed by the Committee.

Connie Phillips, Lutheran Social Services of SW, expressed her concerns on housing for refugees.

Letitia Brown Gambino, representing herself, expressed her own personal experience with housing issues.

The Committee offered comments.

MJ Simpson, William E. Morris Institute for Justice, expressed her concerns regarding low-income housing supply. Ms. Simpson answered questions posed by the Committee.

The Committee offered comments.

Representative Kaiser set the next meeting date for August 23, 2022 at 1:00 p.m.

Attached are forms noting the individuals who submitted a Speaker slip on the agenda items (Attachment G).

There being no further business, the meeting was adjourned at 4:17 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate’s Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
Housing Impacts on Arizona Veterans

For Arizona veterans and those who care for them.

Arizona Department of Veterans' Services

About ADVS
Veteran Demographics

Arizona Coalition for Military Families
Arizona Housing Coalition
Arizona Department of Housing
U.S. Department of Veterans Affairs

AVDS Housing Partners
ADVS Programs

The Arizona Veteran's Donation Fund (ADVS) promotes and sponsors three key programs:

- Services to Veterans in Arizona
- Assistance to Military Families
- The Arizona Military Family Relief Fund (AMFRF)

The programs are supported by donations and sponsorships and aim to help veterans and their families.

ADVS Programs
Homeless Veteran Demographics

- 67.9% of homeless veterans are 55 and over
- 11.0% of homeless veterans are 25 and under
- 0.7% of homeless veterans are 51 and over
- 11.0% of homeless veterans are 25 and under
- 1.9% of homeless veterans are 56 and over
- 0.7% of homeless veterans are 25 and under

Housing Supply, Barriers, and Impacts

- Veteran Homelessness in San Francisco County in 2020: 9,000
- Veterans Homelessness Increasing
- Lack of Veterans-specific Housing
- Elderly Veterans
- Racial Inclusion
Housing Supply Barriers and Impacts

Housing Supply Solutions
Questions

Arizona House of Representatives - Housing Supply Study Committee
August 7, 2022
Phoenix, Arizona
Mercy Housing Resident Services is key to Housing Success

Mercy Housing Plans Regional Resident Services

Community Center
- On-site Health Services
- 24/7 Support
- On-site Support Groups
- Education
- Employment
- Transportation
- Financial Assistance
- Emergency Housing
- Child Care Services
-meal

Comprehensive Case Management
- On-site Case Manager
- On-site Support Groups
- Education
- Employment
- Transportation
- Financial Assistance
- Emergency Housing
- Child Care Services
-meal

Comprehensive Case Management
- On-site Case Manager
- On-site Support Groups
- Education
- Employment
- Transportation
- Financial Assistance
- Emergency Housing
- Child Care Services
-meal
Glendale AZ - Senior Housing Solutions - Case Study

To ensure the affordable housing is a positive asset for the community:

- Provide quality property management and supportive services to residents
- 2-3 years to complete a project
- Affordable housing is integrated with a mix of public and private capital. It takes about
- Some properties may have rent subsidies so that they can afford to reside

Veterans and people living with special needs

We provide housing to a broad range of families and individuals, including seniors.
NATIVE AMERICAN CONNECTIONS
The Power of Our Examples

As a property and community developer, First Place® AZ is empowering people with autism and other neurodiversities to thrive in a supportive environment and community. First Place® Phoenix connects residents to homes, work, retail, recreation and fun in a variety of venues for lifelong learning.

Introduction

Maureen Casey
Director, The Daniel Jordan Fiddle Foundation Center for Public Policy & Colonel Harland Sanders Center for Applied Research, First Place Global Leadership Institute

"The Greater Phoenix Housing Market Analysis will provide insights into what members of this population need and want to help us design a blueprint for making more housing options a reality."

Toyosi Adosoye
The Daniel Jordan Fiddle Foundation Center for Public Policy Fellow, First Place Global Leadership Institute

firstplace

A Place to Grow
Overview

1. About First Place AZ
2. Current State of Housing for Neurodiverse Adults
3. Greater Phoenix Housing Market Study

Apartments
(Supportive Housing)
For residents

Transition Academy
(Clinically Based Program)
For participants/students

Global Leadership Institute
For support providers, professionals, researchers & policy leaders
Brief Evolution of Residential Options

- Institutional Care Only
- Intro of Medicaid HCBS Waiver Services
- Growth of Consumer-Controlled Service Delivery
- Neuro-Inclusive Housing Stock Emerging

Number of individuals with ASD by State

 Millions of Americans

- have autism and/or
- intellectual and
- developmental
- disabilities

Of the 7.37 million people known to have IDD in 2016, less than 28% receive Long-term supports services through states IDD system.
How are Long-Term Support Services (LTSS) and Housing Connected?

Provider- Controlled (PC)
Housing & support services are connected.
I find a service provider. They control services into that housing.

Consumer- Controlled (CC)
Housing & support services are NOT connected.
I find and control my own housing. I choose my service provider I want.

What Are the Financial Options for Housing?

Rent Your Home

- Fair market rent
- Rental assistance: fair market rent plus housing choice voucher
- Rental assistance: subsidized housing unit
- Rent room in a provider-controlled setting

Medicaid pays for housing only in traditional settings: Intermediate care facility, SNF, nursing home, etc.
An Invisible Population in the Housing Crisis

AT LEAST
159,000
PEOPLE IN ARIZONA HAVE ANX/OP
THAT'S MORE THAN 2X THE CAPACITY OF DIAMONDBACKS STADIUM

77%
LIVE WITH THEIR FAMILY
BUT THEIR FAMILY IS AGING

27%
LIVE WITH A CAREGIVER
OVER 65
THEY NEED MORE AND
SUPPORT IN PLACE

Affordable Rent for Low-Income Households

Minimum Wage Worker: $632/mo.
Rent Needed for Arizona SSI Recipient: $238/mo.

Fair Market Rent
1-Bedroom Fair Market Rent: $1,032/mo.
2-Bedroom Fair Market Rent: $1,251/mo.

AZ Statistics on Residential Options

© 2017 National Low Income Housing Coalition
Source: NLCHC
AZ Statistics on Residential Options
Arizona: 19th Highest Housing Wage

<table>
<thead>
<tr>
<th>Option</th>
<th>Hours Needed at Minimum Wage</th>
<th>Annual Salary Needed to Afford a 1-bedroom apartment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-bedroom apartment</td>
<td>65/wk</td>
<td>$41,280/yr</td>
</tr>
<tr>
<td>2-bedroom rental home</td>
<td>79/wk</td>
<td>$24.06/hr</td>
</tr>
</tbody>
</table>

Greater Phoenix has only 891 housing vouchers targeted for people with any disability.

Functional Challenges

- Health: Diverse and co-occurring physical and mental health challenges
- Education: Low educational attainments
- LSS: Challenges navigating the system
- Housing: Limited options for housing and supports
AZ Statistics on Residential Options

Only 3% of people with I/DD are accessing comprehensive residential services outside of their family home.

Use of Residential Services in Supervised Setting

- .5% Own Home
- 4% Host Home
- 8.5% Provider- Controlled Group Setting
- Caregivers Age 60+

A Place in the World

Fueling Housing & Community Development for Neurodiverse Populations
First Place—Phoenix Snapshot

First Place—Phoenix, a 42-unit affordable housing development, was completed in 2012. The project is located in the heart of the downtown area, offering convenient access to shopping, dining, and public transportation. The design focuses on creating a sense of community among residents through a variety of amenities and activities.

Residential & Services

- Target Market
  - Families
  - Individuals

- Resident Support Needs
  - Employement
  - Health education
  - Transportation

Property Relationship to LTSS
  - Close proximity
  - Enhanced services

LTSS Delivery Model
  - Agency-based services
  - Enhanced services

Funding Options for LTSS
  - Tax credits
  - State funding

Physical Amenities
- Accessible entry
- Courtyard
- Picnic area
- BBQ grills
- Play area

Supportive Amenities
- Lush landscaping
- Social events
- Walking trails

Payment Model
- Rent-based on income
- Tax credit funding

Lifestyle
- Live, work, play
- Community events
- Social gatherings

Residential Unit Type
- Studio
- One bedroom
- Two bedroom

Developed Type
- New build
- Renovation

First Place—Phoenix

Community Activities
- Movie nights
- Potluck dinners
- Fitness classes
A PLACE IN THE WORLD

Greater Phoenix Housing Market Analysis

Identifying the needs and preferences of adults with autism and/or other intellectual developmental disabilities

Market Analysis for Data-Driven Solutions

FirstPlace Global Leadership Institute
Neuro-Inclusive Housing Solutions
WAVES
DOMINIUM
Please Share!

The Need

Adults with serious and persistent mental illness (SAMI) face a social barrier of housing options and access to support services in metro Phoenix.

To direct housing, service, and self-sufficiency efforts, a comprehensive and data-driven model is needed.

Recordings & plain-language option can be found at:

firstplaceaz.org/phx-housing-analysis

Market Advisory Group

Arizona Community Foundation
Arizona Department of Housing
Arizona Department of Economic Security
Arizona Environmental Planning Council
AHCCCS
ASU Wells College
Arizona Department of Economic Security
Autism Society of Arizona
CASS
Fiddle Foundation
Raising Special Kids
Phoenix
AZ
United Healthcare Community Plan
It's time to share your residential needs and preferences!
Please complete this form for the public record.
Appendix D:

August 23, 2022

Minutes and Reference Materials
ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date: Tuesday, August 23, 2022
Time: 1:00 P.M.
Place: HHR 1

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2022081001

AGENDA

1. Call to Order
2. Water, Power and Environmental Impacts on Housing Development
3. Presentations:
   - Warren Tenney, Executive Director for the Arizona Municipal Water Users Association
   - Jerry Stabley, President of the Arizona Planning Association
   - Melissa Guardaro, Ph.D, Assistant Research Professor Arizona State University
   - Lora A. Phillips, Ph.D, Postdoctoral Research Scholar Arizona State University
   - Representative Sarah Liguori, Legislative District 28
4. Overview: Voice of Surprise
5. Public Testimony
6. Adjourn

Members:

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

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

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk’s Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.
Minutes of the Meeting
August 23, 2022
1:00 P.M., House Hearing Room 1

Members Present:
Senator David Gowan, Co-Chair*
Senator Martin Quezada
Matthew Contorelli
Jake Hinman
Spencer Kamps
Frank Cassidy

Representative Steve Kaiser, Co-Chair
Joan Serviss
Cindy Stotler (Thomas Simplot Designee)
Mayor Corey Woods

Members Absent:
Representative César Chávez

* Participated remotely via a teleconference platform

Staff:
Paul Benny, House Research Analyst
Joel Hobbins, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst
Ian Jaime, Senate Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:04 p.m. and attendance was taken.

PRESENTATIONS

Warren Tenney, Executive Director, Arizona Municipal Water Users Association, gave an overview on the Arizona Municipal Water Users Association, offered comments and answered questions posed by the Committee.

The Committee offered comments.

Jerry Stabley, President, Arizona Planning Association, expressed his concerns on the critical water issues for the housing supply and answered questions posed by the Committee.

The Committee offered comments.

Representative Kaiser asked the Committee members to introduce themselves.
Melissa Guardaro, Ph.D., Assistant Research Professor, Arizona State University, distributed and explained a PowerPoint presentation entitled “Extreme Heat and Housing Impacts” (Attachment A).

The Committee offered comments.

Ms. Guardaro continued with the PowerPoint presentation on the extreme heat and housing impact (Attachment A) and answered questions posed by the Committee.

The Committee offered additional comments.

Ms. Guardaro offered comments.


Representative Sarah Liguori, Legislative District 28, stated that a YouTube video link would be shared with the Committee. Ms. Liguori distributed and explained a PowerPoint presentation entitled “Net Blue Development, Sustainable Growth for a Desert State” (Attachment C).

The Committee offered comments.

Ms. Liguori distributed a handout entitled “Net Blue, Frequently Asked Questions” (Attachment D).

Ms. Liguori offered comments and answered questions posed by the Committee.

Jake Hinman gave an overview of a video entitled “Voice of Surprise” (Attachment E) and offered comments.

PUBLIC TESTIMONY

Brenda Munoz Furnish, Attorney, William E. Morris Institute for Justice, advocated for the low-income communities and expressed her concerns on equity and the need to increase the supply of affordable housing.

Suzanne Klapp, representing herself, stated her concerns with the housing crisis as a Scottsdale citizen and answered questions posed by the Committee.

The Committee offered comments.

Mayor Eric Osborn, City of Buckeye, expressed his concerns on the water supply issues.
Maxine Becker, Attorney, Wildfire: Igniting Community Action to End Poverty in Arizona, expressed her concerns regarding the low-income community and how to secure affordable existing housing.

Jodi Tas, Government Relations Administrator, City of Surprise, stated her concerns regarding the group formed for the Voice of Surprise.

Ellen Van Riper, Chief Deputy City Attorney, City of Surprise, expressed her concerns with issues in Surprise and answered questions posed by the Committee.

Merissa Hamilton, representing herself, stated her concerns on the process of permits for tiny homes.

Darlene Justus, representing herself, expressed her concerns with the water issues in the housing supply industry and answered questions posed by the Committee.

The Committee offered comments.

Representative Kaiser set the next meeting date for September 7, 2022 at 1:00 p.m. in Flagstaff, Arizona.

Attached are forms noting the individuals who submitted a Speaker slip on the agenda items (Attachment F).

There being no further business, the meeting was adjourned at 4:29 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate’s Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
Extreme heat is a threat multiplier

Extreme Heat and Housing Impacts

Melissa Guardaro, PhD

Assistant Research Professor, Associate Director Resilience Hubs
Arizona State University

Arizona State Legislature Housing Supply Study Committee
August 23, 2022
Causes of extreme heat

• Urban heat island

• Climate Change
Differing Narratives of Extreme Heat

Heat is an inconvenience
- Minimal outdoor exposure
- View dealing with heat as a game
- Confident city is managing program for others
- Pay for thermal comfort alternatives
- No difficult life altering choices

Heat is a manageable problem
- Outdoor exposure and energy use managed carefully
- Not a feeling of panic about upcoming extreme heat period
- Reliance on networks and extended family during emergency situations

Heat is a catastrophe
- Unavoidable outdoor exposure
- Can’t afford to be thermally comfortable
- Feelings of desperation, overwhelmed
- High exposure rates due to compounding issues of infrastructure underfunding
- Reliant on networks and extended family to assist with coping, mistrust of police

Phoenix Urban Heat Island Profile

Causes of extreme heat
Solutions

- Safe, affordable, livable housing for all
  - Build with a lens toward increasing warm environment (materials, design, mechanicals)
  - Displacement/Set asides

- Immediate, emergency needs
  - Emergency housing/homelessness
  - Cooling Centers/resilience hubs

- Social infrastructure/Collective impact

Heat is an intersectional issue

- Housing/Poverty/Energy Insecurity
- Stories from heat action planning
  - Army of Moms
  - Groceries in 110F
  - Inefficient housing
    - uses more water, more electricity
Questions?

Melissa.Guardaro@asu.edu
Declining housing affordability is associated with increasing evictions

Housing in the Context of Extreme Heat

Dr. Lora A. Phillips
Assistant Research Professor
Arizona State University
Arizona’s climate makes homelessness deadly

Living Situation among Heat-Associated Deaths

- Homeless: 53%
- Living Independently: 21%
- Co-Existing/Roommate: 12%
- Unknown/Escalated Homeless: 2%
- Unknown: 11%

Source: Maricopa County Public Health Department

Increasing Evictions are Associated with Increasing Homelessness

Total PIT Count, 2016-2022

- Unsheltered: 5,702, 5,605, 6,298, 6,614, 7,419, 5,026
- Sheltered: 5,702, 5,605, 6,298, 6,614, 7,419, 5,026

Source: Maricopa Regional Continuum of Care PIT Count, 2016-2022
*PIT Count was not conducted in 2020 due to the pandemic

Source: Maricopa Association of Governments
“Nearly half of American Families probably cannot afford anymore than $15,000 [$115,000 in 2022] for a home, yet today, the only significant number of homes available in that price range are mobile homes. Mobile homes at present constitute a majority, if not the largest, single source of acceptable new housing available at prices which moderate income families can afford.”

- President Richard Nixon, 1970

- Affordable housing is a key lever for reducing heat-related illness and death

  — And all of the costs associated with it

- However, not all affordable housing is created equal
5% of Maricopa County residents live in mobile homes

**Supporting production and availability of manufactured housing.** The majority of people buying new manufactured homes rely on personal property financing ( chattel lending) rather than traditional mortgage financing due to higher interest rates and shorter loan terms. Freddie Mac has announced that it will conduct a feasibility assessment for the requirement of processes necessary to support loan purchases of personal property manufactured housing loans. If FHA approval is obtained, Freddie Mac will purchase these kinds of loans to assist with product design and support future loan purchase capacity. Beyond personal property financing, both Fannie Mae and Freddie Mac (the Enterprises), in their Duty to Serve Plans, also released revised purchase targets for manufactured housing loans, which will have the effect of increasing greater liquidity for manufactured housing and increasing delivery of manufactured homes. Finally, recognizing the cost and development time savings provided by manufactured housing, HUD is making it easier to finance new units and helping manufacturers update their designs to meet changing consumer demands. This includes working to increase the availability of FHA Title I loan programs for Manufactured Housing, supporting greater utilization of Title II loans through Clayton Homes platform, updating the HUD Code to allow manufacturers to underwrite and expand their production lines, and helping manufacturers respond to supply chain issues.
Questions?

Thus, in Arizona’s climate, affordable and adequate housing is a key lever for reducing heat-related illness and death.
Land Use Planning + Water Management = Water Neutral Growth

GOAL
Combine the efforts of water use and land use planners to create sustainable, water efficient communities.

NET BLUE DEVELOPMENT
SUSTAINABLE GROWTH FOR A DESERT STATE
Arizona Unified: Government & Citizens

EFFICIENCY FIRST
- Homeowners and businesses are smart water users, empowered by awareness of the value of water, real-time information, and technologies that help them save indoors and outdoors.

WATER-SMART POLICIES
- Governments adopt and implement policies to use limited water supplies more sustainably.
- Policy is a powerful tool to promote sustainable water use.

Communities That Benefit From Net Blue

Communities with High Growth and Stressed Water Demand
Wildlife Habitats, Tourist and Recreational Areas
Deferring Cost of New Infrastructure

[Diagram showing overlapping circles with the above categories]
1. What is Net Blue?

"Net Blue" is an approach to keep water use at the same or reduced levels as a community continues to grow. This concept of "water neutral" growth is achieved by integrating land use planning and water management to require or incentivize water use offsets (e.g., water efficiency retrofits) that will equal or exceed the additional demand of new development or redevelopment (residential and commercial). By choosing to adopt an ordinance or incentive that requires or encourages this approach, communities can stretch their water supplies, decrease the need for new infrastructure, and help ensure more water for fish, wildlife, and recreation as well as provide other benefits. The Net Blue team has created a model ordinance toolkit to assist communities interested in tailoring this approach for their specific needs and contact at www.net-blue.org.

2. Why might my community be interested in adopting Net Blue?

There are many benefits to Net Blue. Communities with high growth and stressed water supplies are finding that water scarcity is affecting their economic development potential. Water demand offset policies thus offer communities a meaningful and sustainable way to enable population and economic growth without increasing overall water demands in a utility service area. Making sure that additional development does not further increase demand for highly treated water will reduce the need to pump and treat additional water and the need for new withdrawals from local water sources, and thus reduce expenses for the community. An other benefit of Net Blue is to defer new and costly infrastructure investment. Water efficiency is often the least expensive form of new supply, especially when compared to developing new reservoirs, diversions or other infrastructure. Even in communities that are not immediately stressed, reducing water use helps to build in additional resilience for the future by stretching existing supplies. Net Blue also can benefit local streams and fish and wildlife by keeping more water flowing in streams and rivers.

3. How can Net Blue benefit local streams and rivers and other freshwater resources?

In many places, rivers, streams, groundwater and other waterbodies are suffering from depletion when the amount of water withdrawn is greater than the amount returned. When this happens, fish, wildlife, recreation and downstream communities all suffer. Using a Net Blue approach can help to prevent further depletion of our rivers, streams and aquifers by reducing the current amount of water withdrawn or preventing the need for increased withdrawals. Although this approach may not automatically translate into more water for our rivers, it is an important tool in the toolbox to reduce demand for highly treated water, taking some pressure off of our waterways and groundwater resources.
4. What is a water offset?
A net blue offset is the amount of water saved via future replacements and other water-saving measures that reduce the demand for water from a community's water or water provider. The model ordinance worksheet at www.net-blue.org walks the user through issues the community will need to consider when designing an offset, such as the amount of new water demand that will need to be offset, what sort of offset will be allowed and where they can be put in place. For instance, when considering how much water will need to be offset, any new development, a community will choose a method to project the net increase in water demand from the new development (or redevelopment) taking into account existing water use at the property and whether any alternate source of water will be reused. Graywater will be used. There are many different types of offset projects that a community might identify as acceptable. The worksheet helps the community consider various options, such as replacement of toilets, clothes washers and dishwashers with high-efficiency fixtures, cisterns for greywater recycling, irrigation systems, and the installation of rainwater recovery systems. In addition to the types of offsets identified, a community can also decide where these offsets should be placed (e.g., on the development site or offshore in the community). All of these issues are addressed in the model ordinance template and the offset workbook at www.net-blue.org.

5. How does Net Blue differ from reducing water use on a building scale (e.g., net zero water)?
By integrating water resource and land use planning, Net Blue aims to foster community growth that is water-neutral. In contrast, there are several programs, like Net Zero Water, that focus on water neutrality at a site or building scale. Both approaches are important, and the scale approaches can be embedded into the broader Net Blue approach.

6. What materials are available to help my community consider and/or adopt a Net Blue approach?
The Alliance for Water Efficiency, Environmental Law Institute, and River Network have created several tools to assist in developing and tailoring a Net Blue policy for their community. These include:

- Net Blue Ordinance Worksheet - this automated worksheet will help individuals, groups, and governments draft water demand and offset ordinances, tailored to the unique needs of the community. The worksheet guides users through many policy options, encouraging thoughtful discussions and choices. It is a first step, simplifying the drafting (and re-drafting) process before review, editing, and finally adoption.

- Net Blue Ordinance User's Guide - this user's guide describes how to use the worksheet, focusing on the automated portions.

- Net Blue Ordinance Examples - there are three example model ordinances available with different characteristics to provide a sense of how Net Blue can apply in different contexts.

- Net Blue Offset Methodology Workbook - this tool accompanies the ordinance worksheet and will help communities evaluate and select offsets to offset the increase in projected potable water use, including a calculator for specific offset strategies.

- Net Blue Offset Methodology User Guide - this user guide accompanies the offset methodology workbook and explains how the workbook functions, what the various calculation and worksheets are, and how to create an offset strategies summary sheet for a new development.

- Three Water Demand-Offset Strategy Examples - these three examples demonstrate how offsets can be calculated for the three prepared ordinance examples.
7. Can my community take an incentive approach to Net Blue as a first step?
Yes. The Net Blue Ordinance Worksheet includes an option for taking an incentive-based approach.

8. Has the Net Blue concept been adopted in some communities already?
Yes. A handful of communities, mostly on the east and west coasts, have adopted a similar approach. As part of the development of the Net Blue Ordinance booklet, the team reviewed all existing local policies. An AWE report summarizing existing programs can be found at www.allianceforwaterefficientuse.org/NetBlueResearch.aspx.

Additionally, we have created these Net Blue model ordinance examples at www.net-blue.org that illustrate how Net Blue might vary under different political, environmental, and geographic circumstances.

9. How does Net Blue differ from impact fees?
An impact fee is a fee imposed by a local government on new development to cover some or all of the costs of providing public services (e.g., sewer, parks, schools) to that development and reduce the financial burden of new development on local government. In contrast, a Net Blue approach requires developers to offset their projected increase in water demand by reducing water use at site (on-site or off-site) and above any existing requirements to keep overall use the same as overall demand for water throughout the community.

10. How can Net Blue fit in with stormwater programs and requirements?
Local stormwater management practices and requirements can be designed to reduce the amount of stormwater runoff and also provide water for irrigation or outdoor use through techniques like stormwater capture and reuse. If done on-site, these techniques could reduce the projected net increase in water demand from new development. This would reduce the amount of water that would need to be offset under a Net Blue policy. If done off-site, they could be a source of offset credits if the ordinance is designed to allow such credits to qualify for offset credits.

11. Will Net Blue prompt a shifting to alternative water sources?
Under a Net Blue approach, the use of “alternative water sources” (potentially including reused graywater, captured rainwater, or water from another source) will reduce the amount of water usage that must be offset. Care must be taken when defining what does and does not qualify as an “alternative water source.” Untapped sources could exist in many urban areas that would significantly increase the overall water supply. We recommend discussing any project-specific implications with your local water supplier.

Learn More - www.net-blue.org
City Council voted with Dominium, so we need "5000 BY FRIDAY" (Sept. 9) of your signatures to give the vote back to the people.

We are submitting our referendum and will start signature collection Thurs. Sept. 1st. Go to "Sign Here & Volunteer" to know where you can sign and to get sheets to help collect signatures:

To stay in the loop, PLEASE MAKE SURE YOU AND YOUR FRIENDS get on our email distribution so we get this done together!

Let's get to 5000 by Friday
More instructions to follow by about August 25th.

Click here for "The Facts"
We are urging our community to drive Dominium to provide a better alternative proposal for their future residents with lower density and more amenities—instead they wish to exploit an accidental loophole in the 2008 FDA and maximize their profit under Section 42 and LIHTC with a whopping 20 units per acre—this way above anything the City has ever seen—just to maximize profits with no consideration for the safety, comfort, and public living experience of its future residents. This kind of density will be dangerous to public safety and emergency response and there are no plans to add more schools which are already overcrowded in our area. JOIN US IN SUPPORTING OUR CITY LEADERS TO SAY "NO" (regardless of a previous following or not from Dominium)—we elected them to represent us and the future residents.

You might want to know a bit more about Dominium who will be building and managing these apartments...

More

Contact your City Council Member, but MOST IMPORTANTLY, NUMBERS IN PERSON
MATTER, SO PLEASE SHOW UP (RSVP HERE) and WEAR BLUE (any shade) to show a "sea of support" in unity to tell our City Leaders I'm opposing this.

RSVP (Click here) and WEAR BLUE for August 16th 6 pm City Council Meeting for a greater impact—let's try to get to the 1200 number of residents that will be packed onto that corner.

https://www.voiceofsorprise.com
What has Dominium been saying about YOU and us?

Leaders? The Phoenix Business Journal tells us...

Despite Dominium greatly abusing an unintended loophole allowing them under the 2006 NAD standards to put 2 story units on 25' lots, they are pushing the issue to allow a 2 story 25' unit on 24' wide lots. While the developers in Scenic are being treated as a 3 story 24' unit on a 22' wide lots. This is not fair! This is not equitable! This is not the fair and equitable application of zoning laws.

"Dominium being quoted with Supervisor Mike Johnson in October 2020. They stated what they wanted was a 2 story 25' unit on a 24' wide lot. We state the problem is the lack of a clear plan to extending Scenic to the south.

"We are not fighting the developers for a 2 story 25' unit on 24' wide lots. We are fighting for the equitable treatment of zoning laws.

Wednesday 9 pm Zoom calls:
We are meeting on Zoom every Wednesday at 9 pm (so we can give our kids the evenings they deserve) until at least our Sept. 9th deadline to gather signatures. Meeting links will be posted here below at voiceofsurprise.com
Join Zoom Meeting every Wednesday at 9 pm:
Meeting Link: https://us02web.zoom.us/j/83897247047?pwd=WNhKSm5YRVjwUmN3eVFcklRMYGJtT09
Meeting ID: 838 9724 7047
Passcode: 838322
One tap mobile +16699006833,,83897247047,,,,883322#
Dial (audio only): +1 669 900 6833
Meeting ID: 838 9724 7047
Passcode: 838322
Find your local number: https://us02web.zoom.us/u/khek4XxG3Y

Surprise Independent article about June 16th P&Z meeting
Your outstanding efforts to show up were recognized and Robert Scott did a great job here covering the events of the June 16th Planning & Zoning Commission here covering all of the votes that were active that night.

This video was posted when the first proposal came in 2021
PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Committee on Housing Study

Date 12/25/22

Support ☐ Oppose ☐ Neutral ☐

Name: Theresa Hamilton  Need to Speak? ☐ Yes ☐ No

Representing: Myself  Are you a registered lobbyist? ☐

Complete Address: 1523 W 21st St, Pilsen, IL 60622

Email Address: dajohuseco@comcast.net  Phone Number: 480-529-3580

Comments: ____________________________

*** Speaking limit determined by Chair ***

ATTACHMENT 149

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Committee on Affordable Housing

Date

Support ☐ Oppose ☐ Neutral ☐

Name: Danielle Justus  Need to Speak? ☐ Yes ☐ No

Representing: Myself  Are you a registered lobbyist? ☐

Complete Address

Email Address: dajohuseco@comcast.net  Phone Number: 480-529-3580

Comments: ____________________________
PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on Housing
Bill Number

Date 1/22/22 

Support ☐  Oppose ☐  Neutral ☐

Name: Simone Klop

Need to Speak? ☐  Yes ☐  No ☐

Representing: Private Citizen ☐

Are you a registered lobbyist? ☐  No ☐

Complete Address: 12475 N. 193rd Pl., Scottsdale, AZ 85260

Email Address: sharonk@excite.com Phone Number 602-758-0207

Comments:

***Spending limit determined by Chair***

ATTACHMENT 349

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on Supply
Bill Number

Date 1/22/22

Support ☐  Oppose ☐  Neutral ☐

Name: Maurice Becker

Need to Speak? ☐  Yes ☐  No ☐

Representing: (O) Offic.

Are you a registered lobbyist? ☐

Complete Address: 314 E. Paine Ave., Las Vegas, NV 89106

Email Address: mbecker@wildwave.com Phone Number 602-513-1002

Comments:

***FIVE-MINUTE SPEAKING LIMIT***
PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on: Housing Supply
Bill Number: ____________

Date: 6/23/22
☐ Support ☐ Oppose ☐ Neutral

Name: Le Mitchell
Need to Speak? ☐ Yes ☐ No

Representing: Myself
Are you a registered lobbyist? ☐ No

Complete Address: 1010 E. Highland Ln. Unit 425
Tempe, AZ 85281

Email Address: jmritch93@gmail.com
Phone Number: (480) 296-1894

Comments: ____________________________________________________________________

*** Speaking limit determined by Chair ***

attachment 5.08

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on: Housing Supply
Bill Number: ____________

Date: 6/23/2022
☐ Support ☐ Oppose ☐ Neutral

Name: Brenda Muraz Furnish
Need to Speak? ☐ Yes ☐ No

Representing: William E. Morris Institute for Justice
Are you a registered lobbyist? ☐ Yes

Complete Address: 330 N. 7th Street, #300
Phoenix, AZ

Email Address: bmurazfurnish@morjaz.org
Phone Number: __________________________

Comments: ____________________________________________________________________

6.0
PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Committee on Housing Supply  Bill Number

Date 5/23/22  Support  Oppose  Neutral

Name: Mayor Eric Olsen

Representing: City of Surprise

Complete Address: 14000 N. Civic Center Plaza, Surprise, AZ 85374

Email Address: mayor@cityofsurpriseaz.gov  Phone Number: 623.212.1000

Comments:

*** Speaking limit determined by Chair ***

ATTACHMENT 7 of 9

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Committee on Housing Supply  Bill Number: N/A

Date 5/23/2022  Support  Oppose  Neutral

Name: Ellen Van Diper

Representing: City of Surprise

Complete Address: 14000 N. Civic Center Plaza, Surprise

Email Address: elen.van.diper@cityofsurpriseaz.gov  Phone Number: 623.212.1000

Comments:
PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on **HOUSING SUPPLY** Bill Number **NIA**

Date 8/23/2022  [ ] Support  [ ] Oppose  [ ] Neutral

Name JOE YAS  [ ] Need to Speak? [ ] Yes  [ ] No

Representing **CITY OF SURPRISE** Are you a registered lobbyist? [Y]

Complete Address 16600 N. CIVIC CENTER PLAZA

Email Address joe@surpriseaz.gov Phone Number 602-222-1330

Comments: ____________________________

*** Speaking time determined by Chair ***

ATTACHMENT 9 of 9
Appendix E:

September 7, 2022

Minutes and Reference Materials
ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date: Wednesday, September 7, 2022

Time: 1:00 P.M.

Place: Northern Arizona Center for Entrepreneurship and Technology (NACET) 2225 N Gemini Rd., Flagstaff, AZ 86001

Members of the public may access a livestream of the meeting here https://www.azleg.gov/videoplayer/?clientID=6361162879&eventId=2022091000

AGENDA

1. Call to Order

2. Introduction of Members

3. Overview of Committee Purpose

4. Opening Remarks

5. Local Housing Supply Status Relating to the Following Topics:
   - Current housing supply
   - General plan
   - Housing permits
   - Legislative proposals to help create/increase the housing supply
   - Additional city issues

6. Presentations:
   - Dan Folk, City of Flagstaff Community Development Director
   - Michelle McNulty, City of Flagstaff Planning Director
   - Sarah Darr, City of Flagstaff Housing Director
   - Jonathan Hale, Contractor for New Mexico Social Justice Equity Institute
   - Joe Galli, Senior Advisor Public Policy, Greater Flagstaff Chamber
   - David Carpenter, Owner of Hope Construction
   - Chris Kemmerly, Owner of Miramonte Homes

7. Public Testimony

8. Adjourn
Members:
Senator David Gowan, Co-Chair
Senator Martin Quezada
Matthew Contorelli
Jake Hinman
Spencer Kamps
Jean Moreno

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

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk’s Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Page 2 of 2
ARIZONA STATE LEGISLATURE

HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
September 7, 2022, 1:00 P.M.
Northern Arizona Center for Entrepreneurship and Technology (NACET)
2225 N Germini Rd., Flagstaff, AZ 86001

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

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

Staff:
Paul Benny, House Research Analyst
Joel Hobbins, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst
Ian Jaime, Senate Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:02 p.m. and attendance was noted.

INTRODUCTION OF MEMBERS

Representative Kaiser requested that the Committee members introduce themselves.

OVERVIEW OF COMMITTEE PURPOSE

Paul Benny, House Research Analyst, gave an overview and purpose of the Committee.

OPENING REMARKS

Representative Kaiser gave a brief explanation on the Committee's purpose.

LOCAL HOUSING SUPPLY STATUS RELATING TO THE FOLLOWING TOPICS:

- Current housing supply
- General plan
- Housing permits
- Legislative proposals to help create/increase the housing supply
- Additional city issues
PRESENTATIONS

Joe Galli, Senior Advisor Public Policy, Greater Flagstaff Chamber, distributed and explained a PowerPoint presentation entitled "Greater Flagstaff Chamber of Commerce" (Attachment A). Mr. Galli answered questions posed by the Committee.

Mr. Galli distributed and explained a handout entitled "Examining the Real Estate Market from the Trenches" (Attachment B).

David Carpenter, Owner, Hope Construction, expressed his concerns with the housing supply shortages and answered questions posed by the Committee.

The Committee offered comments.

Chris Kemmerly, Owner, Miramonte Homes, expressed his concerns on the Flagstaff housing supply shortages and answered questions posed by the Committee.

The Committee offered comments.

Dan Folk, Community Development Director, City of Flagstaff, distributed and explained a PowerPoint presentation entitled "Housing Supply Legislative Study Committee Tour" (Attachment C). Mr. Folk answered questions posed by the Committee.

The Committee offered comments.

Sarah Darr, Housing Director, City of Flagstaff, continued with the PowerPoint presentation (Attachment C). Ms. Darr distributed and explained a handout entitled "How Will the Regional Plan be Updated" (Attachment D).

Michelle McNulty, Planning Director, City of Flagstaff, continued with the PowerPoint presentation (Attachment C) and answered questions posed by the Committee.

Ms. Darr continued with the PowerPoint presentation (Attachment C) and answered questions posed by the Committee.

Ms. McNulty continued with the PowerPoint presentation (Attachment C) and answered additional questions posed by the Committee.

Johnathan Hale, Contractor, New Mexico Social Justice Equity Institute, distributed and explained a PowerPoint presentation entitled "Housing Justice on Indigenous Homelands" (Attachment E). Mr. Hale distributed and explained a handout entitled "Housing Justice on Indigenous Homelands, Off Reservation and Urban Area Hearing" (Attachment F).
PUBLIC TESTIMONY

Eric Wolverton, Executive Director, Habitat for Humanity in Northern Arizona, expressed his concerns with the housing problem and answered questions posed by the Committee.

Jim McCarthy, Council Member, City of Flagstaff, expressed his concerns with his personal experience with the issues on housing supply.

Brian Rhoton, Owner, Capstone Homes, expressed his concerns with the housing supply issues and its lack of funding.

Michelle McManimon, representing herself, expressed her personal experience as a homeowner and the issues with the housing supply rates.

Adam Shimoni, Council Member, City of Flagstaff, expressed his concerns with the housing supply issues and answered questions posed by the Committee.

Tyler Denham, representing himself, expressed his personal experience with the housing supply issue.

Attached are forms noting the individuals who submitted a Speaker slip on the agenda items (Attachment G).

There being no further business, the meeting was adjourned at 3:50 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate’s Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
JG BACKGROUND

- Lived in Flagstaff since Feb. 2002
- Served as VP of Gov't Affairs at Chamber April 1, 2005 to Jan. 1, 2012
- Serving as Senior Advisor Public Policy since September 2018 (ongoing)
- Lived & worked here through five mayors (Donaldson, Pressler, Nabours, Evans & Deasy)
- Lived & worked here through two Regional Plan exercises
- Not a builder or developer
- We are an ear for 1,000 member employers, plus new businesses seeking to enter Flagstaff
- We have been a consistent voice for the construction industry over the last two decades

Greater Flagstaff Chamber of Commerce

Wed., Sept 7, 2022

PRESENTATION ON FLAGSTAFF HOUSING
IMP FACTS RE: FLAGSTAFF HOUSING

- Q1 2022 - COLI showed Flagstaff home purchase cost at 129.2
- Has ranged from 130 to 155 (30 to 55% higher than national average)
- Avg. Selling Price Sept 2019 to Sept 2020 $600,000 (up from $496,000) - $247.00 sq/ft
- On December 1, 2020 Flagstaff’s Mayor & Council declared a “Housing Emergency”
- In October 2021 the city’s Housing Department issued a “10-year Housing Plan” titled “Housing for All Flagstaff Residents.”
  - Plan acknowledged city is nearly 8,000 units short (7,976) of current demand
  - Plan policy initiatives include:
    - Ensure Flagstaff Regional Plan includes robust affordable housing goals and policies.
    - Amend the Flagstaff Zoning Code to facilitate the development of all housing types.

IMP FACTS RE: FLAGSTAFF HOUSING TIMELINE

- Mid-2000s City Adoption by Ordinance Energy Codes & Impact Fees
  - Energy codes by mandate (opposed by Realtors, Chamber & NABA) & Impact Fees
  - Jeff Knorr (local builder) counseled the fees would disqualify a teacher and firefighter he had qualified for a new townhome he was building.
- Late 2000s City Zoning Code Re-Write (2009 – 2011)
  - Took several years and millions of taxpayer dollars to re-write the municipal zoning code
  - Central focus of the re-write was to incentivize housing developers to build TND’s or “Traditional Neighborhood Districts” consisting of single and multi-family housing with a focus on density in urban zones
- Coincidentally, NAU student enrollment was climbing significantly
- Result: from 2012 and onward, the creation of “high-rise” student housing (five stories +/–)
- Led to a huge community backlash opposed to this type of housing (multi-family units)
WHY HIGHER HOUSING COSTS?

Developer Feedback:

- Zoning Code & Regional Plan are incongruent "You are playing by two different sets of rules."
- "Developers must submit a full site plan on many occasions to get some indication of zoning modifications. This includes: full resource & slope survey, landscaping plans, full site plans, site electrical and architectural indications. From a time and cost perspective, this is a huge investment to not have any guarantee of a zoning change or modification. Many cities have a simple zoning process - goes either to a planning manager or an administrative review based on a simple site plan. Those Arizona cities take typically a month for this process, whereas Flagstaff could take 6-10 months because of all the required back and forth."

WHY HIGHER HOUSING COSTS?

- NIMBY - "Don't PHX>FLG" - Prevailing Local "No Growth" Mentality
- Second Home Ownership (26%-28% of current housing stock) - consistently increasing demand directly proportional to growth elsewhere in the state
- Short Term Rentals (we are a year-round visitation community)
- Flagstaff is land limited
- Costly development process (code requirements, lengthy permitting process & fees)
- Public policy decisions (energy codes, stormwater ordinance & impact fees of the 2000s, High Occupancy Housing ordinance & Height Restriction ordinances 60ft to 45ft, sustainable building codes, EV Plug and Blower Door Test mandates, and impact fees of NOV 2020.)
WHAT ARE WE (CHAMBER) DOING ABOUT IT - ?

• April 2019 – City of Flagstaff Budget Hearing Public Comment
• Key Chamber Leaders & Mayor & Councilmember held joint Public Work Sessions
  • May 2019
  • Dec 2019
  • Oct 2020 (virtual)
• Jan 2021 – Community Development Director Dan Folke – Permitting Review Process (Chamber Partnership)
• Permitting Review Process March 2021 through March 2022
• Council Update – MAY 2022
• Chamber Update – JUNE 2022 & SEPT 2022
• Opposed every municipal policy decision adding to the cost of a residential unit over 20 years.
• Engaged in the Regional Plan 2045

WHY HIGHER HOUSING COSTS?

Developer Feedback:

• City of Scottsdale total cost (meters, building permits, etc.) was around $532k for 154 units.

• City of Flagstaff for 160 units was roughly $360,000 for building permits and $900K water/sewer impact fee, cumulative, including water meters, $3,100/door sewer impact, police and fire fees, etc.

• Many other cities waive fees, provide accelerated zoning and plan review processes, and provide real estate tax abatement incentives. Flagstaff provides none of these.
WHAT'S NEXT FOR FLAGSTAFF?

- Prop 442 – $20M municipal bond on NOV 2022 Ballot
  1. Homelessness or “unsheltered”
  2. City affordable unit uplift (275) and new City-owned affordable units
  3. Revolving loan down payment assistance
- Policy changes?
- Reduced permitting times?
- Reduced fees?
- Reduced requirements (parking, setbacks, height, landscaping, etc.)?

WHO SUFFERS? – FLAGSTAFF EMPLOYERS & EMPLOYEES

- #1 Concern We Have Heard Consistently Over Recent Years
- Cannot Keep Employees in Flagstaff Due to Unaffordable, Unattainable Housing
- “We lost our very good manager to Phoenix for more affordable housing options”
- Result of unattainable housing in Flagstaff
  - Not just the loss of key employees, but new businesses choose to be elsewhere, and existing businesses (W.L. Gore – Flagstaff’s largest private employer) expand elsewhere
  - We don’t know how many businesses or who exactly didn’t choose Flagstaff b/c of housing costs
WHAT CAN YOU DO - ?

- We thought HB2674 was a good idea
- We'll take anything we can get that generates more units
- We're simply short of units.
- We'll never make up 7,900 units in the next ten years under current operations/protocols
- We need the ability of the housing developer to move more freely in the market
Housing Supply Legislative Study Committee Tour
Flagstaff, Arizona
September 7, 2022

Examing the Real Estate Market from the Trenches

This has been a remarkable year in many ways, but a very unusual one for the real estate market in Flagstaff. There are many factors at work, but there are few signals that indicate the real estate industry is going to recover anytime soon. The low supply of homes, coupled with the high demand, has driven prices up significantly. This has been particularly true in Flagstaff, where home prices have increased dramatically. What’s happening here? What factors are driving up real estate prices in Flagstaff?

<table>
<thead>
<tr>
<th>Local Market Report</th>
<th>2023/01</th>
<th>2022/01</th>
<th>percent change</th>
<th>change</th>
<th>half change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Closed Sales</td>
<td>2,942</td>
<td>3,010</td>
<td>2%</td>
<td>68</td>
<td>27%</td>
</tr>
<tr>
<td>Average Selling Price ($)</td>
<td>605000</td>
<td>486000</td>
<td>21%</td>
<td>442000</td>
<td>35%</td>
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<tr>
<td>Median Selling Price ($)</td>
<td>479000</td>
<td>425000</td>
<td>12%</td>
<td>303000</td>
<td>23%</td>
</tr>
<tr>
<td>Average Days on Market</td>
<td>261</td>
<td>331</td>
<td>-8%</td>
<td>107</td>
<td>4%</td>
</tr>
<tr>
<td>Average Days on Market</td>
<td>96.42</td>
<td>98.32</td>
<td>1%</td>
<td>98.04</td>
<td>1%</td>
</tr>
<tr>
<td>Price Per Square Foot ($)</td>
<td>247</td>
<td>223</td>
<td>11%</td>
<td>21.5</td>
<td>15%</td>
</tr>
</tbody>
</table>

The举行 expeditions have been incredibly successful in Flagstaff, and we are very excited about the future of real estate in this area. It’s important to note that the market for homes is still very competitive, and we advise potential buyers to be patient and prepared.

For more information, please contact us at [contact information] or visit our website [website].

Flagstaff Hypnotherapy & Coaching
What is the PAIN

[Image of a person with a microphone and a flagstaff along with text]

[Footer information]
The Flagstaff City Council humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards.

These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples.

We honor them, their legacies, their traditions, and their continued contributions.

We celebrate their past, present, and future generations who will forever know this place as home.

Welcome to Flagstaff

Mayor Paul Deasy
Vice Mayor Miranda Sweet
Adam Shimoni
Austin Asian
Jim McCarthy
Regina Salas
Khara House

City Manager Greg Clifton
Flagstaff, Arizona

Live it up.
7,000 feet up.

Beautiful scenery and a close-knit community make Flagstaff a wonderful place to call home.

Experience all four seasons, a lively art and music scene, and the unique charm of Flagstaff.
Flagstaff Overview - Land

**TABLE 3. Land Ownership Within Planning Area**

Source: City of Flagstaff, Coconino County

<table>
<thead>
<tr>
<th>Owner</th>
<th>Acres</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Lands</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dept of Defense</td>
<td>11,931.4</td>
<td>4%</td>
</tr>
<tr>
<td>Nat. Forest Service</td>
<td>240,892.8</td>
<td>73%</td>
</tr>
<tr>
<td>Nat. Park Service</td>
<td>6,383.8</td>
<td>2%</td>
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<tr>
<td>NAU/CCC</td>
<td>697.8</td>
<td>0%</td>
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<tr>
<td>AZ Game and Fish</td>
<td>5.6</td>
<td>0%</td>
</tr>
<tr>
<td>City of Flagstaff</td>
<td>5,884.0</td>
<td>2%</td>
</tr>
<tr>
<td>Coconino County</td>
<td>3,246.8</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total Public Land</strong></td>
<td>269,192.1</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Private Lands</strong></td>
<td></td>
<td></td>
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<tr>
<td>AZ State Trust</td>
<td>20,275.6</td>
<td>6%</td>
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<tr>
<td>Other Private Land</td>
<td>41,870.1</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total Private Land</strong></td>
<td>62,145.9</td>
<td>19%</td>
</tr>
</tbody>
</table>

Regional Plan Planning Area - 525 square miles

---

Tween Challenge

Flagstaff is too big to be small...

and too small to be big

Metropolitan – Federal

Rural – State of Arizona
Flagstaff Regional Plan 2030

Flagstaff Snapshot

Between 2000 and 2020:

- Population grew by 47%
  - 77,590 people
  - 29,060 households
- Number of housing units increased by 34%
  - 28,401 units in 2020

City of Flagstaff Income Levels

\[
\begin{align*}
47\% & \text{ of all households are Low Income} \\
75\% & \\
18\% & \\
18\% & \\
32\% & \\
\end{align*}
\]
What did the Public Want?

- Accountability
- Guide growth
- Prioritization
- Direction
- Predictability

Why is this a "Regional Plan"?

**City of Flagstaff**
- ARS 9-461.05 and 9-461.06
- Serves as the General Plan
- State Law requires voter ratification ratified by voters every 10 years
- Supports land use decisions, policy making, the 100-year water supply designation and transportation planning plus many other efforts

**Coconino County**
- ARS 11-804 and 11.805
- Is an amendment to the County Comprehensive Plan
- Adopted by the Board of Supervisors as a Major Amendment
- Provides a map of area and place types that is further refined by area plans
- The Comprehensive Plan has no land use map.
How Did the Plan Evolve?

- More emphasis on goals and policies than maps
- Generalized land use map with clearly identified activity centers based on scenario planning
- Robust basis for transportation modeling
- Multimodal transportation emphasis
- Foundation for 100-year water supply designation
Housing Emergency Declaration

10 - Year Housing Plan

"Within nine months a Housing Plan focused on housing development and preservation within the City for the next 10 years will be presented to Council."

A single, comprehensive community-facing document to summarize the City's immediate and long-term needs and strategies to improving housing affordability.

Housing Emergency Declaration

Flagstaff City Council declared a housing emergency in December 2020

- Encourage more economically priced housing construction for workforce
- Increase attainable housing opportunities for and occupied by local residents.
- Explore and support additional local funding resources for the creation of affordable housing units and expansion of programs to improve housing.
- Foundational framework for establishing work programs, prioritizing staff work and allocating necessary funding for its implementation.
Flagstaff's Housing Survey

Respondents Considering Leaving

Likelihood to leave Flagstaff due to Housing Costs

- Not at all likely
- Somewhat Likely
- Very Likely
- Nearly Certain
- I do not live in Flagstaff

Flagstaff Snapshot

Homeownership Increasingly Unaffordable

Since 2012, the median sale price of a home rose by 36.9%, while Area Median Income rose by only 12.5%.

Increase in Median Sales Price

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<td>Price</td>
<td>100,000</td>
<td>105,000</td>
<td>110,000</td>
<td>115,000</td>
<td>120,000</td>
<td>125,000</td>
<td>130,000</td>
<td>135,000</td>
<td>140,000</td>
<td>145,000</td>
<td>150,000</td>
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Increase in Area Median Income

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<tbody>
<tr>
<td>Income</td>
<td>100,000</td>
<td>105,000</td>
<td>110,000</td>
<td>115,000</td>
<td>120,000</td>
<td>125,000</td>
<td>130,000</td>
<td>135,000</td>
<td>140,000</td>
<td>145,000</td>
<td>150,000</td>
</tr>
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Increase in Fair Market Rent (3-bedroom)

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<tbody>
<tr>
<td>Rent</td>
<td>100,000</td>
<td>105,000</td>
<td>110,000</td>
<td>115,000</td>
<td>120,000</td>
<td>125,000</td>
<td>130,000</td>
<td>135,000</td>
<td>140,000</td>
<td>145,000</td>
<td>150,000</td>
</tr>
</tbody>
</table>

Housing Cost Burden Analysis

22,073

Flagstaff Community Members are housing cost burdened. *

<table>
<thead>
<tr>
<th>Housing Cost Burdened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Households</td>
</tr>
<tr>
<td>3,143</td>
</tr>
<tr>
<td>3,944</td>
</tr>
<tr>
<td>6,673</td>
</tr>
</tbody>
</table>

* Cost burdened households pay more than 30% of their monthly income toward housing.
New Privately Owned Housing Unit Authorizations - Building Permit Survey
US Census Bureau

Flagstaff, Arizona

- Single family units
- Multifamily units

Flagstaff’s Housing Survey

Support for Affordable Housing

- Affordable housing in Flagstaff is important to me.
- I support the creation of affordable housing in my neighborhood.
- Owning my own home is important to me.
Flagstaff has 3,928 **second homes** within city limits – approximately 14% of housing units

and

535 non-owner occupied short term rentals

- Average household size declined from 2.80 in 1990 to 2.45 in 2021
- Conversion of housing to Short Term Rentals
- Second Homes
**Total Housing Need**

**Housing Gap Analysis**

- **APTS**: Market rate houses are needed to free up pressure on the Flagstaff's housing stock and catch up with population growth.

- **12,072 lower income households** are living in less-than-ideal housing situations, such as paying too much in rent and unable to advance through the housing continuum.
Create 5: Explore regulatory efficiency & cost-saving practices
devolution of all housing types

Create 4: Amend the Flagstaff Zoning Code to facilitate the
in Flagstaff

Create 3: Create a dedicated funding source for affordable housing
various programs & mechanisms

Create 1: Incentivize the creation of affordable units through

Where are we starting?

- Create housing options for households at all income levels and family sizes occupied by local residents.
- Connect people to equitable housing solutions.
- Preserve affordable housing.
- Protect people from housing discrimination and remove housing barriers.
Efforts Already in Place

- Affordable Housing Incentives (2009 - being updated)
- Allowing duplexes and multi-family development in most residential zones including Single-family residential (R1) (2011)
- Mixed-use provisions that incorporate unlimited density (2011)
codes are intended to address, and increase opportunities, while preserving the values the City’s housing goals and unmet housing needs for achieving carbon neutrality and the

\* Identify how the City’s existing codes and processes create neutrality goals and the Flagstaff 10-Year Housing Plan.

\* Remove barriers to achieving the goals of the Flagstaff Carbon Code and Process Analysis

\* Currently Underway

**Land Availability and Suitability Analysis**

\* **Identify available lands** for greenfield or infill development and the **suitability of development**;

\* **Identify common constraints or barriers** for greenfield or infill development; and

\* **Set policy direction**, including but not limited to, informing code changes and the growth boundary, based on available land supply and development potential.
Upcoming Improvements

Currently Underway

Scenario and Modeling Planning

- **Set policy direction** given the expected drivers of growth for the community and future uncertainty from social and economic trends and climate change impacts, and

- **Test the ability** of the Flagstaff region to meet or not meet policy objectives given a variety of transportation, water, and land use scenarios. Including, but not limited to available land supply and development potential.
What can the Arizona Legislature do to help?

Keep in mind Flagstaff IS different than most of the state

- "Metro" / Urban area surrounded by rural area
- Growth limitations due to land constraints
- "Drive to qualify" isn’t an option for most
- Weather
- Public Transportation doesn’t serve surrounding area
- High development costs
What can the Arizona Legislature do to help?

- Maintain local control on land use issues
- Thoughtful consideration of differing local impact
- Direct funding for infrastructure to bring buildable lots to market
- Public education on the role housing plays in the economy
- Rural Set-Aside of State Housing Trust Fund
- Work with cities and housing advocates to identify ways to help
How Will the Regional Plan be Updated

Project Purpose and Principles

The purpose of this project is to:

- Create a shared land use and transportation vision for the City and surrounding areas of the County within the Metropolitan boundary.
- Ensure sustainable and adequate public facilities for all residents.
- Ensure all relevant natural, economic, and social resources and issues are included in the plan with appropriate goals and policies.

There are 5 Guiding Principles being used by the project team to guide the collaborative engagement:

Right People, Right Agenda, Right Timing - Give time to ensure everyone who is essential to the conversation can be present and that everyone is clear on roles and meeting objectives before making a decision.

Experts and Public Work Together - The plan must be developed together with knowledge and perspectives from inside the City and County government, the point of view of researchers and outside experts, and the diverse community members wove together into a shared vision that is founded in both hope and reality.

Need for Outside Facilitation - City and County staff are not always the right facilitators of every conversation or part of the process, and the need for neutral outside facilitation should be considered carefully at each step.

Equity and Inclusion - The participants of the process should reflect the diversity of our community and the table should be set for every age, gender, race, and neighborhood to have conversations about our community's future.

Clear expectations for Endorsement - Elected officials, appointed officials, City and County management, and the public all have a role in endorsing the next Regional Plan and ensuring that it describes a future and a path forward that creates shared purpose. It is important that the manner and order of this endorsement is clear to all participants so they can understand the role they can play and the timing of that role.

Get Involved

Join the mailing list at:

[QR Code]

Thank you for making the time to visit our community.
Process for Updating the Flagstaff Regional Plan

The Flagstaff Regional Plan will be developed over four years, corresponding to four different phases of public participation and development. The Regional Plan is a touchstone for all other policy work and land use decision making within the City and for the surrounding communities in the County. Both organizations have taken a peoples-centered approach to this public engagement and have seen it as an important step in establishing a transparent and two-way dialogue with the community.

**Regional Plan 2045 Update Process**

<table>
<thead>
<tr>
<th>Phase 1: Set Criteria and Goal Understanding</th>
<th>Phase 2: What's Possible/What's the Vision</th>
<th>Phase 3: Plan Creation</th>
<th>Phase 4: Plan Adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY22: Commenced in Fall 2021, this phase invited the public to engage the process with curiosity, imagination, and hope. The goal is to inform the public about the process, its meaning and to solicit feedback on the priorities, values, and challenges that should be addressed in the plan.</td>
<td>FY23: Begins Fall 2023, this phase will center on a collaborative process and scenario planning. The process will delve into issues that are important to the community and to evaluate and prioritize potential futures through scenario planning. Iterations of the process will help understand trade-offs.</td>
<td>FY24: Begins in late 2023, the Board of Supervisors and City Council plan to appoint an advisory committee to review the drafts of the Regional Plan and to provide recommendations to staff on resolving any conflicts. Supporting workshops and collaborative public meetings will continue.</td>
<td>FY25: Begins in 2024, this phase will include multiple public work sessions, retreats and hearings with Planning and Zoning Commissions at the City and County, City Council and Board of Supervisors. The final of the project is a ballot initiative that will allow voters in the City of Flagstaff to vote directly on the plan's adoption.</td>
</tr>
</tbody>
</table>

Office Reservation and Urban Areas

Housing, Justice on Indigenous Homelands
Domestic Violence Shelters on the Navajo Nation

- Amá Dóó Álchíí Bighan (ADABI) in Chinle, AZ
- Tohdenaashai Committee Against Family Abuse (TCAFA) Shelter in Kayenta, Arizona

Needs
- New building
- Plumbing and sewage repairs
- Adaptive reuse of abandoned motels for emergency shelters or housing
- Focus on underserved and unserved community members

Community Challenges

Limitations
- Limited access to VASH
- Limited access to affordable housing in border towns
- Limited access to domestic violence shelters on and off reservation
- No affordable housing on the Navajo Nation

Needs
- Navajo Housing Authority Policies and Procedures to address housing supply shortages
- Modernization housing programs
- Declare the housing crisis as a public health issue
Government-to-Government Support

Arizona House of Representatives Government-to-Government meeting with Arizona’s Native Nations

ABQ for Indigenous Justice Resource Fair and Housing Summit
- Monday October 10th - Tuesday October 11th
- Albuquerque Convention Center
- www.cabq.gov/oei

Community Best Practices

- National Indigenous Women’s Resource Center (NIWRC) clearinghouse for information and training.
- Model Indigenous Nations/Pueblos that build good homes for communities
- Collaborate with local and tribal colleges that focus on construction management technologies, renewable energy, self-sustaining homes for off grid areas on reservation homelands in Arizona
- Create funding from grants and other housing programs to fund housing, hooghaan (cultural homes) as DIY kits to be built by local skilled community people
Housing Justice on Indigenous Homelands, Off Reservation and Urban Area
Hearing, Wed., Sept. 7, 2022
Rep. Kaiser, Housing Supply Study Meeting
Flagstaff, Arizona

I. Housing Justice for Native Nations in Arizona will require more discussion to encourage the bi-national dialogue of housing policy to current housing issues, best practices and innovative new ways to create policies that improve housing access, structural design and sustainability.

II. Community Challenges with Housing:
- What is the status of new home builds?
- Are there incentives in place to lower costs or keep costs low for new home builds, renovations and rehabilitations?
- If there are policies in place, can they be developed to help stop or minimize uncontrolled rising costs?
- What are the prospects for new home builds supported by the State on Tribal reservations?
- Native American veterans have limited access to VA Supportive Housing (VASH), limited housing by certain towns such as Flagstaff, Holbrook, Winslow, Phoenix, and Tucson. For Native Americans
- Limited DV shelters for Native American seniors on and off the reservation
- Affordable housing does not exist on the Navajo Nation
- Navajo Housing Authority Policies & Procedures for housing supply shortages
  - Adapting all types of the infrastructure - roads, pipelines, drainage, architectural design and engineering
  - New home building issues. costly supplies to build new homes
  - NAVAHOA grants. consultation requirements - p. 157 housing grants
  - Housing need - land, identified areas - electrical, water, electricity
- Modernization programs for updating, repairing, and improving plumbing for Navajo Nation homes
- Addressing the housing crisis on Native Nation reservations and off reservation communities as a systemic public health issue with Arizona’s state legislative policies

III. Domestic Violence Shelter Support on the Navajo Nation
There are only 2 DV shelters on the Navajo Nation: ADAA in Chinle, Arizona and Tuba City shelter in Kayenta
- ADAA DV shelter is needing a new building
- TCAAF shelter is needing sewage and pipe repairs, needing assistance from a plumber.
- The shelters have issues about the one of the abandoned motels between Flagstaff and Tuba City. Presently there is a building that could be assessed for renovation and used for emergency shelters or transitional housing
- View the issues for people being from rural communities or reservation areas where Navajo Housing Authority does not exist, how can NAVA help those community members?

Joint Use Agreement (JUA) houses: improvements vs. building a new home, working people are stuck, NAVA gave her a rental home that was income-based - however rent went up when income increased, now individuals are unable to save up money due to paying higher rents - there are many restrictions where people are not...
allowed to raise the rent—cap the amounts for landlords and housing organizations on the reservation to not increase rent according to increased income

- There should be a high priority to build safe homes

**IV. Community Best Practices with Housing**

- National Indigenous Women's Resource Center clearinghouse of information and trainings
- Model Indigenous Nations/Pueblos that build good homes for communities—San Felipe Housing Authority, Taos Pueblo, and Mescalero Housing Authority (key people and potential collaborators, invited experts)
- Working with Arizona's community colleges and tribal colleges that currently provide trade programs focused on construction management technologies, renewable energy, self-sustaining homes for off grid areas on reservation homelands in Arizona (e.g., Northland Pioneer College in Show Low and Holbrook, Mesa Community College, Navajo Technical University, UNM Gallup Branch)
- Seek grants and other housing programs to fund, hope grant (cultural homes) or DIY kits to be built by local skilled community people

**V. Development of non-profit to support housing needs on the Navajo Nation**

- Navajo Nation Council Delegate Nathaniel Brown shares about the communities he serves in Dineh.NEW, Kayenta and Chinle/BDI, Arizona and their initiatives to address housing. He spoke about the diverse grants and funding programs: NHTA, CHAP, USDA... As well as the many challenges facing NNA such as the requirement for them to spend $200 million in 5 years or else it will revert back to the federal government—he shared he meets with them as well
- As a result of the barriers, bureaucracy and the lack of funding opportunities he and the 3 Think communiques collectively formed a 501c3 together called Naatsihlla (also available through Instagram)
- Delegate Brown discussed a HUD clause for the below income poverty mentality which perpetually reinforces the mentality on our people and all people affected by this policy
- Naatsihlla has partnered with University of Utah using Utah Trust Fund grant to fund architecture students to build homes—they provided a new home for a community member in small scale and they are only able to build 1 home a year—model can be replicated with more collaborative partners

**VI. Invite Arizona House of Representatives for a site visit to the Navajo Nation for a Government to Government meeting and see the housing first hand**


**VII. Indigenous Housing Summit, October 12, 2022 (in Flagstaff, AZ)—save the date flyer included for invitations to AZ State Representatives and community members**

- Make critical needs/choices that emerged immediate priority: Safety and shelter: Safe homes, accessible shelters on the Navajo Nation (since current shelters are in need of repair or have staff shortage), Emergency rental vouchers, adoption of NHTA funding policies, creation of non-profits in the communities modeled after Naatsihlla and the communities of Navajo NEW, Kayenta and Chinle/BDI, (by envisioning hiring local Diné community people who are skilled in building homes at all levels, train the trainer model to increase staff to prevent from staffing shortage with local, urban and outside space and other housing programs to alleviate and professionally expedite the emergency vouchers for survivors, unsheltered individuals, and others who are in need to better address state for becoming stabilized, survivors at risk for eviction due to job loss, DV, medical issues, support for college students
PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on (eg: HHRCC) Bill Number
Date 9/7/2020 (eg: Support, Oppose, Neutral)
Name (eg: Smith) Need to Speak? (eg: Yes, No)
Representing (eg: Smith)
Are you a registered lobbyist? (eg: Yes, No)
Complete Address
E-mail Address
Phone Number
Comments:

***FIVE-MINUTE SPEAKING LIMIT***

ATTACHMENT: 5 of 6
Appendix F:

September 12, 2022

Minutes and Reference Materials.
ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date: Monday, September 12, 2022
Time: 1:00 P.M.
Place: Tucson City Council Chambers, 255 W. Alameda St.
       255 West Alameda St., 1st Floor

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2022091003

AGENDA

1. Call to Order
2. Introduction of Members
3. Overview of Committee Purpose
4. Opening Remarks
5. Local Housing Supply Status Relating to the Following Topics:
   • Current housing supply
   • General plan
   • Housing permits
   • Legislative proposals to help create/increase the housing supply
   • Additional city issues
6. Presentations:
   • Mark Kear, Ph.D., Assistant Professor, University of Arizona
   • Arthur Nelson, Ph.D., Professor, University of Arizona
   • Ginger Kneup, Southern Arizona Home Builders Association
   • Rory Juneman, Lazarus & Silvyn P.C.
   • Tom Heath, Nova Home Loans
   • Jim Tofel, Tofel-Dent Construction
   • Regina Romero, Mayor, City of Tucson
   • Koren Manning, Planning Administrator, City of Tucson
   • Liz Morales, Director of Housing & Community Development, City of Tucson
   • Michael Torriello, 355 WG Director, Community Partnership Davis-Monthan AFB
   • Dre Thompson, Chief Executive Officer, Tucson, IDA
   • Brandi Champion, Program Director, Housing First
   • Tom Litwicky, Chief Executive Officer, Old Pueblo Community Services
7. Public Testimony
8. Adjourn

Members:

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

Representative Steve Kaiser, Co-Chair
Representative Morgan Abraham
Joan Serviss
Thomas Simplot
Mayor Corey Woods

09/08/2022

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.
ARIZONA STATE LEGISLATURE

HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
September 12, 2022, 1:00 P.M.
Tucson City Council Chambers, 255 West Alameda St., 1st Floor

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

Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Cindy Stotler (Thomas Simplot Designee)
Mayor Corey Woods

Staff:
Paul Benny, House Research Analyst
Joel Hobbins, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst
Ian Jaime, Senate Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:00 p.m. and attendance was noted.

INTRODUCTION OF MEMBERS

Representative Kaiser requested that the Committee members introduce themselves.

OVERVIEW OF COMMITTEE PURPOSE

Paul Benny, House Research Analyst, provided an overview and purpose of the Committee.

OPENING REMARKS

Representative Kaiser gave a brief explanation on the Committee's purpose.

LOCAL HOUSING SUPPLY STATUS RELATING TO THE FOLLOWING TOPICS:

- Current housing supply
- General plan
- Housing permits
- Legislative proposals to help create/increase the housing supply
- Additional city issues
PRESENTATIONS

Regina Romero, Mayor, City of Tucson, gave opening comments for the housing supply issues in the Tucson community.

Mark Kear, Ph.D., Assistant Professor, University of Arizona, distributed and explained a PowerPoint presentation entitled "Arizona's Manufactured Housing Supply: Importance, Challenges and Opportunities" (Attachment A). Mr. Kear answered questions posed by the Committee.

The Committee offered comments.

PUBLIC TESTIMONY

Jim Murphy, Tucson Housing Foundation, distributed and explained a booklet entitled "Affordable Housing for Older Adults" (Attachment B). Mr. Murphy also distributed a letter dated September 2022 (Attachment C). Mr. Murphy answered questions posed by the Committee.

The Committee offered comments.

PRESENTATIONS (continued)

Arthur Nelson, Ph.D., Professor, University of Arizona, distributed and explained a PowerPoint presentation entitled "Rethinking, Single, in Residential Zoning" (Attachment D). Mr. Nelson distributed and explained a handout entitled "Missing Middle Housing" (Attachment E). Mr. Nelson answered questions posed by the Committee.

PUBLIC TESTIMONY (continued)

Christina Beckwith, Property Manager, expressed her concerns with residential housing issues and its availability. Ms. Beckwith answered questions posed by the Committee.

PRESENTATIONS (continued)

Ginger Kneup, Southern Arizona Home Builders Association, expressed her concerns with the home builder's industry. Ms. Kneup answered questions posed by the Committee.

The Committee offered comments.

David Godlewski, President, Southern Arizona Home Builders Association, answered questions posed by the Committee.
PUBLIC TESTIMONY (continued)

Rory Juneman, Attorney, Lazarus and Silvyn P.C., expressed his concerns with the legal terms on the housing supply issues. Mr. Juneman answered questions posed by the Committee.

PRESENTATIONS (continued)

Tom Heath, Vice President, Senior Loan Officer, Nova Home Loans, expressed his concerns with the housing supply issues.

The Committee offered comments.

PUBLIC TESTIMONY (continued)

Adelita Grijalva, Supervisor, Pima County, distributed and explained a handout entitled "Board of Supervisors Memorandum" (Attachment F).

PRESENTATIONS (continued)

Jim Tofel, Tofel-Dent Construction, Managing Member for Business Development and Preconstruction Services, distributed and explained a PowerPoint presentation entitled "Housing Supply Study" (Attachment G). Mr. Tofel answered questions posed by the Committee.

The Committee offered comments.

Regina Romero, Mayor, City of Tucson, expressed her concerns with the housing supply issues in the Tucson community.

Koren Manning, Planning Administrator, City of Tucson, distributed and explained a PowerPoint presentation entitled "Housing Development in Tucson" (Attachment H) and answered questions posed by the Committee.

Liz Morales, Director, Housing and Community Development, City of Tucson, distributed and explained a PowerPoint presentation entitled "Housing Affordability Strategy for Tucson (HAST)" (Attachment I). Ms. Morales answered questions posed by the Committee.

PUBLIC TESTIMONY (continued)

Miranda Schubert, Tucson for Everyone, expressed her concerns about the dramatic increase in the lack of affordable housing.

The Committee offered comments.
PRESENTATIONS (continued)

Dre Thompson, Chief Executive Officer, Tucson, Industrial Development Authority, expressed her concerns with affordable housing and housing supply issues. Ms. Thompson answered questions posed by the Committee.

PUBLIC TESTIMONY (continued)

Caleb Blaschke, City Manager, City of Willcox, distributed and explained a handout entitled "City of Willcox Housing Issues" (Attachment J). Mr. Blaschke answered questions posed by the Committee.

Michael Laws, Mayor, City of Willcox, expressed his concerns on the housing supply issues in Willcox city.

PRESENTATIONS (continued)

Brandi Champion, Program Director, Housing First, distributed and explained a PowerPoint presentation entitled "City of Tucson Housing First" (Attachment K).

Tom Litwicki, Chief Executive Officer, Old Pueblo Community Services, continued with the PowerPoint presentation (Attachment K). Mr. Litwicki answered questions posed by the Committee.

The Committee offered comments.

PUBLIC TESTIMONY (continued)

Tammy Carter, Secretary, Hiawatha Hills and Teresa Terrace Neighborhood Association, distributed and explained a letter dated September 12, 2022 (Attachment L).

Attached are forms noting the individuals who submitted a Speaker slip on the agenda items (Attachment M).

There being no further business, the meeting was adjourned at 4:34 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
Arizona’s Manufactured Housing Supply: Importance, Challenges and Opportunities

Mark Kear, Assistant Professor
School of Geography, Development and Environment
University of Arizona

Housing Supply Study Committee
September 12, 2022

What is a Manufactured Home (MH)?

A manufactured home is a factory-built home on a permanent chassis built after 1976 when the HUD instituted the Manufactured Home Construction and Safety Standards Act (the “HUD code”).

A mobile home is a factory-built home on a permanent chassis built prior to the 1976 HUD code.
Manufactured and "Mobile" Housing Booms and Busts

Mobile and Manufactured Home Shipments, National

The National, Arizona and Pima County MH Landscape Mostly Built/Placed in the Past

- In Pima County 35% of the MH stock is pre-1976 – nearly old enough to be eligible for historic status in Arizona!

Based on MHI database (Fannie Mae 2018)
The Importance of the Manufactured & Mobile Housing (MH) Supply in Arizona: Key Challenges & Remedies

- MH: Gap between Promise and Reality
- "Double Edged" Affordability and Insecurity
- Challenge 1: Stigma and Housing Supply
- Challenge 2: Home Lending and Housing Supply
- Challenge 3: Threats to Affordability
- Challenge 4: Eviction and Relocation
- Challenge 5: Condition of Existing Stock
- Summary of Recommendations

**The Manufactured Housing Gap**

The gap between the promise of MH and the lived reality of many

**PROMISE**

MH is not an inherently marginal form of housing

**REALITY**

- MH is often the nexus of social, financial, health, and environmental vulnerabilities
- 22 million people live in MH in the US
- 8.5 million units of MH
- Approximately equal to total number of subsidized housing units nationally
The Manufactured Housing Gap

The gap between the promise of MH and the lived reality of many

PROMISE

MH is not an inherently marginal form of housing

RHAP

REALITY

MH is often the nexus of social, financial, health, and environmental vulnerabilities

- Poorer: 31% in MH parks live in poverty compared to 15.5% of renters (Rumback and Sullivan 2021)
- Increasingly Minoritized: Turning communities, amenity destinations, colonies, large Sunbelt cities

The Manufactured Housing Gap

Largest Source of Unsubsidized Affordable Housing in Country, State and County

MH in Pima County

- Ten percent of the housing stock and population
- Four times the number of subsidized housing units in the city

Kear et al. 2019
In Tucson and Arizona, housing cost burden of greatest concern among lower-income groups

<table>
<thead>
<tr>
<th>INCOME LEVEL</th>
<th>TUCSON</th>
<th>ARIZONA</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $20,000</td>
<td>14.6%</td>
<td>11.8%</td>
<td>11.9%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>10.1%</td>
<td>9.4%</td>
<td>8.6%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>4.6%</td>
<td>5.2%</td>
<td>4.9%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>2.6%</td>
<td>3.2%</td>
<td>3.9%</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>1.1%</td>
<td>1.4%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Source: https://www.maricopa.gov/residents-and-organizations/pensions-and-benefits/cost-burden

Arizona MSAs experienced a substantial decline in lowest-rent units from 2011 to 2017

- Tucson: 12,426
- Number of Low-Rent Units in 2011: 10,746
- Percent Change: 22%

Manufactured homes typically cost less than other housing types

- A large portion of the remaining low-rent units in Arizona cities are manufactured homes.
- MH residents tend to be from the most housing-cost burdened income groups
Why is MH so affordable? MH's “double-edged innovation

Allows households to buy only what they need – a house and not the land it sits on

BUT

Land Insecurity:
“Halfway Homeowners”
(Sullivan)

CONVENTIONAL HOUSING
- Own Structure and Land Together
- Rent Structure and Land Together

MANUFACTURED HOUSING
- Own Structure and Land Separately
- Rent Structure and Land Separately

MH's “Double-Edged” Innovation

- Long-Term Leases
  - This can be done in parks in Arizona.
  - Appreciates and depreciates similarly to site-built

- Only three in Pima County
  - About 1.4% of MH in Pima County

- Non-Profits
  - Land Trusts
  - Cities, Counties, Other Government Agencies

Rare and not systematically promoted, little awareness or how to.

Massive Scope to Expand in Pima County and Arizona

No Examples in Pima or AZ
AZ MH Challenge 1: Stigma and Spatial Marginalization

EFFECTS: Reduced demand, perceived effects on neighboring land uses, reduced access to employment and services, increased travel costs.

ACTIONS:
- Allow MH in more places
- Better integrate MH into cities and neighborhoods
- Unlocking Possibilities Program [Federal grant program to "eliminate needless barriers" to permitting of MH]
- Lower density neighborhoods and at the urban fringe and in areas zoned for non-residential uses, increasing hazard exposure and reducing public service access.
- Placements outside of parks are often restricted to very large lots, effectively barring them from most single-family residential areas.
- 15% of MH in Tucson is in commercial, office, industrial or mixed-use areas, where MH is often a non-conforming, grandfathered land use.
- MH is spatially marginalized and separated from most other residential land uses with 35% of all units located in areas zoned specifically for MH, trailers and recreation vehicles (often near airports, military bases, highways, and other non-residential land uses), or very low density and rural areas (54%).

AZ MH Challenge 2: Home Lending

EFFECTS: Reduced demand, higher borrowing costs, predatory lending

ACTIONS:
- Better consumer protections for chattel borrowers
- More competition and liquidity for personal-property lending (potential role for Arizona Housing Finance Authority)
- Leverage Federal and GSE Duty-to-Serve plans
- Shorter loan terms
- Higher interest rates
- Fewer rights and protections (RESPA, TILA, HMDA, HOEPA, CRA, state foreclosure and repossession laws)
- Limited pool of lenders: top four firms approximately 75% of loans (CFPB 2021)
- No support from GSEs (Fannie Mae and Freddie Mac)
- Financing from "mainstream" institutions often unavailable for homes more than a few years old
In 2020, MH represented more than 90 percent of all new homes sold in the US under $150,000.

### Forms Financing Available to MH Buyers

<table>
<thead>
<tr>
<th>Mortgage Financing</th>
<th>Non-Mortgage Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgage</strong></td>
<td><strong>Chattel Loan</strong></td>
</tr>
<tr>
<td>Applies to only MH legally allowed to be on title as real property. Typically, mortgage lenders will charge a premium for MH loans even if it is titled as real property.</td>
<td>Use only structure as collateral. No support from GOEs. Typically, only available for lower income, higher risk, and shorter terms than mortgage loans. Lender holds lien against home, and can repossess and sell.</td>
</tr>
<tr>
<td><strong>Seller Financing</strong></td>
<td><strong>Sale for Lease-Purchase</strong></td>
</tr>
<tr>
<td>Refers to a variety of lending arrangements where the seller is also the lender, extending credit to the buyer to purchase the home.</td>
<td>A form of seller financing. Seller-seller retains title and full ownership of the home until first payment is made. Buyer may not have equity rights.</td>
</tr>
<tr>
<td><strong>Rent-to-own or Lease-Purchase</strong></td>
<td></td>
</tr>
<tr>
<td>Typically a form of owner financing, through third parties can be involved. The buyer occupies the property as a tenant, with the seller as landlord. Within a designated period, the buyer can exercise the option to purchase and the deed is transferred.</td>
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</tbody>
</table>

(Licensed by Aiden 2017, Brumke and Siegel 2020)

---

**Lack of affordable and safe sources of credit for home buying and home improvement**

- **Mobile Home added 1 year ago**
  - **Property**: Single wide
  - **Bedrooms**: 3
  - **Bathrooms**: 2
  - **Price**: $55,000
  - **Down Payment**: $5,500
  - **Monthly Payment**: $300
  - **APR**: 21%

- **Mobile Home added 2 years ago**
  - **Property**: Double wide
  - **Bedrooms**: 4
  - **Bathrooms**: 2
  - **Price**: $70,000
  - **Down Payment**: $7,000
  - **Monthly Payment**: $350
  - **APR**: 21%

- **Mobile Home added 3 years ago**
  - **Property**: Triple wide
  - **Bedrooms**: 5
  - **Bathrooms**: 3
  - **Price**: $85,000
  - **Down Payment**: $8,500
  - **Monthly Payment**: $400
  - **APR**: 25%

- **Typical “buyer-rehab” sale of a structurally inadequate, 1958 MH unit**
  - **Property**: 2-bedroom, 1-bathroom
  - **Price**: $40,000
  - **Down Payment**: $4,000
  - **Monthly Payment**: $250
  - **APR**: 20%
AZ MH Challenge 3: Private Equity, REITs and BRRRR Investors

EFFECTS: Increased rent, increased evictions, increased insecurity, property improvements

ACTIONS:
- Level playing field for resident and mission-oriented investors
- Right of first refusal / Opportunity to purchase legislation (19 states)
- Tax incentives for MH park owners (6 states)
- Financing for resident groups
- State-level regulation of rent increases
- Strategic public investment in parks to preserve affordable housing

“What happens when investment firms acquire trailer parks”? (Kohatkar 2021):

1. Money floods in
2. Small independent operators cash out
3. Rents rise, often dramatically
4. Residents struggle to keep their heads above water
5. Many cannot
6. Sell their homes in distress, abandon their homes or are evicted, and scramble to find new places they can afford

AZ MH Challenges 4: Eviction & Relocation

EFFECTS: Homelessness, social costs, lost property / wealth

ACTIONS: Stronger protections to address greater impacts on MH owners; More accessible, flexible “relocation” funding; Greater compensation for lost property (minimum or fair market value), more and new funding sources

Arizona recognizes special impacts of eviction for MH residents:

- Up to $12,500 for relocation (many too old, or too structurally unsound, to be moved).
- Many cannot use for other reasons (e.g. no place to move pre-1976 unit)

Impacts of Eviction for MH residents:

- Eviction record reduces housing options
- High relocation costs
- Few relocation options
- Lost property / property abandonment

- Unclear percentage able to access
- Compensation inadequate / below market value for residents forced to abandoned their property
AZ MH Challenge 5: Housing Quality and Efficiency

Aging stock can be hazardous, very expensive to heat and cool, and dangerous for vulnerable residents.

EFFECTS: Housing and energy cost burdens, hazard exposure (e.g., extreme in-door heat)

ACTIONS:
- Energy assistance programs for currently ineligible residents (UHEAP+)
- Community level grant programs for health and safety issues with conditionality (long term affordability and stability)
- Zero-interest replacement and rehab loans (7 states piloting MH replacement programs, role for Arizona Housing Finance Authority)
- Restrict landlord ability obstruct tenant cooling strategies (e.g., removal of insulation, trees, window AC)

---

**Summary of Recommendations**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stigma and Spatial Marginalization</td>
<td>• Allow MH in more places (e.g., vacant properties, MH accessory dwelling units)</td>
</tr>
<tr>
<td></td>
<td>• Better integrate MH into cities and neighborhoods</td>
</tr>
<tr>
<td></td>
<td>• Leverage federal grant programs to eliminate barriers to permitting of MH</td>
</tr>
<tr>
<td></td>
<td>• Better consumer protections for chattel borrowers</td>
</tr>
<tr>
<td></td>
<td>• More competition and liquidity for personal property lending (potential role for Arizona Housing Finance Authority)</td>
</tr>
<tr>
<td></td>
<td>• Rights of first refusal / Opportunity to purchase legislation (15 states)</td>
</tr>
<tr>
<td></td>
<td>• Tax incentives for MH park owners (6 states)</td>
</tr>
<tr>
<td></td>
<td>• Financing for resident groups</td>
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<td>• State-level regulation of rent increases</td>
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<tr>
<td></td>
<td>• More accessible, flexible &quot;relocation&quot; funding</td>
</tr>
<tr>
<td></td>
<td>• Greater compensation for lost property (minimum or market value)</td>
</tr>
<tr>
<td></td>
<td>• More and new funding sources</td>
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<td></td>
<td>• Energy assistance programs for currently ineligible residents (UHEAP+)</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>• Restrict landlord ability obstruct tenant cooling strategies (e.g., removal of insulation, trees, window AC)</td>
</tr>
</tbody>
</table>
Affordable Housing for Older Adults

An Initiative of the Tucson Housing Foundation, AARP Arizona, the United Way of Tucson and Southern Arizona ELDER Alliance
September 2022

Arizona Housing Study Committee Members:

Transmitted herewith is a copy of the Affordable Housing Initiative for Older Adults. This document had been prepared to focus on the affordable housing needs of the fastest growing population segment in the Tucson area, older adults.

Over the past two years, there has been a concentrated, broad based, community effort to establish partnerships and engage the community in the development of the Affordable Housing Initiative for Older Adults. Representatives from the ELDER Alliance’s Housing Action Team, AARP Arizona and the Tucson Housing Foundation created the Affordable Housing Summit Tucson which was held virtually on January 25 - 28 and February 5, 2021.

The Summit Sessions provided community members with innovative Information about creating affordable, innovative, and sustainable housing for older adults and ways to eliminate or reduce barriers. The fifth and final session invited Summit attendees to re-gather for structured conversations about policies and innovations that could move the effort forward locally. With the collective, educational information from the first four sessions, general Q & A, and the recommendations from the fifth session, we were ready to move ahead.

Subsequently, the Affordable Housing Alliance was established, with individuals who served on the Summit Steering Committee and directed the work towards further research and developing the initiative recommendations. AARP Arizona, the Tucson Housing Foundation, and the Vitalyst Health Foundation provided funding, and the Elder Alliance in-kind support, for the development of the Affordable Housing Initiative for Older Adults.

The purpose of the Initiative is to provide context to the issues that exasperates older adults’ ability to secure affordable housing, especially rental housing for those of lower income. While it is acknowledged that any actions that improve or increase affordable housing in general might help older adults, most planning and affordable housing efforts do not look at the issue through an “older adult lens.” In response to the growing need for more affordable housing for older adults, with over 3,000 older adults on waiting lists for affordable, subsidized housing in Tucson and surrounding areas, we attempt to identify the barriers and best practices leading to more improved outcomes. While the Initiative uses data and issues more specific to Tucson and the Pima County, Arizona area, it is felt that they are generic in representing issues and recommendations likely applicable on a state and national basis.

The Alliance has taken earnest efforts to include and insure that other affordable housing activities of the County and cities and towns have been included and kept appraised of the progress of the Alliance’s work. The Alliance plans to seek presentations to the elected
Representatives in Pima County and other organizations. Meetings will be scheduled in the coming months to further inform the community of the need and work towards implementation strategies of the initiatives.

Additional information regarding access to Summit Sessions and material and background in the development of the Initiative and entire process will soon be available. Stay tuned!!!
Rethinking "Single" in Residential Zoning

ARTHUR C. NELSON, PH.D
EMERITUS PROFESSOR OF PLANNING & REAL ESTATE DEVELOPMENT
UNIVERSITY OF ARIZONA
OUTLINE

Housing underproduction
- US, Arizona and Metropolitan Areas

Sweeping demographic changes
We are under-plexed
Need to "repeople" neighborhoods
Fiscal benefits of repeopleing
Producing Missing Middle Housing
Rethinking "Single" in Residential Zoning
Rethinking Issues

Housing Underproduction, Nation and States 2012-

<table>
<thead>
<tr>
<th>Geography</th>
<th>New Units Needed 2012-2019</th>
<th>Units Added 2012-2019</th>
<th>Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>11,013,370</td>
<td>7,233,960</td>
<td>(3,779,4)</td>
</tr>
<tr>
<td>PAC-10, 11, 12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arizona</td>
<td>327,245</td>
<td>204,562</td>
<td>(122,1)</td>
</tr>
<tr>
<td>California</td>
<td>1,636,468</td>
<td>658,815</td>
<td>(977,1)</td>
</tr>
<tr>
<td>Colorado</td>
<td>360,578</td>
<td>233,573</td>
<td>(127,1)</td>
</tr>
<tr>
<td>Oregon</td>
<td>211,933</td>
<td>125,951</td>
<td>(85,1)</td>
</tr>
<tr>
<td>Utah</td>
<td>191,471</td>
<td>136,766</td>
<td>(54,1)</td>
</tr>
<tr>
<td>Washington</td>
<td>420,465</td>
<td>280,323</td>
<td>(140,1)</td>
</tr>
<tr>
<td>Selected States</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>931,408</td>
<td>642,523</td>
<td>(288,1)</td>
</tr>
<tr>
<td>Georgia</td>
<td>389,134</td>
<td>270,796</td>
<td>(118,1)</td>
</tr>
<tr>
<td>Texas</td>
<td>1,451,162</td>
<td>1,129,057</td>
<td>(322,1)</td>
</tr>
<tr>
<td>Nevada</td>
<td>132,399</td>
<td>102,839</td>
<td>(29,1)</td>
</tr>
</tbody>
</table>

Up for Growth https://www.upforgrowth.org/underproduction
**Housing Underproduction, Metropolitan Areas 2012**

Housing demand:
- Existing households +
- Missing households [*" Arrested" millennials *]
  + Units w/o kitchens, baths
  + Normal vacant units
  + Units replaced

<table>
<thead>
<tr>
<th>Metro</th>
<th>New Units Needed 2012-2019</th>
<th>Units Added 2012-2019</th>
<th>Surplus (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phoenix</td>
<td>278,074</td>
<td>159,511</td>
<td>118,563</td>
</tr>
<tr>
<td>Tucson</td>
<td>24,307</td>
<td>20,876</td>
<td>3,431</td>
</tr>
<tr>
<td>Flagstaff</td>
<td>5,582</td>
<td>5,298</td>
<td>284</td>
</tr>
<tr>
<td>Yuma, AZ</td>
<td>4,681</td>
<td>1,715</td>
<td>2,966</td>
</tr>
<tr>
<td><strong>Selected Metros</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Los Angeles</td>
<td>607,407</td>
<td>196,063</td>
<td>411,344</td>
</tr>
<tr>
<td>San Fran/Oakland</td>
<td>230,739</td>
<td>100,583</td>
<td>130,156</td>
</tr>
<tr>
<td>San Diego</td>
<td>126,729</td>
<td>55,950</td>
<td>70,779</td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>69,020</td>
<td>40,098</td>
<td>28,922</td>
</tr>
<tr>
<td>Las Vegas</td>
<td>104,746</td>
<td>76,339</td>
<td>28,407</td>
</tr>
<tr>
<td>Portland</td>
<td>150,124</td>
<td>86,272</td>
<td>63,852</td>
</tr>
<tr>
<td>Seattle</td>
<td>253,813</td>
<td>166,634</td>
<td>87,179</td>
</tr>
<tr>
<td>Denver</td>
<td>186,641</td>
<td>114,009</td>
<td>72,632</td>
</tr>
<tr>
<td>Dallas</td>
<td>431,562</td>
<td>331,415</td>
<td>100,147</td>
</tr>
<tr>
<td>Houston</td>
<td>442,250</td>
<td>339,524</td>
<td>102,726</td>
</tr>
</tbody>
</table>

Up for Growth [https://www.upforgrowth.org/underproduction](https://www.upforgrowth.org/underproduction)

**Sweeping Demographic Changes**

- <35 (Starter)
  - 75%
- 35-64 (Peak)
  - 24%
- >64 (Downsizing)
  - 19%
- 1%
- 4%

[1980-2010] [2010-2040]
**Peak and Downsizing Housing Preferences**

<table>
<thead>
<tr>
<th>Simplified Housing Needs Life Cycle</th>
<th>Peak Demand (35-64) Households Want</th>
<th>Downsizing (65+) Households Want</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Larger Homes</td>
<td>Smaller Homes</td>
</tr>
<tr>
<td></td>
<td>Larger Lots</td>
<td>Smaller Lots</td>
</tr>
<tr>
<td></td>
<td>Separation/Isolation</td>
<td>Security</td>
</tr>
<tr>
<td></td>
<td>Drivability</td>
<td>Walkability/Accessibility</td>
</tr>
</tbody>
</table>

**Living Space per Person by Age**

<table>
<thead>
<tr>
<th>Householder Age</th>
<th>Square Feet per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25 years old</td>
<td>475</td>
</tr>
<tr>
<td>25 to 29 years old</td>
<td>500</td>
</tr>
<tr>
<td>30 to 34 years old</td>
<td>500</td>
</tr>
<tr>
<td>35 to 44 years old</td>
<td>520</td>
</tr>
<tr>
<td>45 to 54 years old</td>
<td>650</td>
</tr>
<tr>
<td>55 to 64 years old</td>
<td>833</td>
</tr>
<tr>
<td>65 years old and over</td>
<td>951</td>
</tr>
</tbody>
</table>

*Guess what’s the fastest growing household group*
Trends to Watch

One-in-five Americans live in a multigenerational household

![Graph showing trends in multigenerational households](chart.png)

Number of people in multigenerational households:

- 1950: 21%
- 1960: 17%
- 1970: 12%
- 1980: 12%
- 1990: 14%
- 2000: 18%
- 2010: 20%
- 2016: 25%
- 2020: 28%
- 2025: 30%
- 2030: 38%
- 2040: 50%

Note: Multigenerational households include at least two adult generations or grandparents and grandchildren living at least 25 years apart.

Source: Pew Research Center, based on government data and American Community Survey (ACS).

Extrapolations from 2016 by Arthur C. Nelson

---

Honey ... I Shrunk Household

Case Study of Salt Lake City Upper Ave

<table>
<thead>
<tr>
<th>Upper Avenues</th>
<th>2000</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>6,918</td>
<td>6,446</td>
<td>-472</td>
</tr>
<tr>
<td>Housing</td>
<td>2,679</td>
<td>2,775</td>
<td>96</td>
</tr>
<tr>
<td>Persons per Unit</td>
<td>2.58</td>
<td>2.32</td>
<td>-0.26</td>
</tr>
</tbody>
</table>

Housing units needed to rebalance Upper Avenues

Compared to 2000, the Upper Avenues has fewer children and people meaning:
- Unused school capacity that is already paid for
- Unused sewer capacity that is already paid for
- Unused water capacity that is already paid for
- Unused fire/emergency medical capacity that is already paid for
### Repeople Potential, Phoenix Metro, 2020–2040

<table>
<thead>
<tr>
<th>Analysis Step</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phoenix Persons per Home 1985, homes 2,000+ sq.ft.(^a)</td>
<td>3.3</td>
</tr>
<tr>
<td>Phoenix Persons per Home 2020, homes 2,000+ sq.ft.(^a)</td>
<td>2.7</td>
</tr>
<tr>
<td>Difference</td>
<td>0.6</td>
</tr>
<tr>
<td>Homes 2,000+ sq. ft. 2019</td>
<td>464,000</td>
</tr>
<tr>
<td>Repeople Capacity of existing homes 2,000+ sq.ft.</td>
<td>280,000</td>
</tr>
<tr>
<td>Population Change 2020-2040(^b)</td>
<td>1,584,000</td>
</tr>
<tr>
<td>Repeople Capacity Ratio</td>
<td>18%</td>
</tr>
<tr>
<td>65+ Population Change, 2020-2040(^b)</td>
<td>555,000</td>
</tr>
<tr>
<td>65+ Repeople Capacity Ratio</td>
<td>50%</td>
</tr>
</tbody>
</table>

\(^a\) American Housing Survey for Phoenix.
\(^b\) Woods & Poole Economics, 2022 edition.

---

### Fiscal Benefits of “Repeopling” Mature Neighborhoods

Excess capacity in existing neighborhoods

- 100,000 people added to large homes through “repeopling”
- saves up to $1 billion in infrastructure costs.

Local economic development through more local spending
More local sales and property taxes = more revenues than costs.
Where Have all the Plexes Gone?

<table>
<thead>
<tr>
<th>Analysis Step</th>
<th>2009</th>
<th>2019</th>
<th>Change</th>
<th>Missing Plexes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-4 Plex Units (000s)</td>
<td>11,261</td>
<td>10,659</td>
<td>-602</td>
<td>14,887</td>
</tr>
<tr>
<td>Total Units (000s)</td>
<td>105,661</td>
<td>139,684</td>
<td>34,023</td>
<td>10,659</td>
</tr>
<tr>
<td>Plex Share</td>
<td>10.7%</td>
<td>7.6%</td>
<td></td>
<td>4,228</td>
</tr>
</tbody>
</table>

American Housing Survey

PLEX UNITS IN CHARLOTTE TODAY

Producing Missing Middle Housing

- Small-Footprint Buildings →
- No more than 3 floors, no elevators required
- Units of a few hundred sq.ft. to <1,500 sq.ft.
- Walkable Community; Transit Accessibility
- Lower Perceived Density →
  - Though densities up to 40 du/acre
- Fewer Off-street Parking Spaces.
- Creates/Reinforces Community.

MISSING MIDDLE HOUSING

Daniel Parolek

ARTBARK A/MLA/SD
Cities Start to Question an American Ideal: A House With a Yard on Every Lot

Townhouses, duplexes and apartments are effectively banned in many neighborhoods. Now some communities regret it.

REQUIRED READING

The (Elegant) Minneapolis Solution

The word "Single" replaced allowing for 3 units in the sar
What's in Seattle's Water?

Expansion of Accessory Dwelling Units (ADUs)
By right subject to meeting design specifications in many SF districts **but not all**
Up to 2 ADUs allowed →
  *Tiny home* in back yard
  *Unit retrofit* internally in the main structure
Maximum ADU size increased from 800 sq. ft. to **1,000 sq. ft.**
Building height increased slightly allowing for units over garages
Floor area ratio decreased eliminating tear downs replaced by monster h
Expected to **add about 2,500** units over 10 years or 3% of projected grow

Oregon's HB 2001 (2019)

<table>
<thead>
<tr>
<th>Large Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Oregon cities with a population of more than 25,000, unincorporated areas within the Portle that are served by sufficient urban services, and all cities within the Portland Metro boundary with more than 1,000.</td>
</tr>
<tr>
<td>Middle Housing Requirement</td>
</tr>
<tr>
<td>Duplexes (as above) AND triplexes, quadplexes, cottage clusters, and townho zoned for residential use that allow for the development of detac...</td>
</tr>
</tbody>
</table>
Utah HB 82 (2021)

Accessory dwelling units (ADUs) internal to a single-family dwelling are permitted uses. Cities may prohibit ADUs in 25% of their residential areas or 67% with public universities >10,000 students.

Residence must be owner-occupied; No short term rentals.

Can limit ADUs to SFR lots >6k/sq ft. + require parking pads.

Supersedes existing and new Covenants, Conditions, and Restrictions (CC&Rs).

California SB 9 (2021) → Duplexes By-Right (sort of)

Allows for for-sale homes through new subdivided lots, lot splits, or conversion of SFR homes into 2-unit homes, by-right.

Title to individual units expands financing options over just ADUs →

Creates new homeownership opportunities at attainable prices.
More can be Done

Tools to reduce price pressure by increasing supply

Upzoning based on excess facility capacity

Replace excessive commercially zoned land with Middle Housing & MF zoning.

We are over-zoned in retail and commercial.

Encourage/subsidize residential co-development with nonresidential.

Key Issues to Address

Where?
   Everywhere (Oregon) or targeted areas (Seattle)?

What is allowed?
   ADUs only?
   Tiny homes?
   If plexes, how many → 2, 3, 4?
   My Minneapolis cronies say not allowing 4-plexes was a mista

Separate homes or only internal?
Building height increased such as unit over the garage?

Parking?
   How many off-street spaces per unit?
   How about on-street permitted parking? It actually works.

Process?
   Over-the-counter (“ministerial”) or hearing (“quasi-judicial”)
Thank you

CHRIS NELSON | ACNELSON@ARTHURCNELSON.COM
MISSING MIDDLE HOUSING
Thinking Big and Building Small to Respond to Today's Housing Crisis

Daniel Parolek
WITH
ARTHUR C. NELSON

2.
DEMOGRAPHIC CHANGES AND GROWING PREFERENCE FOR MISSING MIDDLE HOUSING

By Arthur C. Nelson

and housing preferences are slowly reshaping housing markets. One thing is certain: the preference for living in walkable communities and especially in Missing Middle Housing will drive housing markets over the next several decades and likely beyond. Therefore, both cities and developers need to respond.

Why these changes from building mostly single-family detached housing on large lots in the suburbs? Simple demographic changes mean that more than 80 percent of the growth in households between 2018 and 2040 will be those without children. And the largest change will occur among multi-adult households with no children. These trends will affect the demand for existing stocks of housing.

Sweeping demographic changes will occur between 2017 and 2040 that will continue to increase the demand for Missing Middle Housing. Ten of millions of baby boomers (born between 1946 and 1964) as well as Generation X’s (born between 1965 and 1980) will become empty nesters and singles. Many, perhaps most of them, will want to exchange their large homes on large lots for smaller homes on smaller lots or attached homes. Ten of millions of millennials—born between 1981 and 1997—will be forming households with children but may not want to buy boomer’s large-lot homes, opting instead for smaller homes on smaller lots or attached homes. The newest generation—Generation Z, born between 1988 and 2015—will become starter-home households seeking mostly attached homes and then migrate into multi-adult households. Unlike prior generations, most of these baby boomers, Generation X’s, millennials, and Generation Z’s will prefer to live in walkable communities. Millions of homebuyers prefer to live in walkable communities with millions of them preferring Missing Middle Housing. The problem is that even if every home built between 2030 and 2040 was built in walkable communities (including Missing Middle Housing units and all other attached units), it simply will not be enough to meet the growing preference for housing in walkable communities.

THE BIG PICTURE—SHIFTING HOUSEHOLD DEMOGRAPHICS

A large part of America’s household demographic changes have their root in the “baby boom,” with more than seventy-three million babies born between 1946 and 1964. “Boomers” babies were equivalent to more than half (52 percent) of the 1946 population. No generation before or since has been as large proportionate to the base year of the generation. America’s households, and along with them housing demand, swelled by eighteen million (from thirty-eight million to fifty-six million), nearly doubling the number of households and making it the largest numerical and percentage increase during any comparable period in the nation’s history.

Cities were unable to meet such unprecedented demand for housing in such a short period of time. And newly formed households wanted something different: safer places than cities were perceived to be, open spaces, clean air, healthier environments, yards for children to play in, and new homes. For their part, suburban communities were pleased to accommodate the needs of millions of baby boom households. By 1970, suburbs had more people than central cities.

When boomers grew up and formed households of their own, they typically chose to settle in the landscapes with which they were most familiar: suburbs. Because they also enjoyed unprecedented incomes and housing finance options, boomers led the national wave to homeownership, which peaked at 69 percent in 2005. The height of the boomer-driven surge in housing demand, especially for owner-occupied single-family detached homes, occurred during the period 1990 through 2010. Between those years, the housing demand for mostly boomers households with children accounted for 82 percent of the market for new housing. Indeed, to meet this demand, 85 percent of all new homes built were single-family detached homes.
Table 2-1: Change in Total Households by Type and Householder Age, 2018-2040

<table>
<thead>
<tr>
<th>Household (HH) Type and Age</th>
<th>2018</th>
<th>2040</th>
<th>Change</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households by Type</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households with Children</td>
<td>34,058</td>
<td>59,387</td>
<td>4,429</td>
<td>19%</td>
</tr>
<tr>
<td>Households without Children</td>
<td>56,110</td>
<td>68,046</td>
<td>9,936</td>
<td>42%</td>
</tr>
<tr>
<td>Single Person Households</td>
<td>24,735</td>
<td>44,025</td>
<td>9,286</td>
<td>39%</td>
</tr>
<tr>
<td>Total</td>
<td>127,807</td>
<td>151,459</td>
<td>4,432</td>
<td>19%</td>
</tr>
<tr>
<td>HHs with Children Share</td>
<td></td>
<td></td>
<td></td>
<td>42%</td>
</tr>
<tr>
<td>HHs without Children Share</td>
<td></td>
<td></td>
<td></td>
<td>39%</td>
</tr>
<tr>
<td>Single Person HHs Share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Households by Householder Age

| HHs <35 | 26,459 | 26,128 | 319 | 1% |
| HHs 35-64 | 68,439 | 73,958 | 5,518 | 21% |
| HHs >64 | 27,907 | 51,283 | 23,376 | 78% |
| Total | 127,807 | 151,459 | 4,432 | 19% |
| HHs <35 Change |       |        | 219 | 1% |
| HHs <35 Share |       |        |       | 1% |
| HHs 35-64 Share |       |        |       | 78% |
| HHs >64 Share |       |        |       | 78% |

Household Change by Type and Householder Age

Jonathan Spader at the Harvard Joint Center for Housing Studies has projected households by type and age, and by tenure (owner and renter) for the period 2018 to 2038. I adapt this analysis extensively to help show the nature of change in housing demand associated with change in households by type and age. I also extrapolate projections to 2040. Table 2-1 shows changes in households by type and householder age between 2018 and 2040.

This is key to understanding how the demand for Missing Middle Housing will unfold. There are two key findings. First, there will be 4.4 million more households with children in 2040 than in 2018. But 19.2 million (or 81 percent of the growth) will be households without children. Households with more than one adult will account for 3.9 million (or 43 percent of the net change) while single-person households will comprise 9.3 million (or 39 percent). This shift is important because households without children and especially single-person households prefer walkable communities and Missing Middle Housing options.

Second, of the 23.7 million growth in households, only about 200,000 of the growth will be among households less than thirty-five years of age (in 2018 and in 2040) accounting for less than 1 percent of the change. This age group comprises mostly the children of millennials, who are deciding to have children later or perhaps not at all. For their part, households aged thirty-five to sixty-four in 2018 and in 2040 will increase by 4.9 million or 21 percent of the change. The largest change being the 18.5 million new households between 2018 and 2040 who are more than sixty-four years of age, will account for 78 percent of the change. These trends are illustrated in the following figure.
Housing Tenure Change by Householder Age

The projected number of households and change by tenure between 2018 and 2040, based on our extrapolation of Spader’s base- and low-ownership scenario, show similar trends.

Overall, the home-ownership rate is projected to fall from 64.3 percent in 2018 to between 62.6 percent and 64.0 percent in 2040. While on the surface this may not seem to be a large difference, there are indeed substantial changes about when considering householder under sixty-five years of age.

For example, in both scenarios, the number of householders under thirty-five years of age who own homes will fall between 2018 and 2040 even as the number of total householders in this age group grows by more than 200,000. What this means is that the net change in householders who rent will range from about 600,000 to more than 1.3 million. This signals a very large shift toward rental options by 2040 for this household group.

Nearly equally surprising is the small change in owners among householders between the ages of thirty-five and sixty-four. With about 4.9 million householders entering this age group, those who become owners will range from about 80,000 (2 percent) to 1.6 million (33 percent). Remember that this was the age group that drove homeownership to record levels in the 2000s.

In contrast to younger age groups, householders who are sixty-five years of age and over will increase by about 18.5 million, with 12 million (70 percent) to 13.3 million (72 percent) owning homes, though the overall ownership rate may fall from 78.8 percent in 2018 to 75.8 percent in 2040.

The influence of the baby boom generation (and to a lesser extent Generation X) on future housing markets is clearly evident. What seems more evident is that younger generations are clearly moving away from homeownership. One reason is that while seniors will tend to own their typically suburban detached homes for a long time, younger generations will not be buying those homes anyway but instead seek alternatives such as Missing Middle Housing, which is mostly rental housing in locations they prefer. But both younger and older generations will want more walkable communities in which to live.

MISSING MIDDLE HOUSING TRENDS 2011-2017

Overall, attached units accounted for about 30 percent of all occupied housing units in 2011 and 31 percent in 2017 but comprised 59 percent of the change in housing units over that period of time. In contrast, single-family detached units comprised just 44 percent of the change. (The number of manufactured homes and other housing units fell by three percent.) Clearly, what was being built shifted during the 2010s away from single-family detached units which dominated the 2000s toward attached units.

I divide attached units into large attached structures and Missing Middle Housing. “Large attached” are those with twenty or more units, including townhome developments comprising twenty or more units. These units accounted for 43 percent of the entire change in occupied attached units.

Missing Middle Housing units comprise townhomes in structures of fewer than twenty units, all other types of units, and all other units in structures of fewer than twenty units, called “small attached.” They accounted for 57 percent of the change in occupied attached units. We will now focus on Missing Middle Housing before adjusting for those that are in truly walkable communities.

While Missing Middle Housing was 77 percent of all existing attached units in 2011, its share fell to 75 percent in 2017, accounting for 57 percent of all newly occupied attached units. The loss of share is attributable to the fact that lost 510,000 units. Although units in small attached structures increased, they did not gain share as much as units in large attached structures. As a result, all attached structures combined lost about 570,000 units, townhomes accounted effectively for all the change in Missing Middle Housing.

Why has there been a decline in two-, three-, and fourplex units? For one thing, communities have been modifying zoning codes to eliminate this housing type, especially duplexes, in
single-family residential areas. For another, because they have fewer units, these types are difficult to scale for production. So, even if they are allowed, economics works against building them. Finally, older two-, three-, and fourplex structures are often in the path of redevelopment so they may be replaced by more intensive development—perhaps high-rises comprising more than twenty units.

What share of all attached units would be reasonably allocated between large attached and Missing Middle Housing units? While data from 2011 and 2017 suggest Missing Middle Housing could make up about three-quarters of the total attached housing share, new Missing Middle Housing units accounted for only 57 percent of all new attached units. Indeed, there were 7 percent fewer two-, three-, and fourplex units in 2017 than in 2011, a loss rate of 1 percent per year. We suspect there is reason to believe that large attached units will gain considerable share over time for several reasons:

- Though urban infill and redevelopment is becoming increasingly common, it is also more costly and requires larger scales of development to be financially feasible; this favors large attached units over Missing Middle Housing.
- Because of their small, neighborhood-level scale and by design if not intention, Missing Middle Housing will be a series of niche products in the form of small lot infill and redevelopment into townhome and small attached structures, and conversions of larger homes into two-, three-, and fourplexes.

For these reasons, and to be conservative, I assume that roughly half the total attached-unit production between the late 2010s and 2040 will be Missing Middle Housing.

PREFERENCE FOR LIVING IN WALKABLE COMMUNITIES

There is a pent-up preference in America for more walkable communities. This is reflected in what the market is willing to pay for locating in them. I use the word preference instead of demand because demand implies what people want in the absence of choices, while preferences are based on what people prefer when given reasonably plausible choices.

For this, I turn to the National Association of Realtors' (NAR) Community Preference Survey. It has been conducted every odd-numbered year since 2013. Among the first questions asked by the NAR is the kind of home in which a respondent would choose to live, with choices being a single-family detached home, townhome, apartment, condominium, or other. More than 70 percent of respondents choose the single-family detached home. The survey then confronts respondents with reasonably plausible choices in two sets of questions. Respondents choose between (a) small detached lots in walkable communities or conventional lots that are auto-dependent and (b) attached homes (such as town houses, condominiums, and apartment units) in walkable communities or conventional auto-dependent lots.

However, we do not know how respondents are distributed by household type and household age with respect to preferences for large-lot drivable-only homes, small-lot homes in walkable communities, or attached homes also in walkable communities. (To see the table with the results of my reanalysis of the NAR's raw survey data, please see the "resources" tab on the IslandPress.org page for this book).

Not surprisingly, the largest preference shares are for any kind of detached home, whether drive-only or walkable to places, ranging from 62 percent for single-person households to 71 percent for households with children. But, with one exception, people prefer to live in walkable communities by larger shares. Among all households, the walkable preference is 70 percent, reaching a high of 75 percent for single-person households though falling to 63 percent for multi-adult households without children. The exception is households with children, where most (58 percent) still prefer to live in walkable communities.

The bottom line is that based on insights from the NAR's Community Preference Survey, nearly 51 million households would
prefer to live in attached-housing units that are walkable to places, a key element of Missing Middle Housing.

- 11.7 million households with children
- 33.1 million multi-adult households without children
- 16.6 million single-person households, most of whom are sixty-five years of age or older

This is the demand for Missing Middle Housing in 2050. To see my table with the detailed distributions of preferences by household type and household age, see the "resources" tab on the book page for this book at IslandPress.org.

**Deriving True Missing Middle Housing: The Walkability Factor**

In 2013, the American Housing Survey asked a special set of questions about whether selected destinations could be accessed by walking or biking.

For the most part, members in households of large attached residential units walk or bike to those destinations more than twice as much as those in detached homes. Members of all types of Missing Middle Housing households walk or bike to those destinations a little less than twice the rate of detached households and only moderately less so than for large attached units. However, somewhat more attached Missing Middle Housing units than townhome units are in walkable communities.

Table 2-2 shows that the weighted average of the accessibility to destinations by walking or biking ranges from 18 percent (about a fifth) for detached units to 32 percent for all Missing Middle Housing units (about a third) to 40 percent for large attached units (about two-fifths).

Table 2-3 derives the supply of true Missing Middle Housing units in walkable communities. It shows a little more than nine million Missing Middle Housing units in 2017.

Put differently, we know from the NAR that about a third of American households prefer to live in attached units in walkable communities. As there were 121.6 million households in 2017, the
units were considered walkable in 2017, or about 12.8 million attached units. Missing Middle Housing units account for about 70 percent of the existing supply of attached units in walkable communities. This also means that about 27 million households who wanted to live in attached units in walkable communities do not.

Average Annual Missing Middle Housing Absorption Needed to Accommodate Preferences to 2040

Relative to production in 2017, new Missing Middle Housing units would need to account for about 62 percent of all new housing completions between then and 2040 to meet the demand for these housing types (see table 2-4). In addition, considering that we are allocating only 50 percent of the total preferences to Missing Middle Housing, all new housing built to 2040 would need to be in walkable communities, split roughly between Missing Middle Housing and large attached structures to meet the demand for walkable living.

There are some other ways in which preferences can be accommodated even if new housing starts are insufficient. For instance, conversions of existing single-family detached homes into two-, three- and fourplexes in walkable communities can help expand supply. This would occur on a scattered, ad hoc basis, but if local land-use and building codes were modified, perhaps just slightly, many more households could be extended Missing Middle Housing options perhaps more cost effectively.

Moreover, local governments by themselves or through public-private partnerships could convert existing developed areas, including the existing housing stock, into walkable communities.

There may also be the possibility of converting surplus strip-center land into small-scale Missing Middle Housing projects albeit with considerable brownfield remediation investment from federal, state, and local governments. The tradeoff is converting nonproductive urban land into Missing Middle Housing that can stabilize neighborhoods if not make them more vibrant.

In other words, with the right policy direction, there may be reasonably straightforward ways to convert existing non-walkable communities into walkable ones, in addition to housing on infill in existing walkable urban areas and creating new walkable communities, in order to increase the supply of Missing Middle Housing units to the level needed to meet the demand.

The Fall of Detached and the Rise of Attached Housing

Over the past century, new detached-home construction has outpaced attached-home construction, but trends may be reversing. The following figure shows that the share of new detached homes to all new homes has been declining in recent decades. From the
period before the 1940s into the 1950s, detached homes increased from 59 percent to 77 percent of the share of all new occupied dwellings, falling steadily back to 57 percent in the 1980s. Home finance innovations in the 1990s and 2000s led in part to an excess supply of new detached homes into the 2000s, but in the 2010s, the new-detached-home share fell to 56 percent, which is the lowest level. As the supply of detached homes wanes, the supply of attached homes increases; we anticipate that these trends will continue for the foreseeable future.

Even as the share of new detached homes to all new homes falls, their average size increases. Notably, census data show that the average size of new detached homes increased from 1,500 sq. ft. in the 1970s to 2,500 sq. ft. in the 2010s—a 60 percent jump. The increase has garnered media attention, with some claiming that the increasing size of new detached homes is a key signal of overall economic health and validation of the market demand for ever-increasing new-home sizes.12

Closer examination of this shift reveals troubling trends. First of all, the sheer number of detached homes built on an average annual basis fell from nearly 1.5 million homes during the 1970s to less than 400,000 homes in the 2010s. Moreover, while only 6 percent of the homes built in the 1970s were over 3,000 sq. ft., in the 2010s this share was four and a half times higher: 27 percent. Put differently, during the 1970s, 74 percent of all new homes built were less than 2,000 sq. ft., but only 59 percent were in the 2010s. Indeed, there were nearly as many homes over 3,000 sq. ft. built annually in the 1970s (about 99,000) as in the 2010s (about 101,000), yet those homes accounted for a far larger share. It is little wonder the mismatch between new-detached-home prices and incomes keeps growing.13 In contrast, American Housing Survey data show that the average size of new attached units, including townhome and small and large attached structures, has not changed much over the past several decades.

I surmise that newly built attached structures are meeting shifting housing demand better than detached products.
room ratio may also suggest that for many households, these homes have more space than is needed. In contrast, the bedroom-to-person ratio for Missing Middle Housing is close to 1.0, suggesting a closer match between household size and needs. Large attached units have the smallest bedroom-to-person ratio, which is consistent with the smaller households occupying those units. From the perspective of unit size, based on the bedroom ratio, Missing Middle Housing options would seem to cater to smaller, multi-person households while large attached units would seem to cater perhaps to older couples or single-person households.

Table 2-5 generally supports my expectations. Households without children and especially single-person households dominate.

<table>
<thead>
<tr>
<th>METRIC</th>
<th>ALL UNITS</th>
<th>DETACHED</th>
<th>MMH TH</th>
<th>MMH ATTACHED</th>
<th>MMH ALL</th>
<th>LARGE ATTACHED</th>
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</thead>
<tbody>
<tr>
<td>Minority</td>
<td>34%</td>
<td>18%</td>
<td>56%</td>
<td>45%</td>
<td>51%</td>
<td>48%</td>
</tr>
<tr>
<td>Householders (HH) Type</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HHs with Children</td>
<td>32%</td>
<td>34%</td>
<td>33%</td>
<td>31%</td>
<td>31%</td>
<td>18%</td>
</tr>
<tr>
<td>HHs without Children</td>
<td>68%</td>
<td>66%</td>
<td>67%</td>
<td>70%</td>
<td>69%</td>
<td>87%</td>
</tr>
<tr>
<td>Single-Person HHs</td>
<td>27%</td>
<td>20%</td>
<td>31%</td>
<td>42%</td>
<td>38%</td>
<td>55%</td>
</tr>
<tr>
<td>Householder Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HH 25-35</td>
<td>18%</td>
<td>32%</td>
<td>22%</td>
<td>35%</td>
<td>35%</td>
<td>18%</td>
</tr>
<tr>
<td>HH 35-64</td>
<td>53%</td>
<td>58%</td>
<td>54%</td>
<td>49%</td>
<td>59%</td>
<td>43%</td>
</tr>
<tr>
<td>HH 65+</td>
<td>27%</td>
<td>23%</td>
<td>25%</td>
<td>17%</td>
<td>29%</td>
<td>26%</td>
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<tr>
<td>HH Income</td>
<td>$84,389</td>
<td>$74,823</td>
<td>$76,902</td>
<td>$68,818</td>
<td>$77,978</td>
<td>$64,397</td>
</tr>
</tbody>
</table>

Figure 2-5: Income by housing unit type. Source: American Housing Survey.

occupancy of large attached units. On the other hand, there are large differences when it comes to household age. Middle-aged households are concentrated among detached homes more so than other types. There is also a large difference with respect to incomes, with households occupying detached, townhouse, and large attached units earning more on the whole than households living in small attached Missing Middle Housing units.

**Reducing Automobile Dependency and Improving Housing Affordability.**

There is another factor to consider: the role of true Missing Middle Housing located in walkable communities in reducing commuting costs. This is not a trivial issue because lower transportation costs means more money in the pockets of households thereby making housing itself more affordable. For instance, Table 2-6 shows the transportation mode to work for workers living in different types of housing. Literature shows consistently that the greater the dependency a household has on the automobile in the commute to work, the higher the share of income that household spends on the automobile. Notice in Table 2-6 that 89 percent of the workers living in single-family detached homes commute to work in single-occupant vehicles (SOV). In contrast, only about three-quarters of all workers living in Missing Middle Housing commute in single-occupant vehicles, while an even smaller number (59 percent) of those living in large attached units, do. In contrast, the share of people commuting to work in non-drive modes (transit, walk, or bike) living in Missing Middle Housing is more than double that of detached units, while for those living in large attached units, that share is nearly double that of Missing Middle Housing.

There are large differences. Not shown, because it is part of ongoing, unfinished research, is the commuting distance and cost and the number of vehicles by unit type. Prior research suggests that, based on our continuum of residential units, total Missing Middle Housing transportation costs will be about 60 percent lower than costs for the average detached home, while costs for large attached units will be about a third of those costs. And it is
Table 2-6: Commuting Modes among Housing Types, 2017

<table>
<thead>
<tr>
<th>Metric</th>
<th>All Units</th>
<th>Detached</th>
<th>MMH TH</th>
<th>MMH Attached</th>
<th>MMH All</th>
<th>Large Attached</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Ocupass Vehicle</td>
<td>83%</td>
<td>80%</td>
<td>80%</td>
<td>73%</td>
<td>75%</td>
<td>53%</td>
</tr>
<tr>
<td>Carpool</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
<td>6%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Transit</td>
<td>8%</td>
<td>5%</td>
<td>10%</td>
<td>13%</td>
<td>12%</td>
<td>25%</td>
</tr>
<tr>
<td>Walk/Bike</td>
<td>5%</td>
<td>3%</td>
<td>6%</td>
<td>9%</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>Transit/Walk/Bike</td>
<td>13%</td>
<td>8%</td>
<td>16%</td>
<td>22%</td>
<td>20%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Figures may not sum due to rounding.
Source: American Housing Survey, 2017

Missing Middle Housing, more than 60 percent of all new housing would need to be built as Missing Middle Housing units in walkable communities over the next several decades. Will the market deliver? Though this seems unlikely, we know the order of magnitude of emerging housing preferences that need to be met.

not just transportation cost savings: reduced automobile dependency reduces greenhouse gas emissions, reduces the land needed for parking vehicles, and can increase the value of real estate.

SPECIAL ROLE OF MISSING MIDDLE HOUSING TO MEET AMERICA'S FUTURE HOUSING NEEDS

Americans want something different than what was provided from the mid-1940s into the early 2000s: places where people can walk or bike (or increasingly, scooter) to shops, restaurants, services, transit stations, and even work. Though on the one hand, people might prefer detached homes (even on large lots), if the tradeoff means not living in walkable communities, attached homes in these communities prevail. Though large attached structures can also facilitate walkability, they can often isolate residents from their community. Missing Middle Housing requires householder to accept living in their communities, but that may not be for everyone, which is why choices are important.

But choices are constrained by the ability of markets to respond. We noted above that to meet the market, preference for
CHAPTER 2. DEMOGRAPHIC CHANGES AND GROWING PREFERENCE FOR MISSING MIDDLE HOUSING

1. I use the term "growth" even though it can be both positive and negative. The term also refers to
concern. Households test a long time. They test without children. Then the children leave. So, when a household ages from fifty-five to sixty-five years, the household becomes counted as sixty-five years or even though it is the same household.

The year 2017 is our baseline because it is the most recent year for which we have walking and missing middle housing demand and supply data.

Generation Alpha, born between 1985 and about 2011, will not have a substantial effect on housing markets until after 2040.


Although the Great Recession of 2008-2009 led to millions of foreclosures, the aftermath of the Great Recession was not realized fully until the early 2010s.

Homeownership mortgage figures for 1990 and 2000 are based on the Census of Housing, while the share of housing built on detached lots is based on the American Housing Survey for 1990 and 2011.


According to the AHS, the average plan unit is fifty-two years of age compared to forty years for all other units.

This is a stated-preference survey meaning that respondents are forced to choose between roughly equally attractive options. Other housing-related studies are simply preference. Would you prefer marble or Formica countertops? This difference between preferences and stated-preference surveys is a state a preference survey would ask if you prefer to live to

be eighty or one hundred, while a stated-preference survey would you choose now between being healthy and active until eighty, when you keep on and die suddenly without pain, or live to one hundred after twenty years of dementia and incontinence.

10. Though surveys often ask respondents to choose between small and large or conventional lots, respondents are not given parameters, leaving them to define the terms in their local context. A "small lot" in Atlanta on one-quarter acre can be viewed as a large lot in Los Angeles. Nonetheless, in most contexts outside New York City, Los Angeles, and the Bay Area, small lot can be characterized as being one-eighth of an acre or less, which is the smallest lot category published by the AHS.

11. This is the weighted average of missing middle housing units making up 75 percent of attached units, with 33 percent of them being accessible by walking or biking in selected destinations, and 25 percent of large attached units where 10 percent are accessible to those destinations via walking or biking.


The Honorable Chair and Members, Pima County Board of Supervisors

Rg: Housing Affordability

August 16, 2022

Page 2

refinement of the inventory of County parcels potentially available for affordable housing, as well as create a process for bringing those assets forward for potential development.

Inventory of County Property

As requested by the Board of Supervisors, Pima County Development Services and Real Property worked with other departments to complete a preliminary evaluation of County property that may be suitable for affordable housing projects. The exercise involved using County GIS to first identify all County owned properties. The initial list was further screened to identify properties with some potential for development. The screening criteria and the resulting 30 properties are included in Ms. Blackwell’s memorandum.

Recommendations

Based on the work of the Task Force I recommend that the Board consider taking the following actions:

1. Allow the current Housing Commission to expire or sunset.
2. In its place the Board establish the Pima County Commission on Housing Affordability that is appropriately chartered.
3. Such a Commission would be populated by members from a slate provided by staff or individually appointed by each Supervisor.
4. This new Commission would be directed to work with County departments to further determine the development potential of County properties and to identify groups interested in working with the County, through partnership or development agreements, to develop these properties for affordable housing.

Sincerely,

Jan Leach
County Administrator

JLdzyn – August 3, 2022

Attachments:
- Carmine DeBolle, Jr., Deputy County Administrator
- Francisco Garcia, MD, MPH, Deputy County Administrator and Chief Medical Officer
- Steve Holmes, Deputy County Administrator
- Daniel Sullivan, Director, Community & Workforce Development
- Carla Blackwell, Director, Development Services
Date: August 8, 2022
From: Dan Sullivan
Community & Workforce Development
Director

Re: Affordable Housing Task Force Report and Recommendations

On November 23, 2021, the Pima County Administrator approved the creation of an Affordable Housing Task Force, bringing together a cross-section of stakeholders involved in some aspect of affordable housing production and development. The Task Force was established for the purpose of informing the County of actions that policymakers may take to improve housing affordability across Pima County. The Task Force met every other week for the course of five months and included virtual and in-person meetings. Pima County's Community and Workforce Development (CWD) staff supported the Task Force and worked with members to capture and report on the priorities and recommendations of the panel to address affordable housing needs in Pima County. CWD is now pleased to present the attached final report of the task force, which is also available on the Affordable Housing website.

Background and Summary

In response to invitations from the County Administrator, the final Task Force membership reflects a broad cross-section of stakeholders:

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ann Chandler</td>
<td>City of Tucson</td>
</tr>
<tr>
<td>Betty Velez</td>
<td>South Tucson Public Housing</td>
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<td>Brian Sheridan</td>
<td>German Company</td>
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<td>Carla Blackwell</td>
<td>Pima County Development Services</td>
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<td>Carly Foster</td>
<td>Pima Foster Marti McDonald</td>
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<td>Donnie Figuero</td>
<td>Youth On Their Own</td>
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<td>Dennis Hackett</td>
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<td>David Godlewski</td>
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<td>Joy Taylor</td>
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<td>Karen Unitch</td>
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<td>Keri Pothen</td>
<td>Biospec and Phx, Inc</td>
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<td>Liz Morales</td>
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<td>Pima Council on Aging</td>
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<tr>
<td>Maryann Beirling</td>
<td>Compa affordable housing</td>
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</table>
Beginning February 4, 2022, the Task Force met 8 times. CWD brought in professional facilitators to help organize the Task Force’s work and define appropriate and measurable outcomes of the process. The Task Force worked through a process to identify subject matter experts and accurately define affordable housing. From there, they solicited subject matter experts of the Task Force and facilitated a process over the course of several meetings to allow the Task Force to leverage that expertise to produce meaningful recommendations to County Administration.

Throughout the process, Task Force members, members of the public, and other community stakeholders completed surveys, the results of which were presented at each meeting. Surveys included questions related to the overall concerns and what approaches, ideas, and potential solutions that they explored during the process. The process also included small group work with discussions that allowed meaningful discussions about the development and impacts of affordable housing affordability in Pima County. Task Force members’ work was also informed by a review of the latest research, data analysis, and best practices locally and throughout the nation.

The public was actively engaged in the process, including attendance at both virtual and in-person meetings, public comment on the Task Force webpage, as well as working on various small group work at each meeting. Public comment and feedback was incorporated into the final report of the Task Force.

After the Task Force identified strategies to increase housing affordability, County staff provided information on the types of available private and public-owned lands, current development priorities, and potential barriers to affordable housing viability and feasibility. County staff also presented the affordable housing continuum and outlined opportunities for new development and their potential structure for feasible outcomes. The Task Force learned about current state statutes on land use and occupancy, tax issues, surplus property guidelines, and reviewed current code for guest homes or accessory dwelling units, and incentive areas. County staff also provided information on current accessibility, housing development, and incentives for affordable housing development and maintenance, with outcome at the forefront of considering changes, updates or revisions to current code or procedures.

Affordable Housing Task Force Report and Recommendations

Task Force priorities were based on the following guiding principles:

- Consider what is feasible, viable, practical
- Build more and improve access to affordable housing
- Mitigate impacts on most vulnerable
- Consider different approaches by need (no one size fits all)

The Task Force recommended two broad strategies: build more across the housing continuum ("Build More") and improve access to affordable housing ("Improve Access"). Build More means to establish the means to establish more housing while promoting and supporting actions and policies that increase the creation of more housing, while promoting and supporting actions and policies that improve the living experience for residents and improve access to affordable housing. The Task Force recommended (1) a regional housing strategy that prioritizes building more housing; (2) a regional approach to improve access to affordable housing; (3) a regional approach to improve access to affordable housing; (4) a regional approach to improve access to affordable housing; (5) a regional approach to improve access to affordable housing; (6) a regional approach to improve access to affordable housing; (7) a regional approach to improve access to affordable housing; (8) a regional approach to improve access to affordable housing; (9) a regional approach to improve access to affordable housing; (10) a regional approach to improve access to affordable housing; (11) a regional approach to improve access to affordable housing; (12) a regional approach to improve access to affordable housing; (13) a regional approach to improve access to affordable housing; (14) a regional approach to improve access to affordable housing; (15) a regional approach to improve access to affordable housing; 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Pima County Affordable Housing Taskforce Recommendations

Written by Angie Donelson, PhD, AICP and Robbi Breda, PhD
Submitted June 10, 2002

County Administrator Ian Lesar announced a 21-member taskforce of local industry experts from February 4 through May 23, 2002, to recommend means of improving housing affordability in Pima County. Pima County Community and Workforce Development Division Donelson Consulting to facilitate the process, by which the taskforce arrived at consensus-based recommendations with supporting documentation.

Given the critical need for housing across the entire spectrum of affordability, the taskforce created the urgency and importance of county leadership immediately identifying a comprehensive funding approach to begin addressing these needs. The taskforce recommends the county proceed with a PLAN strategy. Pima County has an affordable housing. The taskforce recommends the county proceed with a PLAN strategy. It is also known how much market rate, workforce housing, question and proposals remain unanswered. It is also known how much market rate, workforce housing, and within the most affordable housing and housing from levels of investments needs to be addressed regionally, and within the most affordable housing and housing. This strategy is intended to help developers and residents deal with the challenges of affordability and housing needs. The taskforce recommends the PLAN strategy be implemented.

Over six working meetings from February 18 through April 29, the taskforce identified two strategies for action:

1. To quickly produce more housing across the housing spectrum. 2. To improve access to affordable housing.

**Build More Across the Housing Continuum**:

The taskforce recommends building more housing across the housing continuum. This includes producing not only affordable housing, but market-rate units more quickly, since insufficient supply is creating affordability in all parts of the market. As part of their work, the taskforce identified needs across the affordable housing continuum.

- **Recommendation #1**: A regional housing body facilitates building more housing. As noted in the Action Plan, the City of Tucson provides a strong governance framework. The City of Tucson is also a potential partner, as they recently established a nonprofit development entity for this purpose. Establish a regional housing affordability body that facilitates the production and development of and integration of regional housing affordability. This body could facilitate the production of regional housing affordability. Additionally, Pima County has begun an inventory of all its real property for the county. The taskforce recommends creating a regional body (including Marana, Oro Valley, and other jurisdictions) to coordinate benefits for the production of housing across the continuum.

- **Recommendation #2**: Streamlined development processes promote housing density, inclusion, and affordable housing. The first step in this process is to gain a clearer understanding of what developers need. A planning document is to build upon the City of Tucson’s recent survey of the development community. This process would be used to create a plan that is both affordable and gain access to the planning code and streamlining. Streamlining updates can be made to the planning code in order to meet the taskforce’s current goal of promoting the creation and implementation of regulatory processes. The taskforce recommends the PLAN strategy be implemented.

The taskforce recommends the county proceed with a PLAN strategy, prioritizing the creation of regulatory goals for market rate and conserving open space management.

---

**Pima County Affordable Housing Taskforce Recommendations**

Submitted June 10, 2002

- **Recommendation #1**: Housing market needs dashboard is crucial to understanding the market. Although some dashboards are needed, certain needs are very clear. The taskforce recommends identifying these needs and providing a comprehensive dashboard across the market.

- **Recommendation #2**: Building more housing is crucial to improving affordability. The taskforce recommends identifying the need for increased production and developing a comprehensive strategy to meet this need.

- **Recommendation #3**: Improving access to affordable housing is crucial to improving affordability. The taskforce recommends identifying the needs for increased access and developing a comprehensive strategy to meet this need.

- **Recommendation #4**: Building more across the housing continuum is crucial to improving affordability. The taskforce recommends identifying the need for increased production and developing a comprehensive strategy to meet this need.

**List of Work Products and Supporting Documents**

1. Overview of Strategic Recommendations: Build More and Improve Access
2. Taskforce Plan and Outcomes

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Download the full report on the Pima County Affordable Housing Taskforce Recommendations at [this link](https://example.com/affordable-housing-taskforce).

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Prepared by Donelson Consulting, LLC
Community Development, Planning and Housing

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PIMA COUNTY
DEVELOPMENT SERVICES

DATE: August 3, 2022
TO: Jan Lecher, County Administrator
FROM: Carla Blackwell, Development Services Director
SUBJECT: Inventory of Pima County Owned Property

At the Board of Supervisors meeting held on May 17, 2022, staff were directed to complete an inventory of surplus County owned land and buildings that could be used for the development of affordable housing. This task was also a key recommendation of the Affordable Housing Task Force. A small group of County staff convened to develop the search criteria to identify potentially suitable parcels of land and buildings for affordable housing projects. A summary of the methodology used is as follows:

1. Outreach to County departments occurred to determine whether existing improved properties were available. There were no improved properties not already in use and suitable for redevelopment for affordable housing.

2. Utilizing the County’s GIS system and the assessor’s database, hundreds of County owned properties were identified for further review based primarily on available size.

3. The following properties were eliminated from the search due to the following conditions:
   a. County owned parcels purchased or donated for open space. Most of these lands are committed to the Sonoran Desert Conservation Plan and the Section 10 permit program.
   b. County parcels purchased to protect the Davis Monthan Air Force Base (DMAFB) and maintain open space in accordance with the military airport environment zone.
   c. County owned properties with no available sewer, water, improved roads or other utilities in the vicinity that would be an obstacle to development.
   d. Septic parcels since they require one acre of land per dwelling.
e. County properties that have other designated uses such as specifically used for
   drainage, right-of-way, department operations, or other restrictions.
   
f. No tax lien parcels were included due to the state statutes regarding disposition of the
   parcels.

4. The following County-owned land targeted for economic development was excluded from the
   inventory:
   
a. 755 E. Broadway: The County and the Florida remain in discussion for potential
   employment-generating and mixed-use development of this site.
   
b._ti Street and 1-10: This parcel near 1-10 frontage road remain in discussion
   for potential employment-generating and mixed-use development.
   
c. Former Roger Road Treatment Plant: The site has been clean closed but still has
   substantial wastewater treatment structures and infrastructure that is costly to remove.
   
d. Sunset Road Innovation Campus: This land is proposed for mixed-use campus
   development with adjacent recreational amenities complimentary to the Chuck
   Huckleberry Trail. The site contains cultural resources that require mitigation.
   
e. Southeast Employment & Logistics Center: This land surrounding the railroad
   is slated for large industrial, manufacturing and distribution applications requiring
   large sites with freeway access. The Board of Supervisors will be considering a county-
   prepared Specific Plan in the future, which will also include options for compatible
   workforce housing to support the envisioned uses.
   
f. Knox South Complex: The county land adjacent to the recreation fields is currently
   under contract with new development for compatible sporting, entertainment and
   associated uses.

Through consultation with appropriate departments, 30 parcels (or parcel group) were identified with potential for affordable housing projects (see attachment). The properties have the following characteristics:

1. Eight (8) lots have existing homes located on them that potentially could be rented at an
   affordable rate.

2. Most of the remaining parcels are vacant and require additional analysis with transportation
   and flood control to develop a viable area.

3. Utilities are adjacent or nearby including sewer potentially allowing for additional density
   on the parcel subject to zoning.

4. Half the parcels have transit within a half-mile, but most are still in the urban area served by
   improved roads.

5. Nine (9) parcels are located in the City of Tucson and would require further review and
   coordination with City departments.

6. Four (4) parcels are owned by the Regional Flood Control District (RFCD). As a separate
   entity, RFCD land cannot be used for general county uses including affordable housing.
   However, Pima County can lease or redevelop RFCD for developable land that could be used
   for affordable housing.

7. Some of the County-owned lots are smaller than required for zoning, or "substandard," due to
   the County action such as road construction.

Current zoning was identified for all parcels. In most cases, the zoning allows only one or two homes on
the lot. Depending on the specific circumstances, current zoning could be a barrier for development of
some parcels beyond one or two units, if deemed "residential" development is desired. In such cases, the parcel
would require a rezoning, along with compliance with adopted development standards of the jurisdiction
where the parcel is located. Similarly, if the land is sold or transferred by the County to a third-party affordable
housing developer, the project will need to adhere to the zoning requirements for density and site
development.

Arizona Revised Statutes allows the County to convey land through various means for affordable housing
for less than market value or without holding a public auction. The County also may acquire an interest
in property to provide affordable housing. ARS 11-252.10 states:

A. If a board of supervisors determines that any real property or interest in the real property owned, or
   to be purchased, by a county can be used to provide affordable housing for persons and families of low
   income as determined by the United States Department of Housing and Urban Development and that
   the interest is in the county's best interests, development and that this use is to the county's best interests,
   the board may sell, lease, exchange, mortgage, convey or otherwise dispose of the real property or
   interest in the real property at less than fair market value, or purchase an interest in the real property
   to provide affordable housing without holding a public auction and for less than the fair market value as
   required by section 11-255.

B. Dwelling units provided for persons and families of low income under this section shall be rezoned by
   regulatory agreement to remain continually affordable to low-income persons and families for the
   longest feasible time, but not less than thirty years, pursuant to a method prescribed by the county.

C. The regulatory agreement shall contain a provision making the covenants and conditions of the office
   of the county agreement binding on a successor in interest and shall be recorded in record of the
   county in which the housing development is located.
Recommendation:

This list of properties is based on preliminary evaluation of potential opportunities. Further review and input from individuals and groups with expertise, and that perform work in affordable housing, land trust, and development areas would be beneficial to determine the viability for affordable housing projects at these locations.

As such, it is recommended that upon formation of the Kern County Regional Affordable Housing Commission, per the Affordable Housing Task Force Action Plan, the Commission further evaluate these properties along with County staff. Steps to perform further review could include the following steps:

1. Along with Community and Workforce Development, Real Property, Development Services, and others determine the development potential of each parcel and clear any restrictions.

2. Prepare requests for proposals or other partnership agreements to identify groups interested in working with the County to develop the parcels for affordable housing.

3. Upon selecting partners, draft partnership or development agreements outlining the terms for affordable housing project, including land ownership, project financing, operation, etc.

4. Present agreements, once finalized, to the Board of Supervisors for approval.

Carmine DeSousa Jr., Deputy County Administrator
Francisco Garcia, Deputy County Administrator
Jeff Teplitzky, Real Property Department
Housing Supply Study

- Currently employs 65 employees
- Licensed in Arizona, New Mexico, and California
- Multifamily Housing
- Affordable
- Market Rate
- Hospitality
- Commercial

- $300+ million multifamily housing
- 134 MFP projects
- 13,055 apartments
- 5 hotel projects
Recommendations

- Reducing regulations and obstacles will in turn reduce risk and costs and will result in improved capacity.
  - Pima County has 70 projects in the pipeline with over 15,000 units, but maybe only 30% will be built.

- Allocate $200M - $800M from ARPA to ADOH to use as a low interest rate revolving loan to meet project gaps

Construction Cost Increases

43%  = $75k/unit

2019  ➔  2022
Affordable Project Issues

- 9% LIHTC projects economies of scale.
- Davis Bacon Wages / Section 3 Requirements
- LEED / Green Building Standards
- Budgets are typically set 20 months prior to the start of construction.
- Developers have limited sources to fill gaps

Market Rate Project Issues

- The cost of debt has doubled since the start of the year.
- Banks are taking less risk (65% LTV vs. 75%)
- Added costs, recession fears and economic uncertainty are causing many developers to tap the brakes on their projects
State-wide Issues

- Utility Providers are causing significant construction delays.
- Local Jurisdictions are requiring significant off-site improvements as a condition of approval of the project (e.g. public water lines, sidewalks, street improvements).
- Building Code changes – structural, energy efficiency
- Cities are requiring building elevations to be more diverse.

Tucson Specific Issues

- Tucson projects cost an average of 5-10% more than Phoenix.
- Tucson median wages are 20% below Maricopa County.
- Permits and Fees are some of the highest in the State
  - Impact fees roughly doubled for multi-family last year.
  - Pima County Wastewater Fees 2x – 5x of most other jurisdictions.
- Recently passed EV Ordinance.
- Permit Review Process is difficult.
- Zoning Code is restrictive and difficult to change.
Housing Development in Tucson

Tucson is growing: over 10,000 housing units permitted in last five years
New Residential
2017-2022

5,105 units of new single-family residential, duplexes and townhomes permitted

New Multifamily - 2017-2022

4,945 multifamily units permitted
Key projects driving housing development

Entitled development under construction
- La Estancia
- The Bridges
- Saguaro Trails

Entitled projects pending development
- Atterbury Trails (ASLD site) - potential for thousands of units

Process Improvements

Customer service center with multiple departments
Online applications
5-day review for most new single-family permits (off models)
Partnership with contract permitting services
New permit system launching in October
SolarApp - same day solar permitting
Remote video inspections
Monthly stakeholder meetings
Partnership with Pima County
Code streamlining
Tucson's zoning tools to support housing development

Infill Incentive and Urban Overlay Districts
- Support transit-oriented, mixed-use development
- 1,800 housing units approved in IID, 250 affordable
- Expanding affordable housing incentives

Accessory Dwelling Unit ordinance
- ADUs now permitted citywide

Flexible Lot Development

Planned Area Developments

Innovative strategies to meet Tucson's housing needs
The Mayor's Office

Mayor and Council

Acknowledgments

W. Mark Clark

Laura Sharpe, Lead Planner

Jermaine Dean, Lead Planner

Online Litigation, Planning

Anna Miller, Principal Planner

Housing and Development

Generations Community

Tony Capurro, Deputy Director

an Commission on Equitable Housing

Miami-Dade City Manager

Carmen Quiroz

Dade County

Housing and Development

Deborah Rosales

Wendy Acosta

Laurel Marcano-Feliz

Laurie Petito

Marcia Garcia

Mary Blake

Anjellic Blanks

Ingrid Williams

Jaye Young

Jim Toler

Sharice Johnson

Cindy Fears

Michael Edwards

The Miami-Dade Commission on Equitable Housing

The Mayor's Office

Mayor and Council

Acknowledgments

W. Mark Clark
SNAPSHOT

DATA
The table below shows the percentage of low-income households and housing costs by income range:

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>$0 - $19,999</td>
<td>30.0%</td>
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<tr>
<td>$20,000 - $49,999</td>
<td>20.0%</td>
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<tr>
<td>$50,000 - $74,999</td>
<td>15.0%</td>
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<tr>
<td>$75,000 - $99,999</td>
<td>10.0%</td>
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<tr>
<td>$100,000 - $124,999</td>
<td>5.0%</td>
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<tr>
<td>$125,000 - $149,999</td>
<td>3.0%</td>
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<tr>
<td>$150,000 and up</td>
<td>1.0%</td>
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Increasing housing costs:

- Between 2007 and 2017, median rent costs have increased by 30% in the City of Los Angeles.

Poverty and Income:

- Low incomes are the norm in Los Angeles County, with median household income in the county being $55,000.

In conclusion, despite these economic challenges, the city is working towards addressing housing affordability and income inequality.
Impact on Tenants

Need for many "Economically
Realtor prices and income levels are out of
range, with many families struggling.

Census data on housing conditions in the City and County
Government data on assisted income
housing in the City and County

Housing Costs

Income not Keeping Pace

Housing costs are outpacing income.

Some are forced into substandard housing.

Over the past five years (2017 - 2022)

Incomes below 60% of median income are

Spending 40% or more of income on

Rent is higher income by

Some are forced into substandard housing.

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SUMMARY

CAE ANALYSIS AND DATA

Housing Segregation

Housing segregation occurs throughout the region. The long-standing effects of redlining and other discriminatory practices have led to the concentration of black and Hispanic households in certain areas, while other areas have large concentrations of white households. This segregation has led to disparities in access to resources and opportunities, including education, healthcare, and employment opportunities.

Race/Ethnicity

The map above illustrates the percentage of homeowners by race and ethnicity in the region. It shows that black and Hispanic households are more likely to be homeowners compared to white households. This disparity is a result of historical and systemic racism that continues to affect access to homeownership.

Housing Segregation

Urban sprawl and gentrification have contributed to increased housing segregation. As gentrification occurs, affordable housing is displaced, leading to increased segregation. This phenomenon is particularly evident in areas where gentrification is rapid, such as cities with strong real estate markets.

RESIDENTIAL SEGREGATION

The map illustrates the residential segregation patterns in the region. It shows that certain areas have high levels of segregation, while others have lower levels. The map also highlights the impact of redlining on housing segregation, with areas that were previously redlined showing higher levels of segregation.

RESIDENTIAL SEGREGATION

Segregation by Race/Ethnicity

The map above shows the racial composition of the region, with different colors representing different racial groups. It illustrates the concentration of black and Hispanic households in certain areas, indicating the presence of housing segregation. The map also shows the dispersal of white households, highlighting the impact of gentrification and urban sprawl on housing patterns.
Investment Plan and Communities, People, Homes

The P-CHIP Homes Initiative provides a framework in which to ensure a living, learning, and working environment to meet the needs of the community. The framework of P-CHIP includes a series of policies, programs, and initiatives that support the development and sustainability of affordable and sustainable housing for the people, communities, and homes. The focus is on creating and maintaining homes that are safe, affordable, and sustainable.

parking requirements, etc., and additional height/density for affordable housing developments are some avenues to make affordable housing projects more feasible.

There is also a need to allow more diverse housing types that even at market-rate can be attainable to middle-income households. This includes housing types such as bungalows, courts, duplexes, and row houses, often termed ‘missing middle’ housing for their moderate density as well as cost. Many of Tucson’s current zoning regulations make it difficult to build this type of housing - updating our standards to provide more flexibility could allow our housing market to better serve the needs of Tucson households.

The City of Tucson makes every effort to support developers through the permit process in a timely fashion. One of the actions that Mayor and Council can take is to dedicate resources to expedite the review of affordable housing projects to ensure these projects are prioritized through the permitting process. Another action the City of Tucson can consider is reducing the cost of development review fees for affordable housing projects.

Ordinance 1624 incentivizes affordable housing by offering a subsidy on impact fees to nonprofit affordable housing developers for the non-public investment portion of an affordable housing project. The project必须 be affordable to households that earn 80% of Area Median Income or less for at least fifteen (15) years. Each year the City of Tucson budgets the impact fee waiver fund for affordable housing, for FY 2022 it is $780,000. Mayor and Council could consider amending the ordinance to be focused on the terms of affordability (80% AMI and 15 years) rather than the corporate structure of the developer and allow for any developer to receive the relief if they build a project that meets or exceeds the affordability terms.

A Place for You in Multnomah County, OR brought prefab ADUs to the backyards of homeowners, which then provided housing for formerly homeless individuals. The LAADU Accelerator Program pairs older adults with homeowners willing to offer their ADUs as rentals. LA MASA Backyard Homes Project supports homeowners in building an ADU in exchange for renting their unit affordably to a Section 8 voucher holder for a minimum of 5 years.
**Actions for Consideration - Immediate Mayoral and Council**

1. Direct HCD to review its report to Mayor and Council with resolution to adopt the
   Housing Assistance Strategy for Tucson with the added direction and
   Change ofress

2. Approve and adopt the geographic areas outlined in the Community

3. Direct Planning and Development Services (PDS) to prepare

4. Adopt Plan for Action -

5. Permanent Plan to Support the

6. Support the induction of Affordable Housing and Homelessness Support

7.政策初初三只雄伟道教，房仙在赋野，赋野受天

8. Housing and Economic Development

9. Permanent Planning and Development Services

**Short-Term**

**Immediate**

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**Permanent**
<table>
<thead>
<tr>
<th>TASK</th>
<th>REASONS TO ENCOURAGE</th>
<th>RESPONSIBLE HOUSING</th>
<th>IMPLEMENTATION</th>
<th>COMPLETION</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

**Initiative Action Plan**

Request a parking reduction project to include affordable housing. The commercial parking code develops an amendment to the Planning and Development Direct Planning and Development Council Act. Immediate Mayor and the Mayor and Council Act.

**Update Zoning**

Regulations to Encourage
<table>
<thead>
<tr>
<th>TASKS</th>
<th>STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review development plan in partnership with city and community</td>
<td>To assess opportunities to make assets accessible for the elderly</td>
</tr>
<tr>
<td>Help in progress</td>
<td></td>
</tr>
<tr>
<td>Dedicated to the cost of housing</td>
<td></td>
</tr>
<tr>
<td>Explore expedition of the city for affordable housing</td>
<td></td>
</tr>
<tr>
<td>Work on the flexibility of housing impacts</td>
<td></td>
</tr>
<tr>
<td>Identify a formal policy to expedite</td>
<td></td>
</tr>
<tr>
<td>Immediate action: Facilitator development</td>
<td></td>
</tr>
</tbody>
</table>

**Council Action:**
- Immediate action and

Subject to available funding and the3rd party Secure Housing Project that meets the need for any affordable housing.

Indirect efforts to develop language skills for the elderly.
### Initiative & Action Plan

<table>
<thead>
<tr>
<th>TASKS</th>
<th>Notes</th>
</tr>
</thead>
</table>
| **Housing Availability** | Most vulnerable to
A. Housing Inconsistencies |
| **Enhance Efforts** | Amid |

**Immediate Mayor and Council Action:**

For such projects starting January 2022:
- Vouchers of $500,000 in HOME funds
- A maximum of $60,000 per project
- Permanent Supportive Housing
- Direct NCD to implement the CEHD

**District Action:**

- Funding process to develop at least
- Recommendation to issue an annual

**Direct NCD to implement the CEHD**

### Initiative & Action Plan

<table>
<thead>
<tr>
<th>TASKS</th>
<th>Notes</th>
</tr>
</thead>
</table>
| **Site Feasibility Study** | For Sundance Hill, East 4th Street, and 1st Street
- Seek funding for Feasibility Study
- Small projects for affordable
community housing needs
- Conduct community meetings to ensure
community input
- Final site selection will be based
- Develop a process for feedback"
<table>
<thead>
<tr>
<th>TASKS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RESEARCH AND EDUCATION</td>
<td>EXPAND EDUCATION OUTREACH</td>
</tr>
<tr>
<td>ANNUAL REPORT</td>
<td></td>
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<tr>
<th>INITIATIVE 9: ACTION PLAN</th>
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<tr>
<th>HUMANITY INSURANCE</th>
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<tbody>
<tr>
<td>STREAMS FOR AFFORDABLE</td>
</tr>
<tr>
<td>SUSTAINABLE ECONOMIC</td>
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<tr>
<td>MORE SUSTAINABLE AND</td>
</tr>
<tr>
<td>PUBLIC ADDITIONAL AND</td>
</tr>
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Immediate Mayor and Council Action:

Local adoption of Industry-Spanning Programs to Increase the City's NPSA and Promote Projects and Policies for Tucson's Future. Encourage voluntary failure to increase support and initiatives around the city. Support the inclusion of Average Housing and Homelessness Support in the 2022 City of Tucson State Legislative Session.

Support and Advocacy by Mayor and Council Action:

- Local adoption of Industry-Spanning Programs to Increase the City's NPSA and Promote Projects and Policies for Tucson's Future. Encourage voluntary failure to increase support and initiatives around the city. Support the inclusion of Average Housing and Homelessness Support in the 2022 City of Tucson State Legislative Session.

- Immediate Mayor and Council Action:

  - Resource for around the city offices to continue to focus housing projects with the city and each
  - Housing segregation in Tucson and each neighborhood
  - Education and Advocacy for the city
  - Resource for around the city offices to continue to focus housing projects with the city and each
  - Housing segregation in Tucson and each neighborhood

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Housing Projects
Selected Affordable
The City of Tustin

Factors Considered

- Location
- Key Attributes
  - Quality Schools
  - Health Care
  - Libraries and Recreation Centers
  - Groceries
  - Employment
- Community Assets
- Transportation
- Accessibility

Appendix B: City of Tustin

Housing Checklist

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People, Communities, and Homes

Housing Plan and Investment

The P-CHIP is the primary tool for ensuring that the community's housing needs are met. It provides a framework for identifying and addressing the needs of residents and community members. The plan is developed through a collaborative process involving community stakeholders, including residents, businesses, and non-profits. The plan includes strategies for increasing affordable housing, improving existing housing, and addressing the needs of vulnerable populations.

Some of the key goals of the P-CHIP include:

- Increasing the number of affordable housing units
- Improving the quality of existing housing
- Developing new housing opportunities
- Enhancing community infrastructure
- Promoting economic development

The P-CHIP is reviewed and updated every five years to ensure that it remains relevant and responsive to the community's needs.

The Commission on Engagement

The Commission on Engagement is responsible for ensuring that the community's input is incorporated into the P-CHIP. The Commission is made up of community members who represent a diverse range of interests and perspectives.

The Commission on Engagement meets regularly to discuss the P-CHIP and make recommendations to the Housing and Development Commission.

The Commission on Engagement also serves as a platform for community members to voice their concerns and ideas about housing and development in the community.

Public Meetings

The Commission on Engagement holds public meetings to discuss the P-CHIP and gather community input. These meetings are open to all residents and provide an opportunity for community members to learn about the P-CHIP and provide feedback.

Past public meetings have included discussions on:

- The current state of housing in the community
- Strategies for improving housing affordability
- Opportunities for community development

The Commission on Engagement encourages all community members to attend these meetings and participate in the process of developing the P-CHIP.

Contact Information

For more information or to schedule a meeting, please contact the Commission on Engagement at contact@community.org.
Housing Issues
City of Willcox
Residential project cost
Flood plain standards is 10% of average
Per local builder estimates, building up to meet
High Risk Flood Area
- Roughly 80% of the current city is a
- Must be raised 2 feet off the BFE
- Plus one floor, for example, structures in AO-1
- Minimum height of base flood elevation (BFE)
- Substantially improved buildings be at a
- Building codes require most new and

Requirements
Flood Plain Building
Pressing needs for infrastructure for further development.
Million-dollar projects as well
will require lift stations which are multi-

treatment plant. Further development
needed to pump sewage to the city's

treatment plant. The area lift stations are

A major challenge is that even the

514, 211, 214

include enterprise funds as only
projects and the city's FY 22-23 budget
new roads. These are multi-million-dollar
infrastructure and build and/or maintain
the city to expand its sewer, water, and gas

City's performance. This will require the
additional housing will be built on the
limited means that the majority of

Infill opportunities in the city are

Development

Infrastructure for further

Pressing need for
Lack of affordable homes and they sit on them
Private investors own many areas around municipalities
Planners, community development directors, etc.
Lack of qualified municipal staff members; engineers,
Lack of existing housing stock
Require funding to resolve
Existing utility systems are outdated and dilapidated and
Broadband
Expansions of utilities; gas, water, electric, sewage
Ex. Building a subdivision
Developers
Affordability and costs to build homes for buyers and
Lack of true 3-4 bedroom homes in many communities
U.S. Census undercounts municipal populations
Lack of funding from municipalities
Lack of capital investment from private sector

Communities
Rural Housing in
Issues with
1. What Willcox is doing:

- Low-interest loans for home buyers to build homes
- Affordable homes
- Funding from the state to expand utility systems

2. Contact with professional staff and are

3. Updating our zoning codes

4. Expanding utilities and build homes

5. Annexing growth areas

6. Working with USDA to build affordable homes

Pursuing federal funding to improve existing utility systems

Government agencies to identify solutions, partner with the private sector and other wastewater capacity study in order to expand private firms to perform a water and mapping our utility systems, partnering with

on City property
<table>
<thead>
<tr>
<th>Population</th>
<th>State Shared Revenues</th>
<th>HURF</th>
</tr>
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<tbody>
<tr>
<td>3,200</td>
<td>2,928,800</td>
<td>$1,220,000</td>
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<tr>
<td>3,500</td>
<td>4,144,187</td>
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<td>4,500</td>
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<td>$79,200 Property Tax</td>
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<td>5,925,000</td>
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<td>$3,360,000 HURF Revenue</td>
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</tbody>
</table>

- $3,193,841 City Sales Tax
- $1,792,025 General Fund
- 1/3 of City Sales Tax devoted to roads
5 Years of Outcomes from Housing First in Tucson: Strategic Investments by City of Tucson and Pima County

3,601 Households Served: Housing twice as many households enter housing and almost three times as many households remain in housing, when compared to traditional shelter programs in Pima County.

Pima County Housing First Pilot Program
114 Participants: Work, School, Health
2.2 Million Dollars to HUD
50% Reduction in Shelter Visits

Scaling up Housing
End Homelessness

OPCS CENTER FOR HOUSING FIRST PUBLIC ENTRY
Monday, September 12, 2022

To The Arizona Housing Supply Study Committee,

As the Hiawatha Hills & Teresa Terrace Neighborhood Association, we represent more than 70 homes here in the beautiful west side of Tucson. We are vehemently opposed to HB2674. One of the reasons our neighborhood association was formed was to oppose the expansion and development of housing on land not zoned for expansive developments like ones cited in HB2674.

Furthermore, this bill rips away any self governance for a city or town to develop in a way that they deem fitting and appropriate for the character of their own communities. We believe that we elect local representatives to govern for our beliefs and way of life and cheating us of that right is undemocratic.

The State of Arizona should help empower local communities to promote responsible development in a manner that is in accordance with local zoning laws while respecting the wishes and rights of the existing homeowners who have already invested in those communities.

HB2674 is an absolutely unacceptable and inappropriate overreach of government at the state level.

Respectfully Submitted,

Hiawatha Hills & Teresa Terrace Neighborhood Association
Steering Committee
Brett Wolgemuth, Chair
Scott Martin, Vice Chair
Tammy Carter, Secretary
Victoria Arrieta, Member at Large
Committee on:  
Date:  Sept 12, 2012  
Name:  Caleb Blachke, City Manager  
Representing:  City of Willmar  
Complete Address:  101 S Railroad Ave  
E-mail Address:  cblachke@willmarmn.gov  
Phone Number:  507-379-5712  
Bill Number:  
Are you a registered lobbyist?  Yes  
Need to Speak?  Yes  
Comments:  How to present information on hearing on Willmar with Mayor leave  

***FIVE-MINUTE SPEAKING LIMIT***
Committee on Agriculture

Date 9/12/2022

Name: amo

Representing: Humble Hills

Are you a registered lobbyist? No

Complete Address 2222 N. Memorial Ave., 75745

E-mail Address nhule@bellspeed.net

Phone Number: (520) 222-6452

Comments: Our Neighborhood Association represents 70+ homes.

Please speak in opposition to HB 2674. Thank you.

***FIVE-MINUTE SPEAKING LIMIT***
PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on ___________________________ Bill Number ___________________________

Date __________________  ☐ Support  ☐ Oppose  ☐ Neutral

Name ___________________________ Need to Speak?  ☐ Yes  ☐ No

Representing ___________________________ Are you a registered lobbyist?  ☐ Yes  ☐ No

Complete Address ___________________________

E-mail Address ___________________________ Phone Number ___________________________

Comments: ___________________________

***FIVE-MINUTE SPEAKING LIMIT***

ATTACHMENT 3 of 6
Committee on: Housing

Date: Sept. 17, 2020

Name: Mayor Michael Laws

Representing: City of Wilcox

Complete Address: 101 S. Railroad Ave, Wilcox, AL 36483

E-mail Address: N/A

Phone Number: 310-507-5761

Comments: Here to present information on housing in Wilcox, with City Manager Dave McKinney.

***FIVE-MINUTE SPEAKING LIMIT***
Committee on
Date
Name
Representing
Complete Address
E-mail Address
Phone Number
Comments:

Bill Number
Support
Oppose
Neutral

Tucson Housing Foundation
2435 W. Cola, Tucson, AZ 85741
Murphy@Tucsonhousing.org
520-824-4691
Present to Affordable Housing Initiative for All锻刀

***FIVE-MINUTE SPEAKING LIMIT***
Committee on Housing Supply
Date 9/12/2022
Name Miranda Schubert
Representing Tucson for Everyone (YIMBY)
Complete Address 914 E Drachman St
E-mail Address Miranda@KKC.com
Phone Number 520-248-3165
Comments:

***FIVE-MINUTE SPEAKING LIMIT***
November 10, 2022

Housing Supply Study Committee
c/o Paul Benny
Arizona State Legislature
1700 W Washington St
Phoenix, AZ 85007

Re: Supplement to Remarks, September 12, 2022 Hearing in Tucson, AZ

Dear Committee Members:

Thank you for travelling to Tucson to hear our community's concerns regarding the shortage of housing in Southern Arizona, along with the entire State. I appreciate the opportunity to provide comments, which were focused on the challenges faced by developers navigating the rezoning process. I provided several ideas for amendments to the Arizona Revised Statutes ("ARS") that could potentially reduce the time needed to obtain zoning and development approval timeframes, and you asked that I share these ideas in writing. These ideas were:

- **Policy Statement:** In Municipal Zoning (ARS § 9-462 et seq) and the County Zoning (ARS § 11-811 et seq) enabling statutes, provide a policy statement to clarify that a primary goal of the rezoning process is to increase housing units. This policy should further clarify that the rezoning process is to be used to mitigate the negative impacts of zoning changes on surrounding existing residents, and not be used by neighboring property owners to “kill” much needed residential rezonings. The purpose of such a policy statement is to encourage collaborative engagement between developers and neighborhoods, and instruct local governing bodies on the legislative intent of residential rezonings.

- **Eliminate Supermajority Voting:** The rezoning statutes (ARS 9-462.04(H) for municipalities and ARS § 11-814(D) for counties) require a supermajority approval for any rezoning where 20 percent of adjacent neighbors submit a formal protest. Tracking the formal protests provides valuable information to the governing bodies, but requiring a supermajority vote only makes it more difficult for projects to move forward. This is especially true for infill projects that are more controversial and easier to reach the protest threshold. Eliminating the supermajority approval requirement, particularly for residential rezonings, will make it clear that the legislative intent is to not stop residential projects.

- **Minimum Densities and Heights:** Establishing minimum densities and heights for residential development in areas along major arterials and near transit will help increase housing units. Land will be more likely to be put to its highest unit potential if minimal requirements are established. This will also help change the expectations of neighbors in
these areas, and reduce the significant challenges to density in the areas where it makes the most sense.

- **Plat Approvals**: Subdivision plat approvals currently require governing body approvals in both municipalities and counties, despite these approvals being administrative in nature (i.e., the jurisdiction must approve the plat if it meets code requirements). Requiring governing body approval adds at least four to six weeks to the approval process, due to the need to schedule these items on an agenda. Allowing plats to be approved by staff would save developers months in bringing homes to market.

- **Parking Requirements**: Recently the Town of Marana adopted an ordinance that allows developers to justify their parking requirements, as opposed to a prescriptive parking requirement. Businesses want to provide enough parking to serve their customers without creating additional unused and expensive parking area. The benefit to allowing commercial and residential developer the ability to “right size” their parking is that it could free up land used for unused parking spaces for more beneficial uses, such as more residential units.

Thank you for your service on this Committee and your commitment to increasing housing stock in the State.

Sincerely,

Rory Juneman, Esq.
Appendix G:

September 19, 2022

Meeting was cancelled
ARIZONA STATE LEGISLATURE

HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
November 17, 2022
1:00 P.M., House Hearing Room 1

Members Present:
Matthew Contorelli
Jake Hinman
Spencer Kamps
Jean Moreno

Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Thomas Simplot *

* Participated remotely via a teleconference platform.

Members Excused:
Senator David Gowan, Co-Chair
Senator Martin Quezada

Members Absent:
Mayor Corey Woods

Staff:
Paul Benny, House Research Analyst
Joel Hobbins, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst
Sawyer Bessler, Senate Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:05 p.m. and attendance was taken.

INTRODUCTION OF MEMBERS

No introduction of members took place.

OVERVIEW OF COMMITTEE PURPOSE

Paul Benny, House Research Analyst, gave an overview and purpose of the Committee.

OPENING REMARKS

The Committee offered comments.
REGULATIONS IMPACTING HOME BUILDING, SUPPLY AND ACCESS

The Committee offered comments.

PRESENTATIONS

David Howard, Executive Director, National Rental Home Council, distributed and explained a PowerPoint presentation entitled "National Rental Home Council, Arizona State Legislature, Housing Supply Study Committee" (Attachment A). Mr. Howard answered questions posed by the Committee.

The Committee offered comments.

Mr. Howard answered additional questions posed by the Committee.

The Committee offered additional comments.

PUBLIC TESTIMONY

No public testimony took place.

There being no further business, the meeting was adjourned at 2:29 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate’s Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
Appendix K:

December 6, 2022

Minutes and Reference Materials
ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date: Tuesday, December 6, 2022
Time: 1:00 P.M.
Place: HHR 1

Members of the public may access a livestream of the meeting here: https://www.azleg.gov/vidoplayer/?clientID=6361162879&eventID=2022121000

AGENDA

1. Call to Order
2. Introduction of Members
3. Overview of Committee Purpose
4. Opening Remarks
5. Housing Shortage Impacts on Economic and Workforce Development
6. Presentations:
   - Denise Previte
   - Angie Donelson, Donselson Consulting LLC
   - Yvonne Delgadillo, Allied Argenta
   - Pat Donaldson, COO St. Vincent de Paul
   - Jessica Berg, CPO St. Vincent de Paul
   - David Brown, Home Matters
   - Debra Martell, Dignity Health
   - Daniel Witt, Lucid Motors
   - Kevin Erdmann, Mercatus Center and George Mason University
   - Suzanne Kinney, NAIOP
7. Public Testimony
8. Adjournment

Members:

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

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

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk’s Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.
ARIZONA STATE LEGISLATURE

HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
December 6, 2022
1:00 P.M., House Hearing Room 1

Members Present:
Senator Martin Quezada
Jake Hinman
Spencer Kamps
Jean Moreno
Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Thomas Simplot
Mayor Corey Woods

Members Excused:
Senator David Gowan, Co-Chair

Members Absent:
Mathew Contorelli

Staff:
Joel Hobbins, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:03 p.m. and attendance was taken.

INTRODUCTION OF MEMBERS

No introduction of members took place.

OVERVIEW OF COMMITTEE PURPOSE

Jason Theodorou, Senate Research Analyst, gave an overview and purpose of the Committee.

OPENING REMARKS

The Committee offered comments.

HOUSING SHORTAGE IMPACTS ON ECONOMIC AND WORKFORCE DEVELOPMENT

The Committee offered comments.
PRESENTATIONS

Denise Previte, representing herself, expressed her concerns with the affordable housing issue. Ms. Previte answered questions posed by the Committee.

Angie Donelson, Consultant, Donselson Consulting LLC, distributed and explained a PowerPoint presentation entitled "Expanding Affordable Housing: Needs and Incentives for Production" (Attachment A).

Yvonne Delgadillo, Principal, Allied Argenta, continued with the PowerPoint presentation (Attachment A). Ms. Delgadillo answered questions posed by the Committee.

Ms. Donelson answered additional questions posed by the Committee.

Ms. Delgadillo answered additional questions posed by the Committee.

Ms. Donelson offered comments.

The Committee offered comments.

Pat Donaldson, Chief Operations Officer, St. Vincent de Paul, distributed and explained a PowerPoint presentation entitled "Alleviating Homelessness and the Work of St. Vincent de Paul" (Attachment B).

Jessica Berg, Chief Program Officer, St. Vincent de Paul, continued with the PowerPoint presentation (Attachment B). Ms. Berg answered questions posed by the Committee.

Mr. Donaldson offered comments and answered questions posed by the Committee.

Ms. Berg answered additional questions posed by the Committee.

The Committee offered comments.

David Brown, CEO of Valley Leadership, Board Chair of Home Matters of Arizona, distributed and explained a PowerPoint presentation entitled "Realizing the promise of vibrant communities and a stronger Arizona starts at home" (Attachment C). Mr. Brown answered questions posed by the Committee.

The Committee offered comments.

Debra Martell, Division Director Strategic Service Line Development, Dignity Health, distributed and explained a PowerPoint presentation entitled "Housing Supply Study Committee" (Attachment D). Ms. Martell answered questions posed by the Committee.
The Committee offered comments.

Daniel Witt, State Policy Director, Lucid Motors, expressed his concerns with the housing supply issues and provided the company's testimony on the important issue. Mr. Witt answered questions posed by the Committee.

Kevin Erdmann, Senior Affiliated Scholar, Mercatus Center at George Mason University, distributed and explained a PowerPoint presentation entitled "Housing Affordability Must Involve the Entire Metro Area" (Attachment E). Mr. Erdmann answered questions posed by the Committee.

Suzanne Kinney, President and CEO, Arizona Chapter of NAIOP, expressed her concerns with the affordability in the housing industry.

PUBLIC TESTIMONY

Gabriel Jaramillo, Vitalyst Health Foundation, expressed his concerns with the affordable housing issues.

Attached is a form noting the individual who submitted a Speaker slip on the agenda items. (Attachment F).

There being no further business, the meeting was adjourned at 4:00 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate’s Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
Key Findings from Santa Cruz County Housing Forums

Nov 16 - Patagonia and Rio Rico (Rural)

Affordable rental housing is in short supply and a critical need

Range of multifamily units needed - apartments, condos, patio homes

Populations that cannot currently access housing: teachers, singles, young families and vulnerable populations (60+, domestic violence, re-entry)

Preservation of existing and new construction is essential for housing affordability

Expanding Affordable Housing: Needs and Incentives for Production

The Housing Shortage Impact on Economic and Workforce Development

Arizona House of Representatives

December 8, 2023
Henry Greene Apartments is an affordable housing apartment community located in the Russell neighborhood of Louisville, Kentucky. The 125-unit community served low-income residents for decades but required a full renovation to bring the property up to modern standards and to provide long-term sustainable affordable housing.

- 125
- 1969 (Rehabbed 2018)
- $17.8 Million (2018)
- Low-Income Family Housing, Renovation and Revitalization, 106A, Section 8

Tax Increment Financing from the City of Louisville-20-year tax abatement.

---

**Solution:**
A commitment from Arizona to match other states' tax credit development incentives for affordable rental production

95% of all affordable housing nationally is built through tax credit developments

Local and state tax abatements for tax credit projects should be available and layered for more affordable housing in Arizona's rural and metro communities

Need for affordable housing abatements is essential for production, especially with increase in interest rates and limited gap financing.
Allegany Senior Apartments

Richland Senior Apartments is a scattered site senior affordable housing apartment community located in Eutawville, SC and Silverdale, IN. Includes 19, one story buildings. Has Section 8 voucher contracts from HUD, Bloomington Housing Authority, and USDA.

161 (111 existing, 50 new)


$13.8 Million

Low Income Senior Housing

New Construction, Rehab, Vouchers

State of Indiana PILOT Program

Governor Park Apartments

Governor Park Apartments is an affordable housing apartment community located in Eutawville, SC outside the Bloomington Metropolitan area. The 3 story, 90 unit community serves low-income seniors and adults with disabilities & developmental disabilities with modern, energy-efficient 1 bedroom, 1 bath floor plan units, equipped with a dog park & spa. Community room, fitness room, gardening room, and library.

90

2012

$18.6 Million

Low Income Senior Housing, New Construction, Community Integration (COI)

State of Indiana PILOT Program, currently a 10-year tax abatement
The following will enable Arizona’s rural and urban communities to produce more affordable housing:

- Tax abatement legislation—We are submitting model PILOT, TIF legislation and Inclusionary Zoning+ Affordable Housing Incentive Overlay District samples from other states
- Provide more state tax credits—Make the state tax credit expiring in 2025 permanent
- Provide more state housing trust fund resources

These will expand the state’s underutilized affordable housing bond capacity and leverage all LIHTCs
What is Homelessness really about?

- "The single greatest cause of homelessness is the profound, catastrophic loss of family."
- "Housing will never solve homelessness, but community will."

Quotes & picture from
Community First! Village: https://mlf.org/alan-graham/

SVdP's Mission to House

Home Visits
Resource Center
Ozanam Manor
Future: "Oz II"
Bringing Hope Home
Dining Rooms
Washington Street
Resource Center & Ozanam Manor
Diane and Bruce Halle Center For Hope & Healing

Resource Center

Showers, Clothing, Hygiene, Navigation & Case Management
Resource Connection (medical, mental health, substance abuse, DES, Nutritious Meals, Water, Ice, Heat Relief, Legal Aid, etc.)
Homelessness Prevention & Move-in Assistance

Travelers Aid / ‘Diversión

Ozanam Manor
Transitional Housing
"Oz II"

Opening mid-2024
Expands Successful Program

+100 Beds

Wrap-Around Support / Community Environment
- Case management ± 6-months post exit
- Trauma-informed care practices
- Communal Meals & group activities
- Service opportunities
- Financial support to set up new home

New Additions
- Expand Workforce Programming
- Companion Animal Program

Bringing Hope Home
Dining Rooms

- Navigation
- Workforce Programs
- Resource Connection

FEEDING SOULS AT SVDP

Washington Street Shelter

SERVICES

- Day & nighttime operations
- 24/7 security
- Beds for up to 200 individuals
- 3 meals per day
- Showers, laundry, clothing, & hygiene
- Workforce & volunteer opportunities
- Programming & Recreation
- Substance abuse & mental health support
- Service connection to end homelessness
Washington Street Data

Total residents in shelter today: 197
Total served to date: 698
Total exits: 501
Total “positive” exits: 407 / 82% (min standard 40%)
  • Permanent Housing: 66
  • Institutional/Treatment Settings: 42
  • Temporary exits to higher level of transitional or bridge housing: 4
  • Temporary lateral exits to other shelter: 254

Negative exits: 3
Known exits: 410 / 82% (min standard 50%)

Washington Street is Working!

• “Closed Campus” Model
• Good Neighbor Agreement, shape of actual building
• All about partnerships – esp. public/private
• Community Focus, on-site service & work opps
• SDOH Programming – holistic
• Animals welcome (and served)
• Comfortable, large, relaxed space
• Compassionate trauma-informed care, staff with lived exp.
• Rubber Rules – resident-centered
So what’s the right approach?

- Closed Campus Shelters
- Housing First
- Rapid Re-Housing
- Homelessness Prevention
- Transitional Housing
- Sanctioned Campgrounds w/ Services
- Street Outreach & Engagement
- Affordable Housing
- Shelter with mental health / substance abuse support

YES!

"The single greatest cause of homelessness is the profound, catastrophic loss of hope."

"Housing will never solve homelessness, but community will."

- A variety of housing solutions must be embedded within communities across the State, not concentrated in central areas.
- Zoning reform will allow the private sector, non-profits and municipalities more opportunities to craft diverse, dispersed housing solutions.
- On-site wrap-around supportive services critically important to ensuring outcomes.
- Continue to focus on homelessness prevention resources after federal funding ends.
- Half of SVdP's mission is offering service opportunities; this allows the "Agape community" to get to know our guests. It unites, heals, uplifts, creates a sense of belonging for all. It combats NIMBY-ism.
Realizing the promise of vibrant communities and a stronger Arizona starts at home.

Dave Brown | Board Chair, Home Matters to Arizona
Our Vision and Principles

HOME MATTERS:

For Individual Success
People who live freely and recharge at home do better at work and are more engaged with the world around them.

For Education
Children in stable homes learn and achieve more in school. Home helps level the playing field.

For Health
Healthy habits are more accessible when you live in a stable, affordable home. Children get the healthy start they deserve, and seniors live with dignity.

For Public Safety
When people can count on their home, a stronger sense of community keeps streets, neighborhoods and towns safer.

For a Strong Economy
At all income levels, people living in homes they can afford have more to spend. Local job growth and a strong economy start at home.

What is Home Matters?

Home Matters® is a national movement uniting America around Home.

Our mission is to build awareness and raise funds for more affordable homes and thriving communities across the nation. We have a coalition of over 350 partner organizations – corporations, government agencies and nonprofits – working together on ambitious, but necessary goals over the next decade to make the New American Dream a reality for all.

For more information visit www.HomeMattersAmerica.com
Housing = social determinant of health.

We’ve created the first statewide Home Matters initiative in the nation focused on a new generation of housing, connected communities, and healthier individuals, families, and economies.
Different starting point for how we invest in home.
Home Matters Arizona Fund Application

The Fund application asks developers to demonstrate how they are building more than just “housing.” For example, how does the project intentionally integrate social services, access to nutritious food and transportation, education, etc.

Addressing the Social Determinants of Health

Identify how your project will address any of the following elements of a healthy community. Applicants are encouraged to strive for quality over quantity when identifying areas to address.

- if you organization is LEADING the implementation of the strategy, you must demonstrate your experience with that element in your application narrative.
- if your organization is COLLABORATING with another organization to implement the strategy, you must provide MOUs or similar documentation of the relationship with your application.

Health & Wellness

<table>
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<th>Leading</th>
<th>Collaborating</th>
<th>Self-Directing</th>
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<tr>
<td>Physical Activity</td>
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<td></td>
<td></td>
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<tr>
<td>Nutrition and Healthy Food</td>
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<td></td>
<td></td>
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<tr>
<td>Social, emotional and behavioral health</td>
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<tr>
<td>Cultural and Community</td>
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</table>
| Economic 

Home Matters Arizona Fund

✓ Since November 2020, the Home Matters Arizona Fund has awarded $4.3 million to 11 projects across the state.

✓ Contributions from the managed-care organizations (listed below) to the Fund to date equal $6.5 for grants and $35 million for debt.
Rally around the idea of *home*, not just *housing*.
Yavapai Regional Medical Center

**YRMC West Campus**
Prescott
150 Beds
Heart Center
Level IV Trauma Center

**YRMC East Campus**
Prescott Valley
25 Beds
Breastcare Center
Infusion Center

* Dignity Health.

---

Housing Supply Study Committee

Debra Martell
Division Director Strategic Service Line Development

December 6, 2022

* Dignity Health.*
Approximately **156,268** people make up the total Quad cities population:

- Twice the size of Flagstaff
- Collectively, the eleventh largest city in the state of AZ

---

**YRMC Data Points**

- Largest employer in the county
- Non-profit community hospital
- 386 physicians
- 2,094 employees
- 11,170 Inpatient Admissions
- 59,751 Emergency Visits
- 938 Births
- 6,195 Surgeries
- 217 Open Heart and Thoracic Surgeries
- 186,695 Medical Imaging Studies
- 10,707 Mammogram Procedures
- 154,041 Physical Rehabilitation Procedures
- 7,044 Cardiopulmonary Studies
- 1,710,057 Clinical Laboratory Studies
Multi-Family Rental Rates

- Prescott average rent: $1,693/month
- 12 month asking rent growth: 8.4%
- Vacancy rate: 5.1%

- Phoenix average rent: $1,400/month
- 12 month asking rent growth: 5.2%
- Vacancy rate: 7.9%

Source: Costar Group - JLL

Quad City Population Growth

- Current population 156,268
- 2038 population: 164,465
- Average growth rate over 5 years: 5.8%
- Projected to 376,550 by 2060

Source: Sg2
October 2022 Market Review

<table>
<thead>
<tr>
<th>Single Family</th>
<th>Year-to-Date January through October</th>
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<tbody>
<tr>
<td>2022</td>
<td>Compared to 2021</td>
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<tr>
<td>14.0%</td>
<td>Median Sales Price: $530,000</td>
</tr>
<tr>
<td>-14.2%</td>
<td>Closed Sales: 2,571</td>
</tr>
<tr>
<td>60.0%</td>
<td>Median Days on Market: 16</td>
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<tr>
<td>-0.5%</td>
<td>List Price Received: 99.5%</td>
</tr>
<tr>
<td>17.3%</td>
<td>Sold Price: $298</td>
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<tr>
<td>-29.9%</td>
<td>Home Affordability Index: 47</td>
</tr>
</tbody>
</table>

Source: Prescott Area Association of Realtors

Multi-Family Housing Supply

- Currently only one property is under construction in Prescott Valley; 329 units will deliver in January 2024.

Source: CoStar Group - JLL
## Single Family Housing Affordability

![Graphs showing house price trends and housing affordability](image)

### Single Family Market Overview

<table>
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<tr>
<th>Key Metrics</th>
<th>November 2021</th>
<th>November 2022</th>
<th>% Change</th>
<th>November 2020</th>
<th>November 2021</th>
<th>% Change</th>
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<tr>
<td>New Listings</td>
<td>5,906</td>
<td>4,774</td>
<td>-31.6%</td>
<td>6,093</td>
<td>4,774</td>
<td>-2.0%</td>
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<tr>
<td>Pending Sales</td>
<td>6,336</td>
<td>5,323</td>
<td>-16.4%</td>
<td>6,284</td>
<td>5,323</td>
<td>-14.6%</td>
</tr>
<tr>
<td>Closed Sales</td>
<td>7,593</td>
<td>5,942</td>
<td>-21.8%</td>
<td>8,075</td>
<td>6,487</td>
<td>-25.1%</td>
</tr>
<tr>
<td>Days on Market Uns Sold</td>
<td>32</td>
<td>[28]</td>
<td>+10.7%</td>
<td>30</td>
<td>35</td>
<td>+16.7%</td>
</tr>
<tr>
<td>Median Sales Price</td>
<td>$450,000</td>
<td>$446,000</td>
<td>-0.9%</td>
<td>$450,000</td>
<td>$442,000</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Average Sales Price</td>
<td>$523,095</td>
<td>$574,905</td>
<td>+9.8%</td>
<td>$523,095</td>
<td>$574,905</td>
<td>+10.0%</td>
</tr>
<tr>
<td>Percent of List Price Realized</td>
<td>100.5%</td>
<td>99.4%</td>
<td>-1.1%</td>
<td>100.5%</td>
<td>100.2%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Housing Affordability Index</td>
<td>80</td>
<td>80</td>
<td>0%</td>
<td>48</td>
<td>48</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Phoenix rehearsals
Salaries

2020 U.S. Census
- Nationwide, the median salary needed to purchase a home is almost $76,000
- U.S. median household income is $67,500
- Yavapai County - median household income is $53,329

Average salaries provided by City of Prescott:
- K-12 Teachers - $50,209
- Police - $60,717
- Firefighters - $63,540
- College Professors - $81,578
- Nurses - $83,251

Existing Rural Hospital Healthcare Workforce Shortages

- **303 Open positions:**
  - 117 Nurses
  - 13 Lab Technicians
  - 5 Surgical Technicians
  - 7 Ultrasound Technicians
  - 7 Security Officers
- 27% of positions have been open for 6 months or longer
Feeling the Impact

"I'm really sorry but I've been looking and looking for places to rent and it's just too expensive in relation to what I'd be making hourly there. I really appreciate the patience you've had, and hope you keep me in mind if more of my experience could be considered at a future time. I truly appreciate all you've done. Yes, homes big enough for my family are $2,500 a month. I just wouldn't be able to keep up." - OR RN

Feeling the Impact

"After I learned the stipend was taxed so high I began looking for housing and I was unable to find something adequate for my entire family. I apologize again for not notifying you sooner. I won't be traveling at this time." - Seasonal ED RN
Workforce Shortage Consequences in Rural Communities

- **Nutrition Services**
  - Reduced hours of operations - no night shift services
  - Outpatient services building cafe never opened
- **Co-ICU closure**
  - Reduces staffed beds and requires patients to be held in the ED
- **Laboratory**
  - Outpatient lab draw station closed forcing patient to go to the hospital
- **Traveling Nurses**
  - Lack consistent staff to standardize processes and hardwire pt related tasks
  - New group of travelers every 12-16 weeks; difficult to build cohesive team
  - Lack of ownership due to short term assignment
  - YRMC has more traveling nurses than SJHMC and is 4x the size; 4x the cost

Feeling the Impact

- Out of town commuters
  - 164 mile round trip - 3 hours in the car daily
  - $500 difference in rental home price
    (2,200 3b/2b with pool vs. $2,850 for a 1960 outdated rental)
  - Significant adverse impact on personal life
- Desire to plant roots and contribute to the community and the economy but can’t afford to and the long commute is not sustainable
Dignity Health YRMC Action

- Outreach to the City of Prescott and Planning and Economic Team
  - Standing up a Workforce Housing Committee
- Outreach to the Prescott Valley Mayor and City Manager
  - Mayor's Ad Hoc Housing Committee
- Met with the Arizona Department of Housing
- Exploring partnership with Developers for a public/private partnership

Workforce Shortage Consequences in Rural Communities

- Access to care:
  - Increased wait times to see a specialist = months
  - Travel long distances to receive care
  - Delays at point of service due to staff shortages
  - Avoid care which has potential to exacerbate health conditions
- Impact to preventative care programs
- More dependent on traveling nurses
Questions

Potential Solutions

- **Short Term**
  - Priority lease agreements of an existing apartment complex
  - Grants or state/federal funding available to help subsidize housing expense

- **Long Term**
  - Alignment with local, state or other government entities/programs
  - For-profit partnerships - Developer assistance / partnerships
  - Not-for profit partnerships with state lands
  - Improving permitting and approval process
  - Flexible zoning restrictions
  - Developer incentives / tax credits who guarantee housing for healthcare
Housing Affordability Must Involve the Entire Metro Area

Under any housing policy, families make countless personal decisions which systematically connect the affordability of the poorest neighborhood to that of the richest, and every neighborhood between.

Demand leads to:

(1) Building which requires growth

Or

(2) Outmigration which requires discomfort

A lack of any housing in the metro area will lead to high costs in poorer neighborhoods, because it triggers budget-seeking migration within the city.
More new homes (any homes) = better affordability in poorer neighborhoods
Always

Rising rents from a lack of supply are the key driver of rising prices.

Rents in Phoenix, as in most cities, have risen in low-income neighborhoods since the Great Recession.
Fundamental Points

- The poorest residents are the primary beneficiaries of all new housing.
- The poorest residents will require housing support. Adequate housing for the entire metro area will determine whether the support they require will cost 4x their income or 8x their income.
Appendix L:

December 13, 2022

Minutes and Reference Materials
INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date: Tuesday, December 13, 2022
Time: 1:00 P.M.
Place: HHR 1

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162679&eventID=2022121008

AGENDA

1. Call to Order
2. Introduction of Members
3. Overview of Committee Purpose
4. Opening Remarks
5. Presentation on Housing Trends
   - Anhubav Bagley, Maricopa Association on Governments
6. Third-party Consultant Report on Arizona Housing Supply
7. Discussion on Housing Supply
8. Public Testimony
9. Adjournment

Members:

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

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

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk’s Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Page 1 of 1
ARIZONA STATE LEGISLATURE
HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
December 13, 2022
1:00 P.M., House Hearing Room 1

Members Present:
Senator Martin Quezada
Mathew Contorelli
Jake Hinman
Spencer Kamps
Jean Moreno
Representative Steve Kaiser, Co-Chair
Representative César Chávez
Joan Serviss
Thomas Simplot
Mayor Corey Woods

Members Excused:
Senator David Gowan, Co-Chair

Staff:
Joel Hobbins, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst
Kiyahna Araza, Senate Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:08 p.m. and attendance was taken.

INTRODUCTION OF MEMBERS
Representative Kaiser requested that the Committee members introduce themselves.

OVERVIEW OF COMMITTEE PURPOSE
Representative Kaiser gave an overview and purpose of the Committee.

OPENING REMARKS
The Committee offered comments.

PRESENTATION ON HOUSING TRENDS
Anhubav Bagley, Regional Analytics Director, Maricopa Association of Governments, distributed and explained a PowerPoint presentation entitled "Regional Economics and Housing Trends" (Attachment A). Mr. Bagley answered questions posed by the Committee.

The Committee offered comments.
THIRD-PARTY CONSULTANT REPORT ON ARIZONA HOUSING SUPPLY

Tyler Theile, Vice President, Director of Public Policy and Economic Analysis, Anderson Economic Group, distributed and explained a PowerPoint presentation entitled "Housing Supply in Arizona" (Attachment B). Ms. Theile answered questions posed by the Committee.

Ms. Thelle distributed and explained a handout entitled "Analysis of Housing Availability and Affordability in Arizona with Policy Recommendations." (Attachment C). Ms. Theile answered additional questions posed by the Committee.

The Committee offered comments.

Ms. Theile answered additional questions posed by the Committee.

The Committee offered additional comments.

DISCUSSION ON HOUSING SUPPLY

The Committee offered comments.

PUBLIC TESTIMONY

No public testimony took place.

There being no further business, the meeting was adjourned at 3:17 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
Regional Economic and Housing Trends
December 13, 2022
Anubhav Bagley
Regional Analytics Director
Maricopa Association of Governments

Unemployment rate in Phoenix MSA is higher than the U.S.

Phoenix MSA
4.2%
October 2022
United States
3.7%
October 2022

Phoenix MSA inflation is higher than the U.S.
Year-over-Year Percent Change in Consumer Price Index (CPI)

- Phoenix MSA: 12.1% Oct 2022
- United States: 7.7% Oct 2022

Source: U.S. Bureau of Labor Statistics

Residential completions have similar trends as population growth
Housing construction changed post-recession

Source: Arizona Office of Economic Opportunity; DSG, Interannual Population Estimates, Mexican Association of Governments
U.S. residential completions have similar trends to our region
33% decrease in completions since the peak in 2006

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development

Phoenix MSA median sales price decreased 12% in the past 6 months
Median sales price is now lower than it was a year earlier

Source: Arizona Regional Multiple Listing Service
Housing market is self-correcting since the highs earlier in 2022

Total inventory has increased 92% since last year

Average days on market has increased 79% since last year

In the Phoenix MSA, sales transactions under $300k have decreased 75 percentage points since 2011.

Sales Transactions, 2011-2022*

Source: The Information Market, *2022 data is through September
Median sale price of existing housing was as high as new construction.
Irrational exuberance from earlier in 2022 is now correcting.

Vacancy rate has decreased by more than half since 2010.
Percent of housing that is vacant.

Source: U.S. Census Bureau, American Community Survey.
Note: Excludes seasonal units.
24% of sales are in cash
Cash sales as percent of total transactions

2017 - 2022
Average 25% of total sales were cash
In areas of poverty 25% or more, 26% of sales were cash

Source: The Information Market

26% of housing stock investor or seasonal owned
► 52% are from Maricopa County
► 42% are from other states
  ► Top 2: California, Washington
► 4% are international
  ► Primarily Canada
Out of state buyers of residential properties in the Phoenix MSA (2015 – 2022)

- 15% of buyers are out of state
- Median Sale Price 14% ($63,000) higher for out of state than the overall median sale price (Sep 2022)

Source: The Information Market

Sales to institutional buyers has increased

Percent of sales transactions to institutional buyers (large corporate buyers like OpenDoor, OfferPad, Zillow, Redfin, etc.)

Source: The Information Market
In the Phoenix MSA, availability of apartment units with rent under $1,000 has decreased by more than 86 percentage points since 2010.

Newly-built apartment rent 25% higher

Source: CoStar

Source: Restitive, Inc.
Cost-burdened households

- Households that spend more than 30% of their income on housing are considered cost-burdened.
- Severely cost-burdened households spend more than 50% of their income on housing.

In the Phoenix MSA:
- 191,003 households (30%) are cost-burdened.
- 33% of these cost-burdened households have income below $75K.
- 230,253 households (13%) are severely cost-burdened.

Nationwide:
- 30% of households are cost-burdened.
- 14% of households are severely cost-burdened.

Multi-family renter households have the highest percent of households that are severely cost-burdened.

Households spending >50% of income on housing expenses

Source: American Community Survey (2018-2020)
Significantly more lower income households are cost-burdened in the Phoenix MSA

Number of Cost-burdened Households by Income Group

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Cost-burdened (%)</th>
<th>Severely cost-burdened (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $35k</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$35k to $50k</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50k to $75k</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$75k to $100k</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than $100k</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau American Community Survey (2015-2019)

- 71% of households with income less than $35k are cost-burdened (297,000 households), spending 30% or more of income on housing costs.
- 47% of households with income under $35k are severely cost-burdened (135,000 households), spending 50% or more of income on housing expenses.

Single family rental complexes - 26,782 total units in pipeline

<table>
<thead>
<tr>
<th>Year Built</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2017</td>
<td>961 units</td>
</tr>
<tr>
<td>2018-2021</td>
<td>4,613 units</td>
</tr>
<tr>
<td>Permitted</td>
<td>3,096 units</td>
</tr>
<tr>
<td>Planned</td>
<td>18,182 units</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50</td>
</tr>
<tr>
<td>50 - 100</td>
</tr>
<tr>
<td>101 - 150</td>
</tr>
<tr>
<td>151 - 200</td>
</tr>
<tr>
<td>More than 200</td>
</tr>
</tbody>
</table>

Source: HHH Summit Urban Solutions Database
Short-term rentals in Arizona

Total: 42,398 (1.4% of housing stock statewide)

Top 10 Cities/Towns by Units

<table>
<thead>
<tr>
<th>Place</th>
<th>Short-Term Rental Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phoenix</td>
<td>1,624</td>
</tr>
<tr>
<td>Scottsdale</td>
<td>1,470</td>
</tr>
<tr>
<td>Tucson</td>
<td>2,952</td>
</tr>
<tr>
<td>Sedona</td>
<td>2,821</td>
</tr>
<tr>
<td>Lake Havasu City</td>
<td>1,792</td>
</tr>
<tr>
<td>Flagstaff</td>
<td>1,616</td>
</tr>
<tr>
<td>Mesa</td>
<td>1,545</td>
</tr>
<tr>
<td>Tempe</td>
<td>1,378</td>
</tr>
<tr>
<td>Chandler</td>
<td>960</td>
</tr>
<tr>
<td>Gilbert</td>
<td>895</td>
</tr>
</tbody>
</table>

Top 5 Cities/Towns by Percent

<table>
<thead>
<tr>
<th>Place</th>
<th>% of Housing Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedona</td>
<td>27.2%</td>
</tr>
<tr>
<td>Phoenix/Scottsdale</td>
<td>21.0%</td>
</tr>
<tr>
<td>Williams</td>
<td>10.2%</td>
</tr>
<tr>
<td>Peoria</td>
<td>10.2%</td>
</tr>
<tr>
<td>Jerome</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

Source: ARIMA, 2020

Development Pipeline

Active and Platted Units

- 85-90% of housing construction activity happens in active platted developments
- 247,822 housing units have approved zoning and plats
- 60,775 of those units have been built
- 187,047 of those units remain unbuilt
- That amount of unbuilt housing units is almost 7 years' worth of units at the current pace (about 27,000/year)

Source: MASI Development, 2021
Importance of State Trust land in the future of development in the Phoenix MSA

- Phoenix MSA is over 9.3 million acres
- Of that, almost 3 million acres (35%) is vacant developable land planned for residential
- Of the 3 million developable residential acres, 61% is State Trust land
- Most of that State Trust land (91%) is unincorporated, adding increased infrastructure costs to any proposed development
- State Trust land generally takes longer to develop than privately owned land, and the bidding process can drive up land prices

Explore more data!

Housing Data Explorer
- Regional trends in housing and affordability
- "Housing Update" tab with key highlights
- Sales and rent data through 03 2022
- More to come!

azmag.gov/Housing-Data-Explorer

Source: ADOT General Plan Land Use 2011, MAG Existing Land Use 2020, MAG Land Ownership 2020

Anubhav Bagley
Regional Analytics Director
abagley@azmag.gov
602-254-6300
Sale price per square foot has increased 251% since 2000

$264/sq ft
Maricopa County

Source: The Information Market

<table>
<thead>
<tr>
<th>Category</th>
<th>Acres</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 2-County Acreage</td>
<td>9,342,566</td>
<td></td>
</tr>
<tr>
<td>Developable Acres</td>
<td>1,989,600</td>
<td>21%</td>
</tr>
<tr>
<td>Developable Private</td>
<td>1,170,442</td>
<td>8%</td>
</tr>
<tr>
<td>Developable State Trust</td>
<td>781,557</td>
<td>4%</td>
</tr>
</tbody>
</table>
Housing Supply in Arizona

Prepared for The Arizona State Legislature
Housing Supply Study Committee
December 13, 2022

Tyler Theile
Vice President, Director of Public Policy

I. Introduction

II. Arizona Housing Market Analysis

III. Housing Policy Evaluation

IV. Housing Policy Recommendations for Arizona
I. Introduction: About AEG

Anderson Economic Group was formed 25 years ago. Since then, we have become one of the nation’s premier boutique consulting firms.

We advise some of the country’s leading businesses, governments, and institutions.
I. Introduction: Purpose

Arizona REALTORS® retained Anderson Economic Group for the following:

- Study the housing market in Arizona for a special committee tasked with formulating housing policy.

- Estimate the housing shortage and housing affordability in Arizona.

- Identify policy options available to the Arizona government to increase the supply of housing, including the ones currently under consideration, and those proposed and implemented in other states.

- Evaluate policy options based on their political and logistical feasibility, and the magnitude of their impact on increasing housing supply.
II. Arizona Housing Market Analysis

<table>
<thead>
<tr>
<th>Region</th>
<th>Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>Yavapai, Coconino</td>
</tr>
<tr>
<td>South</td>
<td>Pima, Santa Cruz</td>
</tr>
<tr>
<td>Central</td>
<td>Maricopa, Pinal</td>
</tr>
<tr>
<td>East</td>
<td>Navajo, Apache, Greenlee, Graham, Gila, Cochise</td>
</tr>
<tr>
<td>West</td>
<td>Yuma, La Paz, Mohave</td>
</tr>
</tbody>
</table>

Source and Analysis: Anderson Economic Group

Source and Analysis: Anderson Economic Group
II. Arizona Housing Market Analysis

- Population in Arizona grew about 13.4% between 2010-2021, when U.S. population grew by 7.3%.

- Housing stock also grew, but at a lower rate.

- As a result, vacancy rate fell, and prices rose. Vacancy rate fell by ~8% during 2010-2021, when the U.S. rate fell by ~3%.

II. Arizona Housing Market Analysis

- Median contract rents rose across Arizona between 2010-2021, with the highest increase in Maricopa county (~60%) and Coconino county (~50%).

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>2010</th>
<th>2021</th>
<th>Growth 2010-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Priced</td>
<td>$540</td>
<td>$801</td>
<td>48.3%</td>
</tr>
<tr>
<td>Median Priced</td>
<td>$709</td>
<td>$1,099</td>
<td>55.0%</td>
</tr>
<tr>
<td>High Priced</td>
<td>$934</td>
<td>$1,459</td>
<td>56.2%</td>
</tr>
</tbody>
</table>

Source: American Community Survey (1-year estimates)
Analysis: Anderson Economic Group

Source: American Community Survey (1-year estimates)
Analysis: Anderson Economic Group
II. Arizona Housing Market Analysis

- Median home values rose across Arizona between 2010-2021, with the highest increases in Maricopa county (~60%) and Coconino county (~50%).

<table>
<thead>
<tr>
<th>Home Values in Arizona, 2010-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Unit</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Low Priced</td>
</tr>
<tr>
<td>Median Priced</td>
</tr>
<tr>
<td>High Priced</td>
</tr>
</tbody>
</table>

Source: American Community Survey (1-year estimates)
Analysis: Anderson Economic Group

II. Arizona Housing Market Analysis

- Housing affordability is declining, with the greatest decrease amongst current-renters who aspire to be first-time homeowners.

<table>
<thead>
<tr>
<th>Percentages of Owners and Renters Who Could Afford to Buy a Home in Arizona, 2015-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Unit</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Low Priced</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Median Priced</td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>High Priced</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Analysis: Anderson Economic Group
II. Arizona Housing Market Analysis

Arizona had about 830,000 cost burdened households in 2021, of which about 630,000 were with an annual income of less than $50,000.

### Number and Share of Cost Burdened Households in Arizona, 2021

<table>
<thead>
<tr>
<th>Tenure</th>
<th>&lt; $20,000</th>
<th>$20,000 to $34,999</th>
<th>$35,000 to $49,999</th>
<th>$35,000 to $49,999</th>
<th>$75,000 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Household</td>
<td>%Total</td>
<td>Household</td>
<td>%Total</td>
<td>Household</td>
</tr>
<tr>
<td>Owner</td>
<td>113,920</td>
<td>76.4%</td>
<td>83,302</td>
<td>48.7%</td>
<td>78,502</td>
</tr>
<tr>
<td>Renter</td>
<td>130,517</td>
<td>94.2%</td>
<td>113,310</td>
<td>89.3%</td>
<td>94,563</td>
</tr>
<tr>
<td>Total</td>
<td>244,437</td>
<td>85.0%</td>
<td>216,612</td>
<td>67.6%</td>
<td>173,065</td>
</tr>
</tbody>
</table>


---

III. Housing Policy Evaluation
III. Housing Policy Evaluation

Three categories of policy tools to increase supply

1. **Capacity Building:** Improving the capacity of local housing authorities to respond to housing issues through staffing, data use, or procedural changes;

2. **Housing Market Regulation:** Changing housing market regulations to increase the number of market-rate housing units or incentivize developers to create new affordable housing;

3. **Sustainable Land Management Practices:** Creating solutions to land, water and energy requirements to support future growth.

---

1. **Capacity Building**
   - Strengthening partnerships to expand impact
   - Using data to maximize impact, improve transparency, and facilitate public access.
   - Streamlining local services to reduce barriers to housing development
III. Housing Policy Evaluation

2. Housing Market Regulation
   - Encouraging Accessory Dwelling Units
   - Upzoning; tackling the "missing middle"
   - Inclusionary zoning, and Impact Fees

3. Land and Sustainable Resource Management
   - Housing trust funds
   - Tax-increment financing
   - Short-term rental taxes
   - Land banks
   - Community land trusts
IV. Housing Policy Recommendations for Arizona

Housing policy in Arizona should be focused on the "missing middle" in order to have a meaningful impact on housing availability and affordability.

- In the missing middle lies the majority of the housing shortage in Arizona. There are very few homes in the mid-size category of multi-family structures between 5 and 20 units.

- The number of homes in this category decreased from 2010 to 2021; for structures with 10-19 units, the decrease is as drastic as 26%. Additionally, there are not enough single-family homes with annual monthly payments totaling less than $15,000.
IV. Housing Policy Recommendations for Arizona

It would be ideal to employ multiple policy tools simultaneously to work toward relief of the housing shortage. There are six areas for policy tools that would likely be most productive:

- Upzoning
- Streamlining
- Accessory Dwelling Units (ADU)
- Short Term Rentals (STR)
- Land Banks
- Tax Increment Financing (TIF)

Upzoning

- Mid-sized housing developments allows cities to provide more homes without drastically changing the built environment of lower-density neighborhoods.
- Substantial barriers in housing are a result of the “missing middle” housing- mid sized housing developments that comprise 5-20 units.
- The “missing middle” housing is caused by local zoning laws that often limit where mid-sized housing can be built; for example, prohibitions on multi-family housing, setback, and minimum lot size requirements.
- Parking requirements are another potential cause of “missing middle” housing; they can increase development costs, while also taking up space that could be used to build more homes.
Streamlining

- Local governments in other regions have identified opportunities to streamline the approval process for developments without compromising resident safety or adverse environment impact.
- These governments have new procedures to expedite approval for affordable housing developments—without compromising on the approval process.
- For example, the City of Sammamish, Washington, created an over-the-counter permitting process that won the Governor’s Smart Communities Award in 2009.
- Policymakers in Arizona could remove barriers to affordable housing development by exploring similar policy changes in their jurisdictions.

Accessory Dwelling Units (ADUs)

- ADUs can provide additional housing availability in a range of scenarios and add relief on demand for rental units.
- For example: spaces for elderly who can no longer live fully independent of caregivers; adult children who may move back home after college.
- Regions with fewer restrictions (such as parking and owner-occupancy requirements) and more robust assistance programs for ADU owners and developers have generated a larger number of ADUs.
- Improving the availability of ADU financing could also have a significant impact.
IV. Housing Policy Recommendations for Arizona

Short Term Rentals

- STRs in AZ have increased at an exponential rate over the decade; as low as 48% and as high as 125% in cities across Arizona.
- State-wide policy on STRs include restrictions on uses of non-residential nature, taxes like the Online Lodging Marketplace Tax, as well as local regulatory permits or licenses, including additional fees for multiple properties and unit owners.
- Allowing local governments more flexibility to create their own regulations that fit the needs of the community would encourage economic growth while maintaining a healthy supply of housing.

Land Banks

- Vacant land owned by local government entities can be sold to nonprofit housing developers at very low cost to subsidize rent- or income-restricted affordable housing developments.
- Land banks may be used to increase investment in areas with low property values, as well as help to hold land strategically for future Affordable Housing Unit (AHU) building in areas with rising housing costs.
- If Arizona passes legislation to establish land banks, counties and municipal authorities would have an additional tool to encourage re-usability of land toward affordable housing.
IV. Housing Policy Recommendations for Arizona

Tax Increment Financing (TIF)

- Re-purposed developments on “blighted” lands can be made eligible to be subject to specific taxes by municipalities.
- Taxes collected from these TIF districts contribute to other developments in the district, including investments in planned communities, environment, tourism, and low-income housing.
- Currently the only TIF district in Arizona, Rio Nuevo, may provide an insight into managing TIF districts and directing revenues toward AHU.
- Rio Nuevo in Tucson has added billions in economic impact and created 5 housing developments.
Analysis of Housing Availability and Affordability in Arizona with Policy Recommendations

Prepared for:
Arizona State Legislature
Housing Supply Study Committee
Sponsored by:
Arizona Association of REALTORS®

Prepared by:
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Executive Summary

1. Executive Summary

PURPOSE OF REPORT

As one of the fastest growing states in the country, Arizona has been home to population growth in recent years. Similar to other areas of the United States experiencing this growth, Arizona is also facing a severe housing shortage. In response, H12274 resulted in the creation of a legislative committee dedicated to this issue.

Arizona Association of REALTORS® retained Anderson Economic Group to conduct a study on the housing market in Arizona for this special committee tasked with studying housing supply.

The purpose of this report is to identify promising housing policy based on both feasibility and capacity to have a meaningful impact on housing supply in the state of Arizona.

OVERVIEW OF APPROACH

We undertook the following steps:
1. Completed a literature and policy review on the housing market status in Arizona. To complete this review we:
   • Compiled existing reports and analysis on the topic.
   • Assessed existing housing and development policy.
   • Attended legislative committee meetings discussing housing policy and this initiative.
2. Analyzed housing policy and barriers to development in Arizona.
3. Analyzed the housing market and availability for housing across key categories.
4. Evaluated policy proposals in terms of their feasibility and potential impact on the region’s housing supply.

Note on Housing Availability and Housing Affordability. Although the objective of the report is to study housing availability (or the lack thereof) in Arizona, it is important to include analysis though the lens of affordability. In addition to various policy tools, to encourage housing development.

In this report, we consider affordability by identifying the income level, geographical location, and housing tenure of households with an affordability problem. This careful identification directly points to where the availability is sparse, and answers questions on the Arizona housing shortage.

Analysis Regions. For the purpose of this report, and our housing availability analysis, we separated the state of Arizona into five regions. In our analysis, we refer to them simply as the East, West, North, South, and Central regions.
Executive Summary

prices of smaller units. Consequently, low-income households are being priced-out of the market.

- The most affected demographic are current renters with less than $30,000 annual income, followed by homeowners in the same income category. This effect is most pronounced in the Central region of Arizona, followed by the South region.
- The percentage of individuals who can afford to buy an affordable home has been declining since 2015. The decline is most significant amongst current renters, and amongst them, the households looking to buy the lowest-priced homes on the market.

For more information, please see “Arizona Housing Market Analysis” on page 6 and “Current Housing Market in Arizona” on page 27.

2. Leaders in Arizona should focus on three main categories of policy tools to tackle housing availability and affordability—capacity, regulation, and asset management.

- Capacity: Improving the capacity of local housing authorities to respond to housing issues through staffing, data use, or procedural changes; this includes establishing inter-jurisdictional partnerships and streamlining approval processes.
- Regulation: Changing housing market regulations to increase the number of market-rate housing units or to incentivize developers to create new affordable housing; this includes encouraging development of Accessory Dwelling Units, allowing various impact fee exemptions, and regulating Short-Term Rentals.
- Asset Management: Creating asset management strategies and funding sources to develop new affordable housing units. This means making the Housing Trust Fund stronger, creating Land Banks, and expanding Industrial Development Authorities.

For more information, please see “Housing Policy Evaluation” on page 35.

3. Housing policy in Arizona should be focused on the “missing middle” in order to have a meaningful impact on housing availability and affordability.

In the missing middle lies the majority of the housing shortage in Arizona. There are very few homes in the mid-size category of multi-family structures between 5 and 20 units. In fact, the number of homes in this category actually decreased from 2010 to 2021; for structures with 10-19 units, the decrease is as drastic as 56%. Additionally, there are not enough single-family homes with annual monthly payments totaling less than $15,000.

Ideally, leaders in Arizona should employ multiple policy tools simultaneously to work toward relief of the housing shortage. There are six areas for policy tools that would likely be most productive.

These regions are outlined below, and described in greater detail in the following chapter.

FIGURE 1: AEG Defined Regions of Study in Arizona

Using the information available to us and the methodology described above, we concluded the following:

1. Arizona is short of at least 150,000 housing units with annual costs less than $5,000 to relieve its housing availability and affordability problem.

- Arizona’s population grew approximately 14% between 1990 and 2021, which is twice the U.S. average of 7.5%. Its housing stock has grown, but has not kept pace with population.
- During the same period, housing vacancy rates fell by about 2%, which is about three times the U.S. average drop of 3%. Median housing costs rose by about 10%.
- As a result of these increasing prices, median and higher-income households are facing challenges. The effect of this on the housing market is the increase in
Executive Summary

communities, environment, tourism, and low income housing. The new administration governing the city of Tucson has added billions in economic impact and created 5 housing developments.

For more information please see “Housing Policy Recommendations for Arizona” on page 41 and “Barriers to Policy Recommendations” on page 47.

ABOUT ANDERSON ECONOMIC GROUP

Founded in 1995, Anderson Economic Group is a boutique research and consulting firm with offices in East Lansing, Michigan, and Chicago, Illinois. The experts at AEG have significant experience in public policy and economic analysis and have conducted numerous studies of housing policy and housing affordability in cities and states across the country. Relevant publications from our firm include:

- The Impact of Metropolitan Districts on Housing Costs in Colorado, published in 2011.
- Housing Affordability in the City of Akron, published in 2020.
- The Impact of Rent Control on Chicago’s Housing Market, published in 2018.

For more information, please see “Appendix A. About Anderson Economic Group” on page A-1 or visit www.AndersonEconomicGroup.com.

1. Upcoming
2. Streamlining
3. Accessory Dwelling Units (ADU)
4. Short Term Rentals (STR)
5. Land Banks
6. Tax Increment Financing (TIF)

Upcoming. Prohibitions on multi-family housing, as well as parking, setbacks, and minimum lot size requirements present substantial barriers to developing sufficient "missing middle" housing to meet demand. Missing middle housing allows cities to provide more homes on the same footprint compared to single family housing, without drastically changing the built environment of low-density neighborhoods. Parking requirements are another potential obstacle to building "missing middle" housing, as they can increase development costs, while also taking up space that could be used to build more homes.

Streamline the approval process. Local governments in other parts of the country have identified opportunities to streamline the approval process—and in some cases provide expedited processing for affordable housing developments—without compromising these goals. Policymakers in Arizona could remove barriers to affordable housing development by exploring similar policy changes in their jurisdictions.

Accessory Dwelling Units. With some robust program resources and greater adoption throughout the state, ADU legalization could add significantly to Arizona’s housing supply. These units can provide additional housing availability in a range of scenarios from space for older who can no longer live independently of caregivers, to adult children who may move back home after college. This provides some relief on demand for rental units, improving the availability of ADU financing could also have a significant impact.

Short Term Rentals. STRs in Arizona have increased at an exponential rate over the decade, they have grown by as low as 30% and as high as 150% in cities across the state. Allowing local governments to create regulations that fit the needs of the community would encourage economic growth while maintaining a healthy supply of housing.

Land Banks. In some circumstances, vacant land owned by local government entities can be sold to nonprofit housing developers at very low cost to subsidize rental- or income-restricted affordable housing developments. Land banks can also help to hold land strategically for future ADU building in areas with rising housing costs.

Tax Increment Financing. Taxes collected from TIF districts contribute to other developments in the district. This could include investments in planned
The five AEG defined regions are a group of counties selected based on geographical and economic significance. In particular:

**North Region.** It comprises Yavapai and Coconino counties, including cities such as Prescott and Flagstaff, with around 350,000 residents. The key urban area is the region in Prescott Valley-Prescott MSA. This region is known for its four communities: Prescott, Prescott Valley, Chino Valley, and Dewey.

**South Region.** It comprises Pima and Santa Cruz counties, including cities such as Tucson and Nogales. The key urban area in the region is Tucson MSA. Tucson region is home to over one million residents, the second highest in Arizona. It is also home to an Indian tribe known as the Tohono O'odham Nation.

**Central Region.** It comprises Maricopa and Pinal counties, including cities such as Phoenix, Mesa, Scottsdale, and Florence. The key urban area in the region is Phoenix-Phoenix-Glendale MSA. The Phoenix region is home to nearly five million residents, the highest in Arizona.

**East Region.** It comprises Navajo, Apache, Greenlee, Graham, Gila, and Cochise counties, including smaller cities such as Bisbee and Holbrook, with around 400,000 residents. The key urban area in the region is Prescott Valley-Prescott MSA. The region is home to one of the largest Indian tribes in the country, the Navajo Nation.

**West Region.** It comprises Yuma, Mohave, and La Paz counties, including cities such as Yuma and Kingman, with around 450,000 residents. The key urban area in the region are Yuma and Lake Havasu MSAs. The region is mainly covered by mountains and deserts and is also home to multiple Indian tribes.

### TABLE 1: Summary Overview of Five Arizona Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Counties</th>
<th>Land Area in Square Miles</th>
<th>Estimated Share of AZ Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>Yavapai, Coconino</td>
<td>26,742</td>
<td>5.0%</td>
</tr>
<tr>
<td>South</td>
<td>Pima, Santa Cruz</td>
<td>10,424</td>
<td>15.5%</td>
</tr>
<tr>
<td>Central</td>
<td>Maricopa, Pinal</td>
<td>44,486</td>
<td>74.0%</td>
</tr>
<tr>
<td>East</td>
<td>Navajo, Apache, Greenlee, Graham, Gila, Cochise</td>
<td>38,337</td>
<td>6.0%</td>
</tr>
<tr>
<td>West</td>
<td>Yuma, La Paz, Mohave</td>
<td>22,205</td>
<td>6.0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>155,794</td>
<td>7,278,316</td>
</tr>
</tbody>
</table>

Source: Arizona Censuses: Bureau of Economic Analysis: Arizona Economic Group
Population Growth

Population growth, either from natural change (births minus deaths) or migration from other regions, is the biggest driver of housing demand in any market. Arizona is no different. The state has experienced rapid population growth in the last decade. Since 2010, it has gained close to a million new residents—a 15% growth during the time when the total U.S. population grew only by 7.2% (see Table 2 on page 9).

The population increase has been uneven across the state, and there are three key patterns:

1. Most of the population gain has been in the Central region of the state, which absorbed 87% of Arizona’s growth during the period. In terms of both absolute and relative increase, the Central region has witnessed the largest growth.
2. The second largest increase was in the South region, which absorbed about 8% of Arizona’s growth, which is almost 70,000 new residents.
3. The rest 5% of Arizona’s growth was located in the North and West regions. A population growth of 12% in the North region from its 2010 base is a notable result.

Moving forward, Arizona’s population is poised to grow by about 20% from 2020 to 2040, adding nearly 1.8 million new residents to the state. Most of this growth is expected to occur in the Maricopa and Pima counties—the two counties that make up the Central region and most new residents that the state attracts are from California, Washington, and Texas.

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2015</th>
<th>2021</th>
<th>2010-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>5,633,757</td>
<td>6,230,063</td>
<td>7,276,318</td>
<td>8,253,379</td>
</tr>
<tr>
<td>North</td>
<td>545,712</td>
<td>611,392</td>
<td>787,902</td>
<td>41,590</td>
</tr>
<tr>
<td>South</td>
<td>981,454</td>
<td>1,076,025</td>
<td>1,252,020</td>
<td>90,874</td>
</tr>
<tr>
<td>Central</td>
<td>4,311,235</td>
<td>4,574,851</td>
<td>4,946,345</td>
<td>63,492</td>
</tr>
<tr>
<td>East</td>
<td>311,255</td>
<td>360,770</td>
<td>399,830</td>
<td>38,058</td>
</tr>
<tr>
<td>West</td>
<td>385,690</td>
<td>409,012</td>
<td>424,092</td>
<td>17,002</td>
</tr>
<tr>
<td>Median</td>
<td>209,340,689</td>
<td>231,418,821</td>
<td>251,892,743</td>
<td>32,544,013</td>
</tr>
</tbody>
</table>

Source: AEGB analysis of base data from the American Community Survey 1-year estimates.

Classification of Housing Units in Arizona

For convenience of analysis and ease of description throughout this report, both owner-occupied and renter-occupied residential units in Arizona are classified into three categories. These three categories are used to describe houses in Arizona based on their relative price points in the market.

Rental units are compared only against other rental units, and owner-occupied units are only compared against other owner-occupied units. The three categories are defined as follows:

1. Low Priced Unit. Rental unit (owner-occupied unit) that is priced such that 25% of all rents (home values) of renter-occupied units (owner-occupied units) in Arizona are below the value, and 75% are above.
2. Median Priced Unit. Rental unit (owner-occupied unit) that is priced such that 50% of all rents (home values) of renter-occupied units (owner-occupied units) in Arizona are below the value, and 50% are above.
3. High Priced Unit. Rental unit (owner-occupied unit) that is priced such that 75% of all rents (home values) of renter-occupied units (owner-occupied units) in Arizona are below the value, and 25% are above.

These labels are simply a convenient method to describe their relative prices in a housing market, and do not account for size of unit, location, etc. For example, a low-priced unit could be a 2-bedroom rental in a remote location, while a high-priced unit could be a tiny 1-bedroom unit in a desirable location.
Gap in Supply and Demand of Housing

The gap in a housing market is the difference between the number of households in a region and the number of available housing units to accommodate these households. An average American household consists of about 2.6 people.1 Using this number, we can derive two simple rules for roughly approximating the gap between housing demand and supply—one on an absolute basis, and another on a relative basis. These two rules estimate the gap are only approximations, and are not intended to be precise estimates.

Absolute gap between households and housing units. When each household consists of about 2.6 people on average, the supply to adequately serve demand in a region, increases in the number of housing units should be about 40% the increase in growth of population.2

From Table 4 on page 11, both the number of households and housing units increased between 2010-2021 in every region, except the East. However, only in the Central region did the growth in number of households exceed the growth in number of housing units, indicating more households moved into the region compared to the number of housing structures that were built. This absolute gap between supply and demand has manifested in its higher rents and home values.

<table>
<thead>
<tr>
<th>Region</th>
<th>Population Growth</th>
<th>Housing Unit Growth</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>662,259</td>
<td>211,847</td>
<td>33,685</td>
</tr>
<tr>
<td>North</td>
<td>41,953</td>
<td>20,956</td>
<td>(2,427)</td>
</tr>
<tr>
<td>South</td>
<td>64,876</td>
<td>31,590</td>
<td>(3,300)</td>
</tr>
<tr>
<td>Central</td>
<td>734,352</td>
<td>229,268</td>
<td>65,708</td>
</tr>
<tr>
<td>East</td>
<td>(11,146)</td>
<td>(7,716)</td>
<td>(720)</td>
</tr>
<tr>
<td>West</td>
<td>27,192</td>
<td>(4,292)</td>
<td>(3,197)</td>
</tr>
</tbody>
</table>

Notes: Difference = population growth / 2.6 - housing unit growth
Source: Table on page 9 for population growth; Table on page 10 and Table A-1 on page A-1 for growth in housing units.
Analysis: Anderson Economic Group

Housing Structures

Housing structures determine the supply side of a housing market while population growth provides the demand side. Housing units in Arizona grew by about 18% between 2010 and 2021, whereas population grew by 13% during the same period. While this gap between demand and supply may appear small, it has had a significant impact on the housing prices in Arizona.

Arizona added about 300,000 new housing units between 2010 to 2021, most of which were single family housing, followed by multifamily structures 20 or more units. Arizona’s housing supply in the last decade is displayed in Table 3 on page 10.

<table>
<thead>
<tr>
<th>Structure Type</th>
<th>2010</th>
<th>2021</th>
<th>2010 to 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Growth</td>
<td>240,197</td>
<td>239,250</td>
<td>345,355</td>
</tr>
<tr>
<td>Relative Growth</td>
<td>2.1%</td>
<td>2.2%</td>
<td>2.3%</td>
</tr>
<tr>
<td>1 unit</td>
<td>215,940</td>
<td>219,779</td>
<td>3,839</td>
</tr>
<tr>
<td>2 to 4 units</td>
<td>51,216</td>
<td>53,772</td>
<td>(2,556)</td>
</tr>
<tr>
<td>5 to 9 units</td>
<td>14,530</td>
<td>14,409</td>
<td>(131)</td>
</tr>
<tr>
<td>10 to 19 units</td>
<td>42,730</td>
<td>42,430</td>
<td>(3,300)</td>
</tr>
<tr>
<td>20 or more units</td>
<td>111,790</td>
<td>109,617</td>
<td>(2,173)</td>
</tr>
<tr>
<td>Total</td>
<td>2,864,738</td>
<td>3,135,635</td>
<td>260,907</td>
</tr>
</tbody>
</table>

Notes: Detailed tables of housing structure types based on 2012 data are in Table A-1 on page A-1 of the appendix.
Source: Source: AEC analysis of base data from the American Community Survey 1-year estimates of the U.S. Census Bureau.

Location of new structures across Arizona. Of the approximately 300,000 new units in Arizona, about 225,000 were in the Central region (see Table A-1 on page A-1). The remaining 75,000 units were split amongst the South, North and West regions. These trends have been consistent with the trends in population growth.

Nevertheless, housing markets function as a local level. Therefore, a more detailed picture of housing supply and demand gap at the regional level are presented in Table 4 and Table 5 on page 12.
As of 2021, the lowest vacancy rates were in the Central region, followed by South and North. This implies the inventory of housing units is dwindling in the regions, and requires an immediate supply of new housing units to accommodate increases in demand. Moving forward, any marginal increase in demand for housing will result in disproportionate increases in rents and home values in these regions.

**Figure 3.** Vacancy Rates of Housing Units in Arizona by Region, 2010-2021

Source: ABS analysis of data drawn from the American Community Survey 1-year estimates of the U.S. Census Bureau.

Relative gap between households and housing units. A corollary of the first simple rule is that the relative growth in housing units should approximately match the relative growth in population. As Table 5 on page 12 indicates, the growth in housing units has lagged behind the growth in population in the Phoenix and Quad Cities regions, but has remained relatively the same elsewhere. However, even this small difference in the two regions has manifested in increased rents and home values.

**Table 5.** Relative Gap in Households and Housing Units in Arizona, 2010-2021

<table>
<thead>
<tr>
<th>Region</th>
<th>Population Growth</th>
<th>Housing Unit Growth</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>12.4%</td>
<td>10.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>North</td>
<td>12.0%</td>
<td>11.8%</td>
<td>0.2%</td>
</tr>
<tr>
<td>South</td>
<td>7.1%</td>
<td>7.6%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Central</td>
<td>17.3%</td>
<td>12.7%</td>
<td>4.6%</td>
</tr>
<tr>
<td>East</td>
<td>-3.6%</td>
<td>-2.2%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>West</td>
<td>7.3%</td>
<td>7.2%</td>
<td>-0.1%</td>
</tr>
</tbody>
</table>

Source: Table 3 on page 9 for population growth. Table 3 on page 10 for growth in housing units, and Table 4-1 on page 4-1 for growth in housing units at the regional level.


Decline in vacancy rates. Besides the Central and North regions, where new supply was inadequate against new demand, the new demand dipped into the existing supply of vacant homes to make up for the gap. Vacancy rates measure the extent of this dip, which is a share of vacant over total units.

As Table 6 on page 12 shows, Arizona’s vacancy rate declined by almost 8% between 2010-2021 when the decline across the U.S. was about 3%. In fact, despite the additional supply, vacancy rates decreased for all regions except Central, North and West regions saw the sharpest declines. These declines indicate a tightening of the housing market, causing an increase in rents and home values.

**Table 6.** Vacancy Rates of Housing Units in Arizona by Region, 2010-2021

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2015</th>
<th>2021</th>
<th>Change 2010-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>10.0%</td>
<td>15.3%</td>
<td>10.3%</td>
<td>-7.8%</td>
</tr>
<tr>
<td>North</td>
<td>12.4%</td>
<td>20.7%</td>
<td>13.8%</td>
<td>-6.9%</td>
</tr>
<tr>
<td>South</td>
<td>13.3%</td>
<td>12.4%</td>
<td>8.2%</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Central</td>
<td>13.5%</td>
<td>13.5%</td>
<td>8.1%</td>
<td>-5.4%</td>
</tr>
<tr>
<td>East</td>
<td>30.4%</td>
<td>31.2%</td>
<td>24.1%</td>
<td>-6.9%</td>
</tr>
<tr>
<td>West</td>
<td>34.6%</td>
<td>23.5%</td>
<td>16.8%</td>
<td>-7.8%</td>
</tr>
<tr>
<td>Metro U.S.</td>
<td>18.1%</td>
<td>17.3%</td>
<td>10.8%</td>
<td>-2.8%</td>
</tr>
</tbody>
</table>

Source: ABS analysis of data drawn from the American Community Survey 1-year estimates of the U.S. Census Bureau.
Monthly Rents Across Arizona Regions

A decrease in vacancy rates has tightened the housing market and has caused a significant increase in prices rents for renter occupied units, and home values for owner-occupied units.

Rent Increases in Arizona. Between 2010 and 2021, monthly rent for residents living in Arizona experienced a significant increase. This increase was across all three types of units—low-priced, median-priced, and high-priced. Rent of a median-priced unit increased by 55% from $700 in 2010 to $1,059 in 2021. However, the highest rent increase was for high-priced units, indicating a higher demand for these types of units (see Table 7 on page 14). These high-priced units are likely newer, larger, in a desirable location, or a combination of features.

Across regions of Arizona, as shown in Table A-2 on page A-3, the highest increase was in Maricopa County of the Central region by about 65% and Coconino County of the North region by nearly 50%.

<table>
<thead>
<tr>
<th>Type of Rental Unit</th>
<th>2010</th>
<th>2015</th>
<th>2021</th>
<th>Increase in Median Rent</th>
<th>Increase in Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Priced</td>
<td>$540</td>
<td>$595</td>
<td>$800</td>
<td>48.1%</td>
<td>51.7%</td>
</tr>
<tr>
<td>Median Priced</td>
<td>$719</td>
<td>$791</td>
<td>$1,059</td>
<td>35.9%</td>
<td>51.2%</td>
</tr>
<tr>
<td>High Priced</td>
<td>$994</td>
<td>$1,015</td>
<td>$1,459</td>
<td>36.3%</td>
<td>51.3%</td>
</tr>
</tbody>
</table>

Notes: See Table A-2 on page A-3 for details on rents at the regional level.
Source: American Community Survey 5-year estimates (housing units); Arizona Economic Group (income).

Analysis: Anderson Economic Group
Central Region. The residents in Maricopa county experienced an increase in monthly rent from $744 in 2010 to $1,226 in 2021. Monthly rent in Pinal county also increased from $697 in 2010 to $911 in 2021. See Figure 7 on page 17.

*FIGURE 7. Trends in Monthly Rent, Central Region by Counties, 2010-2021*

Source: AEG analysis of base data from U.S. Census Bureau

North Region. The residents in Coconino county experienced an increase in monthly rent from $830 in 2010 to $1,172 in 2021. Monthly rent in Yavapai county also increased from $658 in 2010 to $841 in 2021. See Figure 8 on page 16.

*FIGURE 8. Trends in Monthly Rent, North Region Counties, 2010-2021*

Source: AEG analysis of base data from U.S. Census Bureau

South Region. The residents in Pima county experienced an increase in monthly rent from $648 in 2010 to $897 in 2021. During the same period, monthly rent in the Santa Cruz county remained steady. See Figure 9 on page 16.

*FIGURE 9. Trends in Monthly Rent, South Region Counties, 2010-2021*

Note: The analysis for Santa Cruz county is from 2010-2020.
Source: AEG analysis of base data from U.S. Census Bureau
Adhesion Bovine Chorionic

1. The control group was treated with saline solution for 7 days. The experimental group was treated with the test substance for 7 days.

2. The control group showed no signs of improvement. The experimental group showed signs of improvement.

3. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

4. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

5. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

6. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

7. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

8. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

9. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

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12. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

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15. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

16. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

17. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

18. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

19. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.

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30. The control group showed no changes in their symptoms. The experimental group showed a reduction in symptoms.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01-01</td>
<td>Event1</td>
<td>Description1</td>
</tr>
<tr>
<td>2000-01-02</td>
<td>Event2</td>
<td>Description2</td>
</tr>
<tr>
<td>2000-01-03</td>
<td>Event3</td>
<td>Description3</td>
</tr>
</tbody>
</table>

The table above contains important information regarding events that occurred on specific dates.

Further details on each event can be found in the attached document.
Appendix A: Detailed Tables and Charts
Appendix C: About Anderson Economic Group
Minutes and Reference Materials

December 20, 2022

Appendix M
ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSING SUPPLY STUDY COMMITTEE

Date: Tuesday, December 20, 2022
Time: 1:00 P.M.
Place: HHR 1

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientId=6361162879&eventId=2022121009

AGENDA

1. Call to Order
2. Opening Remarks
3. Presentation of the Housing Supply Study Committee Report
4. Committee Discussion
5. Public Testimony
6. Adjournment

Members:

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

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

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk’s Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.
ARIZONA STATE LEGISLATURE

HOUSING SUPPLY STUDY COMMITTEE

Minutes of the Meeting
December 20, 2022
1:00 P.M., House Hearing Room 1

Members Present:
Senator Martin Quezada
Jake Hinman
Spencer Kamps
Jean Moreno

Representative Steve Kaiser, Co-Chair
Joan Serviss
Cindy Stotler (Thomas Simplot Designee)
Mayor Corey Woods

Members Excused:
Senator David Gowan, Co-Chair

Representative César Chávez

Members Absent:
Mathew Contorelli

Staff:
Paul Benny, House Research Analyst
Luca Moldovan, House Assistant Research Analyst
Jason Theodorou, Senate Research Analyst
Kiyahna Araza, Senate Assistant Research Analyst

Co-Chairman Kaiser called the meeting to order at 1:06 p.m. and attendance was taken.

OPENING REMARKS

The Committee offered comments.

PRESENTATION OF THE HOUSING SUPPLY STUDY COMMITTEE REPORT

Representative Kaiser distributed and explained a PowerPoint presentation entitled "Housing Supply Study Committee" (Attachment A). Mr. Kaiser distributed and explained a handout entitled "Housing Supply Study Committee, Chairman's Findings & Recommendations" (Attachment B).

COMMITTEE DISCUSSION

Jean Moreno, Director of Community Services, City of Glendale, distributed and explained a handout entitled "Housing Supply Study Committee, Jean Moreno" (Attachment C).
Mayor Corey Woods, City of Tempe, distributed and explained a handout entitled "Housing Solutions, Legislative Options" (Attachment D). Mr. Woods answered questions posed by the Committee.

The Committee offered comments.

Joan Serviss, Executive Director, Arizona Housing Coalition, distributed and explained a handout entitled "Arizona Housing Coalition Priorities" (Attachment E). Ms. Serviss answered questions posed by the Committee.

The Committee offered comments.

PUBLIC TESTIMONY

Drew P. Schaeffer, Director, William E. Morris Institute for Justice, expressed his concerns with the housing supply issues.

Attached is a form noting the individual who submitted a Speaker slip on the agenda items. (Attachment F).

There being no further business, the meeting was adjourned at 2:08 p.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)
Chairman's Findings & Recommendations

Housing Supply Study Committee

December 20, 2022

Detailed Narrative included in Addendum

Representative Steve Kaiser
Arizona has a severe housing shortage. Not addressing housing will harm Arizona's economy.
additional recommendations.

Subject matter experts and the community on

3) Social ideas and opinions of industry and

causes; and

Arizona's housing shortage and to mitigate its

2) Compile an overview of ways to address

and access;

Review data on the scope of housing supply

1) Committee was created to:

The 11-member Housing Supply Study
versus how many homes are denied.

many homes are permitted in Arizona

There is no reporting mechanism for how

are

what the statewide housing supply needs.

We do not have a clear understanding of

construction

reporting related to housing supply and

There is no clearinghouse for data and
Housing and Homelessness
Recognize the State Interagency Council on

Housing Supply based on certain metrics
Dashboard will serve as a city-by-city scorecard of

Housing Supply dashboard to provide data and transparency on
Interagency "Housing Needs Assessment"
Arizona Commerce Authority shall create an

The Arizona Department of Housing and the
- Zoning is the primary barrier to addressing the housing shortage
  - This was the most consistent theme for the majority of presenters (non-profits, builders, developers, business leaders)
- Zoning reform is a bipartisan issue
Level for developments
  - Optional administrative review approvals at the city
  - Land
  - State Land Department study on government-owned
  - Grant program to rural communities for infrastructure
  - Commercial and Ag land - residential expedited zoning
  - Plan
  - Expedited zoning when in compliance with a general
  - Reducing the need for rezoning cases
  - Reducing redundancies in General Plan vs. Zoning Law
  - Community input
  - Reform zoning laws that still include adequate
    - Regulatory relief for zoning:
multifamily housing
manufactured homes, complexes through 20-unit
Allowing accessory dwelling units (ADUs)

Covering setbacks and parking
in zoning districts such as minimum lot sizes, lot
Reducing requirements for development standards
"Addressing the "Missing Middle"


- The process allows too much arbitrary
- Simply get local approval
- Housing projects taking over 2 years to
- The committee heard many examples of
- Homes in Arizona take too long to be built
- Create consistency in public comment
  - Develops accountable
  - To allow building to continue while still holding
  - Municipal level
  - Allowing "at-risk approved permits at the
  - timetables"
...ambiguity & time

standards including unnecessary costs.

Limiting the discretionary review of design...
portion of our affordable housing supply
Manufactured homes are dwindling
out of cities
Single room occupancies have been zoned
population
Seniors are our fastest growing homelessness
housing options
Our most vulnerable are running out of
Housing Trust Fund
- Create permanent funding source for the
- Set aside shelters and public money to protect

Restrictions
- Allow for smaller homes with less parking
- Allow for single-room occupancy
proposed

Resistance no matter where they are

Most new housing developments face stiff

and sophisticated

NIMBYism has become more organized

hurdles with extra NIMBYism

Attainable and senior housing faces sleep

Housing Supply

NIMBYism has had a dramatic impact on
Create appeals process for buildings that meet city zoning and city codes but get denied by council.
Continued stakeholder meetings

Legislation in the 56th Legislature
SPECIAL THANKS
TO OUR
PRESENTERS

(over to presenters)
Dan Roode, Gorman & Company
Jim Meyer, Meyer Development
John Carlson, Mark-Taylor Residential
S. Meier, Dominiun
Bill Lydiard, Tully & Bosco
Emily Hamilton, Mercantile Center
Nolan Gray, Policy Director of California YIMBY
Ken Anderson, Executive Director, Manufactured Housing Industry of Arizona
Bill Poole, CEO, CACO Industries
Cottonwood
Scott Bill, Community Development Director, City of Cottonwood
Shannon Boone, Housing Manager, City of Sedona
Joniene Keene, Deputy City Manager, City of Sedona
Tom Lurinko, Chief Executive Officer, Old Pueblo Community Services
Tom Thropson, Chief Executive Officer, Tucson, IA
Michael Tofazello, 388 WEC Director, Community Development, City of Tucson
Lyman Morris, Director of Housing & Community
Koren Manning, Planning Administrator, City of Tucson
Region Romo, Mayor, City of Tucson
HOUSING SUPPLY STUDY COMMITTEE

Chairman’s Findings & Recommendations
Representative Steve Kaiser
December 20, 2022

Detailed Narrative (Addendum)

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

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

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

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

Finding #1
- There is no clearinghouse for data and reporting related to housing supply and construction
  - We do not have a clear understanding of what the statewide housing supply needs are
  - There is no reporting mechanism for how many homes are permitted in Arizona versus how many homes are denied

Recommendation #1
- The Arizona Department of Housing and the Arizona Commerce Authority shall create an interactive “Housing Needs Assessment” dashboard to provide data and transparency on housing supply
  - Dashboard will serve as a city-by-city scorecard of housing supply based on certain metrics
- Reconvene the State Interagency Council on Housing and Homelessness

Finding #2
- Zoning is the primary barrier to addressing the housing shortage
  - This was the most consistent theme for the majority of presenters (non-profits, builders, developers, business leaders)
  - Zoning reform is a bipartisan issue

Recommendation #2
- Regulatory Relief for Zoning:
  - Reform zoning laws that still include adequate community input
  - Reducing redundancies in general plans vs. zoning law
  - Reducing the need for rezoning cases
  - Expediting zoning when in compliance with a general plan
  - Commercial and Ag land - residential expedited zoning
  - Grant program to rural communities for infrastructure
  - State Land Department study on government-owned land
  - Optional administrative review approvals at the city level for developments
- Addressing the "Missing Middle"
  - Reducing requirements for development standards in zoning districts such as minimum lot sizes, lot coverage, setbacks & parking
  - Allowing accessory dwelling units (ADUs), manufactured homes, fourplexes through 20-unit multi-family housing

Finding #3
- Homes in Arizona take too long to be built
HOUSING SUPPLY STUDY COMMITTEE

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

Recommendation #3
- Allowing "at-risk approval" permits at the municipal level
- To allow building to continue while still holding developers accountable
- Create consistency in public comment timeframes

Finding #4
- Starter homes both for sale and for rent have been regulated out of Arizona
  - It is becoming more and more difficult to build a basic home or apartment in Arizona
  - Design standards and guidelines have substantially increased the cost of housing

Recommendation #4
- Limiting the discretionary review of design standards including unnecessary costs, ambiguity & time

Finding #5
- Our most vulnerable are running out of housing options
  - Seniors are our fastest growing homeless population
  - Single room occupancies have been zoned out of cities
  - Manufactured homes are a dwindling portion of our attainable housing supply

Recommendation #5
- Allow for single-room occupancy
- Allow for smaller homes with less parking restrictions
- Set aside shelters and public money to protect our most vulnerable
- Create permanent funding source for the Housing Trust Fund

Finding #6
- NIMBYism has had a dramatic impact on housing supply
  - Attainable and senior housing faces steep hurdles with extra NIMBYism
  - NIMBYism has become more organized and sophisticated
  - Most new housing developments face stiff resistance no matter where they are proposed
HOUSING SUPPLY STUDY COMMITTEE

Recommendation #6
- Create appeals process for builds that meet city zoning and city codes but get denied by council

Next Steps
- Continued stakeholder meetings
- Legislation in the 56th Legislature

Special Thanks to our Presenters (Not including public testimony)(Over 70 presenters!)
- Alan Stephenson, Deputy City Manager, City of Phoenix
- Christopher Baker, Director of Development Services, City of Goodyear
- Katie Wilken, Deputy Director of Planning, City of Goodyear
- Jeff Gunderson, Senior VP of Land Operations, Lennar Homes
- Patrick Brown, Division VP of Land, DR Horton
- Chuck Chisolm, Director of Land Planning, K. Hovnanian Homes
- Jason Weber, VP of Land Acquisition and Development, Tri Pointe Homes
- Director Wanda Wright, Arizona Department of Veterans’ Services
- Kuhl Brown, Real Estate Development Director for the Mountain Plains Region
- Diana Yazzie Devine, President and CEO of the non-profit Native American Connections
- Maureen Casey & Denise Resnick, FirstPlace
- Lisa Glow, Central Arizona Shelter Services
- Mary Lynn Kasunic, President & CEO/Executive Director of the Area Agency on Aging, Region One
- John Mendibles, League of Veterans
- Bridget Sharpe, Human Rights Campaign
- Warren Tenney, Executive Director for the Arizona Municipal Water Users Association
- Jerry Stabley, President of the Arizona Planning Association
- Melissa Guardaro, Ph.D., Assistant Research Professor Arizona State University
- Lora A. Phillips, Ph.D, Postdoctoral Research Scholar Arizona State University
- Representative Sarah Liguori, LD 28
- Dan Folk, Community Development Director, City of Flagstaff
- Michelle McNulty, Planning Director, City of Flagstaff
- Sarah Darr, Housing Director, City of Flagstaff
- Jonathan Hale, Contractor for New Mexico Social Justice Equity Institute
- Joe Galli, Senior Advisor Public Policy, Greater Flagstaff Chamber
- David Carpenter, Owner of Hope Construction
- Chris Kemmerly, Owner of Miramonte Homes
- Mark Kear, Ph.D., Assistant Professor, University of Arizona
- Arthur Nelson, Ph.D., Professor, University of Arizona
- Ginger Kneup, Southern Arizona Home Builders Association
- Rory Juneman, Lazarus & Silvyn P.C.
- Tom Heath, Nova Home Loans
- Jim Tofel, Tofel-Dent Construction
HOUSING SUPPLY STUDY COMMITTEE

- Regina Romero, Mayor, City of Tucson
- Koren Manning, Planning Administrator, City of Tucson
- Liz Morales, Director of Housing & Community Development, City of Tucson
- Michael Torriello, 355 WG Director, Community Partnership Davis-Monthan AFB
- Dre Thompson, Chief Executive Officer, Tucson, IDA
- Brandi Champion, Program Director, Housing First
- Tom Litwicki, Chief Executive Officer, Old Pueblo Community Services
- Joanne Keene, Deputy City Manager, City of Sedona
- Shannon Boone, Housing Manager for Sedona and Cottonwood
- Scott Ellis, Community Development Director, City of Cottonwood
- Bill Boor, CEO, Cavco Industries
- Ken Andersen, Executive Director Manufactured Housing Industry of Arizona
- Nolan Gray, Policy Director of California YIMBY
- Emily Hamilton, Mercatus Center
- Bill Lally, Tiffany and Bosco
- Sarah Shambrook, Dominium
- Owen Metz, Dominium
- John Carlson, Mark-Taylor Residential
- Joe Meyer, Meyer Development
- Dan Klocke, Gorman & Company
- Frank Cassidy, League of Cities and Towns
- Representative Christian Solorio, Arizona Chapter of the American Institute of Architects
- Joe Herzog, AZ Chapter of the American Institute of Architects
- David Howard, Executive Director, National Rental Home Council
- Denise Previte
- Angie Donelson, Donelson Consulting LLC
- Yvonne Delgadillo, Allied Argenta
- Pat Donaldson, COO St. Vincent de Paul
- Jessica Berg, CPO St. Vincent de Paul
- David Brown, Home Matters
- Debra Martell, Dignity Health
- Daniel Witt, Lucid Motors
- Kevin Erdmann, Mercatus Center and George Mason University
- Suzanne Kinney, NAIOP
- Anhubav Bagley, Maricopa Association on Governments
- Tyler Marie Theile, VP, COO, Director of Public Policy, Anderson Economic Group
Housing Supply Study Committee
Jean Moreno

Background

- The issue we are facing in Arizona is not just about housing supply, it is about housing supply and accessibility to housing that people can attain and sustain.

- Even with an increased supply of homes, those with the greatest need will be shut out of new housing opportunities or lose their existing housing without other policy reforms.

- There needs to be more emphasis on the desperate need for very low-income housing, particularly for seniors, veterans, and the disabled on fixed income.

- In the Phoenix metropolitan area, the availability of apartments for rent in an amount less than $1,000 decreased by 83% since 2010. Source: U.S. Census Bureau, American Community Survey.

- One-third of older households in Pima and Maricopa County are cost-burdened – meaning they spend more than 30% of their income on rent alone. Cost Burdens Among Older Adults Are at an All-Time High Joint Center for Housing Studies (harvard.edu). Fixed-income residents with monthly checks at $850 - $950

- CASS has seen a 43% increase in service for seniors 55+ (1,717 total). 1,459 seniors utilized CASS shelter services and 821 were 62 years or older

- While Arizona needs housing of all types, government resources to provide low-income rental and owner-occupied housing as well as supportive housing that the market, on its own, has not taken care of, should be the most urgent focus.

- The state has an obligation under the federal Fair Housing Act to affirmatively further fair housing in designing and implementing any new legal regimes governing land use and zoning. So, necessarily, the State needs to be planning proactively to create more inclusive pathways to housing opportunities, making the housing supply available to all Arizonans.

- Any legislative reforms must ensure that housing supply and availability benefits all Arizonans, regardless of their wealth, identities, or life circumstances.

Ideas

- Changes to the Landlord Tenant Act or other appropriate area of state law:
  - Require landlords to utilize uniform and transparent tenant screening requirements and regulate application processing fees. Low-income tenants often pay multiple, high application processing fees without information about how their applications will be decided, only to be denied a rental home after failing a subjective screening assessment and those fees are non-refundable. Landlords often use third-party companies to conduct background checks using arbitrary, undisclosed criteria – and sometimes
automated tools – to make leasing decisions. The results of the background checks frequently include inaccurate or outdated information that incorrectly limits tenants’ access to available housing opportunities.

- Some landlords also have blanket policies that discriminate against certain tenants (i.e., denying housing applications from families or individuals with an eviction judgment in their rental history or who applied for rental assistance in the past). The construction of more Arizona homes will be of little benefit to many tenants unless and until there are specific consumer protections for housing applicants and the screening processes they navigate.

- Create a permanent state-wide emergency rental assistance program. The pandemic-related Emergency Rental Assistance Program ("ERAP") has helped many tenants in need of financial assistance stay in their homes. The various ERAP programs administered by the State of Arizona, as well as those administered by various units of local government, are set to run out of funds in 2023. A permanent, centrally operated ERAP program would ensure that low-income tenants can continue to rely on this resource during temporary financial emergencies and have uniform application criteria no matter where they live in the state. A state ERAP program is a good investment in protecting housing supply and availability. Preventing unnecessary and costly evictions will eliminate housing supply inefficiencies and pricing factors contributing to the unhealthy rental housing market affecting all Arizonans at present.

- Require landlords seeking eviction for non-payment of rent to seek diversion first and accept housing assistance payments if available. Here are some examples (note, we will need ERA funding for these practices to be effective):

  - The State of Massachusetts has developed a two-tiered eviction process that has integrated the ERA program into eviction proceedings. In the first tier, landlords and tenants work with a mediator who can direct them to ERA resources to cover qualified rental arrears. This state-funded program also engages legal aid services, as well as housing reinstatement services, for those cases where tenants ultimately experience eviction.

  - The city of Memphis and Shelby County's joint program includes a data sharing relationship with the local court system. This partnership affords ERA program administrators real-time information about neighborhoods with increased eviction activity, allowing more targeted outreach towards tenants and landlords. Using this data, the ERA program administrators have been able to foster effective relationships with larger apartment complexes and engage directly with tenants on the premises. Memphis and Shelby County have also contracted with a local nonprofit organization with experience providing legal services to tenants facing evictions, helping them to reach settlement and avoid evictions.

  - The city of Philadelphia's ERA program is also integrated directly into the city's eviction court system. The court requires defendants to apply for the city's ERA program before allowing the eviction to proceed. Further, all landlords who enroll in the city's ERA program are automatically enrolled in
the eviction diversion system, alerting them to the resources offered by the city to help avoid tenant evictions, such as nonprofit mediation services.

- Louisville, KY is utilizing a multi-pronged approach to eviction diversion that includes legal representation for tenants, community-based outreach, and collaboration with local courts. The city has allocated $400,000 of their ERA funding to enact a right to counsel program for tenants with children who are facing eviction.

- Engage in wide-spread educational campaigns for federal housing programs, such as the federal HUD Veterans Affairs Supportive Housing (“VASH”) and Housing Choice Voucher (“HCV”) programs. Information sessions, promotions, and increased education will help remove the stigma of participating in these programs, for both landlords and tenants. Removing the stigma will help ensure the utilization of a key resource that provides stable revenue to landlords and stable homes to tenants, while making a greater supply of homes available to more Arizonans.

- Require collaborative public outreach campaigns that speak to the need of the type of housing necessary for the progress and stability of a neighborhood. Neighborhoods and communities thrive economically when residents providing the full range of goods and services necessary for success can afford to live there. Through community outreach, developers, and cities, can achieve a greater understanding on what type of housing is needed and residents will gain a clearer picture of the makeup of their neighborhood. For example, “who are the people in your neighborhood” campaigns will illustrate that the people who work in the grocery stores, the local small businesses, restaurants, schools, and in law enforcement would like to live in the neighborhoods where they serve, but are frustrated in achieving this goal because there is no housing for them. Proactive outreach would help get ahead of the much-discussed problem of “NIMBY-ism” that arises when real estate developers propose workforce housing, including multi-family developments that are essential to the delivery of necessary goods and services to vibrant neighborhoods and communities.

- In urban cores or areas where infrastructure already exists, allow either a development impact fee waiver or create a state fund to focus on the development of mixed-income rental housing (where some units are market rate and some are subsidized based on income) or entry-level owner-occupied housing that is affordable (based on 60-80% Area Median Income and 30% of that being used towards rent/housing costs) This means mortgage or rent that is roughly $1,332-1,776 per month.

- Examine rules and regulations regarding LIHTC to determine if the tax credit programs can be used to support mixed-income development.

- Create consistency amongst all cities regarding notification distances for zoning and major general plan amendment public notifications.
Housing Supply Study Committee
Jean Moreno

- Prohibit public comment from unaffected residents (not living or owning property within the identified "zone") from being considered when making decisions on zoning cases.

- Provide a relief fund for cities that they can use to defend lawsuits or pay claims arising from zoning decisions that give residents the ability to sue under the Arizona Private Property Rights Protection Act. This is one of the reasons why the 1% of residents have a strong voice in zoning cases – cities are concerned that they will have to defend themselves against a claim of diminished property values if they allow a multi-family development or increase the dwelling units per acre.

- Allow cities to implement a short-term rental tax (similar to hotel tax) with the proceeds restricted to staffing building development departments to improve plan review/permitting process timelines OR to incentivize the development of affordable units (renter or owner-occupied). This will allow cities to generate additional revenue from out of state (or area) visitors to advance a community's development goals.

- Provide seed funding available to cities/towns for acquisition and rehab of blighted single-family homes (those that are unsafe to occupy etc.) to be placed in a Community Land Trust, these can be implemented at the local level and are a great way to get low-income households into home ownership.
Housing Solutions – Legislative Options

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

General Housing

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

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

Arizona Housing Coalition Priorities

State

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

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

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

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

5. Teacherages
   - Arizona statute currently allows rural school districts to allocate funds and property toward developing, procuring, and maintaining housing options for their staff. Expand this option for urban and suburban areas to fill needed gaps in workforce housing for Arizona educators.
6. Inclusionary Zoning
   • Eliminate the preemption on inclusionary zoning to allow cities and counties to require
     affordable units as part of a development. Allow for the opportunity to reimburse developers
     for the cost of the subsidy. Compensation could take the form of city tax relief, waiver of
     permit or other local development fees, or waiver or expedition of permits or other local
     requirements.

7. Publicly Owned Land
   • Prioritize affordable housing for publicly owned land, vacant and surplus land policy.

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

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