AN ACT

AMENDING SECTIONS 9-462.01, 9-462.03 AND 9-462.04, ARIZONA REVISED STATUTES; AMENDING TITLE 9, CHAPTER 4, ARTICLE 6.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 9-462.09; AMENDING TITLE 9, CHAPTER 4, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 9-500.48; REPEALING SECTION 9-805, ARIZONA REVISED STATUTES; AMENDING TITLE 9, CHAPTER 7, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 9-805; AMENDING SECTIONS 9-831, 9-832, 9-834, 9-835 AND 9-837, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO MUNICIPAL ZONING.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 9-462.01, Arizona Revised Statutes, is amended to read:

9-462.01. Zoning regulations; public hearing; definitions
A. Pursuant to this article, the legislative body of any municipality by ordinance, in order to conserve and promote the public health, safety and general welfare, may:
1. Regulate the use of buildings, structures and land as between agriculture, residence, industry, business and other purposes.
2. Regulate signs and billboards.
3. Regulate the location, height, bulk, number of stories and size of buildings and structures, the size and use of lots, yards, courts and other open spaces, the percentage of a lot that may be occupied by a building or structure OTHER THAN A SINGLE-FAMILY DWELLING, access to incident solar energy and the intensity of land use.
4. Establish requirements for off-street parking and loading.
5. Establish and maintain building setback lines. MINIMUM SIDE YARD SETBACKS FOR LOTS WITH SINGLE-FAMILY DWELLINGS MAY NOT EXCEED FIVE FEET.
6. Create civic districts around civic centers, public parks, public buildings or public grounds and establish regulations for the civic districts.
7. Require as a condition of rezoning public dedication of rights-of-way as streets, alleys, public ways, drainage and public utilities as are reasonably required by or related to the effect of the rezoning.
8. Establish floodplain zoning districts and regulations to protect life and property from the hazards of periodic inundation. Regulations may include variable lot sizes, special grading or drainage requirements, or other requirements deemed necessary for the public health, safety or general welfare.
9. Establish special zoning districts or regulations for certain lands characterized by adverse topography, adverse soils, subsidence of the earth, high water table, lack of water or other natural or man-made hazards to life or property. Regulations may include variable lot sizes, special grading or drainage requirements, or other requirements deemed necessary for the public health, safety or general welfare.
10. Establish districts of historical significance provided that:
(a) The ordinances may require that special permission be obtained for any development within the district if the legislative body has adopted a plan for the preservation of districts of historical significance that meets the requirements of subdivision (b) of this paragraph, and the criteria contained in the ordinance are consistent with the objectives set forth in the plan.
(b) A plan for the preservation of districts of historical significance shall identify districts of special historical significance, state the objectives to be sought concerning the development or preservation of sites, area and structures within the district, and formulate a program for public action, including providing public facilities and regulating private development and demolition necessary to realize these objectives.

(c) The ordinance establishing districts of historical significance shall set forth standards necessary to preserve the historical character of the area so designated.

(d) The ordinances may designate or authorize any committee, commission, department or person to designate structures or sites of special historical significance in accordance with criteria contained in the ordinance, and no designation shall be made except after a public hearing on notice of the owners of record of the property designated of special historical significance. The ordinances may require that special permission be obtained for any development respecting the structures or sites.

11. Establish age-specific community zoning districts in which residency is restricted to a head of a household or spouse who must be of a specific age or older and in which minors are prohibited from living in the home. Age-specific community zoning districts shall not be overlaid over property without the permission of all owners of property included as part of the district unless all of the property in the district has been developed, advertised and sold or rented under specific age restrictions. The establishment of age-specific community zoning districts is subject to all of the public notice requirements and other procedures prescribed by this article.

12. Establish procedures, methods and standards for the transfer of development rights within its jurisdiction. Any proposed transfer of development rights from the sending property or to the receiving property shall be subject to the notice and hearing requirements of section 9-462.04 and shall be subject to the approval and consent of the property owners of both the sending and receiving property. Before any transfer of development rights, a municipality shall adopt an ordinance providing for:

(a) The issuance and recordation of the instruments necessary to sever development rights from the sending property and to affix development rights to the receiving property. These instruments shall be executed by the affected property owners and lienholders.

(b) The preservation of the character of the sending property and assurance that the prohibitions against the use and development of the sending property shall bind the landowner and every successor in interest to the landowner.
(c) The severance of transferable development rights from the sending property and the delayed transfer of development rights to a receiving property.

(d) The purchase, sale, exchange or other conveyance of transferable development rights before the rights being affixed to a receiving property.

(e) A system for monitoring the severance, ownership, assignment and transfer of transferable development rights.

(f) The right of a municipality to purchase development rights and to hold them for resale.

(g) The right of a municipality at its discretion to enter into an intergovernmental agreement with another municipality or a county for the transfer of development rights between jurisdictions. The transfer shall comply with this paragraph, except that if the sending property is located in an unincorporated area of a county, the approval of the development rights to be sent to a municipality shall comply with section 11-817.

B. For the purposes of subsection A of this section, the legislative body may divide a municipality, or portion of a municipality, into zones of the number, shape and area it deems best suited to carry out the purpose of this article and articles 6, 6.2 and 6.3 of this chapter.

C. All zoning regulations shall be uniform for each class or kind of building or use of land throughout each zone, but the regulations in one type of zone may differ from those in other types of zones as follows:

1. Within individual zones, there may be uses permitted on a conditional basis under which additional requirements must be met, including requiring site plan review and approval by the planning agency. The conditional uses are generally characterized by any of the following:
   (a) Infrequency of use.
   (b) High degree of traffic generation.
   (c) Requirement of large land area.

2. Within residential zones, the regulations may permit modifications to minimum yard lot area and height requirements.

D. To carry out the purposes of this article and articles 6 and 6.2 of this chapter, the legislative body may adopt overlay zoning districts and regulations applicable to particular buildings, structures and land within individual zones. For the purposes of this subsection, "overlay zoning district" means a special zoning district that includes regulations that modify regulations in another zoning district with which the overlay zoning district is combined. Overlay zoning districts and regulations shall be adopted pursuant to section 9-462.04.

E. The legislative body may approve a change of zone conditioned on a schedule for development of the specific use or uses for which rezoning is requested. If, at the expiration of this period, the property has not been improved for the use for which it was conditionally approved, the legislative body, after notification by certified mail to the owner and
applicant who requested the rezoning, shall schedule a public hearing to
take administrative action to extend, remove or determine compliance with
the schedule for development or take legislative action to cause the
property to revert to its former zoning classification.

F. All zoning and rezoning ordinances or regulations adopted under
this article shall be consistent with and conform to the adopted general
plan of the municipality, if any, as adopted under article 6 of this
chapter. In the case of uncertainty in construing or applying the
conformity of any part of a proposed rezoning ordinance to the adopted
general plan of the municipality, the ordinance shall be construed in a
manner that will further the implementation of, and not be contrary to,
the goals, policies and applicable elements of the general plan. A
rezoning ordinance conforms with the land use element of the general plan
if it proposes land uses, densities or intensities within the range of
identified uses, densities and intensities of the land use element of the
general plan.

G. A regulation or ordinance under this section may not prevent or
restrict agricultural composting on farmland that is five or more
contiguous acres and that meets the requirements of this subsection. An
agricultural composting operation shall notify in writing the legislative
body of the municipality and the nearest fire department of the location
of the composting operation. If the nearest fire department is located in
a different municipality from the agricultural composting operation, the
agricultural composting operation shall also notify in writing the fire
department of the municipality in which the operation is located.
Agricultural composting is subject to sections 3-112 and 49-141.
Agricultural composting may not be conducted within one thousand three
hundred twenty feet of an existing residential use, unless the operations
are conducted on farmland or land leased in association with farmland.
Any disposal of manure shall comply with section 49-247. For the purposes
of this subsection:

1. "Agricultural composting" means the controlled biological
decomposition of organic solid waste under in-vessel anaerobic or aerobic
conditions where all or part of the materials are generated on the
farmland or will be used on the farmland associated with the agricultural
composting operation.

2. "Farmland" has the same meaning prescribed in section 3-111 and
is subject to regulation under section 49-247.

H. A municipality may not adopt a land use regulation or impose any
condition for issuance of a building or use permit or other
approval that violates section 9-461.16.

I. In accordance with article II, sections 1 and 2, Constitution of
Arizona, the legislative body of a municipality shall consider the
individual property rights and personal liberties of the residents of the
municipality before adopting any zoning ordinance.
J. Before adopting any zoning ordinance or zoning ordinance text amendment of general applicability, the legislative body of a municipality shall consider the probable impact of the proposed zoning ordinance or text amendment on the cost to construct housing for sale or rent.

K. A municipality may not adopt or enforce a land use regulation that requires the property on which a nongovernmental primary or secondary school operates to be larger than one acre.

L. IN EXERCISING ITS DELEGATED LEGISLATIVE AUTHORITY, A MUNICIPALITY SHALL ENSURE THAT IT PROVIDES AN ADEQUATE SUPPLY OF HOUSING THROUGHOUT THE MUNICIPALITY BY COMPLYING WITH THE REQUIREMENTS PRESCRIBED IN SECTION 9-462.09.

M. For the purposes of this section:

1. "Development rights" means the maximum development that would be allowed on the sending property under any general or specific plan and local zoning ordinance of a municipality in effect on the date the municipality adopts an ordinance pursuant to subsection A, paragraph 12 of this section respecting the permissible use, area, bulk or height of improvements made to the lot or parcel. Development rights may be calculated and allocated in accordance with factors, including dwelling units, area, floor area, floor area ratio, height limitations, traffic generation or any other criteria that will quantify a value for the development rights in a manner that will carry out the objectives of this section.

2. "Receiving property" means a lot or parcel within which development rights are increased pursuant to a transfer of development rights. Receiving property shall be appropriate and suitable for development and shall be sufficient to accommodate the transferable development rights of the sending property without substantial adverse environmental, economic or social impact to the receiving property or to neighboring property.

3. "Sending property" means a lot or parcel with special characteristics, including farmland, woodland, desert land, mountain land, floodplain, natural habitats, recreation or parkland, including golf course area, or land that has unique aesthetic, architectural or historic value that a municipality desires to protect from future development.

4. "Transfer of development rights" means the process by which development rights from a sending property are affixed to one or more receiving properties.

Sec. 2. Section 9-462.03, Arizona Revised Statutes, is amended to read:

9-462.03. Amendment procedure
A. The governing body of the municipality shall adopt by ordinance a citizen review process that applies to all rezoning and specific plan applications that require a public hearing. The citizen review process shall include at least the following requirements:
1. Adjacent landowners and other potentially affected citizens will be notified of the application.

2. The municipality will inform adjacent landowners and other potentially affected citizens of the substance of the proposed rezoning.

3. Adjacent landowners and other potentially affected citizens will be provided an opportunity to express any issues or concerns that they may have with the proposed rezoning before the public hearing.

B. EXCEPT AS PRESCRIBED IN SECTION 9-462.09, a zoning ordinance that changes any property from one zone to another, that imposes any regulation not previously imposed or that removes or modifies any such regulation previously imposed must be adopted following the procedure prescribed in the citizen review process and in the manner set forth in section 9-462.04.

Sec. 3. Section 9-462.04, Arizona Revised Statutes, is amended to read:

9-462.04. Public hearing required; definition

A. If the municipality has a planning commission or a hearing officer, the planning commission or hearing officer shall hold a public hearing on any zoning ordinance. Notice of the time and place of the hearing, including a general explanation of the matter to be considered and including a general description of the area affected, shall be given at least fifteen days before the hearing in the following manner:

1. The notice shall be published at least once in a newspaper of general circulation published or circulated in the municipality, or if there is none, it shall be posted on the affected property in such a manner as to be legible from the public right-of-way and in at least ten public places in the municipality. A posted notice shall be printed so that the following are visible from a distance of one hundred feet: the word "zoning", the present zoning district classification, the proposed zoning district classification and the date and time of the hearing.

2. In proceedings involving rezoning of land that abuts other municipalities or unincorporated areas of the county or a combination of a municipality and an unincorporated area, copies of the notice of public hearing shall be transmitted to the planning agency of the governmental unit abutting such land. In proceedings involving rezoning of land that is located within the territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461, the municipality shall send copies of the notice of public hearing by first class mail to the military airport. In addition to notice by publication, a municipality may give notice of the hearing in any other manner that the municipality deems necessary or desirable.

3. In proceedings that are not initiated by the property owner involving rezoning of land that may change the zoning classification, notice by first class mail shall be sent to each real property owner, as shown on the last assessment of the property, of the area to be rezoned.
and all property owners, as shown on the last assessment of the property, within three hundred feet of the property to be rezoned.

4. In proceedings involving one or more of the following proposed changes or related series of changes in the standards governing land uses, notice shall be provided in the manner prescribed by paragraph 5 of this subsection:
   (a) A ten percent or more increase or decrease in the number of square feet or units that may be developed.
   (b) A ten percent or more increase or reduction in the allowable height of buildings.
   (c) An increase or reduction in the allowable number of stories of buildings.
   (d) A ten percent or more increase or decrease in setback or open space requirements.
   (e) An increase or reduction in permitted uses.

5. In proceedings governed by paragraph 4 of this subsection, the municipality shall provide notice to real property owners pursuant to at least one of the following notification procedures:
   (a) Notice shall be sent by first class mail to each real property owner, as shown on the last assessment, whose real property is directly governed by the changes.
   (b) If the municipality issues utility bills or other mass mailings that periodically include notices or other informational or advertising materials, the municipality shall include notice of the changes with such utility bills or other mailings.
   (c) The municipality shall publish the changes before the first hearing on such changes in a newspaper of general circulation in the municipality. The changes shall be published in a “display ad” covering not less than one-eighth of a full page.

6. If notice is provided pursuant to paragraph 5, subdivision (b) or (c) of this subsection, the municipality shall also send notice by first class mail to persons who register their names and addresses with the municipality as being interested in receiving such notice. The municipality may charge a fee not to exceed $5 per year for providing this service and may adopt procedures to implement this paragraph.

7. Notwithstanding the notice requirements in paragraph 4 of this subsection, the failure of any person or entity to receive notice does not constitute grounds for any court to invalidate the actions of a municipality for which the notice was given.

8. If the matter to be considered applies to territory in a high noise or accident potential zone as defined in section 28-8461, the notice prescribed in subsection A of this section shall include a general statement that the matter applies to property located in the high noise or accident potential zone.
C. After the hearing, the planning commission or hearing officer shall render a decision in the form of a written recommendation to the governing body. The recommendation shall include the reasons for the recommendation and be transmitted to the governing body in the form and manner prescribed by the governing body.

D. If the planning commission or hearing officer has held a public hearing, the governing body may adopt the recommendations of the planning commission or hearing officer without holding a second public hearing if there is no objection, request for public hearing or other protest. The governing body shall hold a public hearing if requested by the party aggrieved or any member of the public or of the governing body, or, in any case, if a public hearing has not been held by the planning commission or hearing officer. The governing body may consider the testimony of any party aggrieved when making its decision. In municipalities with territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461, the governing body shall hold a public hearing if, after notice is transmitted to the military airport pursuant to subsection A of this section and before the public hearing, the military airport provides comments or analysis concerning the compatibility of the proposed rezoning with the high noise or accident potential generated by military airport or ancillary military facility operations that may have an adverse impact on public health and safety, and the governing body shall consider and analyze the comments or analysis before making a final determination. Notice of the time and place of the hearing shall be given in the time and manner provided for the giving of notice of the hearing by the planning commission as specified in subsection A of this section. A municipality may give additional notice of the hearing in any other manner as the municipality deems necessary or desirable. For the purposes of this subsection, "party aggrieved" means any property owner within the notification area prescribed by subsection A, paragraph 3 of this section.

E. A municipality may enact an ordinance authorizing county zoning to continue in effect until municipal zoning is applied to land previously zoned by the county and annexed by the municipality, but not longer than six months after the annexation.

F. A municipality is not required to adopt a general plan before adopting a zoning ordinance.

G. If there is no planning commission or hearing officer, the governing body of the municipality shall perform the functions assigned to the planning commission or hearing officer.

H. If the owners of twenty percent or more of the property by area and number of lots, tracts and condominium units within the zoning area of the affected property file a protest in writing against a proposed amendment, the change shall not become effective except by the favorable vote of three-fourths of all members of the governing body of the
municipality. If any members of the governing body are unable to vote on such a question because of a conflict of interest, then the required number of votes for passage of the question shall be three-fourths of the remaining membership of the governing body, provided that if such required number of votes shall not be less than a majority of the full membership of the legally established governing body. For the purposes of this subsection, the vote shall be rounded to the nearest whole number. A protest filed pursuant to this subsection shall be signed by the property owners opposing the proposed amendment and filed in the office of the clerk of the municipality not later than 12:00 noon one business day before the date on which the governing body will vote on the proposed amendment or on an earlier time and date established by the governing body.

I. In applying an open space element or a growth element of a general plan, a parcel of land shall not be rezoned for open space, recreation, conservation or agriculture unless the owner of the land consents to the rezoning in writing.

J. Notwithstanding section 19-142, subsection B, a decision by the governing body involving rezoning of land that is not owned by the municipality and that changes the zoning classification of such land may not be enacted as an emergency measure and the change shall not be effective for at least thirty days after final approval of the change in classification by the governing body.

K. EXCEPT AS OTHERWISE PROVIDED, THIS SECTION DOES NOT APPLY TO ANY ZONING ORDINANCE OR PART OF ANY ZONING ORDINANCE ADOPTED PURSUANT TO SECTION 9-462.09.

L. For the purposes of this section, "zoning area" means both of the following:
1. The area within one hundred fifty feet, including all rights-of-way, of the affected property subject to the proposed amendment or change.
2. The area of the proposed amendment or change.

Sec. 4. Title 9, chapter 4, article 6.1, Arizona Revised Statutes, is amended by adding section 9-462.09, to read:

9-462.09. Residential zoning districts; by right housing; state preemption; definitions

A. HOUSING SUPPLY AND AFFORDABILITY ARE MATTERS OF STATEWIDE CONCERN. ALL LOCAL LAWS, ORDINANCES AND CHARTER PROVISIONS THAT ARE CONTRARY TO, INCONSISTENT WITH OR MORE RESTRICTIVE THAN THIS SECTION ARE PREEMPTED, AND A MUNICIPALITY MAY NOT BY LAW, ORDINANCE OR CHARTER PROVISION REGULATE, RESTRICT OR LIMIT RESIDENTIAL ZONING, RESIDENTIAL CONSTRUCTION OR RESIDENTIAL DEVELOPMENT STANDARDS, EXCEPT AS EXPRESSLY AUTHORIZED BY THIS CHAPTER OR CHAPTER 7, ARTICLE 4 OF THIS TITLE. REGULATION OF HOUSING WITHIN RESIDENTIAL ZONING DISTRICTS AND THROUGH AMENDMENTS TO OTHER ZONING DISTRICTS IS NOT SUBJECT TO FURTHER REGULATION
BY A CITY, TOWN OR POLITICAL SUBDIVISION OF THIS STATE, INCLUDING A
CHARTER CITY.

B. NOTWITHSTANDING ANY OTHER LAW, INCLUDING ANY ORDINANCE OR
CHARTER PROVISION, ON OR BEFORE JANUARY 1, 2023, A MUNICIPALITY SHALL
ALLOW THE FOLLOWING BY RIGHT:

1. ON ANY LAND LOCATED IN ANY EXISTING AGRICULTURAL OR
SINGLE-FAMILY RESIDENTIAL DISTRICT OR ON ANY LAND DESIGNATED BY THE
MUNICIPALITY’S MOST RECENT GENERAL PLAN AS SUPPORTING SINGLE-FAMILY
DWELLINGS, THE CONSTRUCTION OF EIGHT SINGLE-FAMILY DWELLING UNITS PER ACRE
OR TWELVE TWO-FAMILY DWELLING UNITS PER ACRE. IF THE EXISTING ZONING
DISTRICT IN WHICH THE HOUSING SITE IS LOCATED ALLOWS FOR A GREATER DENSITY
PURSUANT TO THE MUNICIPALITY’S ADOPTED ZONING ORDINANCE OR GENERAL PLAN,
THE MUNICIPALITY SHALL ALLOW CONSTRUCTION OF SINGLE-FAMILY AND TWO-FAMILY
UNITS IN ACCORDANCE WITH THE ADOPTED DENSITY. THE MUNICIPALITY SHALL
ALLOW ANY REQUESTED DEVELOPMENT STANDARDS TO ACCOMMODATE THIS DENSITY.

2. IN ANY EXISTING AGRICULTURAL OR MULTIFAMILY RESIDENTIAL DISTRICT
OR ANY LAND DESIGNATED BY THE MUNICIPALITY’S MOST RECENT GENERAL PLAN AS
SUPPORTING MULTIFAMILY CONSTRUCTION, THE CONSTRUCTION OF MULTIFAMILY
DWELLING UNITS WITH THE FOLLOWING DEVELOPMENT STANDARDS:

   (a) THE GREATER OF THE HIGHEST ALLOWED HEIGHT FOR THE SITE OF THE
HOUSING DEVELOPMENT, THE HIGHEST ALLOWED HEIGHT FOR A COMMERCIAL OR
RESIDENTIAL USE WITHIN ONE MILE OF THE SITE OF THE HOUSING DEVELOPMENT OR
FIFTY-FIVE FEET. IF THE HOUSING DEVELOPMENT IS LOCATED WITHIN ONE-HALF
MILE OF A RAIL STOP, BUS STOP, FREEWAY OR MAJOR ARTIFICIAL ROADWAY, THE
MAXIMUM HEIGHT LIMITATION MAY NOT BE LESS THAN SEVENTY-FIVE FEET.

   (b) THE DENSITY LIMIT APPLICABLE TO THE MULTIFAMILY DEVELOPMENT
SHALL BE THE GREATEST ALLOWED DENSITY FOR A MIXED USE OR RESIDENTIAL USE
WITHIN ONE MILE OF THE SITE OF THE MULTIFAMILY DEVELOPMENT, OR, IF THERE
IS NOT A MULTIFAMILY DEVELOPMENT WITHIN ONE MILE OF THE SITE, THE NEAREST
MULTIFAMILY DEVELOPMENT.

3. IN ANY COMMERCIAL OR MIXED-USE DISTRICT OR ON ANY LAND
DESIGNATED BY THE MUNICIPALITY’S GENERAL PLAN AS SUPPORTING COMMERCIAL
USES, THE CONSTRUCTION OF SINGLE-FAMILY, TWO-FAMILY AND MULTIFAMILY UNITS
TO THE DENSITIES AND DEVELOPMENT STANDARDS IN PARAGRAPHS 1 AND 2 OF THIS
SUBSECTION UNLESS THE SITE OF THE HOUSING DEVELOPMENT IS ADJACENT TO ANY
SITE THAT IS AN EXISTING INDUSTRIAL USE.

C. THE MUNICIPALITY MAY NOT REQUIRE A GENERAL PLAN AMENDMENT, USE
PERMIT OR REVIEW BY A BOARD OR COMMISSION FOR AN APPLICANT TO CONSTRUCT BY
RIGHT HOUSING PURSUANT TO THIS SECTION.

D. IF AN APPLICANT PROPOSES ANY AMENDMENT TO A MUNICIPALITY’S
ZONING ORDINANCE THAT CHANGES A LAND USE DESIGNATION FROM AN INDUSTRIAL
USE OR A LAND USE OTHER THAN AGRICULTURAL, COMMERCIAL OR RESIDENTIAL TO
RESIDENTIAL, CHANGES THE ALLOWED DENSITY OR CHANGES THE APPLICABLE
DEVELOPMENT STANDARDS FOR THE PURPOSE OF CONSTRUCTING SINGLE-FAMILY,
TWO-FAMILY OR MULTIFAMILY HOUSING UNITS, THE MUNICIPALITY SHALL DETERMINE
WHETHER THE APPLICATION IS ADMINISTRATIVELY COMPLETE WITHIN THIRTY DAYS AFTER RECEIVING THE APPLICATION. IF THE MUNICIPALITY DETERMINES THAT THE APPLICATION IS NOT ADMINISTRATIVELY COMPLETE, THE MUNICIPALITY SHALL FOLLOW THE PROCEDURES IN SECTION 9-835, SUBSECTION E UNTIL THE APPLICATION IS ADMINISTRATIVELY COMPLETE. THE MUNICIPALITY SHALL DETERMINE WHETHER A RESUBMITTED APPLICATION IS ADMINISTRATIVELY COMPLETE WITHIN FIFTEEN DAYS AFTER RECEIPT. FOLLOWING A DETERMINATION THAT THE APPLICATION IS ADMINISTRATIVELY COMPLETE, THE MUNICIPALITY SHALL APPROVE THE APPLICATION WITHIN NINETY DAYS, UNLESS A PROPERTY OWNER WITHIN THE ZONING AREA DEMONSTRATES BY CLEAR AND CONVINCING EVIDENCE THAT THE PROPOSED HOUSING UNITS WILL CREATE AN OBJECTIVE EXTERNALITY THAT HAS NOT BEEN MITIGATED TO THE PROPERTY OWNER WHILE ON THE OWNER'S PROPERTY. AN APPLICANT SHALL BE DEEMED TO HAVE MITIGATED ANY OBJECTIVE EXTERNALITIES RELATED TO WATER RUNOFF, TRAFFIC OR PARKING IF THE MUNICIPALITY HAS AN ADOPTED CODE, ORDINANCE, STANDARD, REGULATION OR OTHER LEGAL REQUIREMENT FOR GRADING AND DRAINAGE AND FOR REQUIRED STREET IMPROVEMENTS, INCLUDING STORMWATER AND STREET IMPROVEMENT DEVELOPMENT FEES ADOPTED PURSUANT TO SECTION 9-463.05. THE MUNICIPALITY'S IDENTIFIED OBJECTIVE EXTERNALITIES, INCLUDING ANY MITIGATION MEASURES PRESCRIBED BY CODE, ORDINANCE, STANDARD, REGULATION OR OTHER LEGAL REQUIREMENT MAY NOT CREATE AN UNDUE BURDEN ON THE DEVELOPMENT AND CONSTRUCTION OF NEW HOUSING UNITS.

E. THE APPLICATION FOR CHANGES TO THE MUNICIPALITY'S ZONING ORDINANCE REQUIRED BY SUBSECTION D OF THIS SECTION SHALL BE ADOPTED AFTER A PUBLIC HEARING BEFORE THE GOVERNING BODY OF THE MUNICIPALITY. NOTICE AND PLACE OF THE PUBLIC HEARING, INCLUDING A GENERAL EXPLANATION OF THE MATTER TO BE CONSIDERED, SHALL BE PROVIDED IN ACCORDANCE WITH SECTION 9-462.04, SUBSECTION A.

F. IF THE MUNICIPALITY FINDS THAT THE OWNER OF PROPERTY WITHIN THE ZONING AREA PROVED BY CLEAR AND CONVINCING EVIDENCE AN OBJECTIVE EXTERNALITY EXISTS THAT THE APPLICANT HAS NOT ALREADY MITIGATED PURSUANT TO SUBSECTION D OF THIS SECTION, TO THE PROPERTY OWNER WHILE ON THE OWNER'S PROPERTY THE MUNICIPALITY SHALL SPECIFICALLY IDENTIFY THE LEAST RESTRICTIVE MEANS TO SUFFICIENTLY MITIGATE THE IDENTIFIED OBJECTIVE EXTERNALITY AND CONDITIONALLY APPROVE THE APPLICATION SUBJECT TO THE SPECIFICALLY IDENTIFIED MITIGATION MEASURES.

G. AN APPLICANT AGGRIEVED BY A DECISION OF A MUNICIPALITY PURSUANT TO THIS SECTION, WITHIN THIRTY DAYS AFTER RECEIVING NOTICE OF SUCH DECISION, MAY FILE IN THE SUPERIOR COURT A COMPLAINT FOR A TRIAL DE NOVO.

H. IN ANY JUDICIAL ACTION BROUGHT PURSUANT TO THIS SECTION, THE COURT MAY NOT DEFER TO ANY FINDINGS OF FACT OR CONCLUSIONS OF LAW MADE BY THE MUNICIPALITY. THE MUNICIPALITY SHALL HAVE THE BURDEN OF PROVING BY CLEAR AND CONVINCING EVIDENCE THAT THE PROPOSED DEVELOPMENT WILL CREATE AN OBJECTIVE EXTERNALITY TO A PROPERTY OWNER WHILE ON THE OWNER'S PROPERTY AND THAT THE MUNICIPALITY HAS SPECIFICALLY IDENTIFIED THE LEAST RESTRICTIVE MEANS OF MITIGATING THE IDENTIFIED OBJECTIVE EXTERNALITY.
I. This section does not apply to any land within the immediate vicinity of a military airport or ancillary military facility as defined in section 28-8461.

J. For the purposes of this section:

1. "Administratively complete" means that the applicant has provided all information reasonably necessary for the municipality to assess the applicant's compliance with the requirements of this section.

2. "Development standards" includes:
   (a) Lot area.
   (b) Lot width.
   (c) Building setbacks.
   (d) Building height.
   (e) Lot coverage.
   (f) Percentage of open space.
   (g) Any other regulation pertaining to modifications of land, designations of lots, the size and location of a structure relative to a lot or any other regulation related to the development of a lot or subdivision or the construction of a building on a lot.

3. "externality":
   (a) Means the effect beyond the property lines of the proposed development on property owners within the zoning area while on the owner's property related to light, noise, odor, water runoff, traffic and parking.
   (b) Does not include any of the effects in subdivision (a) of this paragraph that are wholly contained within the property lines of the area of the proposed development.

4. "greatest allowed density" means the maximum allowable gross residential density, including any density that requires conditional approval, allowable pursuant to the municipality's adopted zoning ordinance or any specific plan adopted by the municipality's governing board that applies to the site of the housing development, whichever is greater.

5. "highest allowed height" means the tallest height, including any height that requires conditional approval, allowable pursuant to the municipality's adopted zoning ordinance or any specific plan adopted by the municipality's governing board that applies to the site of the housing development, whichever is greater.

6. "industrial use" includes utilities, manufacturing, wholesale trade, transportation and warehousing.

7. "light" means the proportion of natural light that a building should expect to receive.

8. "objective" means involving no personal or subjective judgment by a municipal employee or official and being uniformly verifiable by reference to an external and uniform benchmark, standard or criterion available and knowable by both an applicant or proponent and a municipal employee or official.

10. "ZONING DISTRICT" MEANS THE UNDERLYING BASE ZONING DISTRICT.

Sec. 5. Title 9, chapter 4, article 8, Arizona Revised Statutes, is amended by adding section 9-500.48, to read:

9-500.48. Residential housing design standards; state preemption; enforcement; definitions

A. NOTWITHSTANDING ANY OTHER LAW, A MUNICIPALITY MAY NOT ADOPT OR ENFORCE ANY ORDINANCE, CODE, STANDARD, REGULATION, GUIDELINE, AGREEMENT, STIPULATION OR OTHER LEGAL REQUIREMENT, INCLUDING A ZONING ORDINANCE ADOPTED PURSUANT TO SECTION 9-462.01, RELATED TO OR REGULATING RESIDENTIAL HOUSING DESIGN ELEMENTS. A MUNICIPALITY MAY NOT WITHHOLD A BUILDING PERMIT OR OTHER APPROVAL NECESSARY AS A CONDITION OF CONSTRUCTING RESIDENTIAL HOUSING FOR FAILURE TO COMPLY WITH ANY ORDINANCE, CODE, STANDARD, REGULATION, GUIDELINE, STIPULATION OR OTHER LEGAL REQUIREMENT, INCLUDING A ZONING ORDINANCE ADOPTED PURSUANT TO SECTION 9-462.01, RELATED TO OR REGULATING RESIDENTIAL HOUSING DESIGN ELEMENTS.

B. ANY APPLICANT FOR AN APPROVAL NECESSARY TO OBTAIN A BUILDING PERMIT TO CONSTRUCT A SINGLE-FAMILY, TWO-FAMILY OR MULTIFAMILY BUILDING OR ANY HOUSING ORGANIZATION MAY BRING AN ACTION IN SUPERIOR COURT TO ENFORCE THIS SECTION.

C. SUBSECTION A OF THIS SECTION DOES NOT APPLY TO ANY ORDINANCE, CODE, STANDARD, REGULATION, GUIDELINE, STIPULATION OR OTHER LEGAL REQUIREMENT THAT IS:

1. A REQUIREMENT OF AN ADOPTED MINIMUM STANDARD BUILDING CODE, INCLUDING ANY LOCAL AMENDMENTS THAT ARE LESS RESTRICTIVE THAN THE UNAMENDED MINIMUM STANDARD BUILDING CODE.

2. APPLICABLE SOLELY TO STRUCTURES LOCATED IN AN AREA DESIGNATED AS A DISTRICT OF HISTORICAL SIGNIFICANCE PURSUANT TO SECTION 9-462.01 OR AN AREA DESIGNATED AS HISTORIC ON A NATIONAL REGISTER OF HISTORIC PLACES.

3. APPLICABLE SOLELY TO STRUCTURES INDIVIDUALLY DESIGNATED AS LOCAL, STATE OR NATIONAL HISTORIC LANDMARKS.

4. APPLIED TO MANUFACTURED HOMES IN A MANNER CONSISTENT WITH TITLE 41, CHAPTER 37, ARTICLE 3 OR APPLICABLE FEDERAL LAW.

5. REQUIRED AS A CONDITION OF PARTICIPATING IN THE NATIONAL FLOOD INSURANCE PROGRAM.

6. A STIPULATION ON A RECORDED SUBDIVISION PLAT ADOPTED BY THE MUNICIPALITY BEFORE THE EFFECTIVE DATE OF THIS SECTION.

D. THIS SECTION DOES NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF PRIVATE COVENANTS OR OTHER CONTRACTUAL ELEMENTS AMONG PROPERTY OWNERS RELATING TO DWELLING DESIGN ELEMENTS BY PARTIES OTHER THAN THE MUNICIPALITY.
E. FOR THE PURPOSES OF THIS SECTION:

1. "DESIGN ELEMENTS" MEANS:
   (a) THE NUMBER AND VARIATIONS OF FLOOR PLANS AND EXTERIOR ELEVATIONS, INCLUDING THE SELECTION OF THE FLOOR PLAN AND ELEVATION TO BE BUILT ON EACH LOT.
   (b) THE SIZE AND NUMBER OF STORIES OF THE DWELLING, EXCEPT THAT THE HEIGHT OF THE DWELLING MAY BE REGULATED PURSUANT TO SECTIONS 9-462.01 AND 9-462.09.
   (c) EXTERIOR BUILDING COLOR AND MATERIALS.
   (d) TYPE OF STYLE OF EXTERIOR CLADDING MATERIALS.
   (e) STYLE, MATERIALS, SHAPE, PITCH AND ARTICULATION OF THE ROOF STRUCTURE.
   (f) STYLE, MATERIALS, SIZE, SHAPE AND INCLUSION OF PORCHES AND PATIOS.
   (g) EXTERIOR NONSTRUCTURAL ARCHITECTURAL ORNAMENTATION.
   (h) LOCATION, ARCHITECTURAL STYLING, MATERIALS AND SIZES OF GARAGES, GARAGE DOORS AND DRIVEWAYS.
   (i) PLACEMENT AND ORIENTATION OF GARAGE DOORS RELATIVE TO THE FRONT FAÇADE OF THE LIVING SPACE.
   (j) THE INTERIOR LAYOUT AND SIZE OF ROOMS, INCLUDING THE INTERIOR OF THE GARAGE, HALLWAYS AND FLOOR PLANS.
   (k) LANDSCAPING AND LANDSCAPING MAINTENANCE REQUIREMENTS, INCLUDING COMMON AREAS AND AREAS MAINTAINED BY THE PROPERTY OWNER, ASSOCIATION OR MEMBERS OF AN ASSOCIATION, EXCEPT THAT A MUNICIPALITY MAY LIMIT LANDSCAPING MATERIALS TO DROUGHT-TOLERANT TREES, PLANTS AND SHRUBS.
   (l) THE LOCATION, SIZE AND DESIGN OF OPEN SPACE AND AMENITIES, INCLUDING AMENITIES IN COMMON AREAS MAINTAINED BY THE PROPERTY OWNER, ASSOCIATION OR MEMBERS OF AN ASSOCIATION, EXCEPT THAT THE LOCATION AND SIZE OF OPEN SPACE MAY BE REGULATED TO THE EXTENT REQUIRED BY THE MUNICIPALITY SOLELY FOR STORMWATER RETENTION AS OF THE EFFECTIVE DATE OF THIS SECTION.
   (m) PARKING CANOPIES AND PARKING STRUCTURES.
   (n) SIDEWALK PLACEMENT AND DESIGN, INCLUDING REQUIRING DETACHED SIDEWALKS, EXCEPT AS REQUIRED BY TITLE 41, CHAPTER 9, ARTICLE 8 AND APPLICABLE FEDERAL LAW.
   (o) THE DESIGN, DECORATION AND LANDSCAPING OF THE REAR YARD, SIDE YARD AND ANY AREA THAT IS NOT VISIBLE OR ACCESSIBLE TO THE PUBLIC.
   (p) ANY OTHER ARCHITECTURAL OR AESTHETIC ELEMENT THAT DOES NOT DIRECTLY AFFECT AN OBJECTIVE AND IDENTIFIED HEALTH OR SAFETY CONDITION.

2. "HOUSING ORGANIZATION" MEANS A TRADE OR INDUSTRY GROUP WHOSE MEMBERS ARE ENGAGED IN THE DEVELOPMENT OR CONSTRUCTION OF SINGLE-FAMILY, TWO-FAMILY OR MULTIFAMILY HOUSING UNITS.

3. "MINIMUM STANDARD BUILDING CODE" MEANS AN UNAMENDED MODEL BUILDING CODE, INCLUDING THE INTERNATIONAL BUILDING CODE AND INTERNATIONAL RESIDENTIAL CODE, HOWEVER DENOMINATED.
4. "OBJECTIVE" MEANS INVOLVING NO PERSONAL OR SUBJECTIVE JUDGMENT
BY A MUNICIPAL EMPLOYEE OR OFFICIAL AND BEING UNIFORMLY VERIFIABLE BY
REFERENCE TO AN EXTERNAL AND UNIFORM BENCHMARK, STANDARD OR CRITERION
AVAILABLE AND KNOWABLE BY BOTH AN APPLICANT OR PROPONENT AND A MUNICIPAL
EMPLOYEE OR OFFICIAL.
5. "RESIDENTIAL HOUSING" MEANS A SINGLE-FAMILY, TWO-FAMILY OR
MULTIFAMILY BUILDING DESIGNED FOR RESIDENTIAL USE AND COMMON AREAS AND
IMPROVEMENTS THAT ARE OWNED OR MAINTAINED BY AN OWNER, ASSOCIATION OR
MEMBERS OF AN ASSOCIATION.
Sec. 6. Repeal
Section 9-805, Arizona Revised Statutes, is repealed.
Sec. 7. Title 9, chapter 7, article 1, Arizona Revised Statutes, is
amended by adding a new section 9-805, to read:
9-805. Building codes; residential buildings; definitions
A. A CITY OR TOWN MAY ADOPT A RESIDENTIAL BUILDING CODE, INCLUDING
LOCAL AMENDMENTS, THAT REGULATE THE DESIGN AND CONSTRUCTION OF ONE AND
TWO-FAMILY DWELLINGS UP TO THREE STORIES ABOVE GRADE PLANE IN HEIGHT WITH
A SEPARATE MEANS OF EGRESS AND THE DWELLINGS' ACCESSORY STRUCTURES NOT
MORE THAN THREE STORIES ABOVE GRADE PLANE IN HEIGHT IN ACCORDANCE WITH
THIS SECTION.
B. A CITY'S OR TOWN'S ADOPTED RESIDENTIAL BUILDING CODE MUST COMPLY
WITH SECTIONS 9-807 AND 9-808.
C. EXCEPT FOR PROVISIONS RELATING TO ENERGY CONSERVATION, ALL
REQUIREMENTS IN THE RESIDENTIAL BUILDING CODE, INCLUDING LOCAL AMENDMENTS,
SHALL BE ADOPTED FOR THE SOLE PURPOSE OF PROVIDING A REASONABLE LEVEL OF
SAFETY AND HEALTH. A CITY OR TOWN MAY NOT ADOPT ANY LOCAL AMENDMENTS THAT
ARE MORE STRINGENT OR IMPOSE ADDITIONAL REQUIREMENTS THAN THE MOST RECENT
UNAMENDED MODEL CODE UNLESS THE CITY OR TOWN DETERMINES THAT THE LOCAL
AMENDMENT IS NECESSARY TO IMMEDIATELY PREVENT AN IMMINENT OBJECTIVE THREAT
TO SAFETY OR HEALTH.
D. IF A CITY OR TOWN ADOPTS ANY OR PART OF ANY RESIDENTIAL BUILDING
CODE OR COMMERCIAL BUILDING CODE RELATED TO ENERGY CONSERVATION WITHIN
RESIDENTIAL HOUSING UNITS, THE CODE, INCLUDING ANY LOCAL AMENDMENTS, SHALL
BE ADOPTED FOR THE SOLE PURPOSE OF REGULATING THE DESIGN AND CONSTRUCTION
OF BUILDINGS FOR THE USE AND CONSERVATION OF ENERGY. BEGINNING JANUARY 1,
2023, A CITY OR TOWN SHALL CONDUCT AN ANALYSIS TO DETERMINE THE UPFRONT
COST OF ANY PROPOSED CHANGE TO AN ADOPTED CODE AND AN ANALYSIS TO
DETERMINE THE ESTIMATED ELECTRICAL ENERGY COST SAVINGS SOLELY FROM THE
PROPOSED CHANGES TO THE RESIDENTIAL HOUSING UNIT'S CONSTRUCTION. A CITY
OR TOWN MAY NOT ADOPT ANY PROPOSED CHANGE TO AN ADOPTED OR MODEL BUILDING
CODE IF THE UPFRONT COST CANNOT BE DEMONSTRATED BY CLEAR AND CONVINCING
EVIDENCE TO RESULT IN ELECTRICAL ENERGY COST SAVINGS IN A SUFFICIENT
AMOUNT TO RECOVER THE UPFRONT COST WITHIN FIVE YEARS OF ISSUING THE
CERTIFICATE OF OCCUPANCY. IF ANY PART OF THE RESIDENTIAL BUILDING CODE,
COMMERCIAL BUILDING CODE OR LOCAL AMENDMENT PROVIDES A LIST OF ADDITIONAL
BUILDING DESIGN REQUIREMENTS OR MECHANICAL EQUIPMENT EFFICIENCY REQUIREMENTS TO CHOOSE FROM TO COMPLY WITH THIS PART OF THE RESIDENTIAL BUILDING CODE, COMMERCIAL BUILDING CODE OR LOCAL AMENDMENT, THE ENTIRE LIST MAY NOT BE ADOPTED UNLESS ALL OPTIONS MEET THE UPFRONT COST RECOVERY CRITERION DESCRIBED IN THIS SUBSECTION. IN CONDUCTING THIS ANALYSIS, A CITY OR TOWN MAY CONSULT WITH A LOCAL HOUSING ORGANIZATION.

E. A CITY OR TOWN MAY NOT ADOPT ANY OTHER CODE, ORDINANCE, STANDARD, GUIDELINE, STIPULATION OR OTHER LEGAL REQUIREMENT REGARDING THE DESIGN OR CONSTRUCTION OF SINGLE-FAMILY AND TWO-FAMILY DWELLINGS RELATED TO USE AND CONSERVATION OF ENERGY OR HEALTH AND SAFETY THAT DO NOT COMPLY WITH THE REQUIREMENTS OF THIS SECTION.

F. FOR THE PURPOSES OF THIS SECTION:
1. "COMMERCIAL BUILDING CODE" INCLUDES AN INTERNATIONAL BUILDING CODE AND INTERNATIONAL ENERGY CONSERVATION CODE, HOWEVER DENOMINATED.
2. "LOCAL HOUSING ORGANIZATION" MEANS A TRADE ASSOCIATION OR INDUSTRY GROUP WHOSE MEMBERS ARE ENGAGED IN THE CONSTRUCTION OF NEW SINGLE-FAMILY OR TWO-FAMILY OR MULTIFAMILY DWELLINGS.
3. "OBJECTIVE" MEANS INVOLVING NO PERSONAL OR SUBJECTIVE JUDGMENT BY A MUNICIPAL EMPLOYEE OR OFFICIAL AND BEING UNIFORMLY VERIFIABLE BY REFERENCE TO AN EXTERNAL AND UNIFORM BENCHMARK, STANDARD OR CRITERION AVAILABLE AND KNOWABLE TO A BUILDING APPLICANT OR PROPONENT AND A MUNICIPAL EMPLOYEE OR OFFICIAL.
4. "RESIDENTIAL BUILDING CODE" INCLUDES THE INTERNATIONAL RESIDENTIAL CODE AND INTERNATIONAL ENERGY CONSERVATION CODE, HOWEVER DENOMINATED.
5. "RESIDENTIAL HOUSING UNITS" INCLUDES SINGLE-FAMILY DWELLING UNITS, TWO-FAMILY DWELLING UNITS AND MULTIFAMILY DWELLING UNITS.

Sec. 8. Section 9-831, Arizona Revised Statutes, is amended to read:

9-831. Definitions
In this article, unless the context otherwise requires:
1. "Fire and life safety inspection" means an inspection of a regulated person or facility conducted to ensure fire safety compliance.
2. "Food and swimming pool inspection" means an inspection of a regulated person or facility conducted to ensure the safety of food services, swimming pools and other bathing places.
3. "License":
   (a) Includes the whole or part of any municipal permit, certificate, approval, registration, charter or similar form of permission required by law. **license**
   (b) Does not include a transaction privilege tax license.
4. "Licensing" includes the municipal process respecting the grant, denial, renewal, revocation, suspension, annulment, withdrawal or amendment of a license.
5. "Municipal" or "municipality" means an incorporated city or town.

6. "OBJECTIVE" MEANS INVOLVING NO PERSONAL OR SUBJECTIVE JUDGMENT BY A MUNICIPAL EMPLOYEE OR OFFICIAL AND BEING UNIFORMLY VERIFIABLE BY REFERENCE TO AN EXTERNAL AND UNIFORM BENCHMARK, STANDARD OR CRITERION AVAILABLE AND KNOWABLE BY BOTH AN APPLICANT OR PROPONENT AND A MUNICIPAL EMPLOYEE OR OFFICIAL.

7. "Person" means an individual, partnership, corporation, association, governmental subdivision or unit of a governmental subdivision or a public or private organization of any character.

8. "Request for corrections" means a request for technical or clarifying corrections from an applicant who has submitted an administratively complete application for a license.

9. "Substantive policy statement":
   (a) Means a written expression that is only advisory and that informs the general public of a municipality's current approach to, or opinion of, the requirements of the ordinances or codes, including, if appropriate, the municipality's current practice, procedure or method of action based on that approach or opinion. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the municipality and that do not impose additional requirements or penalties on regulated parties or confidential information.

10. "Working day" means a twenty-four-hour period excluding weekends and legal holidays.

Sec. 9. Section 9-832, Arizona Revised Statutes, is amended to read:

9-832. Regulatory bill of rights
To ensure fair and open regulation by municipalities, a person:
1. Is eligible for reimbursement of fees and other expenses if the person prevails by adjudication on the merits against a municipality in a court proceeding regarding a municipality decision as provided in section 12-348.
2. Is entitled to receive information and notice regarding inspections as provided in section 9-833.
3. Is entitled to have a municipality not base a licensing decision in whole or in part on licensing conditions or requirements that are not specifically authorized as provided in section 9-834, subsection A.
4. May have a municipality approve or deny the person's license application within a predetermined period of time as provided in section 9-835.
5. Is entitled to receive written or electronic notice from a municipality on denial of a license application that:
   (a) Justifies the denial with references to the statute, ordinance, code or authorized substantive policy statements on which the denial is based as provided in section 9-835.
   (b) Explains the applicant's right to appeal the denial as provided in section 9-835.
6. Is entitled to receive information regarding the license application process at the time the person obtains an application for a license as provided in section 9-836.
7. May inspect all ordinances, codes and substantive policy statements of a municipality, including a directory of documents, at the office of the municipality or on the municipality's website as provided in section 9-837.
8. Unless specifically authorized, may expect municipalities to avoid duplication of other laws that do not enhance regulatory clarity and to avoid dual permitting to the maximum extent practicable as provided in section 9-834.
9. May file a complaint with the municipality concerning an ordinance, code or substantive policy statement that fails to comply with this section.
10. As provided in section 9-834, is entitled to have a municipality not request or initiate discussions about waiving any of the rights prescribed in this section.
Sec. 10. Section 9-834, Arizona Revised Statutes, is amended to read:

9-834. Prohibited acts by municipalities and employees; enforcement; notice

A. A municipality shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not OBJECTIVE AND specifically authorized by statute, rule, ordinance or code. A general grant of authority does not constitute a basis for imposing a licensing requirement or condition unless the authority specifically authorizes the requirement or condition.
B. Unless specifically authorized, a municipality shall avoid duplication of other laws that do not enhance regulatory clarity and shall avoid dual permitting to the maximum extent practicable.
C. This section does not prohibit municipal flexibility to issue licenses or adopt ordinances or codes.
D. A municipality shall not request or initiate discussions with a person about waiving that person's rights.
E. This section may be enforced in a private civil action and relief may be awarded against a municipality. The court may award reasonable attorney fees, damages and all fees associated with the license
application to a party that prevails in an action against a municipality for a violation of this section.

F. A municipal employee may not intentionally or knowingly violate this section. A violation of this section is cause for disciplinary action or dismissal pursuant to the municipality's adopted personnel policy.

G. This section does not abrogate the immunity provided by section 12-820.01 or 12-820.02.

H. A municipality shall prominently print the provisions of subsections A, B, C, D, E, F and G of this section on all license applications.

I. The licensing application may be in either print or electronic format.

Sec. 11. Section 9-835, Arizona Revised Statutes, is amended to read:

9-835. Licensing time frames; compliance; consequence for failure to comply with time frame; exemptions; definition

A. For any new ordinance or code requiring a license, a municipality shall have in place an overall time frame during which the municipality will either grant or deny each type of license that it issues. The overall time frame for each type of license shall state separately the administrative completeness review time frame and the substantive review time frame and shall be posted on the municipality's website or the website of an association of cities and towns if the municipality does not have a website.

B. On or before December 31, 2012, a municipality that issues licenses required under existing ordinances or codes shall have in place an overall time frame during which the municipality will either grant or deny each type of license that it issues. The overall time frame for each type of license shall state separately the administrative completeness review time frame and the substantive review time frame and shall be posted on the municipality's website or the website of an association of cities and towns if the municipality does not have a website. Municipalities shall prioritize the establishment of time frames for those licenses that have the greatest impact on the public.

C. In establishing time frames, municipalities shall consider all of the following:

1. The complexity of the licensing subject matter.
2. The resources of the municipality.
3. The economic impact of delay on the regulated community.
4. The impact of the licensing decision on public health and safety.
5. The possible use of volunteers with expertise in the subject matter area.
6. The possible increased use of general licenses for similar types of licensed businesses or facilities.

7. The possible increased cooperation between the municipality and the regulated community.

8. Increased municipal flexibility in structuring the licensing process and personnel including:
   (a) Adult businesses and other licenses that are related to the first amendment.
   (b) Master planned communities.
   (c) Suspension of the substantive and overall time frames for purposes including delays caused by the need for public hearings, state or federal licenses or approvals from public utilities on residential or commercial development projects.

9. That the substantive review time frames and overall time frames do not include the time required for an applicant to obtain other nonmunicipal licenses or to participate in meetings as required by law.

10. THE IMPACT ON THE SUPPLY AND COST OF HOUSING OF UNNECESSARY DELAYS IN THE APPROVAL AND PERMITTING PROCESS.

D. A municipality shall issue a written or electronic notice of administrative completeness or deficiencies to an applicant for a license within the administrative completeness review time frame. If the permit sought requires approval of more than one department of the municipality, each department may issue a written or electronic notice of administrative completeness or deficiencies.

E. If a municipality determines that an application for a license is not administratively complete, the municipality shall include a comprehensive list of the specific deficiencies in the written or electronic notice provided pursuant to subsection D of this section. If the municipality issues a written or electronic notice of deficiencies within the administrative completeness time frame, the administrative completeness review time frame and the overall time frame are suspended from the date the notice is issued until the date that the municipality receives the missing information from the applicant. The municipality may issue an additional written or electronic notice of administrative completeness or deficiencies based on the applicant's submission of missing information. If the permit sought requires approval of more than one department of the municipality, each department may issue an additional written or electronic notice of administrative completeness or deficiencies based on the applicant's submission of missing information.

F. If a municipality does not issue a written or electronic notice of administrative completeness or deficiencies within the administrative completeness review time frame, the application is deemed administratively complete. If a municipality issues a timely written or electronic notice of deficiencies, an application shall be complete until all requested information has been received by the municipality.
municipality may consider an application withdrawn if, by fifteen days or 
more after the date of notice, as established by the municipality, the 
applicant does not supply the documentation or information requested or an 
explanation of why the information cannot be provided within the 
established time period.

G. During the substantive review time frame, a municipality may 
make one comprehensive written or electronic request for corrections. If 
the municipality identifies legal requirements that were not included in 
the comprehensive request for corrections, the municipality may amend the 
comprehensive request for corrections once to include the legal 
requirements and the legal authority for the requirements. WITHIN FIVE 
WORKING DAYS AFTER A REQUEST BY THE APPLICANT, THE MUNICIPALITY SHALL MEET 
OR DISCUSS WITH THE APPLICANT THE REQUEST FOR CORRECTIONS AND PROVIDE 
SUFFICIENT INFORMATION AND INSTRUCTION TO ALLOW THE APPLICANT TO PROVIDE 
THE REQUESTED CORRECTIONS. If the permit sought requires approval of more 
than one department of the municipality, each department may issue a 
comprehensive written or electronic request for corrections. If the 
applicant fails to resolve an issue identified in a request for 
corrections, the municipality may make supplemental written or electronic 
requests for corrections that are limited to issues previously identified 
in a comprehensive request for corrections. If a municipality issues a 
comprehensive written or electronic request or a supplemental request for 
corrections, the substantive review time frame and the overall time frame 
are suspended from the date the request is issued until the date that the 
municipality receives the corrections from the applicant. If an applicant 
requests significant changes, alterations, additions or amendments to an 
application that are consistent with the purposes of the original 
application and that are not in response to the request for corrections, a 
municipality may make one additional comprehensive written or electronic 
request for corrections and may have no more than an additional fifty 
per cent of the substantive review time frame as established by 
the municipality for that license to grant or deny the license. Nothing 
shall prevent communication between a municipality and an applicant 
regarding a comprehensive written or electronic request for corrections or 
a supplemental request for corrections. A municipality may consider an 
application withdrawn if, by thirty days or more after the date of notice, 
as established by the municipality, the applicant does not supply the 
documentation or information requested or an explanation of why the 
information cannot be provided within the established time period. EXCEPT 
FOR AN APPLICATION SUBMITTED FOR A CHANGE IN ZONING PURSUANT TO TITLE 9, 
CHAPTER 4, ARTICLE 6.1, A MUNICIPALITY MAY NOT DENY A LICENSE APPLICATION 
THAT IS NECESSARY FOR LAND DEVELOPMENT OR BUILDING CONSTRUCTION UNLESS THE 
MUNICIPALITY CONSIDERS THE APPLICATION WITHDRAWN.
H. Nothing shall prevent the municipality from continuing to process the application during the suspension of the substantive review time frame and overall time frame.

I. By mutual written or electronic agreement, a municipality and an applicant for a license may extend the substantive review time frame and the overall time frame. An extension of the substantive review time frame and the overall time frame may not exceed fifty percent of the overall time frame.

J. Unless a municipality and an applicant for a license mutually agree to extend the substantive review time frame and the overall time frame pursuant to subsection I of this section, a municipality shall issue a written or electronic notice granting or denying a license to an applicant. If a municipality denies or withdraws an application for a license, the municipality shall include in the written or electronic notice at least the following information:

1. Justification for the denial or withdrawal with references to the statutes, ordinances, codes or substantive policy statements on which the denial or withdrawal is based.

2. An explanation of the applicant's right to appeal the denial or withdrawal. The explanation shall include the number of working days in which the applicant must file a protest challenging the denial or withdrawal and the name and telephone number of a municipal contact person who can answer questions regarding the appeals process.

3. An explanation of the applicant's right to resubmit the application, the total amount of fees that will be assessed if the applicant resubmits the application and the method in which those fees were calculated.

K. If a municipality does not issue the applicant the written or electronic notice granting, conditionally granting or denying a license within the overall time frame or within the mutually agreed on time frame extension, the municipality shall refund to the applicant all fees charged for reviewing and acting on the application for the license and shall excuse payment of any fees that have not yet been paid. The municipality shall not require an applicant to submit an application for a refund pursuant to this subsection. The refund shall be made within thirty working days after the expiration of the overall time frame or the time frame extension. The municipality shall continue to process the application. Notwithstanding any other statute, the municipality shall make the refund from the fund in which the application fees were originally deposited. The right to receive a refund of fees charged for reviewing and acting on the application for the license may not be waived by an applicant. **EXCEPT FOR A FINAL CERTIFICATE OF OCCUPANCY OR A FINAL INSPECTION FOR LAND DEVELOPMENT OR BUILDING CONSTRUCTION, IF THE APPLICATION IS FOR A LICENSE OR APPROVAL NECESSARY FOR LAND DEVELOPMENT OR BUILDING CONSTRUCTION, THE APPLICATION SHALL BE DEEMED APPROVED IF THE**
MUNICIPALITY DOES NOT ISSUE THE APPLICANT THE WRITTEN OR ELECTRONIC NOTICE GRANTING OR CONDITIONALLY GRANTING THE LICENSE OR APPROVAL WITHIN THE OVERALL TIME FRAME OR WITHIN THE MUTUALLY AGREED ON TIME FRAME EXTENSION, AND THE MUNICIPALITY MAY RETAIN ALL FEES CHARGED FOR REVIEWING AND ACTING ON THE APPLICATION.

L. If an application for a license is denied and the applicant resubmits the application for the same purposes with only revisions or corrections to the original application, the municipality shall not assess any additional application fees that exceed the cost of processing the resubmitted revisions or corrections. This subsection does not apply to license applications that were denied for disqualifying criminal convictions or that were submitted fraudulently.

M. If an application for a license is withdrawn and the applicant resubmits the application for the same purpose, the municipality shall not assess any additional application fees that exceed fifty percent of the original applicant application fees that have not been refunded to the applicant. This subsection does not apply to license applications that were denied for disqualifying criminal convictions or that were submitted fraudulently.

N. This section does not apply to a license that is either:
1. issued within seven working days after receipt of the initial application or a permit that expires within twenty-one working days after issuance.
2. Necessary for the construction or development of a residential lot, including swimming pools, hardscape and property walls, subdivisions or master planned community.

O. For the purposes of this section:
1. "master planned community" means development by one or more developers of real estate that consists of residential, commercial, education, health care, open space and recreational components and that is developed pursuant to a long-range, multiphase master plan providing comprehensive land use planning and staged implementation and development.
2. "Subdivision" means improved or unimproved land or lands divided for the purposes of financing, sale or lease, whether immediate or future, into four or more lots, tracts or parcels of land, or, if a new street is involved, any such property that is divided into two or more lots, tracts or parcels of land, or, any such property, the boundaries of which have been fixed by a recorded plat, which is divided into more than two parts. Subdivision includes any condominium, cooperative, community apartment, townhouse or similar project containing four or more parcels, in which an undivided interest in the land is coupled with the right of exclusive occupancy of any unit located thereon, but plats of such projects need not show the buildings or the manner in which the buildings or airspace above the property shown on the plat are to be divided.
Sec. 12. Section 9-837, Arizona Revised Statutes, is amended to read:

9-837. Directory of documents
The municipality shall publish, or prominently place on the municipal website, at least annually, ALL LICENSING APPLICATIONS AND a directory summarizing the subject matter of all currently applicable ordinances, codes and substantive policy statements. The municipality shall keep copies of this directory and all substantive policy statements at one location. The directory, ordinances, codes, AND substantive policy statements and any materials incorporated by reference in the documents shall be open to public inspection at the office of the municipality or POSTED ON the municipal website. THE MUNICIPALITY SHALL POST ON ITS WEBSITE THE IDENTIFIED LICENSING TIME FRAME FOR EACH LICENSE APPLICATION AND THE TYPICAL ACTUAL TIME FRAME FOR ISSUING THE WRITTEN REQUEST FOR CORRECTION, THE SUPPLEMENTAL REQUEST FOR CORRECTION AND THE APPROVAL.

Sec. 13. Appropriation; housing trust fund; low-income housing needs; exemption
A. The sum of $89,000,000 is appropriated from the state general fund in fiscal year 2022-2023 to the housing trust fund established by section 41-3955, Arizona Revised Statutes, for low-income housing needs in this state.

B. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 14. Severability
If a provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.