

ARIZONA STATE SENATE

RESEARCH STAFF



TO: MEMBERS OF THE SENATE
APPROPRIATIONS COMMITTEE

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SUBJECT: Strike everything amendment to S.B. 1634, relating to affordable housing; municipalities

Purpose

Requires a municipality with a population of more than 100,000 persons, by July 1, 2023, to develop at least 4 of 22 prescribed strategies to incentivize affordable housing. Allows a municipality with a population of fewer than 100,000 persons to develop any of the prescribed strategies to incentivize affordable housing. Outlines reporting requirements.

Background

The legislative body of any municipality, by ordinance and in order to conserve and promote the public health, safety and general welfare, may enact certain zoning regulations, including to regulate the: 1) use of buildings, structures and lands; and 2) location, height, bulk, number of stories and size of buildings and structures. A municipality may divide a municipality or portion of a municipality into zones of number, shape and area deemed best suited to carry out municipal planning, zoning and open space conservation purposes. All zoning regulations must be uniform for each class or kind of building or land used throughout each zone, unless otherwise required to differ for certain authorized purposes ([A.R.S. § 9-462.01](#)). If a municipality has a planning commission or hearing officer, the planning commission or hearing officer must hold a public hearing on any zoning ordinance ([A.R.S. § 9-462.04](#)).

The Arizona Department of Housing (ADOH) is responsible for establishing authorized policies, procedures and programs to address affordable housing issues, including housing issues of low income families, moderate income families, housing affordability, special needs populations and decaying housing stock ([A.R.S. § 41-3953](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires a municipality with a population of more than 100,000 persons, by July 1, 2023, to develop at least four of the following strategies to incentivize affordable housing:
 - a) providing a density or height bonus program for affordable housing;
 - b) allowing for density transfers to increase residential density;
 - c) eliminating or reducing parking requirements for residential developments where residents are less likely to rely on their own vehicles, including in a residential development near major transit investment corridors and senior living facilities;
 - d) reducing minimum site requirements for affordable housing;
 - e) providing an expedited application process for constructing new affordable housing;
 - f) amending regulations to allow accessory dwelling units on residential lots;

- g) allowing higher density residential or affordable housing in or near commercial and mixed-use zones, commercial centers, major investment corridors or employment centers;
 - h) allowing single-room occupancy of residential units;
 - i) allowing publicly owned land to be developed and used for affordable housing;
 - j) allowing publicly owned land to be developed and used to meet the critical housing needs of the community, including homeless shelters, transitional housing, supportive housing and veteran housing;
 - k) allowing for the use of mobile homes, modular homes or prefabricated homes in single-family residential zoning districts;
 - l) allowing duplexes or triplexes in single-family residential zoning districts;
 - m) allowing planned unit developments with integrated affordable housing units;
 - n) facilitating the preservation or rehabilitation of existing affordable housing;
 - o) facilitating the rehabilitation of existing uninhabitable housing stock into affordable housing;
 - p) implementing a voluntary deed restriction program to maintain and sustain affordable housing;
 - q) using support programs to assist individuals experiencing homelessness;
 - r) applying for, or partnering with an entity to apply for, state or federal monies or provide incentives that promote the construction of affordable housing;
 - s) participating in land donation, land acquisition or land trust programs;
 - t) establishing an affordable housing task force to explore and recommend affordable housing solutions and grant or partnership opportunities;
 - u) implementing additional tools that provide novel, creative or innovative incentives for developing affordable housing; and
 - v) waiving building permit fees associated with constructing, renovating or rehabilitating affordable housing for 501(c)(3) nonprofit organizations with a primary purpose of assisting with providing affordable housing.
2. Allows a municipality with a population of 100,000 persons or fewer to implement the prescribed incentives to incentivize affordable housing.
3. Requires the governing body of a municipality with a population of more than 100,000 persons to annually:
- a) review the execution of affordable housing strategies by the municipality;
 - b) prepare a report on the findings of the review and submit the report to ADOH; and
 - c) post the report on the municipality's website.
4. Requires the annual report on the findings of a municipality's affordable housing review to include:
- a) an estimate or revised estimate of the need for affordable housing in the municipality for the next five years;
 - b) a description of progress made within the municipality to provide affordable housing, demonstrated by analyzing and publishing data on the number of housing units in the municipality that are at or below 80 percent, 50 percent and 30 percent of the adjusted median family income; and
 - c) a description of how the municipality has implemented the strategies related to affordable housing.

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5. Allows municipal zoning regulations to differ between zones for the purpose of providing incentives to promote the construction of affordable housing pursuant to prescribed requirements.
6. Defines *accessible dwelling unit* and *affordable housing*.
7. Makes technical changes.
8. Becomes effective on the general effective date.