

GLASSFORD HILL RD

2024

Municipal Policy Statement



CORE PRINCIPLES

The League of Arizona Cities and Towns is guided by two core principles:

- 1) Preserve local decision-making; and
- 2) Protect shared revenues.

LEGISLATIVE PRIORITIES

The League supports legislation respecting the role of municipal government and its core principles and opposes measures that undermine them. The following policy priorities were developed with input from our members, approved by the League's Resolutions Committee, and will ensure that cities and towns can maintain the high-quality municipal government services that businesses and citizens rely on.

Revenue Replacement

SB1131 (residential leases; municipal tax exemption) was signed into law in 2023 and preempted cities and towns from levying a tax on the business of renting residential properties beginning January 1, 2025. Thus, eliminating critical local revenue while failing to provide meaningful relief to Arizona's taxpayers. According to the Joint Legislative Budget Committee, the elimination of this revenue source will translate to a \$230M hit to municipal budgets. These funds represent a loss to key municipal services such as human services programming, and public safety.

The impact of SB1131 has put cities and towns in the position of deciding whether to reduce or eliminate certain services or increase local taxes to offset this loss. This situation is exacerbated by the potential for a forthcoming recession. Therefore, the League and its membership are committed to working with the Governor's Office and the legislature to find a solution to ensure that critical services that residents depend upon are maintained.

Housing & Homelessness

Local governments throughout the state are diligently working alongside government, non-profit, and private sector partners to combat the sharp increase in homelessness and housing inaffordability the state has experienced since the beginning of the COVID-19 pandemic.

The League and its members are grateful for the unprecedented \$150M investment the FY24 budget made in the Housing Trust Fund (HTF) and the \$60M appropriated to the newly created Homeless Shelter & Services Fund. Together, these funds represent the most valuable resource available to the Department of Housing for housing development and other critical assistance programs such as shelters, transitional housing, eviction prevention, and rapid rehousing. Cities and towns remain committed to supporting additional and ongoing investments in these vital state funds.

COVID-19 & Global Disruptions

Factors Impacting Housing

It is estimated that macroeconomic influences represent between 85% to 90% of the current housing availability and affordability issues while state, county, and municipal policies may have contributed to the remainder.

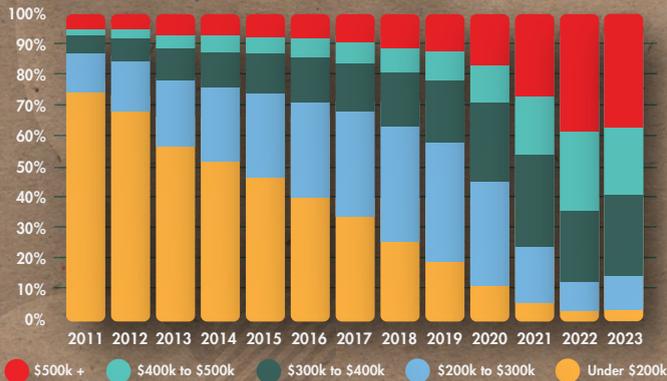
Source: Rounds Consulting Group

Socioeconomic Impacts

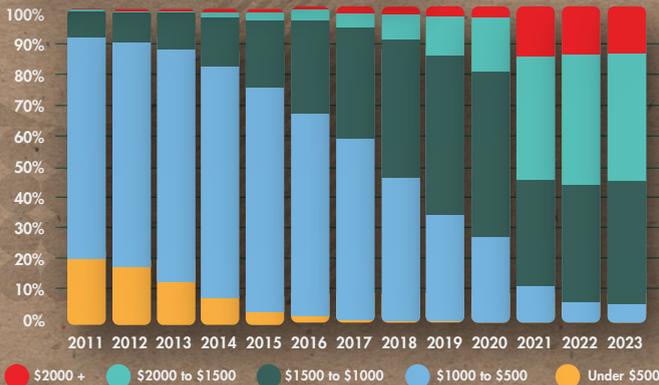
Governmental Policy



Home Sale Prices, 2011-2023



Apartment Rent, 2011-2023



The graphs above illustrate the cost of home sale transactions and apartment rent over time in the Phoenix metro area. Source: Maricopa Association of Governments

They also look forward to working with the legislature to address homelessness and develop affordable housing options. Outside of the legislative process, local governments continue to work collaboratively with housing developers to establish best practices to foster growth in available housing stock. While statewide, one-size-fits-all concepts often prove ineffectual, process-related structural reforms should be explored to reduce the time and cost of completing projects. Arizona residents also want to have a role in the planning of their communities and will not accept wholesale elimination of public involvement in the zoning process.

Below are additional concepts that the legislature should consider:

- Allow municipalities to authorize temporary property tax reclassifications to incentivize the development of new housing units.

- Permit municipalities to set regulations on short-term rental proliferation such as unit caps, density limitations, and separation requirements.
- Establish a robust, ongoing funding source for the Housing Trust Fund.
- 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.

Good Governance

- Reduce burdensome requirements to form a municipal improvement district. These districts are critical to financing integral infrastructure improvements that can lead to further construction activity, economic development, and increased property values.
- Allow local candidates to collect more than the minimum signature requirements using the Secretary of State's online petition portal system (E-QUAL). This will allow for greater use of the system which provides benefits in the form of convenience, waste reduction, and automatic voter registration checks.
- Authorize municipalities to use body scanning equipment in their jails and holding facilities. This equipment would be an added benefit in detecting illicit items and other contraband to protect both inmates and staff.

Neighborhoods

- Provide a statutory mechanism to give the Department of Liquor & License Control (DLLC) the authority to grant local governments an extension of time allowed to review and act on liquor license applications when needed.
- Clarify statutes related to the temporary extension of a liquor establishment's premises to ensure compliance with local special event regulations, building, fire and safety codes, and the desires of surrounding residents.
- Address the proliferation of fraudulent sober living homes. Local governments look forward to collaborating with state partners to ensure that sober living homes are acting in accordance with the law to provide necessary services to patients while being good neighbors to surrounding residents.

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Peoria, Prescott, Prescott Valley, Sedona

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(R) Justin Wilmeth (R), Judy Schwiebert (D)
Phoenix

03. (S) John Kavanagh (R)
(R) Joseph Chaplik (R), Alexander Kolodin (R)
Carefree, Cave Creek, Fountain Hills,
Phoenix, Scottsdale

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(R) Matt Gress (R), Laura Terech (D)
Paradise Valley, Phoenix, Scottsdale

05. (S) Lela Alston (D)
(R) Jennifer Longdon (D), Amish Shah (D)
Phoenix

06. (S) Theresa Hatathlie (D)
(R) Mae Peshlakai (D), Myron Tsosie (D)
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Springerville, St. Johns, Tusayan, Winslow

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(R) David Cook (R), David Marshall Sr. (R)
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Pinetop-Lakeside, Show Low, Snowflake, Star Valley,
Superior, Taylor, Williams, Winkelman

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(R) Melody Hernandez (D), Athena Salman (D)
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(R) Lorena Austin (D), Seth Blattman (D)
Mesa, Tempe

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(R) Justin Heap (R), Barbara Rowley Parker (R)
Apache Junction, Mesa

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(R) Oscar De Los Santos (D),
Marcelino Quiñonez (D)
Guadalupe, Phoenix

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(R) Patty Contreras (D), Stacey Travers (D)
Chandler, Phoenix, Tempe

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(R) Julie Willoughby (R), Jennifer Pawlik (D)
Chandler, Gilbert

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(R) Travis Grantham (R), Laurin Hendrix (R)
Chandler, Gilbert, Queen Creek

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(R) Neal Carter (R), Jacqueline Parker (R)
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(R) Teresa Martinez (R), Keith Seaman (D)
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Maricopa, Tucson

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(R) Rachel Jones (R), Cory McGarr (R)
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(R) Nancy Gutierrez (D), Christopher Mathis (D)
Oro Valley, Tucson

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South Tucson, Tucson

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(R) Consuelo Hernandez (D),
Stephanie Stahl-Hamilton (D)
Bisbee, Nogales, Sahuarita, Tucson

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(R) Lupe Contreras (D), Leezah Sun (D)
Avondale, Glendale, Goodyear, Phoenix,
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Somerton, Wellton, Yuma

24. (S) Anna Hernandez (D)
(R) Lydia Hernandez (D), Analise Ortiz (D)
Glendale, Phoenix

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(R) Michael Carbone (R), Tim Dunn (R)
Buckeye, Glendale, Goodyear, Surprise,
Wellton, Yuma

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(R) Cesar Aguilar (D), Quantá Crews (D)
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27. (S) Anthony Kern (R)
(R) Kevin Payne (R), Ben Toma (R)
Glendale, Peoria, Phoenix

28. (S) Frank P. Carroll (R)
(R) David Livingston (R), Beverly Pingerelli (R)
Peoria, Phoenix, Surprise

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(R) Steve Montenegro (R), Austin Smith (R)
El Mirage, Glendale, Goodyear,
Litchfield Park, Peoria, Surprise,
Youngtown

30. (S) Sonny Borrelli (R)
(R) Leo Biasiucci (R), John Gillette (R)
Bullhead City, Colorado City, Kingman,
Lake Havasu City, Parker, Quartzsite,
Wickenburg