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Republican lawmakers and a lobbying group for the League of Arizona Cities and Towns have reached an Agreement on legislation they say will tackle rising housing costs in the state

## Kaiser, cities reach compromise on housing bills

Nick Phillips And Camryn Sanchez Arizona Capitol Times

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*Update: Clarifies the origins of the discussion on the efforts to curb NIMBYism.*

Republican lawmakers and a lobbying group for Arizona cities and towns have reached a deal on legislation they say will address rising housing costs in the Valley and across the state.

The proposal is essentially a more modest version of a bill introduced earlier this year [that failed in the Legislature \(https://azcapitoltimes.com/news/2023/03/13/senate-kills-expansive-zoning-deregulation-plan/\)](https://azcapitoltimes.com/news/2023/03/13/senate-kills-expansive-zoning-deregulation-plan/) after facing opposition from the powerful League of Arizona Cities and Towns. Now, Sen. Steve Kaiser, R-Phoenix, has just about reached an agreement with the league, according to the Senator and a lobbyist for the league.

“It’s definitely not even close to everything I wanted. And the league is definitely giving up some freedom that they wanted. But really this is a good first step,” Kaiser said. “This is going to help a lot of Arizonans.”

“I think the proposal that’s going to come forward to the Legislature has things in it for everyone. ... I think we found a reasonable compromise,” said Nick Ponder, a lobbyist

with High Ground who has represented the League of Arizona Cities and Towns in the talks.

Now what's left is getting enough votes to move the bill through the Senate and House early next week.

Kaiser said he thinks the chances of that happening are good.

"I'm really optimistic that this will be a broad bipartisan support bill," Kaiser said. The Governor's Office hasn't been involved in the negotiations, but Kaiser said he's had "good signals" in terms of Gov. Katie Hobbs' willingness to sign the eventual package.

As of June 8, several Senate Democrats said they're undecided on Kaiser's housing bills. Only Sen. Anna Hernandez, D-Phoenix, gave her support for all three bills. Eight other Senate Democrats said they don't know how they'll vote.

The deal is meant to address one of the most pressing issues in the state: the rising cost of for-sale and for-rent housing. In recent years, prices have risen starkly as more people streamed into Arizona and new home construction didn't keep up, [leaving policymakers searching for answers](https://www.azcentral.com/story/news/local/arizona/2023/01/17/asu-morrison-institute-report-looks-at-arizona-affordable-housing-crisis/69804337007/) (<https://www.azcentral.com/story/news/local/arizona/2023/01/17/asu-morrison-institute-report-looks-at-arizona-affordable-housing-crisis/69804337007/>)

Kaiser attempted to pass an expansive housing reform bill last session, but it didn't have enough support and was transformed into an interim housing study committee, chaired by Kaiser. The study-committee met for several weeks and included presentations from dozens of speakers.

Then, at the start of this legislative session, Kaiser introduced Senate Bill 1117, which included all the housing laws he wanted – but it died in the Senate with the support of half the chamber's Republican members and one Democrat.

Key elements of the failed bill were revived through amendments onto three bills which are still in play at the Capitol – two waiting to be heard in the House and one in the Senate.

The housing bills are some of the most [important measures lawmakers](https://azcapitoltimes.com/news/2023/05/18/lawmakers-take-long-break-key-bills-await-action/) (<https://azcapitoltimes.com/news/2023/05/18/lawmakers-take-long-break-key-bills-await-action/>) are expected to address when they return to action next week. Hobbs and legislative leaders, including Senate President Warren Petersen, R-Gilbert, have pointed to the Maricopa County transportation tax as the main item on the agenda, but a few issues like housing were still in play as lawmakers took several weeks off after passing a budget last month.

At the center of the deal are provisions to allow more accessory dwelling units or ADUs (often "tiny homes" built in backyards), allow single-room occupancy buildings for

seniors and let developers build more units when they make some or all of a development into affordable housing. Then, cities and towns will have to create zoning offering at least two of three housing options: 'plex' zoning for duplex, triplex or quadruplex homes; lot sizes under 5,000 square feet (about one-tenth of an acre); or mobile homes.

There's also a provision to prevent out-of-state residents from getting on a waitlist for housing vouchers in Arizona. So-called wait list shopping drew criticism following an [Arizona Republic story](https://www.azcentral.com/in-depth/news/local/arizona/2023/03/08/affordable-housing-crisis-waitlist-shoppers-arizona-vouchers/8293656001/#:~:text=Waitlist%20shopping%20is%20also%20occurring%20elsewhere%20in%20Arizona,moved%20across%20state%20lines%20for%20a%20housing%20voucher.) (<https://www.azcentral.com/in-depth/news/local/arizona/2023/03/08/affordable-housing-crisis-waitlist-shoppers-arizona-vouchers/8293656001/#:~:text=Waitlist%20shopping%20is%20also%20occurring%20elsewhere%20in%20Arizona,moved%20across%20state%20lines%20for%20a%20housing%20voucher.>) on the issue earlier this year.

The package will apply to municipalities with a population over 50,000 people. That will include all of Arizona's largest urban centers and about 25% of the 91 total cities and towns across the state, according to Ponder. And a few that are just under the threshold for now will likely cross it soon – municipalities like Prescott Valley, [population 49,000](https://www.census.gov/quickfacts/prescottvalleytownarizona) (<https://www.census.gov/quickfacts/prescottvalleytownarizona>).

Another topic the league and Kaiser have come to an agreement on is meant to curb NIMBYism, or the practice of neighbors blocking housing projects they don't want in their own "backyard."

Kaiser said a pro-housing group came up with a "NIMBY solution" that is "pretty cool."

"If a city council approves a project, and then 20% of the neighbors come together and object to it, current statute says it goes back to the city council and the city council now has to vote that same project a second time, but they have to pass it with a supermajority," he said. "So, this now removes that supermajority piece."

"So, if the locals protest the project, it goes back to city council, but just requires a simple majority."

The deal is far less expansive than the bill Kaiser introduced earlier this year that would have imposed more significant limits on municipal zoning codes, allowing for many types of development "by-right."

Still, it will force municipalities to adopt a number of measures that Kaiser hopes will lead to more development and, therefore, lower housing prices.

"I want to make sure we maintain our affordability," he said.

Ponder said the league is happy with the deal, which will take some regulatory power away from municipalities, but would also like to see housing legislation that puts more power in the hands of cities and towns to implement pro-housing policies.

For now, statewide preemptions prohibit some zoning policies like “inclusionary zoning” and the Republican-controlled Legislature hasn’t shown an interest in rolling back the statewide rules against those city-level policies. Ponder said he’d like state lawmakers to open the door for cities to use more tax and zoning rules as they see fit.

Kaiser said he thinks the measures could help promote “infill” development – filling in underutilized space in already-developed neighborhoods – something he said is also important in light of [statewide action on water use](https://azcapitoltimes.com/news/2023/06/02/arizona-pauses-home-development-in-some-parts-of-phoenix-area/) (<https://azcapitoltimes.com/news/2023/06/02/arizona-pauses-home-development-in-some-parts-of-phoenix-area/>)

“We have a lot of inefficient use of our land right now, because we’ve been able to just keep going out and out and out – we haven’t had to focus on being efficient inside,” he said.