

**POLICIES FOR COMMUNITY
INVESTMENT WITHOUT
DISPLACEMENT**

FINDINGS REPORT

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Prepared for:

The Urban Land Institute (ULI) Arizona District Council
The ULI Arizona Task Force for Health, Equity, and Housing Affordability
& The ULI Building Healthy Places Initiative

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Executive Summary

Public and private investments in urban cores and transit adjacent neighborhoods are revitalizing localities and drawing middle- and high-income residents back into downtown. As this process occurs, low-income and minority residents begin to experience development pressures that threaten community stability and the vitality of current residents. Investments in parks, grocery stores, amenities, and high-capacity transit are tremendously beneficial to property owners, current and future residents, and the environmental and economic sustainability of a locality; however, the benefits are often only realized by new residents—or gentrifiers—and not current residents. Existing residents are often displaced due to rising rents and limited community engagement. Limited funding resources, threats of state preemption, and an undersupply of housing compound threats of displacement, eviction, and homelessness in Arizona.

Recently, localities, developers, and non-profits have taken interest in the affordable housing challenge Arizona is facing. Political momentum is building and housing experts in the Valley say the timing is right for passing legislation and taking new actions on affordable housing production and preservation, tenant protections, and displacement prevention. This project was conducted to identify the policy tools available nationwide related to the topics of affordable housing and displacement to apply them in the Arizona context. The anti-displacement policy list and findings sections were developed using expert interviews and anti-displacement policy research. Nineteen interviews were conducted with experts from a variety of fields. These interviews form the basis of the findings and conclusion of this report.

The policies are organized into categories, so stakeholders can easily find tools that meet their community's needs. For each policy tool the following items are included: a general policy description, a determination on policy legality under Arizona State law, viability of the policy or potential improvements, a feasibility ranking, barriers and challenges to implementation, and policy benefits. The policies are also organized by feasibility in [Table 3](#).

Following the policy tables, a series of high-level findings are offered to inform stakeholders of the breadth of policy options available and to articulate which policies are most viable. Of the 74 policies described in this report, 42 exist in Arizona currently or could legally be implemented. Interviewees identified a number of priority policy types. They include policies intended to increase tenant protections, make engagement processes more equitable, and improve access to healthy communities of opportunity. Despite the existence of legal barriers at the state level, less feasible policies that fall within these same policy types are worth advocating for as well. The political will to act is growing in Arizona. This report can guide stakeholders when they decide to do so.

Background

In May 2019, the Urban Land Institute (ULI) Arizona District Council (DC), with the assistance of Elizabeth Van Horn, applied for a grant from the ULI National Office's Building Healthy Places (BHP) Initiative. The grant offered technical assistance and funding to create a task force for health and equity focused on a regionally specific land use challenge. The ULI Arizona DC selected housing affordability in the Phoenix metropolitan area as their focus, with an emphasis on the impacts of investments in urban cores and transit infrastructure on housing affordability. The ULI Arizona DC was awarded the grant and technical assistance in June 2019.

A clear research agenda was a requirement of the grant. Elizabeth developed a research agenda on a specific focus area of the Task Force's choosing and conducted research on that topic in partial fulfillment of her Master of Urban and Environmental Planning (MUEP) program degree requirements. The research and this findings report were provided to the Task Force to supplement and support their work. The report was delivered to ULI Arizona, the ULI Arizona Task Force, and the ULI BHP Team.

The purpose of the grant and the Task Force is to identify regulatory, financial, and design or development barriers to supplying healthier, equitable, and more affordable housing with an ultimate goal of developing targeted, sustainable solutions. The Task Force identified key areas where both barriers and opportunities for change exist. They include: 1) partnerships; 2) finance and capital resources; 3) planning policies and incentives; 4) health in all policies; 5) neighborhood investment without displacement; and 6) sustainable, affordable building and design. When asked to identify the most pressing issue related to housing affordability, the Task Force pinpointed displacement as one of the most serious threats with very few solutions. After consideration, neighborhood investment without displacement was selected as the central focus for Elizabeth's MUEP Applied Project.

This findings report details the scope of the housing affordability and displacement challenges in Arizona and describes Arizona's legal landscape with regard to housing. A comprehensive list of anti-displacement policy tools is presented, including policy objectives, legal standing in Arizona, viability or means for improvement, and barriers to implementation. The report concludes with a series of general policy recommendations, as well as an identification of health and equity advancing policies, based on housing and policy expert interviews.

Definitions

For the purposes of this project, the following definitions for key terms were adopted.

Affordable Housing: Affordable housing refers to the cost of housing units and housing typology. Affordable housing, for the purposes of this report, refers to a broad range of housing types developed to meet the needs of households earning up to 120 percent of area median income (AMI). The definition expands affordable housing typologies beyond culturally entrenched assumptions that affordable housing refers exclusively to Section 8 housing or public

housing. Affordable housing must also serve the workforce population earning 80 to 120 percent of AMI.

Displacement: Displacement is a concern and possible outcome of gentrification, but it is “a distinct phenomenon that can occur even in the absence of gentrification” (Zuk et al. 2018, p. 34). Displacement may be forced (informal and formal evictions) or responsive (rent or tax increases) (Zuk et al. 2018). For the purpose of this project, displacement is defined as forced or responsive household relocation following, or in anticipation of, investment in transit and urban cores.

Equity: ULI defines equity as “just and fair inclusion into a society in which all can participate, prosper, and reach their full potential. Unlocking the promise of the nation by unleashing the promise in us all” (PolicyLink, 2015). Equity concerns related to housing and displacement include: transportation access and mobility, housing affordability, homeownership access, economic opportunity and access to jobs, livability, walkability, access to parks and healthy foods, and racially and/or economically segregated communities.

Gentrification: “Gentrification is a pattern of neighborhood change in which a previously low-income neighborhood experiences reinvestment and revitalization, accompanied by increasing home values and/or rents. Gentrification, while frequently controversial, can be either good or bad for a neighborhood, depending on who benefits from the reinvestment and revitalization” (Pollack et al. 2010, p. 2). This definition removes value judgements and defines gentrification as a concept separate from displacement. Gentrification and displacement are not used interchangeably in this report.

Health: A holistic definition of health that accounts for the social and environmental determinants of health is used for this project. Health refers to a “state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity” (WHO, 2014, p. 1). A “healthy and safe home environment include[s] access to clean air and water; efficient transportation, including safe, walkable neighborhoods; affordable, healthy foods; violence-free places to be physically active; and affordable, secure, quality housing” (LACDPH, 2015, p. 2). Health concerns related to housing and displacement include: social isolation, mental health concerns, stress, access to critical goods and services, air quality, housing condition and its impact on health, the threat of homelessness, and heat related illness.

Housing Affordability: Housing affordability differs from affordable housing because it refers to a household’s ability to pay for housing. For example, workforce housing targeting households earning 80 to 120 percent of AMI is not considered affordable for households earning 50 to 80 percent of AMI. Household income and housing typology determine housing affordability. Generally, housing is considered affordable if households pay no more than 30 percent of their household income on housing and utilities as determined by HUD (Wallace, 1995).

Housing Cost Burdened: Households that spend more than 30 percent of their income on housing (NLIHC, 2019b).

Investment: For the purpose of this project, the term investment refers to transportation and infrastructure investments that result in revitalization or trigger further community investment. These investments include light rail, bus rapid transit, parks, and amenities, among others.

Revitalization: Revitalization comes in a variety of forms. It can range from gentrification with displacement to incumbent upgrading where neighborhoods come together to advocate for improved conditions and existing residents are part of the improvement process. Ultimately, residents are able to stay in place and enjoy the benefits of the neighborhood improvements (Clay, 1979). Revitalization in the context of this project is a combination of gentrification (as defined above) without displacement and incumbent upgrading, because communities are legally protected and able to participate in the process of neighborhood change.

Severely Housing Cost Burdened: Households that spend more than 50 percent of their income on housing (NLIHC, 2019b).

Introduction

Defining the Challenges

Across the country, an increasing demand for walkable, livable, transit-oriented neighborhoods is encouraging local governments to invest in their urban cores. Residents crave access to restaurants, bars, entertainment, jobs, grocery stores, and parks—amenities and necessities most readily available in the urban core (Pfeiffer, Pearthree, & Ehlenz, 2019). In response to demands, localities, including localities in Maricopa County, are investing in transit and altering zoning codes to allow for denser development in adjacent neighborhoods. These changes have a variety of positive effects. They encourage investment in urban cores and transit-accessible neighborhoods, driving up property values and spurring further investment and development. They increase the overall housing supply by encouraging multi-family and mixed-use developments. Economically speaking, light rail and other forms of transit investment can significantly increase household income in transit adjacent neighborhoods, although incomes may reflect the influx of middle-class residents (Bardaka et al. 2018). Access to light rail and bus stops can significantly improve access to low-wage jobs (Fan et al. 2012). These investments also provide sustainable transportation and encourage transit-oriented development (TOD), infill, and other forms of dense development with lower environmental impacts and positive health outcomes. However, without an intentional focus on equity, these changes can result in the displacement of low-to-middle-income and minority households currently living in newly desirable areas, depriving them of those economic, social, and environmental benefits.

The value added by these investments often drives neighborhood change or gentrification—a process often characterized by, but separate from, displacement. As property values rise, renters

often begin to feel the pressure first, as landlords seize profitable opportunities. Landlords may raise rents beyond what current residents can afford or engage in subtle forms of tenant harassment to make them leave. These are forms of responsive displacement. Alternatively, landlords might sell their property to a developer, effectively evicting residents from their homes, causing forced displacement (Zuk et al. 2018). Homeowners are not immune to displacement pressures either. While there is growing evidence that rising property values induced by gentrification are not linked to displacement for current homeowners, they may still experience responsive displacement (Martin & Beck, 2018). Gentrification changes the cultural identity of neighborhoods and disrupts social cohesion. Homeowners may opt to sell their homes in response to these changes. For mobile home communities experiencing development pressures, displacement often means residents are forced to abandon their mobile homes due to condition or age. Without careful planning and thoughtful community engagement in the process, low-income and minority communities present in gentrifying areas suffer. Households with the option to do so may stay in place, but face escalating financial stress (Pfeiffer, 2018), while the remaining households suffering from the effects of gentrification are displaced. Whether households are displaced or remain in the community, the stress of the gentrification process compounds community health and equity issues (Pollack et al. 2010; CJJC, 2015).

Displacement initiates cascading negative effects on communities most in need of access to transportation, economic opportunity, community stability, and affordable housing. Displacement may force residents to live farther away from their jobs and support systems, adding to emotional and financial stress. Longer commutes encroach on time spent being physically active, preparing healthy meals, and enjoying time with children and loved ones, while also increasing greenhouse gas emissions, traffic, and transportation costs (Aboelata et al. 2017). Relocating may require children to switch schools, causing stress and social isolation and negatively impacting educational outcomes. Each of these negative effects contribute to the overall health, well-being, and stability of families and communities. Researchers have linked substandard housing and housing locations to direct negative health outcomes such as lead poisoning and asthma (Rose & Miller, 2016). These outcomes perpetuate inter-generational inequities and reinforce existing inequities along racial and economic lines.

Localities across the country are developing policies and programs to prevent displacement and the associated negative outcomes, while still allowing for the economic and environmental benefits of community investment. Academics and other stakeholders are researching, testing, and implementing a breadth of policy tools that show promising results for communities. While some localities in Maricopa County are interested in adopting aspirational goals in support of displacement prevention, the Arizona State Legislature and the State Constitution preempt many of the most effective policy tools. The Phoenix region needs anti-displacement policy tools that work within the Arizona regulatory and political climates to allow for investment without displacement as urban cores revitalize. New tools will help localities invest in community infrastructure and support development that is sustainable and equitable.

Geographic Scope

The geographic scope of this report is addressed to contextualize the policies and findings. The [legal landscape](#) and [barriers to policy implementation](#) are the result of state level trends and state legislation. In general, the anti-displacement policies apply to localities in Maricopa County, or as it is often referred to, the Valley. The Valley is used interchangeably with Maricopa County in this report. Several cities are referenced to describe examples of how existing policies are implemented or to illustrate how to implement new policies. While Phoenix and Tempe are referenced many times, these tools are not exclusively intended for use by any particular locality in the Valley.

The Arizona Context

Arizona and Maricopa County have an established reputation for being unaffordable. This relatively new reputation stands in stark contrast to Arizona's reputation ten years ago when people fled expensive rents in coastal cities for Arizona. Many factors contributed to this reputational flip including an underproduction of units, stagnant wages, and the instability of key affordable housing funding sources.

Statistical evidence illustrates the magnitude of the problem. Between 2000 and 2015, Arizona underproduced the necessary number of homes to meet demand by 505,134 homes (Kingsella, 2019). Put in different terms, only one new home was produced for every 3.5 jobs added on average statewide between 2010 and 2017. In Maricopa County these numbers look even worse—for every 5.5 jobs added, one housing unit was built (Kingsella, 2019). The number of additional jobs does not proportionately translate to the number of new units needed. However, Maricopa County still underproduced new homes by a more representative measure of the housing need—the number of new households formed. Household formations are new groupings of individuals living together under one roof. These include family and non-family household formations such as a newly married couple or an unmarried couple moving in together for the first time. For each new household formed in Maricopa County from 2000 to 2017, developers and localities built an average of 0.77 housing units (Kingsella, 2019). This underproduction of housing led to a shortage in supply and caused rents to rise quickly.

Incomes in Arizona have not kept pace with rising rents. The minimum wage is currently set at \$11 per hour and the fair market rent for a two-bedroom rental unit, as determined by HUD for the state, is \$1,015 per month. To afford a one-bedroom rental unit at fair market rent (FMR) in Arizona, an individual making minimum wage must work 57 hours per week or approximately 1.4 jobs (NLIHC, 2019c). For a single parent with children to afford a two bedroom rental unit while making minimum wage, that parent must work 71 hours per week, or 1.8 full time jobs (NLIHC, 2019c). The housing wage required to afford a rental unit at FMR, working 40 hours per week, 52 weeks per year, while paying no more than 30 percent of household income on rent and utilities, is \$19.52 per hour. For Maricopa County, the livable housing wage is \$20.63 per hour (NLIHC, 2019c).

Low wages, high rents, and a limited housing supply put pressure on renters and homeowners to stay in place regardless of cost. The housing shortage has disproportionately impacted rental households earning less than 50 percent of the area median income (AMI) (Figure 1). The household AMI for the State of Arizona was \$53,510 in 2017 (USCB, 2017). For every household making 30 percent of AMI, they have a one in four chance of finding an available, affordable rental unit (NLIHC, 2019b). As a result, low-income households pay the highest rents in proportion to their incomes. There is a clear correlation between affordable housing supply by income group and the percentage of housing cost burdened households (Figure 2). Ninety percent of extremely low-income households—those making zero to 30 percent AMI—are housing cost burdened (NLIHC, 2019b). These burdens make low-income households extremely susceptible to eviction.

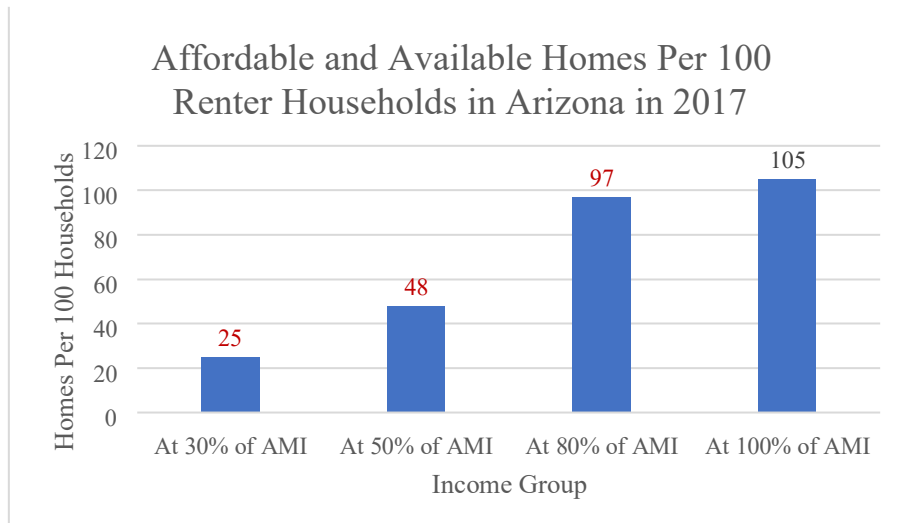


Figure 1. Affordable and Available Housing Gap by Income Group. Source: NLIHC, 2019b (2017 ACS PUMS Tabulations).

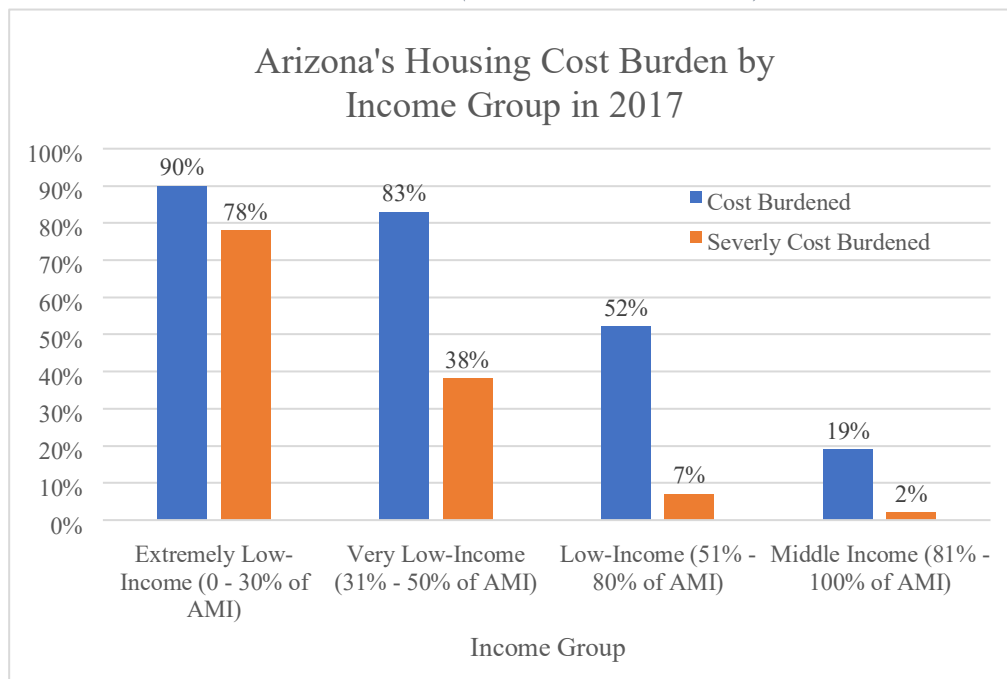


Figure 2. Housing Cost Burden by Income Group. Source: NLIHC, 2019b (2017 ACS PUMS Tabulations).

High housing cost burdens for low-income families could mean a family must choose whether to pay rent or buy groceries for the week. Not paying rent could mean eviction. In 2017, Arizona’s court system issued at least 34,823 Writs of Restitution for landlords seeking to evict tenants, with 25,009 issued in Maricopa County alone (ADOH, 2018). The Phoenix metropolitan area had the second highest eviction rate in the country between 2015 and 2017, as compared to the 50 largest metros in the United States (Salviati, 2017). The eviction rate was 5.9 percent, as was the foreclosure rate. Eviction rates are correlated with the poverty rates. In 2016, the poverty rate in Phoenix was 15 percent (Salviati, 2017). The eviction rate for low-income residents, defined as households earning less than \$30,000 per year, was 9.2 percent, also placing Phoenix second on the list (Salviati, 2017). High eviction rates have resulted in a rise in displacement and homelessness in the Valley. The 2018 point-in-time count for Arizona revealed a total of 9,865 homeless individuals (USICH, 2018). The State public school data for 2018 showed 24,770 homeless students, the vast majority of which had an indoor nighttime residence including a shelter, a hotel or motel, or a friend or family member’s home (Figure 3) (USICH). The unsheltered population is only a fraction of the homeless population in Arizona.

All of these trends combined—underproduction of housing, low wages, rising rents and eviction rates, a growing, but unseen homeless population—reflect Arizona’s, and specifically Maricopa County’s, need for production and preservation of affordable housing. Consequently, they are also intricately connected to displacement. As new housing is developed to accommodate both the housing demand and deficit, low-to-middle-income and minority residents in desirable areas may be priced out or evicted, breaking up communities and exacerbating existing inequities.

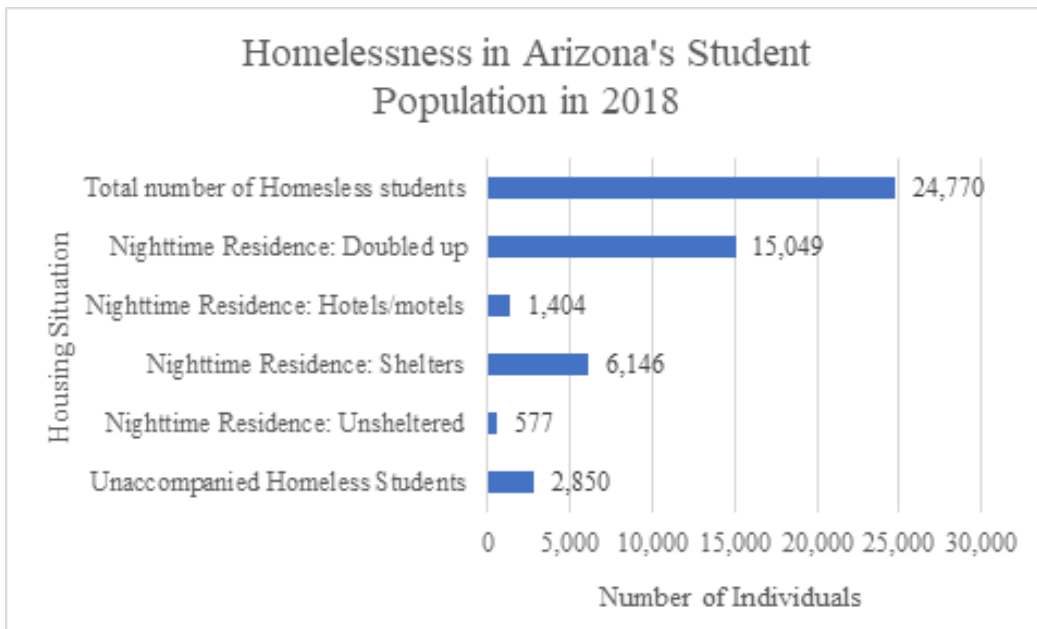


Figure 3. Arizona's Student Population - Homelessness and Nighttime Residence. Source: USICH, 2018 (State Public School Data).

Purpose of the Report

This report will explore a variety of policy tools that allow for community investment while preventing displacement. To the author's knowledge, a list of anti-displacement policies with legal determinations does not exist for the State of Arizona. Identifying legal anti-displacement policies is one part of the two part solution needed to match policies with localities and communities threatened by gentrification. Several other entities, including LISC Phoenix and Governing, are working on mapping gentrification by neighborhood or census tract, including those areas vulnerable to gentrification in the future. This report outlines policies the Arizona Legislature and local governments can use to address the primary negative outcome of gentrification— displacement.

The anti-displacement policy list included below was created using a keyword search. The policy gathering process continued until the author reached the saturation point where the keyword search repeatedly yielded the same policies, rather than new policies. The author consulted housing policy experts, the Arizona Revised State Statutes, and the housing policy literature to make legal determinations for each policy. She conducted a series of interviews with affordable housing and housing policy experts ([Appendix B](#)) and analyzed the interview transcripts to determine key themes ([Appendix C](#)). [Appendix A](#) describes the project methods in greater depth.

This report begins by contextualizing the Arizona legal landscape and the biggest barriers identified by interviewees. These sections explain the cultural and political limitations in place regarding affordable housing and displacement. A series of tables organized by policy goals follows the discussion of barriers. These tables describe the anti-displacement policies based on research and interviewee responses. The report concludes with high-level findings and suggestions for future work on this topic.

Arizona's Legal Landscape

During the legal determination process for the anti-displacement policies, the author noted the Arizona Revised State Statutes and regulations dictating the viability of those policies for further research. Additionally, during the interview process, interviewees described a number of current policies at the state level in Arizona as critical for understanding why the anti-displacement policies could or could not work in Arizona. In many instances during the interviews, interviewees described the general trends in the legal landscape of Arizona rather than discussing the legality of specific policies. To contextualize the anti-displacement policy tools and the recommendations sections of this report, a brief summary of critically important policies that explain the general legal trends in Arizona are presented below.

Trend 1: Pro-landlord State

State legislation, the Arizona courts system, and anecdotal evidence suggests Arizona favors landlords over tenants, particularly in practice. The policies below informed the legal determinations for the anti-displacement policies and provide context for interviewees comments

and concerns. According to Arizona Revised Statute § 1-101, the Arizona Revised Statutes may be cited as A.R.S. followed by the relevant title and section numbers (2005).

- Policy 1: Arizona Residential Landlord and Tenant Act
 - The Landlord Tenant Act enumerates the rights and obligations of both the landlord and the tenant. Certain tenant protections exist beyond protections against discrimination, such as a 48-hour notice requirement for landlord entry into a renter’s unit and the ability to withhold rent if the landlord fails to provide essential services. Studies analyzing landlord-tenant legislation show mixed results regarding landlord versus tenant-friendliness at the State Legislature. According to Balint (2018), Arizona is the fifth most tenant-friendly state, based on number and content of landlord or tenant friendly pieces of legislation. In another study by Hatch (2017), Arizona is classified as a contradictory state or a state that is equally likely to pass both pro-tenant and pro-landlord legislation. Hatch (2017) determined these designations based on the number of pro-landlord or pro-tenant pieces of legislation. Anecdotal evidence from housing officials, scholars, and lawyers suggests neither of these classifications are true. Instead, Arizona is often described as one of the least tenant-friendly states in the nation. According to one city housing staff member, this contradiction between the number of pro-tenant laws and the landlord-tenant tensions actually experienced by Arizonans is likely the result of enforcement by the courts and the landlord’s ability to toe legal lines without consequences. Additionally, while both Hatch (2017) and Balint (2018) quantify the number of pro-landlord and pro-tenant policies, no analysis of policy enforcement was conducted.
 - Source: A.R.S. § 33, Chap. 10 & Chap. 17, Art. 1
- Policy 2: Arizona Mobile Home Parks Residential Landlord and Tenant Act
 - Arizona is one of only a few states with a separate Landlord and Tenant Act for mobile home parks. Many of the protections are similar to those in the Residential Landlord and Tenant Act, although not all are. For example, landlords can require two months’ rent as a security deposit for mobile home owners, whereas landlords cannot require more than one and half months’ rent as a security deposit for all other tenants (§ 33-1431A). Mobile home park tenants are, however, entitled to compensation for moving expenses should a change in use or redevelopment of the park occur (§ 33-1476.01).
 - Source: A.R.S. § 33, Chap. 11 & Chap. 17, Art. 1; A.R.S. § 41, Chap. 1, Art. 2 & Chap. 16, Art. 2 & Art. 5
- Policy 3: Landlord tenant; state preemption
 - House Bill (HB) 2115 prohibits cities from establishing their own landlord-tenant standards as of December 31, 2018. Instead, “the regulation of rights, obligations and remedies of landlords and tenants is a matter of statewide concern” (§ 33-1307B). Any code or ordinance already in place prior to December 31, 2018 is grandfathered in. HB 2115 severely limits the ability of individual cities to protect

tenants, which is particularly important as eviction rates and homelessness are on the rise.

- Source: A.R.S. § 33-1307B
- Policy 3: Regulation of rents; authority.
 - This State Statute strictly prohibits cities, charter cities, and towns from regulating rents, thereby preempting any form of rent control on the local level except for residential properties owned, financed, insured, or subsidized by any government entity.
 - Source: A.R.S. § 33-1329

Trend 2: Limited Taxation Tools

As evidenced by the policies below, taxation tools are strictly limited in Arizona. A number of tools are off-limits to local governments. Additionally, of those policies allowed by the state, the policy descriptions are very specific to avoid ambiguity or alternative interpretations.

- Policy 1: Tax Increment Financing (TIF)
 - TIF allows for targeted investments in TIF districts where the future tax benefits of those real estate investments are captured and used to pay for the costs of improvements. TIF is not explicitly allowed in Arizona. States must have a policy explicitly allowing for the use of TIF to capitalize on this tool. Arizona is the only state in the nation without it. The City of Tucson has a TIF district, Rio Nuevo, that was specially designated in 1999.
 - Source: The State Legislature repealed the statute allowing municipalities to use TIF in 1999 (*Apache Junction et al. v. Doolittle*, 2015).
- Policy 2: Government Property Lease Excise Tax (GPLET).
 - GPLET provides a legal means for cities to encourage development in their urban cores, while by-passing the Gift Clause (see below). The government is able to lease parcels of land in the urban core to developers for up to 25 years, allowing developers to avoid paying property taxes during that time period. Although, they are required to pay an excise tax.
 - Source: A.R.S. § 42, Chap. 6, Art. 5
- Policy 3: Low-income housing; tax exemption.
 - SB 1300 establishes that properties used exclusively for affordable rental housing are exempt from property taxation provided the affordable housing and related facilities meet a series of requirements. The requirements include a maximum number of residents, verification that units or individuals qualify by income or rents, and certification that the units are, and remain, affordable.
 - Source: A.R.S. § 42-11133

- Policy 4: Development fees; imposition by cities and towns; infrastructure improvements plan; annual report; advisory committee; limitations on actions; definitions.
 - This State Statute prevents municipalities from imposing development fees on developers for purposes falling outside the bounds of “necessary public services” to a development. Necessary public services include water, wastewater, storm water, drainage, and flood facilities; street and library facilities; fire and police facilities; and neighborhood parks and recreational facilities. It does not allow development fees for any purpose related to affordable housing or displacement.
 - Source: A.R.S. § 9-463.05

Trend 3: Private Property Rights State

Legislation and anecdotal evidence indicate the State Legislature’s strong support and prioritization of private property rights. The impacts on private property rights are considered before any new legislation is passed.

- Policy 1: Private Property Rights Protection Act.
 - Proposition 207, approved by voters in 2006, establishes a clear definition for the term “public use” with regard to eminent domain, or a government taking of private property. Prop 207 dictates that any government action impacting the fair market value of a private property requires just compensation to the private property owner by the government entity. Relevant examples of government takings with an impact on fair market value include zoning for higher density and zoning for accessory dwelling units.
 - Source: A.R.S. § 12, Chap. 8, Art. 2.1
- Policy 2: Prohibition of new real property sale or transfer taxes.
 - Under Article 9, Section 24 of the Arizona Constitution, government entities are not able to impose “any [new] tax, fee, stamp requirement or other assessment” on “the act or privilege of selling, purchasing, granting, assigning, transferring, receiving, otherwise conveying any interest in real property” after December 31, 2007. This strictly prohibits real estate transfer taxes, flip taxes, and anti-speculation taxes.
 - Source: AZ Const. art. IX, § 24

Trend 4: Strict Policy Prohibitions

The Arizona Legislature strictly prohibits several tools used by a variety of other states, including policies not listed in this category, such as TIF. The Legislature also tends to preempt local laws as they are passed. These policies and practices are indicative of Arizona’s strong state control culture.

- Policy 1: Gift of loan of credit; subsidies, stock ownership; joint ownership.

- The Gift Clause prevents government entities—the state, counties, cities, etc.—from providing “gifts” to any individual, association, company, or corporation. Government entities may enter into transactions with individuals, associations, companies, and corporations if they pass a two-pronged test: 1) it is used for a public purpose, and 2) the public benefit meets or exceeds the value of the gift (*Wistuber v. Paradise Valley Unified School*, 1984). The gift clause is applicable when creating incentives for voluntary inclusionary zoning, such as density bonuses, or any incentives-based program or policy. The two parties must always participate in an equitable exchange and produce a public benefit, so they do not violate the gift clause.
- Source: AZ Const. art. IX, § 7

- Policy 2: Residential housing; requirements; fees; prohibition.
 - This State Statute regulates mandatory inclusionary zoning. Mandatory inclusionary zoning requires developers to include a certain percentage of affordable units in all new market rate developments. This State Statute preempts cities from implementing mandatory inclusionary zoning in any form. However, it does explicitly allow for voluntary inclusionary zoning.
 - Source: A.R.S § 9-461.16

Interviewee-Identified Barriers to Policy Implementation

Interviewees repeatedly identified several barriers to anti-displacement policy implementation. These barriers represent a threat to progressive and innovative affordable development strategies, as well as the communities who would benefit from those strategies. Prior to or during the policy making process, stakeholders should address these barriers to ensure successful policy implementation. Interviewees are cited by using the letter ‘P’ for person and a number between 1 and 19—the number of interviews conducted. For more detailed information on interviewee designations, see the [Anti-Displacement Policy Tools](#) section below.

1. NIMBYism and fear of change.

Interviewees identified NIMBYism, or “not in my backyard” sentiments, and fear of change as two of the biggest barriers to passing progressive affordable housing policies (P7, P16, P18, P19). The pervasive narrative characterizing affordable housing as a threat to property values and a source of unwanted people and land uses limits opportunities for affordable housing development. This narrative fuels the fears that manifest as NIMBYism, or opposition.

Fear also contributes to Americans’ attachment to homeownership and mindsets around space and density. Higher density neighborhoods and accessory dwelling units are perceived as threats to private property rights and typical methods for building wealth (P8, P10, P14). Additionally, cultural norms equate housing quantity, or size, with housing quality—the benefits of a home, including home value. It will take work to change the dominant mindset on what determines housing quality (P8), but affordable housing advocates can create more inclusive communities by advocating for such a change.

2. Political opposition, intervention, and restrictions.

Interviewees identified political opposition, state intervention, and government restrictions as barriers to anti-displacement policy implementation. State preemption is a constant threat (P3). The State Legislature closely monitors local government actions and quickly passes laws prohibiting localities from implementing policies as they see fit (P2, P10). Localities must carefully consider the State Legislature’s reaction to a policy before pursuing a council vote to prevent the Legislature from removing tools currently available or banning policies completely (P10).

Lobbying groups contribute to state preemption by pressuring legislators to support their policy stances. For example, an Arizona multi-family development industry lobbying group often pushes back on policies perceived to threaten or complicate future development (P15). Landlords also have a strong lobbying group that prevents legislators from overstepping in “private matters” (P13).

Requirements and restrictions exist at all levels of governance that slow or prevent affordable housing development. While federal funds are an important resource for building affordable housing, their requirements convolute and slow down the process and make it more expensive. Consequently, developers and the government are not getting the best return on their investment (P17). State level restrictions—such as zoning codes and a lack of TIF—create barriers to affordable housing development as well (P11, P19). The ability of the State Legislature to change the annual allocation of funds for affordable housing creates uncertainties in the market that ward off banks and other lenders (P8). All levels of government are susceptible to the idea that we can spend our way out of a crisis, but there is little evidence indicating funding alone will solve the problem (P8).

3. Time and money.

Interviewees repeatedly identified a lack of time and monetary resources as barriers to policy implementation. A number of factors contribute to this problem, including: uncertainty in the affordable housing market (P16), banks' unfamiliarity with some innovative financing methods, which stymies creativity in this market (P17), and the difficult and politically tedious nature of reallocating funding within a locality's budget (P9). Many of the policies deemed politically feasible are limited by time and money. Interviewees expressed a need for creative financing and unique partnerships to fill these gaps if localities want to implement anti-displacement policy tools.

Anti-Displacement Policy Tools

The author found 74 policy tools enabling community investment without displacement during the research process. The tables below detail each policy and interviewees’ insights on those policies. For each policy the following information is provided: 1) a detailed description; 2) legal designations, including whether or not the policy exists in Arizona and if not, whether it could exist in Arizona; 3) information on viability or possible improvements; 4) barriers and challenges to implementation; 5) benefits; and 6) a ranking indicating feasibility of passing and implementing each policy.

The policies are grouped into eight categories to allow for easier navigation of the list. Readers can select tools based on the types of actions they would like to take. Readers can elect to:

1. Zone inclusively
2. Empower:
 - 2.1. Neighborhoods
 - 2.2. Non-profits
 - 2.3. Governments
 - 2.4. The private sector
 - 2.5. Multi-sector partnerships
3. Prevent evictions, protect tenants
4. Finance to increase affordability
5. Regulate rent
6. Monitor the affordable housing supply
7. Maintain the affordable housing supply
8. Educate and advocate

The information on viability, improvements, barriers and challenges, and benefits is based on expert interviews and policy tool research. Interviewees are cited by using the letter ‘P’ for person and a number between 1 and 19—the number of interviews conducted. Each interviewee was assigned a number at random to serve as a code of reference for readers. To protect the anonymity of the interviewees, names are not listed with the interviewee codes. Table 1 lists the number of interviewees by general career category. Additionally, the acknowledgments section includes a complete list of individuals who helped inform the findings of this study.

Table 1. Interviewees’ General Career Categories	
Category	Quantity
Academic	3
City Councilor	3
Community Advocate	2

Developer	1
Local and State Government Staff	5
Lawyer	4
Non-Profit Leader	2

The legal designations included with each policy first answer yes (Y) or no (N) to the question “does this policy exist in Arizona?” (In AZ?). The second question is: could this policy exist in Arizona? (Could be?). If the answer to question one is yes, the second question does not require an answer, so the cell remains empty. If the answer to question one is no, then question two is answered using either yes (Y), no (N), or maybe (M). When research and interviews failed to yield a definitive answer to question two, the policy was designated as a maybe.

Table 2 below shows how the political feasibility rankings were determined and what those feasibility rankings mean. Policies ranked as a 1 are the most feasible, whereas policies ranked as a 5 are the least feasible. The table describes how most of the determinations were made, but the policies were not always assigned the corresponding ranking based on the answers to questions one and two. Based on research and interviews, the author determined which policies are easier or harder to implement than the predetermined rankings created from questions one and two indicate. These rankings were modified to account for political will, trends in affordable housing, and the idiosyncrasies of the Arizona housing market.

Table 2. Feasibility Rankings for Anti-Displacement Policies			
Ranking	In AZ?	Could be?	Explanation
1	Y	—	Yes, this policy already exists in Arizona and could easily be improved or maintained.
2	N	Y	No, this policy does not exist in Arizona, but it legally could be implemented under state law.
3	N	M	No, this policy does not exist in Arizona and it is not clear whether or not it can be implemented under state law.
4	N	N	No, this policy does not exist in Arizona and state law prohibits localities from implementing it. However, there is growing political support to overturn or change the law.
5	N	N	No, this policy does not exist in Arizona and state law prohibits localities from implementing it. The political support necessary to overturn or change the law does not exist or is unknown.

Table 3 organizes the list of anti-displacement policies by feasibility ranking, beginning with the most feasible (1) and ending with the least feasible (5) policies. Each policy includes a hyperlink to more detailed policy information included in the main anti-displacement policy table. Several policies discovered during the research and interview process are also included with the designation “N/A”. These policies were discovered later in the research process, so they were not included on the policy list distributed to interviewees. For this reason, the author did not make legal determinations for these policies. However, the policies are useful and are therefore worthy of inclusion in this report.

Table 3. Policies by Feasibility Ranking	
Ranking	Policy
1	Voluntary Inclusionary Zoning
1	Density Bonuses
1	Legalization of Accessory Dwelling Units (ADUs)
1	Home Repair Assistance Program
1	Community Homeownership Loan Fund
1	Community Land Trusts (CLTs)
1	Community Development Corporations (CDCs)
1	Housing Trust Fund
1	Prioritizing Affordable Housing for Publicly-Owned Land or Surplus Land Policy
1	Low-Income Housing Tax Credits (LIHTC)
1	Incorporating Affordable Housing into Joint Development
1	Affordability Covenants
1	Small-Site Acquisition Program or Naturally Occurring Affordable Housing (NOAH) Impact Fund
1	Tenant Right to Organize
1	Emergency Rental Assistance
1	Eviction and Foreclosure Prevention Programs
1	Emergency Homestead Stabilization Fund
1	In-Language Tenant Counseling

1	<u>Property Tax Exemptions or Abatements for Income-Qualified Homeowners and Owners of Affordable Multifamily Properties</u>
1	<u>General Obligation/Housing Bond Sales</u>
1	<u>Mobile Home Park Relocation Fee</u>
1	<u>Opportunity Zones</u>
1	<u>Rental Registration and Inspection</u>
1	<u>Housing Creation and Preservation Goals</u>
2	<u>Low (Limited) Equity Housing Cooperative (LEHC)</u>
2	<u>Neighborhood Stabilization Loan Program</u>
2	<u>Land Banking Using a Land Acquisition Fund</u>
2	<u>Non-Profit Housing Collaborative</u>
2	<u>Housing Locational Policy</u>
2	<u>Private Preservation Investment Funds</u>
2	<u>Public-Private Below Market Debt Funds</u>

2	<u>Tenant Protection Act</u>
2	<u>Mandatory Tenant Protections for Rental Properties Receiving Any City Support</u>
2	<u>Legal and Mediation Support Expansion for Evictions</u>
2	<u>Property Tax Exemptions Via Publicly-Owned Land</u>
2	<u>Speculation Watch List or Catalogue of At-Risk Properties</u>
2	<u>Troubled Buildings Program</u>
2	<u>Single-Room Occupancy (SRO) Preservation</u>
2	<u>Small Area Fair Market Rents (SAFMRs)</u>
2	<u>Expanded Notice of Property Tax Deferrals</u>
2	<u>Affordability Task Force</u>
2	<u>Affordable Housing Preservation Office</u>
3	<u>Community Benefits Agreement (CBA)</u>

3	<u>Allow Homeowners to Subdivide and Sell</u>
3	<u>Zoning New Sites for Mobile Homes or Zone Current Land for Mobile Homes (if not already)</u>
3	<u>Neighborhood Stabilization Overlay (NSO)</u>
3	<u>90-Day Notification of Lease Non-Renewal</u>
3	<u>Community Impact Analysis</u>
3	<u>Condo Conversion Ordinance</u>
3	<u>Citywide No Net Loss</u>
3	<u>Homestead Preservation Center or Enrollment Program</u>
4	<u>Comprehensive Mobile Home Park Resident Acquisition Program</u>
4	<u>Renter's Right to Counsel</u>
4	<u>Construction Protections for Tenants</u>
4	<u>Financial Support for Tenant Organizing and Engagement</u>
4	<u>Eviction Notification Ordinance</u>
4	<u>Neighborhood Stabilization Voucher Program</u>
5	<u>Mandatory Inclusionary Zoning</u>
5	<u>Right to Return or Community Preference Policy</u>
5	<u>Incentive Programs for Housing Production</u>
5	<u>Tenant Opportunity to Purchase Act or Right of First Refusal</u>
5	<u>Just Cause Eviction Controls (JCECs)</u>
5	<u>Certificate of No Harassment</u>
5	<u>Flip Tax, Anti-Speculation Tax, or Transfer Tax</u>
5	<u>Vacancy Tax or Pied-a-terre Tax</u>
5	<u>Tax Credits to Keep Unregulated Units Affordable</u>
5	<u>Tax Increment Financing (TIF)</u>
5	<u>Affordable Housing Impact Fees, Commercial Impact Fees or Jobs-Housing Balance Fee</u>

5	Rent Control, Stabilization, or Regulation & Rent Review Board
5	Mandatory Rental Relocation Assistance
N/A	Community-Owned Development Enterprise (CDE)
N/A	Inclusive Rezoning
N/A	Expanding Transitional and Supportive Housing
N/A	Tenant Relocation Assistance and Counseling

1. Zone Inclusively			
<i>The policies listed below include inclusionary zoning and the tools localities can use to incentivize voluntary inclusionary zoning.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
1A. Mandatory Inclusionary Zoning	N	N	5
<p>Mandatory inclusionary zoning requires developers to include a certain percentage of affordable units in all new market rate developments. The area this applies to, the percentage of units, and the affordability rate are all flexible, so localities can craft the policy to suit area needs. Inclusionary zoning ensures there is housing available to all incomes in high-opportunity areas and near jobs. Mandatory inclusionary zoning creates more affordable housing than voluntary inclusionary zoning does (All-In Cities, 2019). Mandatory inclusionary zoning is illegal under current state law.</p> <ul style="list-style-type: none"> ➤ Viability The consensus among all interviewees was that mandatory inclusionary zoning is currently not a viable policy option in Arizona. However, many interviewees indicated they felt it was one of the most effective policy tools for generating new affordable housing. Should a political shift occur within the State Legislature, affordable housing advocates could push for legalization of mandatory inclusionary zoning. Without speaking with State Legislators, it is difficult to determine if any political support exists to change the current state law. Interviewees noted a political shift could result from a Democrat-dominated Legislature or a worsening affordable housing crisis. ➤ Barriers/Challenges Challenges may result from mandatory inclusionary zoning for low-income residents, as well as residents paying market rate prices. Mixed-income projects can result in low-income residents experiencing micro-aggressions, contributing to feelings of isolation and preventing them from feeling like they are part of the community (P6). Localities, advocacy groups, developers and other stakeholders must work on community building when integrating affordable housing into market rate communities. Lawyers often steer clear of anything even remotely close to mandatory inclusionary zoning out of fear of litigation (P19). ➤ Benefits Interviewees cited inclusionary zoning many times as a strong contributor to positive health outcomes and equity. 			

1B. Voluntary Inclusionary Zoning	Y		1
<p>While mandatory inclusionary zoning is expressly illegal under state law, voluntary (or incentive-based) inclusionary zoning is expressly legal. Localities in the Valley can offer incentives if developers meet their established percentage of affordable units. This number often ranges from 5 to 20 percent of units in a new development over a certain size. Common incentives offered with inclusionary zoning include density bonuses, property tax abatements, and reduced parking requirements (GSN, 2019). The incentives should be commensurate with reduced profits in order for developers to participate.</p> <ul style="list-style-type: none"> ➤ Improvements Voluntary inclusionary zoning is legal under Arizona State law. Interviewees repeatedly cited voluntary inclusionary zoning as a viable policy solution for adoption at the local level. While legal, localities are not using this tool enough to create high-density, mixed-income developments (P4). ➤ Barriers/Challenges Localities should write incentive policies and distribute density bonuses and other incentives carefully, so they do not violate the Gift Clause. The City of Tempe is drafting a density bonus policy now, which could serve as an example for other localities in the future. Many cities and towns also lack the resources to provide large enough incentives to attract developers (P5). Some homebuilding and multifamily industry lobbying groups might not initially support voluntary inclusionary zoning. Localities will need to bring these groups on board to maximize use of this tool (P14). One interviewee expressed concerns over the ability of this tool to produce enough new affordable units to make a difference (P17). ➤ Benefits Voluntary inclusionary zoning increases density, improves equity, and contributes to positive health outcomes. 			

1B-1. Density Bonuses	Y		1
<p>Density bonuses work best in fast growing housing markets. The bonus allows developers to build higher or more densely than the zoning code currently allows in exchange for including a percentage of income restricted affordable units. Programs often offer the opportunity to pay fees in lieu of building the affordable units on site. Localities collect the fees and use them to build or preserve affordable housing. However, the fees often make the program less effective at creating integrated communities of opportunity, and they rarely cover the costs of building an affordable unit elsewhere (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Improvements This tool is not used enough in Arizona (P6). One interviewee suggested localities should offer density bonuses along high-use bus lines in addition to high-capacity transit lines (P7). Density bonuses might also be more successful if they are tied to opportunity zone funding (P8). Ultimately, density bonuses are an excellent tool for affordable housing development if (1) local housing staff are involved in the resident qualification process and (2) they include terms of service to ensure the units are truly affordable and remain so for years to come (P15). ➤ Barriers/Challenges Localities should write incentive policies and distribute density bonuses and other incentives carefully, so they do not violate the Gift Clause. The locality and developer must participate in an equitable exchange and the development must produce a public benefit. Additionally, density bonuses may violate Proposition 207 by impacting property values should higher-density developments abut properties zoned as single-family (P1). It is possible for homeowners to effectively make this case. ➤ Benefits This tool contributes to positive health outcomes by creating more dense and walkable communities. It also creates mixed-income communities and increases access to necessities, as well as opportunities. Density bonuses generally increase the housing supply which can help with affordability regardless of the development type (P14). Additionally, interviewees repeatedly stated that developers generally respond better to incentives than requirements or mandates. 			
1B-2. Incentive Programs for Housing Production	N	N	5
<p>This is a state-level policy encouraging localities to adopt higher density zoning overlays along transit lines with an affordable housing requirement. It could also operate without an official policy through a Metropolitan Planning Organization (MPO). Massachusetts’s Smart Growth Zoning and Housing Production Act provides direct cash incentives when municipalities adopt the zoning overlay. The Bay Area Metropolitan Transportation Commission created a housing incentive program to fund transportation-related infrastructure near affordable housing projects that qualify (Dukakis, 2010). The incentives can work on a variety of levels and a variety of ways, but they provide direct cash incentives or grants.</p> <ul style="list-style-type: none"> ➤ Viability This policy would violate Arizona’s Gift Clause. Therefore, it is not possible to implement the policy. The State of Arizona is unlikely to pass legislation like this as it does not currently allow localities to mandate the inclusion of affordable housing in developments. 			

➤ **Barriers/Challenges**

Most cities in Arizona have already adopted higher density zoning overlays along high-capacity transit lines, so this tool may not effectively incentivize affordable housing production.

➤ **Benefits**

This program encourages growth along transit lines which can contribute to healthier, more accessible, and more walkable communities.

2.1 Empower Neighborhoods			
<i>The policies listed below offer a range of options for households and neighborhoods to retain or gain control over of the housing market in their communities. These policies include purchasing, preservation, and financial tools.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
2.1A. Legalization of Accessory Dwelling Units (ADUs)	Y		1
<p>ADUs, also known as granny flats, casitas, and mother-in-law suites, are secondary, smaller units on a regular single-family home lot. There are two types of ADUs: 1) detached ADUs, such as an additional small unit on a homeowner’s property, and 2) attached ADUs, like a basement or attic apartment. Whether the ADU is attached or detached, it must be a fully functioning unit. ADUs can increase density in single-family neighborhoods while preserving the character of the neighborhood. Two additional ADU-related policies are included for consideration. 1) Allow for the creation of internal ADUs as they are often significantly cheaper to develop. 2) Provide financing for low-to-middle-income homeowners based on the future earning potential of their ADUs to make this tool accessible to lower income homeowners.</p> <ul style="list-style-type: none"> ➤ Improvements Accessory dwelling units are currently legal under Arizona State law, but it is up to individual localities to adopt specific ADU ordinances. ADUs are generally seen as tool that would receive political support from both sides of the aisle if there are restrictions in place to prevent homeowners from solely using this tool for the purpose of creating Airbnbs (P13). Interviewees generally felt the expansion of existing ADU policies, and the adoption of ADU policies in localities lacking them, was a viable policy option. One interviewee suggested localities publish a standard, transferrable ADU design that is pre-approved by the locality, so the process is quicker, easier, and cheaper for homeowners interested in building ADUs (P17). ➤ Barriers/Challenges Some localities in the Valley allow ADUs, but in some cases the tenant is required to be related to the owner of the primary dwelling unit. While this still increases the supply of housing, it generally restricts access to these units, which are often cheaper than other apartment-style units (P14). As is, this tool is largely inaccessible to low-income homeowners as the time and monetary costs of designing, getting approval for, and building the ADU are very high. Single-family homeowners and NIMBYs may push back on the development of ADUs. ➤ Benefits If the policy allows homeowners to take out loans based on the future earning potential of the ADU, low-income homeowners’ access to this tool improves. The policy would allow homeowners to establish a secondary source of income once the unit is paid off. 			
2.1B. Low (Limited) Equity Housing Cooperative (LEHC)	Y		1

LEHCs are democratically governed and owned residential or mixed-use housing developments. Typically, they are governed and owned by a tenants’ union or other community-led organization. The members, as an organization, own the property through a blanket mortgage for all units. When a member decides to sell, they can earn a limited amount of equity from the sale so that the affordability of the building is preserved long-term (Green, 2018).

➤ **Viability**

Interviewees made very few comments on this tool. One interviewee suggested this tool is better suited to large east coast cities with higher density. The interviewee indicated the generational stability of apartment buildings in east coast cities lends itself better to the LEHC model (P2).

➤ **Barriers/Challenges**

A barrier to implementing this policy is the lack of awareness and knowledge on the tool; however, this is an assumption based on the lack of comments from a limited pool of interviewees.

➤ **Benefits**

This tool gives residents control of their property and provides an opportunity for homeownership with lower barriers to access.

2.1C. Tenant Opportunity to Purchase Act or Right of First Refusal

N

N

5

This policy requires landlords or owners of multi-family buildings to give advance notice of sale to tenants to allow them to come together and collectively purchase the building. The notice would need to occur early enough to allow tenants to organize, secure financing, and purchase the building. Localities would require landlords to give tenants the opportunity to match any offer made by another buyer and the ultimate buyer would have to preserve a number of affordable units (All-In Cities, 2019).

➤ **Viability**

Legislators would likely interpret this policy as an infringement on private property rights, making it unviable in Arizona. Several interviewees felt this policy was particularly unfeasible, because tenants technically always have the opportunity to purchase if they are the highest bidder (P2).

➤ **Barriers/Challenges**

This policy would likely prove ineffective if the policy was implemented without additional financial support. The financial feasibility of this policy without government financial support is dependent upon tenants’ incomes (P13).

➤ **Benefits**

If communities are able to pull resources together, this policy is very effective at preventing displacement. There are additional health and equity benefits due to reduced stress and the opportunity for tenants to build equity through partial ownership of the property.

2.1D. Community Benefits Agreement (CBA)

N

M

3

CBA's are project-specific agreements negotiated and agreed upon by the developer and the broader community. A homeowner's association (HOA), community coalition, tenant union, or another community-led group can represent the community. By engaging the community first, developers are able to address community needs and receive community buy-in on the project. CBA's often include living wages, affordable housing, local hiring and training programs, environmental remediation and restoration, and funds for community programs and facilities (Dukakis, 2010).

➤ **Viability**

Many interviewees felt this tool was not viable in Arizona, because it is a right-to-work state. Although a CBA with requirements for living wages is not viable, CBA's could include a variety of other benefits, such as building a community center or park accessible to the entire community. While CBA's legally cannot be required, councilmembers and locality staff can strongly encourage developers to meet with the community and develop an agreement before coming to council.

➤ **Barriers/Challenges**

Existing legal barriers prevent localities from adopting a mandatory CBA policy.

➤ **Benefits**

This tool requires developers to engage with the community so that project outcomes benefit residents. Community buy-in can provide councilmembers with political cover to approve projects and prevents push-back from residents throughout the development process (P15). Additionally, CBA's contribute to positive health outcomes and advance equity.

2.1E. Home Repair Assistance Program

Y

1

The locality provides zero percent interest loans to qualifying homeowners to bring their homes back in compliance with the zoning code and health and safety standards. Depending on how the loans are written, they could be partially forgivable. This program is designed to help mitigate displacement pressures for low-income, displacement-vulnerable residents (UT Austin, 2018). The Arizona Home Repair Assistance Program applies to only single-family homes according to Section 504.

➤ **Improvements**

Income qualified home repair assistance programs exist in Arizona. Many interviewees believe expanding these programs is feasible. One interviewee expressed a desire to refocus these programs and make them more robust (P3).

➤ **Barriers/Challenges**

Qualifying homeowners lack awareness of the program. Other policies included in this report, such as an Affordable Housing Preservation Office or the Homestead Preservation Center, could help raise awareness of the Home Repair Assistance Program.

➤ **Benefits**

Home repair assistance programs can have hugely positive impacts on health and equity by providing low-income homeowners access to funds to bring their homes back up to health and safety standards, while increasing the value of their homes. Several interviewees noted the health and equity benefits of this program.

2.1F. Allow Homeowners to Subdivide and Sell

N

M

3

As property taxes rise and gentrification and displacement pressures mount, allowing homeowners with eligible lots to subdivide and sell a portion of their lot could relieve those pressures by allowing homeowners to profit while remaining in place. A subdivide and sell policy would enable residents to benefit from the increasing value of their home without requiring residents to sell their homes and move. Instead, the policy would give homebuilders and developers the opportunity to build a small house on the subdivided property. Localities could craft this policy to give themselves or non-profits the right of first refusal. Then, localities or non-profits could purchase the property and develop an affordable unit on the new parcel (UT Austin, 2018).

➤ **Viability**

While this policy is currently not allowed for incorporated areas, unincorporated areas of the county could use this strategy. It would likely need an organizational or political advocate to get traction.

➤ **Barriers/Challenges**

A subdivide and sell policy would receive pushback from neighbors and HOAs (P14). Current zoning codes likely would not allow this in many places. Even if zoning codes did allow homeowners to subdivide and sell a portion of their property, the process would likely be very complex and expensive.

➤ **Benefits**

Homeowners are able to make money by subdividing and selling their properties at a profit. This is particularly true for neighborhoods experiencing development pressures. Some interviewees felt this tool would have positive impacts on health and equity.

2.1G. Comprehensive Mobile Home Park Resident Acquisition Program

N

Y

4

This program provides the tools necessary for residents of mobile home parks to organize, fundraise, and purchase their mobile home park. The program could include financial resources for resident organizing, a legal right to organize, and a legal right to purchase. The mobile home park community would then own and govern their own park property (UT Austin, 2018).

➤ **Viability**

While this program is possible, it does not appear viable. Interviewees felt that landlords and multi-family development industry lobbying groups would oppose this program. One interviewee felt this program could result in immediate preemption by the State Legislature (P15). Generally, interviewees thought the opposition generated by this program would make it unviable.

➤ **Barriers/Challenges**

Finding the funds and resources to support this program would be a challenge. The number of undocumented residents living in mobile home parks would likely make it difficult or impossible for park residents to band together and collectively organize, purchase the park property, or demand their landlords meet their rights without jeopardizing the undocumented population’s security and safety. The legal aspect of each of these options is a threat to the undocumented community living in the park.

➤ **Benefits**

Mobile home park residents would control the land their homes are on, enabling them to build equity through investment and have some autonomy when it comes to decision making. Residents would no longer be subject to the decisions of their landlords, who may have failed to maintain the property and provide essential services.

2.1H. Community-Owned Development Enterprise (CDE)

N/A

N/A

CDEs are community-led, owned, and governed groups that determine economic development priorities and projects within their community to direct neighborhood development, while preventing gentrification and displacement. The CDE works closely with community members to ensure projects meet the needs and desires of the current population. The CDE works with the locality to develop a financing and execution plan. By giving residents the power to decide what investments their community needs, they can avoid displacement (OBI, 2017).

- This policy was discovered after completing the interviews, so information on policy viability, barriers, challenges, and benefits was not collected from interviewees. However, this policy could prove useful for encouraging local neighborhood investment that does not cause displacement and is, therefore, worthy of further research by interested parties.

2.2 Empower Non-Profits

<i>The policies listed below offer a range of options for non-profits to finance, develop, and preserve affordable housing.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
---	---------------	------------------	-------------

2.2A. Community Homeownership Loan Fund	Y		1
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Community homeownership loan funds are organized by local non-profits, but they are often operated by community development financial institutions (CDFIs) (UT Austin, 2018). CDFIs and non-profits act as intermediaries between communities and local government—a relationship often rife with distrust based on past injustices (UT Austin, 2018). CDFIs are an appropriate intermediary, because they have a history and a mission to put communities first, rather than maximizing profit. This mission is particularly important, because the funds are targeted towards low-income households to support affordable homeownership.

- **Improvements**

The State provides funds for down payment assistance through the Family Housing Resources of Arizona’s HOME Down Payment Assistance Program, HOME Plus Program, Pathway to Purchase Down Payment Assistance, and Pima Tucson Homebuyer’s Solution Program. These programs are income restricted. Interviewees generally supported tools that provide pathways to homeownership.

- **Barriers/Challenges**

The lack of marketing prevents awareness of these programs and, therefore, access to them.

- **Benefits**

The community homeownership loan fund allows low-income residents to purchase homes, build equity, and create generational change.

2.2B. Neighborhood Stabilization Loan Program	Y		2
--	---	--	---

Under this program, the locality would offer low-interest loans to current homeowners in gentrifying areas to fill the gap for residents paying more than 30 percent of their income on housing and related costs. Under the current program design, the loans are forgivable contingent upon homeowners agreeing to sell the property to another low-income buyer. This program would help stabilize the neighborhood, prevent displacement, and create affordability restrictions on units in neighborhoods experiencing development pressures (UT Austin, 2018).

➤ **Viability**

Arizona used to have a program similar to this, but it no longer exists as the loan process was too complicated. However, creating such a program is still legal in Arizona. One interviewee suggested using grants rather than loans to simplify the process (P1). Localities could develop this program without regulatory changes which makes the process less likely to receive state push-back (P14).

➤ **Barriers/Challenges**

Identifying and securing funding sources are the primary barriers to this using this tool.

➤ **Benefits**

Neighborhood stabilization loans can help prevent displacement and reduce stress for residents.

2.2C. Community Land Trusts (CLTs)

Y

1

CLTs are non-profit organizations tasked with holding land permanently for the benefit of the community, most often reserved to provide permanently affordable housing for communities in need (UT Austin, 2018). CLTs are used for single-family, multi-family, and mixed-use developments and for both homeownership and rental properties. The homeowner or renter must meet certain income qualifications, and for the case of homeownership units, the land is leased at an affordable price. When a homeowner goes to sell their home, the non-profit or locality has the right of first refusal and opportunity to purchase; but the homeowner is already limited in their resale price in order to maintain long-term affordability of the unit (UT Austin, 2018).

➤ **Improvements**

Three CLTs already exist in Arizona—Newtown CDC CLT in Tempe, the Pima County CLT in Tucson, and the Townsite CLT in Flagstaff. Many interviewees expressed a desire to develop more CLTs in the Valley. While CLTs by nature improve equity, CLTs already in existence in Arizona could focus more specifically on equity (P17).

➤ **Barriers/Challenges**

The barriers to creating and launching a new CLTs include financial, logistical, and administrative hurdles.

➤ **Benefits**

CLTs empower residents and allow them to build wealth through homeownership without having to invest all of their personal equity. They provide a low entry point to build equity in an asset for low-income residents (P17).

2.2D. Community Development Corporations (CDCs)	Y		1
<p>CDCs are non-profit, community-led organizations that are focused on advancing community needs and empowering residents to take control of their community’s future. CDCs are only successful when there is significant community buy-in, strong community leadership, and locality support. CDCs help build capacity for community-led change, through locality-supported programs and assistance (technical and financial), while preventing displacement (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Improvements Several CDCs already exist in Arizona, such as Newtown CDC CLT, the West Mesa CDC, and the Nogales CDC. However, interviewees suggested the Valley would benefit from the creation of more CDCs focusing on particular geographies. Arizona needs more place-based community development, and CDCs could fill the current gap (P3). Faculty and staff at ASU have proposed a CDC for the Maryvale neighborhood in Phoenix. ➤ Barriers/Challenges As the policy description suggests, creating a CDC requires community buy-in, a strong community leader, and support from the local government. ➤ Benefits This tool can play a big role in expanding opportunity in areas where opportunity is currently limited. 			
2.2E. Land Banking Using a Land Acquisition Fund	Y		2
<p>The land acquisition fund is used to pay for purchasing, holding, and developing the acquired land. There are two parts to this policy. First, the locality or a non-profit establishes a fund for land acquisition and development. The fund provides access to quick and affordable capital, which is critical for acquiring properties (UT Austin, 2018). Second, the locality or the non-profit determines which neighborhoods are at risk of displacement and prioritizes the acquisition of properties in those neighborhoods when they become available. These properties are added to a land bank. Even if funds for development or redevelopment are not available at the time, the properties are protected by the land bank until funding becomes available.</p> <ul style="list-style-type: none"> ➤ Improvements There are a number of vacant properties in land banks. While it is useful to hold on to some of those properties, many interviewees felt land-banked properties should be put back into use. This may not require an actual policy, but rather a bit of reorganizing or rethinking where funds go (P17). ➤ Barriers/Challenges Due to the bureaucratic procedures surrounding government funding sources, reorganizing and rethinking where funds go are more complex actions than they sound. ➤ Benefits Land banks offer the opportunity to hold properties for future development and to develop those properties for a public purpose, including affordable housing. 			
2.2F. Non-Profit Housing Collaborative	N	Y	2

The non-profit housing collaborative functions as a strategy rather than a policy, because it does not require localities to pass any legislation. Non-profits would come together to create partnerships and pool resources and expertise for advocacy, capacity building, and coordination purposes. Additionally, non-profits could co-develop properties and advocate for their tenants (UMN, 2016).

➤ **Viability**

There is no non-profit housing collaborative in Arizona meeting the description of this strategy as non-profits do not typically develop affordable housing together. However, Valley non-profits support each other's developments and often work together on advocacy and education related to affordable housing. One interviewee felt that requiring any sort of non-profit housing development collaborative was not a good idea; instead they should continue the good work they are doing individually (P7). As this tool is a strategy rather than a policy, the interviewee supported the tool.

➤ **Barriers/Challenges**

The various non-profits would likely have conflicting development strategies. Additionally, collaborating with partners adds complexity to the processes and projects non-profits undertake.

➤ **Benefits**

Non-profits can pool resources and potentially develop unique affordable housing solutions.

2.3 Empower Governments			
<i>This section identifies a variety of policies state and local governments can employ to finance affordable housing development and preservation.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
2.3A. Housing Trust Fund	Y		1
<p>States, counties, and localities can establish Housing Trust Funds to institutionalize a steady and long-term public revenue funding source to support the creation and preservation of affordable housing. The financing source is critical to the viability and effectiveness of the fund. Without a reliable source, governments can do very little. Arizona has a State Housing Trust Fund which has seen budgetary constraints since the downturn in 2008. Advocates are pushing hard to restore this fund back to at least \$11 million per year. Following the recession, the fund was cut from \$11 million per year to approximately \$2 million per year. The State Legislature made a one-time, \$15 million invest in 2019.</p> <ul style="list-style-type: none"> ➤ Improvements Nearly all interviewees suggested that stabilizing the funding for the State Housing Trust Fund was a top priority, a viable solution, and is critical for affordable housing production and preservation. Several interviewees suggested the Legislature stabilize the fund using the 55% unclaimed property tax proceeds—the funding source used in the past (P5, P7). This would restore the fund to approximately \$11 million per year (P7). For political reasons, in order to receive this source of funding, Housing Trust Fund advocates would need to argue that Arizona is in a housing crisis; but there is ample evidence to support this. The \$15 million investment in the Housing Trust Fund in 2019 was used immediately, which suggests the need for more consistent funding. ➤ Benefits The Arizona Housing Trust Fund could reliably fund affordable housing projects if the Legislature designates a long-term, reliable funding source. Localities can direct funds towards projects that improve health and equity. For example, the Legislature allocated a large portion of the Housing Trust Fund dollars for 2019 to supportive housing, homelessness services, and residents with serious mental illnesses (P13). 			
2.3B. Prioritizing Affordable Housing for Publicly-Owned Land or Surplus Land Policy	Y		1

This policy operationalizes the principle that public land should serve a wider social benefit, like affordable housing. According to the Othering and Belonging Institute (OBI) at the University of California Berkeley (2017), government entities could do this in one of three ways: 1) the land is used to develop affordable housing; 2) all funds from selling the land go to the preservation and construction of affordable housing; or 3) affordability requirements are established and tied to the land for development. First, these requirements must be clearly established. Then, government entities would establish annual property development goals (UT Austin, 2018).

➤ **Improvements**

This policy is something already done operationally throughout the state, but it would be beneficial to institutionalize the policy to ensure publicly-owned land is used for affordable housing and other public purposes. One interviewee suggested tying this policy to the [housing locational policy](#) by creating a tool to measure or identify which locality-owned parcels are best suited for affordable housing and prioritizing those parcels first (P19).

➤ **Barriers/Challenges**

Some councilmembers and local staff prefer to keep the land undeveloped for sales in the future.

➤ **Benefits**

Some projects are already underway that operationalize this policy tool. In Prescott, Arizona, they use publicly-owned land to develop affordable housing for veterans (P13). The tool suggested by P19 would help ensure affordable housing is developed near transportation, good schools, and other necessities which would benefit both health and equity.

2.3C. Low-Income Housing Tax Credits (LIHTC)	Y		1
<p>LIHTC is a federal program that awards tax credits to developers through a competitive application process. The state housing agencies allocate their credits based on their Qualified Allocation Plans (QAP), which award points to projects meeting certain state preferences for the production, placement, and design of affordable housing projects. Developers can use the tax credits for affordable housing rehabilitation, acquisition, or development (Dukakis, 2010).</p> <ul style="list-style-type: none"> ➤ Improvements Increasing the supply of tax credits would be incredibly beneficial, because so many tenant protections and benefits are required for LIHTC projects. Government entities could increase the supply of tax credits using the Federal Affordable Housing Credit Improvement Act, a state low-income housing tax credit program, or both. The state low-income housing tax credit is a 2020 legislative priority for the Arizona Housing Coalition. Other improvements to the program include longer-term affordability covenants and expanded notice of sale or market-rate conversion. One interviewee suggested the program employ a rent-to-own model or allow long-term tenants to make money from the sale of their rented unit in order to build equity (P8). This suggestion could benefit low-income renters by creating an opportunity for equitable wealth building. LIHTC funds would also be made more effective if coupled with other funding sources like property assessed clean energy (PACE) financing, which allows developers to add solar to properties and pay back the costs through property taxes, and other HUD funds with lower interest rates that would reduce overall project costs (P11). One interviewee expressed that the LIHTC requirements are too strict and drive up the costs of building these units (P14). Other interviewees criticized the reduced requirements outlined in the QAP and suggested a return to past methods where points were awarded based on location efficiency and access to supportive services (P17, P19). ➤ Barriers/Challenges There are some criticisms of the LIHTC program, primarily that the program can create concentrated poverty. However, this critique was limited, and developers and administrating entities could address this issue head on. LIHTC is a federal program, so there are many restrictions and stipulations attached to it. These restrictions help to ensure developers produce high-quality affordable housing, but according to interviewees they also unnecessarily restrict certain housing typologies. For example, developers cannot build single room occupancy (SRO) housing or any other form of co-housing with LIHTC funds (P8). As of now, the demand for LIHTC funds is 3 to 1, so the number of credits is limiting the supply of affordable housing (P11). ➤ Benefits LIHTC projects require a higher standard for tenant protections and long-term affordability covenants, and the points system under the QAP encourages development near goods and services. Restoration of the requirements for the LIHTC QAP would ensure health and equity are integrated into the LIHTC siting process once again. For some LIHTC projects, developers reserve a certain number of units for homeless individuals and families (P11). 			
2.3D. Zoning New Sites for Mobile Homes or Zone Current Land for Mobile Homes (if not already)	Y		3
<p>In order to accommodate the needs of mobile home park communities, localities would designate, or zone, new sites for mobile home communities if development pressures result in the sale of the mobile home park land. Alternatively, to preserve the mobile home park community, the locality could zone current mobile home parks accordingly and protect the longevity of the park (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Improvements 			

Many Valley localities are simply not interested in zoning new sites for mobile homes, because they are looking to secure the highest and best use for the land. However, some Valley localities might like to use this tool (P1). One interviewee suggested that rather than zoning new sites exclusively for mobile homes, localities should allow mobile homes in communities zoned for single-family with certain provisions about the quality of the home and transfer of the title (P7).

➤ **Barriers/Challenges**

NIMBYism is a significant barrier. Removing the stigma surrounding mobile home parks could alleviate some opposition to rezoning or zoning new sites for mobile home parks. In many localities, high-land values discourage politicians from zoning new sites for mobile home parks. High-land values are often the reason localities allow for redevelopment of existing parks as new uses. Allowing mobile homes in single-family zoned neighborhoods would likely yield pushback from single-family homeowners and HOAs.

➤ **Benefits**

Zoning new sites for mobile home parks and strengthening supportive zoning for current park sites would either allow for communities to relocate to new sites together or enable them to stay in place. The costs of moving a mobile home can be very high, depending on the condition and age of the home. One more equitable way to relocate or redevelop mobile home parks is through a replacement program. Sometimes mobile home parks need to be closed down due to unsafe conditions, so rezoning an area for a new park does not fix the problem. In that case, localities should give residents access to an alternative form of affordable housing (P7). Rezoning existing mobile home parks to match the current land use would provide the greatest health benefit by keeping communities intact, but localities may need to couple this new zoning designation with other policies to improve park conditions.

2.3E. Neighborhood Stabilization Overlay (NSO)

N

M

3

NSOs, or neighborhood conservation districts, are a tool used to establish more strict zoning requirements in neighborhoods vulnerable to development pressures and displacement. These overlays are intended to serve as short-term interventions in vulnerable neighborhoods experiencing rising housing costs and increasing numbers of property demolitions (UT Austin, 2018). The overlay could establish stringent requirements regarding building heights, density, and building setbacks, among other requirements, to prevent the neighborhood from quickly flipping to high-density (UT Austin, 2018).

➤ **Viability**

Arizona does not currently have a policy allowing for an NSO, nor could a policy prohibiting the use of this tool be found. Very few interviewees commented on this tool, perhaps because of a lack of awareness or knowledge of it. One interviewee did note that if could happen in Dallas—a city with a similar political climate at the state level—perhaps it could also happen in the Phoenix metropolitan area (P6).

➤ **Barriers/Challenges**

There is a general lack of awareness of the existence of this policy tool, at least among interviewees.

➤ **Benefits**

This policy tool is temporary, so it would eventually allow for investments and zoning changes in a community, but it slows this process down and gives current residents time to determine a strategy for staying in place.

2.3F. Incorporating Affordable Housing into Joint Development	Y		1
<p>In the event that a locality, MPO, or transit agency owns surplus land near transit stations, they would sell or lease the land to a developer under the authority of joint development policies or programs that require developers to include affordable housing in their joint development projects. Including affordable housing in these developments can help increase transit ridership and create transit-oriented communities by requiring higher density projects (Dukakis, 2010).</p> <ul style="list-style-type: none"> ➤ Improvements Affordable housing is currently incorporated into joint development for transit projects. It is also indirectly done through LIHTC projects because the Arizona Department of Housing (ADOH) prioritized projects near transit prior to 2019. ➤ Barriers/Challenges Localities can use voluntary inclusionary zoning to incentivize the incorporation of affordable housing into joint development; however, localities cannot mandate inclusionary zoning unless the government entity maintains ownership of the land. ➤ Barriers This policy helps generate steady transit ridership and more transit fares. It also provides low-income residents access to affordable transportation. For even better equity outcomes, developers could give discounted bus or transit passes to residents to encourage ridership, enabling better access to jobs and educational opportunities (P7). 			
2.3G. Housing Locational Policy	N	Y	2
<p>The Housing Locational Policy uses a site scoring program to determine where to locate new subsidized multi-family housing based on: 1) proximity to transit and other amenities, 2) income diversity, 3) access to jobs, and 4) neighborhood change which is defined as the level of displacement risk. The maximum number of points for each category is 10. The program serves the population earning 60% or less of AMI. This policy is used to allocate public resources (NLC, 2019).</p> <ul style="list-style-type: none"> ➤ Viability A version of this is done for Low Income Housing Tax Credit projects. Localities could expand the LIHTC project requirements to other affordable housing developments. Interviewees indicated this policy tool was viable if applied broadly to the siting of affordable housing projects. One interviewee suggested a partnership with ASU’s School of Geographical Sciences and Urban Planning to create a site scoring program to determine future sites for multi-family and affordable housing developments (P15). ➤ Barriers/Challenges Localities must craft this policy very carefully, so it does not violate the Fair Housing Act or contribute to redlining in any way (P1). ➤ Benefits This policy is incredibly important for providing low-income residents access to essential goods and services (P12). By locating low-income residents near transit, jobs, good schools, grocery stores, health clinics, and other necessities, this policy could also advance equity. 			
2.3H. Inclusive Rezoning	N/A		N/A

Establishes a special zoning district in gentrifying areas to create neighborhood stability and maintain community culture. The model proposed in Chinatown, New York includes requirements like one-for-one replacement of rent-stabilized units for cases of necessary reconstruction, a small area fair market rent concept for affordable developments, and limitations on big box stores and chains (AAPI, 2016).

- This policy was discovered after the interviews were completed, so information on policy viability, barriers, challenges, and benefits was not collected from interviewees. However, this policy could prove useful for preventing residential and commercial turnover in a neighborhood, so it is worthy of further research by interested parties.

2.4 Empower the Private Sector

<i>One strictly private sector policy was found. Future work in affordable housing could focus on expanding the availability of private sector tools.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
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2.4A. Private Preservation Investment Funds	N	Y	2
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Private preservation investment funds provide an outlet for private investors to support the acquisition and preservation of at-risk affordable housing—or housing vulnerable to redevelopment pressures which would result in the loss of affordable units. Private sector partners would reserve equity investments in an easily accessible fund to enable quick action when funds are needed to preserve affordable housing. Private funds enable quick action, but they also require less transparency in governance and decision making, so there are trade-offs to this funding model (UT Austin, 2018).

- **Viability**

Many interviewees expressed a desire to create strategies and tools for private investment in affordable housing, particularly because private dollars do not have all the restrictions included with state and federal funds (P19). The private sector has more money to invest following the passage of the Tax Cuts and Jobs Act (TCJA) in December 2017. The private sector expressed an interest in investing in affordable housing, so creating a tool like this could provide an outlet for giving (P7).

- **Barriers/Challenges**

According to the UT Austin study (2018), this program generally lacks transparency when it comes to decision making and governance.

- **Benefits**

Private preservation investment funds collect and channel private dollars for a public good—affordable housing.

2.5 Empower Multi-Sector Partnerships

<i>This section includes tools for multi-sector partners to create and fund affordable housing projects.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
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2.5A. Public-Private Below Market Debt Funds	N	Y	2
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The funds are a blend of public, private, and philanthropic dollars used to create grants or low-interest loans affordable housing developers can access to purchase or preserve existing affordable housing. These are “revolving” funds, meaning new loans are created once previous loans are repaid (UT Austin, 2018).

➤ **Viability**

Interviewees repeatedly expressed the need for more public-private partnerships. One interviewee recalled a time before the financial crisis in 2008 when private developers and non-profits in Arizona worked together to build housing and get people into that housing. A window of opportunity for similar partnerships appears to be opening again. If so, the opportunity must be seized (P6).

➤ **Barriers/Challenges**

Private entities, government entities, and philanthropic organizations would need to get on board and create a program structure they can all agree on.

➤ **Benefits**

This fund could pool significant resources for focused affordable housing preservation efforts.

2.5B. Affordability Covenants

Y

1

Affordability covenants are used for affordable housing projects to limit the resale price of homes or to limit rents based on income thresholds. Affordability covenants can be set up through regulatory or legal agreements, or through mortgage or deed restrictions. Depending on how the policy is written by the locality, they may play a large or small role in the administration and enforcement process. The purpose is to maintain a supply of affordable units to pass on to future owners or tenants (PRSC, 2019).

➤ **Improvements**

Affordability covenants are already used for Community Land Trusts and locality-owned properties in Arizona. Localities could require affordability covenants for new affordable units created using voluntary inclusionary zoning incentives. Additionally, localities could improve the covenants by extending their length to 40 to 55 years. However, change might yield more pushback from developers and prevent progress with regard to wider spread adoption of affordability covenants in all affordable housing projects. According to interviewees, extending the covenants would reduce developers’ profits or prevent them from making a profit altogether. One interviewee suggested localities and counties add affordability covenants to their consolidated plans to ensure affordability covenants are prioritized and get funding for more units with affordability covenants (P17).

➤ **Barriers/Challenges**

Affordability covenants could yield pushback from developers, because extending covenants can delay their profits or prevent them from making a profit altogether.

➤ **Benefits**

Affordability covenants preserve the affordability of housing units long-term. They enable communities to remain intact and residents to stay in place for longer if the affordability term is extended or added to all affordable housing units.

2.5C. Small-Site Acquisition Program or Naturally Occurring Affordable Housing (NOAH) Impact Fund

Y

1

Some properties, due to location, condition, age, or another feature, are a more naturally occurring affordable housing option. Class B and C housing, including older apartment complexes or homes without significant

upgrades, often functions as NOAH. There are several models in which localities, private social impact investors, developers, and property owners, or any combination thereof, come together to preserve the affordability of these units. The programs described here are just two examples of how these NOAH properties might be preserved. In the small-site acquisition program, the locality works with property owners to purchase properties with approximately 5 to 50 units and fixes them up to zoning and safety standards, but then the locality puts them back on the market as affordable units. This prevents investors from coming in and flipping these properties for eventual sale or from significantly raising the rents (UT Austin, 2018). The NOAH Impact Fund, a second strategy, identifies NOAH properties at-risk of speculative purchase and uses private investor dollars to finance “the acquisition and preservation of naturally affordable Class B and Class C rental housing in partnership with high performing owner-operators with the shared social goal of preserving affordability for the long term” (NIF, 2017, p. 2).

➤ **Improvements**

The City of Phoenix has done some small-site acquisition. In some instances, the City uses CDBG funds to acquire small sites. Other localities could adopt a similar program and create a fund for acquiring NOAH sites or redirect funds for this purpose. It is important to note that by increasing the overall housing supply, NOAH Class B and Class C housing often opens up as former residents move into new units. Localities could prioritize purchasing NOAH as it becomes available (P8).

➤ **Barriers/Challenges**

Either fundraising or fund reallocation is required to create similar programs in other localities. In Tempe, much of the NOAH stock is rented to students rather than providing an affordable housing option to families in single-family home neighborhoods (P14).

➤ **Benefits**

These tools preserve and protect the existing naturally occurring affordable housing stock.

3. Prevent Evictions, Protect Tenants			
<i>This section includes a variety of policies designed to strengthen tenant protections and prevent or slow down the eviction process.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
3A. Just Cause Eviction Controls (JCECs)	N	N	5
<p>Just Cause Eviction Controls establish a clear set of circumstances under which landlords are allowed to evict tenants. Under these eviction controls, landlords are unable to evict tenants for reasons other than those listed in the law. JCECs also require landlords to obtain governmental permission to raise rents above a designated cost of living adjustment. The primary policy objective is to “prohibit landlords from carrying out the arbitrary, discriminatory, and/or unjust eviction of otherwise law-abiding tenants from their residences” (ANHD, 2018).</p> <ul style="list-style-type: none"> ➤ Viability Many interviewees felt this policy, albeit important for health and equity, was not viable in Arizona. Some interviewees thought the State Legislature would preempt this policy if localities attempted to implement it. ➤ Barriers/Challenges This policy often works best when coupled with rent control which interviewees repeatedly expressed was incredibly unlikely to get any political traction in Arizona (ANHD, 2018). House Bill 2115 prevents localities from passing new policies related to landlord-tenant relations, so it is not possible to implement this policy on a local level. ➤ Benefits JCECs prevent landlords from evicting tenants without just cause. The eviction controls strengthen tenant protections and help shift the power balance between landlords and tenants. They prevent landlords from excessively raising rents. All of these benefits enable tenants to remain in place. 			
3B. Renter’s Right to Counsel	N	N	4
<p>There are two components to this policy. First, all tenants brought to court for eviction proceedings are represented by a lawyer if they meet a certain income threshold. The intent is to shift the power balance, as tenants often go unrepresented to these hearings, while landlords often have strong representation. Second, all tenants are guaranteed the right to a legal consultation, regardless of income (ANHD, 2018).</p> <ul style="list-style-type: none"> ➤ Viability There was some skepticism among interviewees about whether or not localities could institutionalize this policy. However, interviewees did feel that partnerships with non-profits could improve residents’ access to counsel. It is theoretically possible for localities to provide access to legal counsel, but it is unlikely due to costs. ➤ Barriers/Challenges House Bill 2115 prevents localities from regulating landlord-tenant relations. The costs and time required to implement this policy would be extensive. ➤ Benefits This policy would likely reduce eviction rates and help rectify the power imbalance by giving tenants legal representation or counseling services. 			

3C. 90-Day Notification of Lease Non-Renewal	N	M	3
<p>This policy requires landlords to give tenants 90 days’ notice of intention to evict a tenant without a cause, raise rents more than 5%, or not to renew a lease. The purpose is to reduce homelessness rates by giving tenants time to find other housing arrangements and by connecting tenants with resources and services upon notification of lease non-renewal. Tenants can file a complaint against their landlords for non-compliance (ANHD, 2018).</p> <ul style="list-style-type: none"> ➤ Viability Many interviewees felt this policy, or a 60-day notice requirement, was viable because of rising eviction and homelessness rates throughout the state. ➤ Barriers/Challenges Landlords might oppose this policy. House Bill 2115 prevents localities from regulating landlord-tenant relations after December 31, 2018. ➤ Benefits This policy tool helps to prevent homelessness by giving residents advanced notice of nonrenewal, so they are able to connect with resources to find new housing and given more time to find an affordable replacement. 			
3D. Certificate of No Harassment	N	N	5
<p>Under this policy, all landlords applying for building renovation permits are subject to an investigation process to determine whether they have a history of tenant harassment. If harassment is discovered, the landlord will not receive access to building permits unless they agree to permanently set aside a portion of their units as affordable housing. The purpose is to prevent harassment by making complaints of harassment an impediment to a landlord’s future profits (ANHD, 2018).</p> <ul style="list-style-type: none"> ➤ Viability As a local-level policy, most interviewees felt this was not viable. However, non-profits and/or tenant organizations could create a non-regulatory version of this tool. They could create, publish, and update a list of landlords with a history of tenant harassment for tenants to use when they are searching for new units. Localities would then need to direct low-income residents seeking rental housing to this list, which is public information. Some informal efforts to create a list like this are underway in Tempe. The purpose is to provide public information on which landlords have violations in a very transparent way (P15). ➤ Barriers/Challenges House Bill 2115 prevents localities from regulating landlord-tenant relations. Localities, nonprofits, and tenant organizations can expect significant pushback from landlords on this policy. ➤ Benefits Allowing tenant organizations and non-profits to create this list gives residents power and ownership over how landlords are certified. Tenants could then use this platform to share information on harassment and harmful landlord behaviors. Tenants would enumerate forms of harassment and grievances filed (P12). If localities regularly check this list, they could also use this information to better enforce the Landlord-Tenant Act. 			
3E. Construction Protections for Tenants	N	M	4

Landlords can use construction as a means to harass tenants during the renovation process if the building or site is only partially shutdown for construction. This policy ensures health and safety standards are maintained during the renovation and/or construction process by establishing what constitutes a violation, how to file complaints, and the consequences and processes that occur thereafter (ANHD, 2018).

➤ **Viability**

Interviewees expressed interest in including construction protections in the Landlord-Tenant Act, but House Bill 2115 prohibits such changes.

➤ **Barriers/Challenges**

[House Bill 2115](#) prevents localities from regulating landlord-tenant relations. There is currently no mention of construction protections in state law.

➤ **Benefits**

There are public health benefits to this policy. Construction can lead to localized noise and air pollution which contribute to negative health outcomes. The acute effects of noise pollution are reduced sleep quantity and quality and increased stress. These acute effects contribute to chronic effects, such as hypertension, which can lead to heart disease (Hammer et al. 2013). Particulate air pollution contributes to acute and chronic health conditions as well, including asthma and chronic obstructive pulmonary disease (COPD) (Anderson et al. 2012).

3F. Tenant Protection Act

Y

2

This policy expands tenants’ options for legal recourse against their landlords should landlords fail to provide essential services, make threats, or harass tenants in any way that violates the law. Tenants could bring civil law suits against their landlord who would be fined per unit monetary penalties if found guilty (ANHD, 2018). Arizona has detailed the tenant protections offered by the state in the Residential Landlord-Tenant Act, but these protections are limited. However, if they are violated, landlords could receive penalties.

➤ **Improvements**

The [Arizona Mobile Home Parks Residential Landlord and Tenant Act](#) and [Arizona Residential Landlord and Tenant Act](#) enumerate tenant protections under state law. Some localities have stronger tenant protections in their local-level policies that the Legislature grandfathered in with the passage of HB 2115. Any new tenant protections must be added to the state level policies due to HB 2115. Despite the need for state action, some interviewees said they felt the time was right for passing stronger tenant protections because of concerns over evictions and homelessness. One interviewee felt localities or the Legislature should add mold protections and inspections to the tenant protections list (P15).

➤ **Barriers/Challenges**

[House Bill 2115](#) prevents localities from regulating landlord-tenant relations.

➤ **Benefits**

Tenant protections are critically important to health and equity. These protections set the standards for what is required of landlords, including things like air conditioning and heating, which are very important for public health, particularly for elderly tenants and children. They also give tenants something to organize around (P12) and reduce the power differential between landlords and tenants (P5).

3G. Mandatory Tenant Protections for Rental Properties Receiving Any City Support	Y		2
<p>This policy requires all rental properties funded or supported by city programs in any way (i.e. tax-exempt bond projects, property tax abatements, LIHTC, etc.) to adopt and enforce a more stringent set of tenant protections than those enumerated in the Landlord Tenant Act. The city would determine the protections and could include things like the right of first refusal/opportunity to purchase and lease renewal protections, so that tenants would not be subject to non-renewals without just cause (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Improvements Stronger, mandatory tenant protections are included with all LIHTC projects and cities could write similar restrictions into other contracts for affordable housing production. For example, cities could require stronger tenant protections for units created through voluntary inclusionary zoning. ➤ Barriers/Challenges Market-rate developers who are including affordable housing units due to incentives offered through the voluntary inclusionary zoning policy might push back against this policy. ➤ Benefits As mentioned in descriptions of other landlord-tenant policies, increasing tenant protections advances equity and contributes to positive health outcomes. 			
3H. Tenant Right to Organize	Y		1
<p>This policy secures and protects the rights of tenants to organize, create unions or tenant associations, and defend their rights as tenants through these organizations. Additionally, these tenant organizational efforts could enable them to purchase their building if a right to purchase program exists (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Improvements Under current state law, tenants have the right to organize and join or create tenant unions or associations. Some forms of tenant harassment in response to tenant organizing are subtler; but if tenant protections are strengthened, then these subtle forms of harassment may be reduced. Many tenant groups exist in Arizona already, such as the Arizona Tenants Union, Inc. and Arizona Tenants Advocates. Providing more support to these organizations would benefit tenants (P5). Localities and non-profits should identify these groups and provide targeted support. ➤ Barriers/Challenges House Bill 2115 prevents localities from enacting new landlord-tenant regulations. ➤ Benefits A tenant’s right to organize is critically important to equity. Unions and associations provide tools for advocacy, education, and outreach. Tenant groups give tenants a vehicle for advocating for their rights with the support of their peers. They also lend credibility to any complaints lodged or demands made. 			
3I. Financial Support for Tenant Organizing and Engagement	N	N	4

To effectively and equitably prevent displacement, tenants need to know their rights, so they can advocate for their own best interests. This policy establishes a financial support program for tenant engagement. The financial support may range from funding for educational events or information distribution, to funding to support tenants’ ability to purchase their building. The purpose of the program is to provide tenants with tools and funds to mitigate displacement (UT Austin, 2018).

➤ **Viability**

While interviewees noted there is a need for financial support for tenant organizations, the likelihood of a locality passing a policy that requires local funds be directed to tenant organizing and engagement is very low.

➤ **Barriers/Challenges**

Limited local budgets are a barrier to establishing financial support for tenant organizing and engagement. Localities may choose to use their limited budgets for other purposes. Additionally, [HB 2115](#) prevents localities from enacting new local level landlord-tenant regulations.

➤ **Benefits**

By providing tenants with financial support for organizing and engagement, they are better able to advocate for themselves, potentially positively impacting health outcomes.

3J. Eviction Notification Ordinance

N

N

4

Under this ordinance, landlords are required to provide notice of eviction to the locality, in addition to the tenants, a set amount of time before they intend to evict or not renew leases for large groups of residents (UT Austin, 2018). Localities need to determine the timeframe for giving the locality and tenants notice and what is considered a “large group”.

➤ **Viability**

This policy is not viable for Arizona localities. Anecdotally, interviewees noted landlords often already do this, but localities cannot require landlords to report evictions due to infringement upon private property rights (P1). However, a voluntary version of this tool could be effective and viable.

➤ **Barriers/Challenges**

Localities cannot legally require landlords to provide them with this information. This policy requires landlords to provide localities eviction notices, but it does not directly expand a locality’s capacity to act.

➤ **Benefits**

Following evictions and foreclosures, individuals and families may be temporarily forced into homelessness, which can take many forms. Homeless individuals and families may end up living out of their cars or with friends and family. Overcrowded living spaces can lead to psychological distress and poorer self-rated health (Evans, 2003; Dunn & Hayes, 2000). The eviction prevention ordinance allows localities and non-profits to connect with tenants facing evictions and provide targeted resources and support to prevent negative health outcomes. They can make tenants aware of their rights and help them find legal representation should tenants wish to challenge the eviction or lease termination, which can dramatically reduce the rates of eviction (All-In Cities, 2019). This ordinance would also give tenants power, helping to restore the imbalance between landlords and tenants.

3K. Emergency Rental Assistance	Y		1
<p>Emergency rental assistance is provided to residents facing the threat of eviction as a short-term, stop-gap measure (UT Austin, 2018). While this is done through the Community Action Program (CAP) or Community Action Agency (CAA) offices in Arizona already, rising eviction rates across the state indicate a potential need to increase the funding for this service.</p> <ul style="list-style-type: none"> ➤ Improvements Interviewees generally felt localities and other government entities should direct more resources to emergency rental assistance. One interviewee suggested creating a fund to backstop evictions for 90 days. Rental assistance would help households pay rent during that period and connect those households with resources to help them find a job or a more affordable housing option. The government or funders would not pay the whole rent, just enough for renters to pay 30% of their income and reduce their rent burden (P16). ➤ Barriers/Challenges Stakeholders need to determine the order of magnitude for this problem. The distinction between a billion dollar or million dollar problem determines whether it is worth a largescale redirecting of resources to emergency rental assistance to prevent homelessness rates from rising (P16). ➤ Benefits Emergency rental assistance provides an immediate solution to a problem by preventing evictions and reducing the chances of individuals and families becoming homeless. This policy creates wealth of positive outcomes with regard to health and equity. 			
3L. Neighborhood Stabilization Voucher Program	N	M	4
<p>Under this program, vouchers similar to Section 8 or Housing Choice Vouchers would be created using local dollars and targeted for neighborhoods or residents in the most need (i.e. at risk of displacement). Localities could provide the voucher to residents who are unable to pay their rents due to rising property values, to residents currently residing in affordable housing projects, and to other vulnerable residents (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Viability This program would need to be administered through HUD if it uses Section 8 vouchers. It would be expensive and the likelihood of setting up a new voucher program is very low (P1). Despite the low likelihood of federal, state, or local government creating such a program, many interviewees said there are not enough vouchers in Arizona. If possible, government entities should increase the number of vouchers to meet current needs (P3, P7, P13, P15, P18). ➤ Barriers/Challenges According to interviewees, the supply of vouchers is limited to begin with in Arizona. Landlords are not required to accept vouchers, because they are not a protected source of income in Arizona (P1). ➤ Benefits This tool provides targeted voucher assistance to tenants most in need due to an increased risk of eviction and displacement. It allows communities to remain intact and gives residents time to get back on their feet and/or find another more affordable unit for rent. 			

3M. Legal and Mediation Support Expansion for Evictions	N	Y	2
<p>Providing low-income renters facing eviction with legal and mediation services makes a huge difference for the outcomes. With legal representation, the average eviction rates for tenants drops from 90% to 50% (All-In Cities, 2019). These services prevent temporary or long-term homelessness and alleviate stress. They also result in more equitable outcomes, because landlords usually have strong legal representation. A variety of legal and mediation support services and resources exist in the Valley, including Legal Aid of Arizona, Community Legal Services, and Arizona Department of Housing’s Eviction Prevention Program. Expanding these services and creating new legal and mediation support services would enable government and non-profit entities to better serve the entirety of the population (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Viability Interviewees expressed a general interest in expanding support services for evictions, so this policy could be viable. ➤ Barriers/Challenges According to interviewees, it is beyond the capacity of local governments to provide legal counsel for every tenant facing eviction. Localities could connect tenants with non-profits or lawyers providing services pro bono. ➤ Benefits Teaching renters their rights empowers them to protect themselves from eviction. Providing renters with legal resources is important for creating more equitable outcomes with regard to the eviction process. When renters are able to remain in place, renters experience fewer mental, physical, and financial stresses. 			
3N. Eviction and Foreclosure Prevention Programs	Y		1
<p>Eviction and foreclosure prevention programs provide financial and educational assistance, as well as counseling to low-income, at-risk populations threatened by eviction or foreclosure. Providing this assistance can help stabilize the neighborhood and reduce displacement (LHS, 2019).</p> <ul style="list-style-type: none"> ➤ Improvements Interviewees generally felt these programs were some of the most important tools on the list given the high rates of eviction and homeless in the state. The Arizona Department of Housing (ADOH) is currently working on a pilot program where they are linking eviction prevention assistance with legal services. If the pilot is successful, the model could be expanded and adopted in other Valley localities (P5, P19). ➤ Barriers/Challenges The biggest barriers to expanding these programs are time and money. ➤ Benefits Prioritizing eviction and foreclosure prevention programs has cascading positive impacts on health and equity. Evictions are very disruptive to health. They prevent residents from accessing typical services, cause emotional and psychological stress, and they can lead to homelessness. 			

3O. Emergency Homestead Stabilization Fund	Y		1
<p>The locality, county, or state would set up the fund to support low-income, cost-burdened homeowners at risk of losing their homes due to a financial crisis. The fund would provide these homeowners with short-term property tax and mortgage assistance (UT Austin, 2018). In addition to financial assistance, the responsible government entity could provide homeowners with financial counseling as well.</p> <ul style="list-style-type: none"> ➤ Improvements A similar government program already exists in Arizona—Save Our Home AZ. Given the concerns about evictions, foreclosures, and homelessness, it could be possible and politically palatable for the state to expand this program. ➤ Barriers/Challenges The biggest barrier to expanding this program is finding more sources of funding. Homeowners generally have limited knowledge of the program and a limited ability to access it. ➤ Benefits This tool alleviates pressures on homeowners and allows for them to get their bearings and make educated decisions on how to proceed once the short-term assistance runs out. It also gives homeowners time to recover from the financial crisis that qualified them for this assistance. 			
3P. In-Language Tenant Counseling	Y		1
<p>Provides tenant and/or homeowners with counseling in the community’s primary language. The counselors would provide information on rental and homeowner rights and housing opportunities, and they would support tenants when fighting unfair evictions and rent increases (AAPI, 2016). In Phoenix, this resource would serve the Spanish-speaking population, but the counseling service provider—most likely the locality—can modify and adapt the service to serve any other English as a second language populations.</p> <ul style="list-style-type: none"> ➤ Improvements In-language tenant counseling exists in Arizona. Expanding this program to homeowners would benefit a greater percentage of the population. ➤ Barriers/Challenges The primary barriers to expanding this service are time, money, and potentially a lack of expertise if few knowledgeable counselors are fluent in the required languages. ➤ Benefits Providing in-language tenant counseling is critically important for producing more equitable outcomes with regard to tenants’ rights and obligations, and the eviction process. Without this service, localities cannot achieve equitable housing outcomes, because non-English speaking groups cannot receive effective and helpful tenant counseling. 			

3Q. Expanding Transitional and Supportive Housing	N/A		N/A
<p>Transitional and supportive housing services are the second line of defense for vulnerable populations who are facing a housing-related crisis. These services are provided after individuals or families have become homeless and are, therefore, a secondary support. Eviction and foreclosure prevention services are the first line of defense. Transitional housing provides a temporary place for families and individuals to stay. Supportive housing services provide transitional housing in addition to a variety of supportive services, which are often targeted to serve those with severe drug addictions, mental health issues, the formerly incarcerated, those who have experienced a traumatic event, or who are experiencing extreme poverty. The objective is to stabilize populations that are particularly vulnerable and require specific services to get back on their feet and stay there (OBI, 2017).</p> <ul style="list-style-type: none"> ➤ This policy was discovered after the interviews were completed, so information on policy viability, barriers, challenges, and benefits was not collected from interviewees. However, this policy could prove useful for addressing displacement and homelessness, particularly as a result of eviction. The heightened concern around eviction and homelessness warrants further research on this policy as a possible solution. 			
3R. Tenant Relocation Assistance and Counseling	N/A		N/A
<p>A locality could adopt a tenant relocation assistance and counseling program to support residents who were displaced in the past and to better assist displaced residents in the future. This counseling service differs from the other counseling options described because it specifically serves residents who have already experienced displacement. Under this program, developers would compensate tenants displaced by property development projects with a relocation fee. Localities could also expand the program to tenants displaced due to rent increases of 10 percent or more in one year. In addition to the relocation fee, localities would connect tenants to counseling services to help them navigate the rental market and find a new apartment within their budget (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ This policy was discovered after the interviews were completed, so information on policy viability, barriers, challenges, and benefits was not collected from interviewees. However, one interviewee did comment on tenant relocation assistance. They said relocation assistance for government actions, such as a locality selling a property for redevelopment at market rate, is a viable option. However, mandating that developers provide relocation assistance is not feasible (P1). The Legislature and developers would likely oppose this policy. 			

4. Finance to Improve Affordability			
<i>This section includes fees, taxes, and exemptions available to state and local governments that could help reduce financial burdens, disincentivize certain practices, and/or finance affordable housing preservation and development.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
4A. Property Tax Exemptions Via Publicly-Owned Land	N	Y	2
<p>This policy would provide a 100 percent property tax exemption for publicly-owned land used for public purposes, including affordable housing. Government entities would purchase multi-family properties and use a long-term ground lease to lease the land back to a third party. The ground lease exempts the developer under the lease from paying any property taxes (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Viability Most interviewees felt this tool was a viable policy option. However, one interviewee felt the Legislature might preempt property tax exemptions for developers, even if they are only for mixed-income or affordable developments on publicly-owned land (P10). ➤ Barriers/Challenges As described in the Arizona legal landscape section of this report, the current Arizona Legislature prefers to limit taxation tools. State and local government push back to this policy would likely occur as a result. ➤ Benefits This policy would reduce project costs and potentially help create more affordable housing. 			
4B. Property Tax Exemptions or Abatements for Income-Qualified Homeowners and Owners of Affordable Multifamily Properties	Y		1

Property taxes rise with property values, which are not necessarily correlated with a rise in income. Low-income homeowners in neighborhoods experiencing investment are at risk of displacement when their property values rise. These exemptions are for income-qualifying homeowners and serve to alleviate the pressure to sell, thereby helping to preserve affordability in the community (LHS, 2019). One potentially replicable model comes from Texas. The Texas Tax Code allows localities to abate city property taxes for low-income homeowners and nonprofit-owned properties as property values rise. The value of the abatement could be equal to the increase in property taxes as compared to a base year—an established value from prior years before the forces of gentrification started to impact property taxes (UT Austin, 2018). Given the similarities in state political climates, Texas’s policy indicates an expansion of this program is potentially viable in Arizona. Nonprofits already receive property tax exemptions in Arizona.

➤ **Improvements**

Property tax abatements for income-qualified homeowners exist in Arizona. There is room for significant improvements to how these tax exemption policies are interpreted. Currently, there is no handbook or rule on how to interpret property tax exemption policies (P7). This is particularly important, because property owners are taxed in Arizona unless there is a specific tax exemption listed. A clearly written and widely distributed standard interpretation of the law would help ensure different assessors do not interpret the law differently from county to county, or when assessors change. Some interviewees suggested bundling these property tax exemptions with other incentives to encourage affordable housing production.

➤ **Barriers/Challenges**

A significant barrier to making these improvements is creating a common interpretation of the law and enforcing that interpretation which takes time and costs money.

➤ **Benefits**

Property tax exemptions help relieve the housing cost burden for low-income homeowners.

4C. Flip Tax, Anti-Speculation Tax, or Transfer Tax

N

N

5

The flip tax, or anti-speculation tax, imposes an additional tax on units bought and sold within a set timeframe. The timeframe may range from one to five years. The purpose is to prevent investors from buying up affordable housing stock and flipping the property for resale at a much higher price. This practice reduces the overall supply of affordable housing and results in responsive displacement by communities (OBI, 2017). The transfer tax serves the same purpose as the flip or anti-speculation tax. It establishes a higher tax rate for properties bought for a low price and sold for a high profit within a certain timeframe. The shorter the timeframe the property is held, the higher the tax rate when the property is sold (GCC, 2007).

➤ **Viability**

Interviewees generally felt this policy was not viable in Arizona. Interviewees made very few specific comments on this taxation tool, instead they expressed the Legislature’s general opposition to taxation tools.

➤ **Barriers/Challenges**

As described in [Arizona legal landscape](#) section of this report, the current Arizona Legislature prefers to limit taxation tools.

➤ **Benefits**

This tax prevents developers from buying up NOAH and flipping it to sell for a profit. This property flipping process reduces the overall supply of affordable housing.

4D. Vacancy Tax or Pied-a-terre Tax	N	N	5
<p>The vacancy tax requires landlords or homeowners to pay an additional annual tax on homes declared vacant for six or more months of the year. The pied-a-terre tax serves a similar purpose, but it creates a tax surcharge for non-primary residences. A pied-a-terre is a small apartment or home only used on occasion. Regardless of occupancy, secondary or additional homes are taxed at a higher rate. The tax rate would increase gradually based on the value of the property (ANHD, 2018).</p> <ul style="list-style-type: none"> ➤ Viability Nearly all interviewees said this policy was not viable, particularly due to the large population of winter visitors living in their Arizona homes or apartments for approximately six months a year. ➤ Barriers/Challenges As described in Arizona legal landscape section of this report, the current Arizona Legislature prefers to limit taxation tools. ➤ Benefits By disincentivizing landlords or homeowners from buying up multiple properties for second homes or Airbnb type purposes, the overall housing supply is maintained which can prevent the housing crisis from worsening with regard to housing supply. 			
4E. Tax Credits to Keep Unregulated Units Affordable	N	N	5
<p>This policy offers a long-term property tax exemption to owners of private, unregulated or unsubsidized units previously serving as naturally occurring affordable housing as an incentive to maintain below-market rents and preserve the unregulated affordable housing stock even as property values rise. Localities could limit the program to owners of affordable units and households making a certain percentage of AMI to ensure the program benefits low-income households (ANHD, 2018).</p> <ul style="list-style-type: none"> ➤ Viability Very few interviewees commented on this policy. Given the complex challenges to creating and implementing this policy and the preferences of the current Legislature, this policy does not appear viable. ➤ Barriers/Challenges This policy would require localities to create complex contracts for public-private partnerships. Localities would also need to determine a very clear definition for affordable housing. Developers and landlords who do not qualify for this program would likely oppose it. The other important question is when to stop offering these tax credits. It is not practical to offer them indefinitely. ➤ Benefits This policy prevents displacement and maintains the supply of affordable housing. 			

4F. Tax Increment Financing (TIF)	N	N	5
<p>TIF is a tool that enables development to pay for itself in part. Improvements are made to an area by a specific project, which results in higher property values and therefore, greater property tax revenues. The increase in tax revenue is captured and used to fund the future redevelopment efforts in the designated TIF district or to fund specific redevelopment projects (GCC, 2007). TIF districts, or corridors, are often created along new or planned transit lines to encourage redevelopment and higher densities (Dukakis, 2010).</p> <ul style="list-style-type: none"> ➤ Viability TIF is not allowed in Arizona. Many interviewees expressed their desire to see this change but did not express much hope that this could actually happen. ➤ Barriers/Challenges The critical mass of support necessary to convince the Legislature to make this tool available does not appear to exist yet (P18). ➤ Benefits Several interviewees said that allowing TIF in Arizona would make the state more competitive for development projects, because currently Arizona is the only state that does not allow TIF (P11). 			
4G. General Obligation/Housing Bond Sales	Y		1
<p>General Obligation (GO) and housing bonds are issued by a municipality with their taxing authority backing the bond. Government entities can design the bonds to serve a variety of purposes, like the creation or preservation of affordable housing, but they require voter approval. If the bond measure passes, the bond generated funds are loaned to nonprofit and market rate real estate developers, who must use the money to create or preserve affordable housing (OBI, 2017).</p> <ul style="list-style-type: none"> ➤ Improvements Localities previously used GO Bonds to create affordable housing. They are an excellent tool if properly crafted and implemented. Some interviewees felt GO Bonds are a viable option to fund affordable housing in Phoenix, citing an increased awareness of the affordable housing problem by voters, who would have to approve this bond (P7). Several interviewees suggested using another type of bond to create and preserve affordable housing—Industrial Development Authority (IDA) Bonds. These will be discussed further in the recommendations section of this report. ➤ Barriers/Challenges The bonds require voter approval and therefore would require time and money to advocate for approval of this tool. ➤ Benefits GO Bonds help to finance the production and preservation of affordable housing, increasing the overall affordable housing supply. 			
4H. Affordable Housing Impact Fees, Commercial Impact Fees or Jobs-Housing Balance Fees	N	N	5
<p>These policy tools would establish an impact fee for new developments. Typically, impact fees are required for projects to account for the additional strain on local infrastructure; however, these fees are different. They are based on the idea that every person who moves into a market-rate home will generate the need for services typically provided by employees paid less than the median income. With new economic development, low-wage jobs are often created and therefore generate a need for affordable housing as well (GCC, 2007). The fees are used to build or preserve affordable housing near service-oriented jobs to accommodate increased</p>			

need (OBI, 2017). Commercial developments can use the fees as well. The fees establish a permanent revenue stream for affordable housing-related expenses (OBI, 2017).

➤ **Viability**

Impact fees are very unpopular in Arizona. As such, interviewees generally felt this was not a viable policy tool, but they did express an interest in this tool should attitudes change in the Legislature. Interviewees thought this tool would be useful for creating affordable housing.

➤ **Barriers/Challenges**

Developers would likely oppose this policy. The State Legislature is likely to preempt this policy, according to several interviewees.

➤ **Benefits**

This policy would help provide affordable housing in areas where development is creating minimum wage jobs. Providing housing enables workers to live near their jobs, reduces traffic, and contributes to a wealth of health and equity benefits.

4I. Mobile Home Park Relocation Fee

Y

1

This policy would require developers to pay a relocation fee to mobile home park residents who are displaced by new development. The fee is supposed to cover the cost of moving expenses following the rezoning of former mobile home park sites.

➤ **Improvements**

Under Arizona Revised Statute § 33-1476.01, developers are required to pay a relocation fee to mobile home park residents, however the fee is not enough to cover actual moving costs. The fee is intended to help residents move within a 30-mile radius, but there may not be another mobile home park within this radius. Additionally, the fees only cover moving the mobile home and do not account for the costs of moving personal belongings or detaching a front porch or any other expenses (P1). These costs can quickly add up and force residents to abandon their homes. Ultimately, while relocation fees are an effective tool conceptually, they may not meet the needs of mobile home park residents. Other programs like pathways to homeownership and financial support to improve park conditions could be more helpful (P18).

➤ **Barriers/Challenges**

The fee is only for the physical relocation of mobile homes within a 30-mile radius. Some developers have offered relocation assistance in the form of free rent for several months; but unless the site for relocation is near their current home, residents are unlikely to take advantage of this as they would have to move away from their jobs, families, and communities. Another barrier to equitable relocation is the undocumented citizenship status of many park residents. These residents are left with no legal protections and localities struggle to find ways to help. Landlords may subject undocumented residents to unhealthy conditions more often than other mobile home park residents because landlords know undocumented residents are unable to report them (P18).

➤ **Benefits**

Mobile home park residents are partially compensated for their moving expenses which would help to reduce stress and make the relocation process more affordable.

4J. Opportunity Zones	Y		1
<p>Opportunity Zones are a new federal tool created with the passing of the 2017 Tax Cuts and Jobs Act. They are intended to direct investment toward disinvested communities. The US Department of the Treasury first determined possible opportunity zones, then each governor nominated specific locations from the Department of the Treasury’s list to receive the opportunity zone designation. Opportunity Zones provide developers with tax benefits for potentially increasing economic opportunity in distressed communities by investing in those communities (TPC, 2018).</p> <ul style="list-style-type: none"> ➤ This policy was discovered during the interview process, so information on policy viability, barriers, challenges, and benefits was not collected from interviewees. However, some interviewees discussed Opportunity Zones during their interviews and based on their comments a legal determination was made. Opportunity Zones currently exist in Arizona. One interviewee suggested tying Opportunity Zones to density bonuses. They also suggested the government should designate some parcels and funding for affordable housing (P8). Another interviewee felt Opportunity Zones should be required to provide some public benefit (P18). 			

5. Regulate Rent			
<i>This section includes two policies states or localities could use to regulate rent.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
5A. Rent Control, Stabilization or Regulation & Rent Review Board	N	N	5
<p>Rent control policies set a cap on annual rent increases for either a specific locality or designated unit types, like multi-family properties. Localities would couple a rent control policy with the creation of a rent review board that sets the caps on rent increases and hears petitions from landlords asking to raise rents beyond the established cap. This cap is a predetermined percent increase in rent that may or may not factor in inflation (LHS, 2019).</p> <ul style="list-style-type: none"> ➤ Viability Nearly every interviewee felt rent control or stabilization would not happen in Arizona any time in the near future. Rent control is forbidden under Arizona State law. The rent review board reviews petitions and sets the allowable rate of increase; therefore, it is also not allowed in Arizona. Some interviewees expressed a desire to implement rent control in Arizona, while others felt rent control would not solve the problem because it fails to address the limited supply of housing (P13, P18). One interview said, “rent control only helps the first person in and doesn’t help the rest of the community” (P16). ➤ Barriers/Challenges Landlords and multi-family homebuilding lobbying groups would push back on this policy. Current state law prohibits rent control (A.R.S § 33-1329). ➤ Benefits Rent control helps to maintain affordability, reducing financial stress on low-income renters in unregulated NOAH. This is a very effective policy tool for preventing displacement. 			
5B. Rental Relocation Assistance – Mandatory (or Voluntary)	Y		5 (1)
<p>The purpose of this policy is to compensate tenants for moving expenses. Landlords would pay a relocation fee when they increase rents by 10 percent or more a year. causing a tenant to relocate. The fee is intended to prevent landlords from raising rents excessively, either to increase profits or to force out residents (ANHD, 2018; UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Improvements Rental relocation assistance is required for mobile home parks relocated by the government, but interviewees indicated that a mandatory fee for the private sector is unlikely to receive support in Arizona (P1). ➤ Barriers/Challenges The Legislature would likely preempt a mandatory requirement for rental relocation assistance immediately. Developers would push back on this policy as well. ➤ Benefits Providing relocation assistance could help mitigate some of the negative impacts resulting from displacement and help tenants pay the expenses associated with moving and finding a new place to live. 			

6. Monitor the Affordable Housing Supply			
<i>This section includes policies and tools intended to monitor the affordable housing supply and provide notice to tenants and localities before affordable housing units are lost.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
6A. Speculation Watch List or Catalogue of At-Risk Properties	N	Y	2
<p>The speculation watch list is used to track recently sold rental properties—with tenants paying low rents—at risk of displacement pressures and harassment. The list includes properties where data suggests the building was sold based on speculative assumptions. The list is then distributed to community groups and the locality can provide targeted resources, education, and support for the tenants (ANHD, 2018). To capture a broader range of vulnerable properties, localities could also build a catalogue of at-risk properties. Localities would create a database of subsidized properties to track affordability expiration dates and alert non-profits and local housing departments to those dates (UMN, 2016). Localities could also use the database to monitor properties in disrepair, properties with code or health violations, and properties vulnerable to significant rent increases. Either the locality or the non-profits could then acquire these properties, advocate for continued affordability, or provide resources and services to residents (UMN, 2016). By combining these tools, localities can direct resources to those properties and communities most in need (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Viability This speculation watch list and catalogue of at-risk properties are non-regulatory tools, so there is little risk of State Legislature interfering with and prohibiting this action. While only a few interviewees commented on this tool, several others indicated a need for tools to help connect at-risk residents with services, financial assistance, and counseling, all of which this tool could do. ➤ Barriers/Challenges The major barriers to monitoring the affordable housing supply and displacement are time and money. ➤ Benefits These tools help connect displacement vulnerable tenants, as well as tenants subject to unsafe or unsanitary conditions, with assistance and resources provided by the locality and nonprofits. By keeping track of properties at risk of displacement pressures, the locality or nonprofits can provide targeted support to tenants, such as educating tenants on their rights and connecting them with tenant unions or organizations. “Tools like this can help communities make sense of their world and the changes in it by identifying and naming those changes” (P12). Additionally, these affordable housing monitoring tools prevent homelessness by tracking households living in affordable units with expiring affordability covenants and helping them find housing before they are expected to leave their current units. 			
6B. Rental Registration and Inspection	Y		1

Under this policy, regular and proactive rental property inspections are required. Localities can use this information to monitor property conditions, identify at-risk properties, and direct resources to those tenants or landlords (UT Austin, 2018).

➤ **Improvements**

Rental registrations and inspections are currently handled through the Attorney General’s (AG) office in Arizona. One interviewee suggested expanding this program to provide tenants their rights upfront, before they enter into a lease agreement. Landlords would give tenants information on the required home standards prior to viewing the unit, similar to how homebuyers purchase homes following an inspection. This gives tenants room to negotiate the terms of their lease and demand landlords address any issues before moving in (P2).

➤ **Barriers/Challenges**

Expansion of this program would require more time and money; but as is, there are no barriers. However, the inspections could negatively impact tenants if rental properties are shut down due to code violations.

➤ **Benefits**

This tool would help tenants and landlords improve housing conditions by educating them on their rights and obligations and connecting them with resources to bring properties into compliance.

6C. Troubled Buildings Program

N

Y

2

Troubled Buildings Programs are typically coupled with a rental registration and inspection program. Inspectors would make an assessment as to whether or not landlords are neglecting their properties to reap higher profits from their tenants. If landlords are found to be doing so, localities would identify new landlords to purchase or resume ownership of the building (AADTF, 2018). Localities could address the failure to maintain buildings in a variety of ways—this is just one option that was selected because it has been implemented elsewhere in the United States.

➤ **Viability**

The troubled buildings program would add a step to the rental registration and inspection process already implemented by the Attorney General. The stakes are fairly low since this would add few additional costs and only require some new training for locality staff. However, assigning a new landlord to a property is very unlikely in Arizona, but the state could choose to deal with a landlord’s failure to comply in another way.

➤ **Barriers/Challenges**

The major barriers to monitoring the affordable housing supply and displacement are time and money. As this policy is written, landlords and property owners would likely strongly oppose it.

➤ **Benefits**

This program adds to the benefits already created by the rental registration and inspection program. However, if it is written, it could include more strict consequences for noncompliance with health and safety requirements for tenants, thereby improving public health.

6D. Community Impact Analysis

Y

3

Localities would require developers to conduct a community impact analysis for all proposed developments, zoning changes, infrastructure projects, or public investments to determine how they might impact the community and the affordable housing stock (UT Austin, 2018). By evaluating the potential impacts of projects, ordinances, and processes, elected officials, locality staff, and other entities are better able to mitigate the potential negative impacts on vulnerable communities and resources (UT Austin, 2018).

➤ **Improvements**

According to a city housing staff person, localities cannot vote down projects that do not have affordable housing, so this cannot be a mandatory tool (P1). However, localities can suggest that developers complete the community impact analysis voluntarily for the benefit of the community. An example of a voluntary program is the City of Tempe’s Affordable Housing Impact Statement. A similar tool could be adopted county wide (P7).

➤ **Barriers/Challenges**

Localities cannot require developers to complete a community impact analysis. The outcomes of these analyses will be incomplete and might result in a misrepresentation of what is actually happening to the affordable housing supply, because they are not mandatory and responders are self-selecting. Additionally, unclear methods and standards for quality of analysis, could result in misleading information as well.

➤ **Benefits**

This is an excellent tool to determine how projects might impact health and equity. Localities, developers, and residents can then use that knowledge to mitigate the undesirable impacts. Overall, this tool should garner community support for projects, but only if developers address the impacts determined through the analysis. It can also help localities keep track of the number of affordable units and prevent a net loss of affordable units.

7. Maintain the Affordable Housing Supply			
<i>This section includes policies aimed at preventing the loss of affordable housing. Some of these policies can stand alone and have an impact on the affordable housing supply, while others require implementing monitoring tools first.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
7A. Condominium Conversion Ordinances	N	M	3
<p>A condominium conversion takes a multi-family rental property and converts those rental units into individual units for sale. With this switch from rental to ownership, the price of the unit often goes up and creates an opportunity for the owner/landlord to make a higher profit on the building. When the conversion takes place, lower-income tenants are often priced out and displaced. This ordinance would set specific parameters for when property owners or developers can convert a rental unit to for-sale housing (GCC, 2007). The ordinance could also provide protections to tenants such as an advanced notice of conversion by the landlord or giving tenants the right to purchase their units before they are put on the market (LHS, 2019).</p> <ul style="list-style-type: none"> ➤ Viability Arizona has not seen a trend in landlords converting apartments into condominiums, so several interviewees thought this tool was not particularly necessary or useful. While this tool could be beneficial in the future, it is not viable or a priority now. ➤ Barriers/Challenges A condominium conversion ordinance could violate Proposition 207. ➤ Benefits This ordinance would protect renters from displacement pressures and give them the right to purchase their unit before the condominiums are put up for sale. It gives back some control to tenants and could benefit tenants’ mental and emotional health. 			
7B. Citywide No Net Loss	N	M	3
<p>This policy would prevent a loss in the total number of affordable units, or the number of units available to a specified AMI range, for the city. This policy requires establishing the number of units at the baseline year of implementation. Then, a blend of policies and strategies to establish funding and protect affordable units would be implemented to prevent or counteract any losses (ANHD, 2018).</p> <ul style="list-style-type: none"> ➤ Viability This policy is currently written as a regulatory tool, but localities could design a nonregulatory version of this tool for implementation. Localities could use one of the aforementioned tracking tools to keep an inventory of affordable housing and when units are lost, cities could push for investments in a similar type of unit to the one lost. As a policy, citywide no net loss is not viable (P1, P2), but as a non-regulatory tool, it is (P1). ➤ Barriers/Challenges This tool requires localities or non-profits to start tracking affordable housing units— something that requires significant upfront effort, as well as time and money. ➤ Benefits The affordable housing supply is tracked to ensure it does not drop below a baseline level and it helps target investments in affordable housing by type. 			

7C. Single-Room Occupancy (SRO) Preservation	N	Y	2
<p>SROs, or residential hotels, operate on shorter term leases and are often found in large, dense cities. SROs can house one or two people per unit, but kitchens and/or bathrooms are often shared in a style similar to a dorm or co-housing. Creating an ordinance to preserve SROs is not likely very relevant to the Phoenix metropolitan area today, but downtown Phoenix did have SROs in the past and has indicated an interest in creating SROs in the future. By passing an ordinance to create, and then preserve, SROs, a form of small-scale affordable housing is protected long-term (UDP, 2015).</p> <ul style="list-style-type: none"> ➤ Viability In the 1970s, downtown Phoenix had 36 SROs, but this number has steadily declined since then due to rising real estate prices. As real estate prices rose, localities and developers demolished and replaced or redeveloped SROs (Towne, 2017). In 2020, the supply of SROs is very limited. Should developers begin to build SROs again—and if they are well used and well liked—localities could write a policy to preserve SROs (P1). ➤ Barriers/Challenges There are no SROs in the Valley except the Westward Ho, which is an SRO-style building for seniors (P18). Local zoning codes could prohibit SRO development (P19). SROs often operate as a temporary form of housing. They typically serve as a stopgap measure, but do not contribute to long-term housing stability. ➤ Benefits SROs are a form of communal housing or co-housing. They are cheap to build and cheap to rent. They make the most sense to develop downtown where there is better access to transit and other goods and services. SROs are particularly beneficial when integrated with services for certain population groups such as seniors or the formerly homeless (P19). 			

7D. Small Area Fair Market Rents (SAFMRs)	N	Y	2
<p>The value of a Housing Choice Voucher, or Section 8 Voucher, is determined by a metropolitan area’s fair market rent (FMR). Typically, FMRs are calculated based on rents for the entire metropolitan area. The payment standard is set by public housing authorities and accommodates 90 to 110 percent of the FMR. Due to their broad geographical scope, FMRs are often not reflective of specific zip codes and neighborhoods. As a result, voucher holders may pay more than 30 percent of their income on housing in areas where actual rents exceed the FMR. Therefore, voucher holders could still be housing cost burdened (NLIHC, 2019). Changing the way fair market rents are calculated could result in more accurate voucher programs. Localities can determine SAFMRs at a smaller scale based on zip codes, making a voucher’s worth more appropriate for local costs. The voucher would still supplement the gap between 30 percent of a household’s income and the voucher “payment standard.” The SAFMRs help prevent voucher holders from becoming housing cost burdened, even with the voucher. HUD requires certain metropolitan areas to use SAFMRs. While Phoenix is not one of them, the City could voluntarily adopt this model (NLIHC, 2019).</p> <ul style="list-style-type: none"> ➤ Viability While SAFMRs are not required in any Valley localities, many interviewees felt this would be a great tool for the City of Phoenix to adopt given its size (P1). The City of Phoenix has a population of 1.66 million and it is 517 square miles. This is an established program run by HUD, so localities would not need to reinvent the wheel should they choose to adopt this policy. One interviewee did indicate that there are programs in place to help increase voucher amounts as rents rise, but they still found this tool very useful (P13). ➤ Barriers/Challenges One interviewee said the Multi-Family Housing Association (and others) might see SAFMRs as a form of rent control and push back hard against this policy (P15). ➤ Benefits SAFMRs are beneficial for both health and equity (P3). They help prevent voucher holders from becoming rent burdened and allow low-income residents access to wealthier areas of the locality with greater opportunity and better schools. Overall, this tool can increase access to goods and services, provide voucher holders with more housing options, and reduce stress. 			
7E. Right to Return or Community Preference Policy	N	N	5
<p>The right to return, or community preference, policy directly addresses displacement. Usually, the policy is created for specific neighborhoods currently experiencing, or who have experienced, pressures leading to gentrification and displacement and/or prior racial injustices. This policy prioritizes placing “low-income applicants who have been displaced from their neighborhood, are current residents at risk of displacement, or are descendants of displaced residents” in the new affordable units built in their neighborhood (UT Austin, 2018, p. 84).</p> <ul style="list-style-type: none"> ➤ Viability For locality-owned properties undergoing redevelopment, residents already have the right to return (P14); however, interviewees generally felt this policy tool was not viable for redevelopment of naturally occurring affordable housing, or other types of development resulting in displacement. ➤ Barriers/Challenges Localities must carefully craft this policy, so it does not violate the Fair Housing Act as it could exacerbate inequities and segregation depending on when the policy is implemented during the gentrification process (P1). 			

➤ **Benefits**

This policy tool gives residents the right to return to their community following property redevelopment and ensures access to affordable housing in their community, thereby preventing displacement and keeping communities together.

8. Educate and Advocate			
<i>This section includes a variety of policies and potentially non-regulatory tools for educating communities and advocating for affordable housing and communities in need of affordable housing.</i>	<i>In AZ?</i>	<i>Could be?</i>	<i>Rank</i>
8A. Homestead Preservation Center or Enrollment Program	N	Y	3
<p>The homestead preservation center could serve as a service and education center for homeowners and home buyers. Individuals, localities, or Maricopa County could create and operate the center. The center would provide education services with regard to property rights and responsibilities, information on predatory lending practices, tax abatements and tax deferrals, and financial counseling services. The center could provide legal services for homeowners threatened by foreclosure, mobile home owners, and others in need as well. The center’s services would provide targeted support for low-income and vulnerable residents. If a government entity is unable to create a homestead preservation center, they could perform the same functions through a mobile education service similar to Meals on Wheels. A locality or a non-profit could provide the mobile education services. They mobile services unit would travel to neighborhoods and communities to provide information and help enroll residents in the necessary programs (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Viability Generally, interviewees did not comment on this policy tool, so it was difficult to make an accurate assessment of the tool’s viability. ➤ Barriers/Challenges The major barriers to implementing education and advocacy tools are time and money. This tool is particularly robust and would therefore require significant resources on the part of the locality or the county. ➤ Benefits This program would create a “one stop shop” for low-income homeowners and homebuyers. It would provide a variety of educational programs and services to help inform residents, so they can make the best and most financially sound decision when buying a home. 			
8B. Expanded Notice of Property Tax Deferrals	Y		2
<p>This policy would create a partnership between the county tax assessor and the locality to provide expanded notice of property tax deferral options to vulnerable residents as listed under state law. The program could also make these notices more accessible to non-fluent English speakers (UT Austin, 2018).</p> <ul style="list-style-type: none"> ➤ Viability One interviewee felt this tool would not be very impactful, making it a poor use of time and resources (P1). If the Homestead Preservation Center or Enrollment Program got traction, this tool might become obsolete. While implementation of this tool is feasible, according to interviewees it should not be a policy priority. ➤ Barriers/Challenges The major barriers to expanding notice of property tax deferrals are time and money. ➤ Benefits Greater awareness of the tax deferral opportunity could help more homeowners defer property taxes, reducing stress and anxiety and producing better health outcomes. 			

8C. Housing Creation and Preservation Goals	Y		1
<p>Localities could establish housing creation and preservation goals by creating a housing plan. The plan could set goals and measures of success. The locality would use the plan help hold themselves accountable to the established benchmarks and provide support for actions taken by the locality to create and preserve affordable housing (UMN, 2016).</p> <ul style="list-style-type: none"> ➤ Viability Many interviewees acknowledged the need to create high-quality plans for housing creation and preservation. Valley localities are moving in this direction, but there is still more work to do. A regional plan for affordable housing would create a cohesive strategy and unite localities around common goals (P14). Ideally, localities would incorporate these policies and strategies into their Consolidated Plan. Localities can only receive HUD funding for affordable housing and community development based on what is included in the consolidated plan (P17). Incorporating housing creation and preservation goals into local planning documents is a non-regulatory action and will likely yield little to no push back from the State Legislature. This is a low-risk, potentially high reward policy. ➤ Barriers/Challenges While few political barriers exist, the time and costs of developing goals and plans are barriers, particularly for a regional plan which would require a large scale effort and inter-locality coordination. ➤ Benefits By establishing common housing creation and preservation goals, all localities and levels of government are united around a common mission. This mission requires localities and other stakeholders to communicate about progress made and actions taken, which will reduce the duplication of local efforts. Creating these goals and plans requires public engagement. By expanding public engagement, localities can learn from communities impacted by their policies and ensure the voices of those in need of affordable housing are heard. If the goals are tied to tools and policies in the consolidated plan, then localities can allocate funding to them as well. 			

8D. Affordability Task Force	N	Y	2
<p>The affordability task force represents the interests of communities in the housing policy making process. An affordability task force would give residents, community organizations, non-profits, and other selected entities the power to develop policies and solutions in response to the affordable housing crisis. Localities would need to engage communities very thoughtfully and purposefully for this program to work. The locality could create one task force, but the task force would likely be more productive and beneficial if localities created multiple task forces to represent specific at-risk neighborhoods. Localities should facilitate the creation of these task forces so that proposed solutions and policies can be institutionalized and implemented (UMN, 2016).</p> <ul style="list-style-type: none"> ➤ Viability This is a non-regulatory tool that garnered a lot of excitement during interviews. It seems to be a viable tool (P15, P17, P19). Should a locality create a task force, it could draw on the expertise of residents, community organizations, and non-profits to create a plan of action and to identify policies to create and preserve affordable housing. ➤ Barriers/Challenges The community members on the task force may lack knowledge on the types of policies available and processes required to write, pass, and implement new policies. Task force members would face a steep learning curve. Time and access to monetary resources are barriers as well. ➤ Benefits Involving residents in the planning process would build community support. Additionally, the task force could create an opportunity to educate communities on the workings of government—why certain things can or cannot be done—because residents will need access to that information during task force meetings (P15). 			
8E. Affordable Housing Preservation Office	N	Y	2
<p>This policy tool establishes a local affordable housing preservation office, including an affordable housing preservation officer and support staff dedicated to coordinating affordable rental housing programs and enforcing related policies. As outlined by UT Austin (2018), the affordable housing preservation office would implement a locality-wide preservation policy, coordinate a preservation network, and work with tenants to notify them of their rights, among other things.</p> <ul style="list-style-type: none"> ➤ Viability The costs of establishing this office are prohibitive, even more so than the other policies in this section. The costs are more robust as they include the creation of an entirely new local government office, rather than the costs of implementing a program or policy. ➤ Barriers/Challenges The major barrier to creating this office is the cost. It would require localities to pay the salaries of several additional staff members and require a significant up-front investment of both time and money to create a new office. ➤ Benefits Localities would have an office dedicated to preserving affordable housing and improving the quality of the affordable housing stock. It would separate the duties of a locality’s housing staff into affordable housing creation and preservation, allowing each office to refine and focus their efforts. 			

Findings

Beyond the information included in the tables above, a number of other themes emerged from the interviews and policy research. The themes are organized into three sets of findings—health, equity, and general housing policy findings. They are intended to guide researchers, community and development industry leaders, and public officials as they determine which policies to pursue.

Health

Interviewees generally agreed that all the policies on the list could positively contribute to health by providing affordable housing options to low-income residents and preventing the stresses of displacement. These interviewee comments are reflective of a broader housing trend—the concept of housing as healthcare. High-quality, stable housing provides respite from uncomfortable temperatures, safety, a place to relax, cook meals, spend time with loved ones, and get a good night's sleep. All of these factors contribute to an individual's health (Aboelata et al. 2017). The concept emerges from, and is connected to, the social determinants of health; because those social determinants—access to healthy food, parks, jobs, transit, good schools, healthcare—are all place based. Healthy housing is not only a safe, adequately sized home, it is an access point for those other health determinants (Rose & Miller, 2016). Given the integral role housing plays in health outcomes, health impacts must be considered when crafting policy solutions and implementing affordable housing programs. Interviewees collectively identified the following themes regarding housing and health.

1. Preventing evictions and foreclosures improves health.

Evictions and foreclosures often displace individuals and families from their communities. In addition to losing their homes, they are removed from their social networks and support systems. This social and physical disruption results in feelings of social isolation and exacerbates stresses and anxieties associated with moving and financial insecurity (P14). By implementing policies that help temporarily fund the gap for housing cost burdened households, tenants and homeowners threatened by eviction and foreclosure can determine their next steps without the additional stress of moving or a threat of homelessness (P16). Localities can intervene with counseling and educational services in addition to funding, so households can make informed decisions.

2. Housing is a form of healthcare. Policies and development strategies should reflect that.

Many of the policy tools in this report are centered around the idea of healthy housing. Interviewees identified a number of policies that directly address the health and housing nexus, including: the [housing locational policy](#); the [LIHTC](#) site scoring requirements; [community impact analyses](#); health impact analyses; and [community benefits agreements](#). By requiring consideration of health and community impacts, all these policies positively contribute to health equity (P5). According to interviewees, one way to refocus the health and housing conversation is by continuing to engage and build relationships with non-profit insurance companies and hospitals that are trying to do more within the realm of the social

determinants of health (P7). Dignity Health, for example, has recognized patients often need quality housing, but doctors cannot prescribe housing (P9). To remedy this situation, Dignity Health created the Mercy Housing program to provide affordable housing and supportive services to individuals and families in need (Dignity Health, 2019). Nonprofit health-related institutions are a largely untapped source of support and funding for affordable housing in the Valley as well.

3. Tenant protections improve health.

Tenant protections impact housing stability and quality. Housing instability is linked to negative social and health outcomes for children, exacerbated stress, and poor mental health outcomes (Aboelata et al. 2017). Poor housing conditions can lead to poor physical health due to exposure to mold, extreme temperatures, and poor air quality. Tenants require protections from these and other conditions with the potential to negatively impact health. Overall Arizona has strong tenant protections, at least in terms of the total number of pro-tenant policies (Balint, 2018; Hatch, 2017). Considering these findings and the limitations imposed on localities by [Proposition 2115](#), a focus on enforcement of the protections already in place, rather than creating new local policies might be warranted. Alternatively, tenants' rights advocates could take their fight to the state level. Interviewees, along with others who informed this project, felt the State Legislature should strengthen tenant protections. Interviewees identified [education and advocacy tools](#) as particularly important to ensure tenants know their rights (P2, P4)

Equity

Historically, people of color have been denied access to areas of opportunity and homeownership through practices and policies including restrictive covenants (Williams, 2015), denial of home loans and home insurance coverage based on redlining (Squires et al. 1979), and urban renewal (Pritchett, 2003). The injustices exacted upon communities of color in the past are reflected by the current housing crisis. Communities of color and low-income communities are the most impacted by the lack of affordable housing and access to opportunity today. Interviewees recognized this and identified strategies for advancing racial equity, which I condensed into the themes below.

1. Equity in all policies.

Creating equitable communities requires focused and intentional effort. It also demands an acknowledgement of focused and intentional historical efforts to create inequities regarding housing access, such as redlining (Rothstein, 2017). Governments need to acknowledge and account for their role in systemic oppression and consciously place equity at the forefront of the policy making and planning processes (P9). Like the health in all policies approach, policymakers and government staff could adopt an equity in all policies approach.

This approach could help prevent resegregation of communities of color—the result of gentrification which makes space for the white middle class at the expense of people of color

who are then relegated to the suburbs, far away from jobs and resources (P12). Interviewees felt policies focused on building generational wealth for low-income families and addressing the racial divide in property ownership should take priority (P2, P8, P17, P18). Localities can couple wealth building and homeownership strategies with preservation of existing affordable housing, and other strategies that increase transparency and equitable distribution of resources. In doing so, localities can target resources to help communities most in need (P19). Last, equitable policies should make sense to the populations they are intended to serve (P3). As such, it is best to avoid housing and urban planner jargon during the engagement process as these terms are often exclusionary (P12).

2. Equitable community engagement is critical.

The longevity of these anti-displacement policies is dependent upon community buy-in (P14). A local community advocate accurately stated, “a well written policy is only well implemented if there is a well-organized cultural movement supporting it” (P12). Currently, displaced communities are rarely engaged in the policy implementation and drafting processes (P12). Localities and non-profits should adopt a community building approach to policy making, perhaps drawing on the example set by the City of Tempe’s Equity in Action pilot program (P6). The Equity in Action program is designed to engage underrepresented groups in the planning and decision-making processes. An affordable housing task force could serve a similar purpose, operating as a community building tool to connect residents, employers, developers, and others with one another and the locality, but the task force must be community led and driven (P19). Before policies are selected, community engagement must occur to allow residents to decide which policies or strategies to pursue on their own or with the locality. In some instances, non-regulatory approaches are more beneficial to communities, because it gives them the power to organize, advocate, and create solutions for themselves (P12).

3. Strong tenant protections improve equity.

Strengthening tenant protections reduces the power differential between landlords and tenants (P5). Strong tenant protections contribute to an equitable dynamic between landlords and tenants, where both parties have rights and responsibilities. Tenant associations and grassroots organizing efforts offer localities a point of contact to educate tenants on their rights, provide them with tools and resources to protect those rights, and hear tenant concerns and complaints. Interviewees felt stakeholders could do more to support tenants’ rights groups and to encourage the formation of such groups (P5, P9). Interviewees also emphasized the importance of ensuring resources and support services are easy to access and equitably located (P16, P17). Many interviewees identified increasing tenant knowledge on which landlords are the worst offenders as an important tool for community empowerment. Using legislation like the Certificate of No Harassment or Renters Right to Know could increase transparency and help renters avoid landlords prone to harassment (P15). However, the limited supply of affordable housing may force tenants to rent from an undesirable landlord because they have no other housing options. These policies would be more effective if coupled with policies aimed at increasing the affordable housing supply.

4. Create a more diverse supply of housing.

Building more housing and specifically, a more diverse supply of housing, would help meet the needs of communities on multiple levels. First, there is a well-documented supply problem in Arizona. There are not enough units to house the entire population without creating cost burdened households. However, focusing strictly on housing numbers fails to address equity and neighborhood specific needs (P9). Arizona needs a more robust portfolio of housing options to meet the needs of all population groups. Downtown Phoenix, for example, would benefit from greater housing diversity to allow for workforce and affordable housing and housing for families, not just new luxury units (P19). The City could experiment with SROs, mixed-income developments, and small and dense designs (P14, P19). These options meet the needs of more population groups. Accessory dwelling units could also serve the needs of elderly, student, and low-to-middle-income population groups living outside of downtown (P17). Last, part of creating a diverse housing supply is preserving and rehabbing the existing housing supply (P18, P19), so the overall supply is reduced over time.

General Housing Policy

In addition to health and equity specific findings, a series of general housing policy findings from the interview transcripts are catalogued. Interviewees identified gaps and inefficiencies in the current system as well as areas of opportunity.

1. Developers are more receptive to incentives than regulatory requirements.

State and federal funds for affordable housing are shrouded in layers of restrictions and requirements. These requirements ensure proper use of government funds, but when localities add layers of regulations, it becomes difficult for developers to build (P8). Instead, localities could focus on providing incentives and passing policies encouraging developers to build affordable housing (P18). Interviewees repeatedly mentioned that developers in Arizona respond better to incentives than regulations and requirements. They also warned localities away from creating confusing and convoluted policies that are difficult to implement and use, because these fail to address the affordable housing supply problem (P9).

2. Tools, policies, and funding sources are more effective when combined.

The affordable housing crisis in Arizona requires an all-sector response with multiple tools and funding sources employed together to comprehensively address the issue (P5, P6, P9). Localities can bundle incentives to encourage affordable housing production by coupling complimentary tools, like density bonuses and property tax exemptions, and requiring long-term affordability covenants (P7). Localities, non-profits, and developers will likely need to draw on innovative strategies to create these bundled tool and funding sources.

3. Innovative strategies are needed to secure funding.

A variety of untapped resources internal and external to government entities exist. External sources, like businesses, could serve as financial partners to help address the workforce

housing problem, particularly if their workforce is impacted by the limited housing supply. Drawing in business partners focused on a particular type of housing relieves the pressure elsewhere and narrows the focus of housing production for other entities (P5). Following passage of the 2017 Federal Tax Cuts and Jobs Act, the private sector experienced an increase in available funds which could serve philanthropic purposes, such as affordable housing production (P7). There is a growing sentiment shared by affordable housing advocates, non-profits, and political champions that any company doing business in a community should invest back into that community to help maintain affordability (P7).

In addition to external funding sources, there are internal funding sources localities and counties could use to fund affordable housing. Several interviewees brought up the potential to use Industrial Development Authorities (IDAs) as bond issuing authorities for housing and healthcare facilities. IDAs have accumulated wealth through refinancing, but they are not distributing the money. Other untapped sources of money exist in local and county governments. Rather than letting these sources sit in escrow, governments could partially divert the funds to affordable housing (P7). Localities can also be creative with resources across departments. For example, by using funds associated with historic preservation, localities can revitalize properties, while preventing displacement (P15).

4. Capitalize on political will and a collective energy for action.

As windows of opportunity open due to increasing political will and growing collective energy around solutions, policymakers and housing advocates must be prepared to capitalize on them. Stakeholders can use this policy list as a point of reference when windows of opportunity open in the future (P5). Stakeholders can select and implement policies based on the nature of the window of opportunity. For example, many interviewees feel the time is right for taking local or state level actions to prevent evictions and create stronger tenant protection policies. This current housing crisis presents an opportunity to move these and other types of policies forward, so they are institutionalized (P6). Stakeholders should seize opportunities as they arise and institutionalize new policies to preserve the progress made and prevent a political regression should circumstances change in the future.

Conclusion

Key Takeaways

Arizona is facing an affordable housing crisis. Rents and home prices are rapidly rising as a result of gentrification, causing the physical and cultural displacement of low-income and minority communities. This crisis is not unique to Arizona. Nationwide, cities and states are struggling to prevent rents from rising, evictions from occurring, and homelessness from worsening. This report details the breadth of tools existing in the United States to prevent those outcomes. The legal designations for each policy make this report a useful resource for stakeholders in Arizona interested in pursuing solutions to the affordable housing and displacement problems.

Of the 74 policies included in this report, 24 policies currently exist (feasibility ranking 1) in some form in Arizona (Table 4). For each of those 24 policies, recommendations for improvements are included in the anti-displacement policy tables above. Eighteen of the policies included in this report received a feasibility ranking of 2, meaning the policy does not currently exist in Arizona, but government entities could legally implement them. The policies ranked 1 and 2 for feasibility account for over half—42 of 74—of all the policies documented in this report. Policymakers, affordable housing advocates, and the development community can pursue those 42 policies without needing to navigate complicated legal barriers on the state level.

Table 4. Number of Policies per Feasibility Ranking.	
Feasibility Ranking	Number of Policies (% of Total)
1	24 (33%)
2	18 (24%)
3	9 (12%)
4	6 (8%)
5	13 (18%)
N/A (Unknown)	4 (5%)

Of the 42 policies with no significant legal barriers, interviewees identified several tools to focus on. First, every interviewee agreed that the Legislature should designate a stable and long-term source of funding for the [State Housing Trust Fund](#). Second, most interviewees, particularly affordable housing advocates, academics, and those working in local government, articulated a need for stronger tenant protections. The tenant protections needed include tools for maintaining the quality and affordability of units, and protections from evictions. Fourteen of the 42 policies ranked as more feasible directly or indirectly address tenant protections and tenants' rights. The growing political support for stronger eviction protections indicates the timing is right to

encourage the Legislature to update the State’s [Landlord Tenant Act](#). Localities can also improve existing policies by reallocating more funds to programs such as [emergency rental assistance](#) and [in-language tenant counseling](#). Third, affordable housing advocates and those working in local government classified policies with a focus on equitable engagement as particularly important. The [affordability task force](#) and the community engagement aspect of writing [housing creation and preservation goals](#) offer opportunities to equitably engage communities in the planning process. Several interviewees identified these policies as particularly useful and relatively easy to implement. Last, there was agreement among most interviewees, that localities should prioritize policies intended to improve public health and access to goods and services. Of the more feasible policies, [incorporating affordable housing into joint development](#), [LIHTC](#), and the [housing locational policy](#) require developers and localities to consider health and access during the siting and development processes.

The remaining policies—32 of 74—were ranked as 3, 4, 5 or N/A for feasibility. While the rankings indicate these policies are more difficult to pass and implement, many are still worth advocating for. Several interviewees, particularly those working in local government, felt strongly that stakeholders should continue to advocate for [mandatory inclusionary zoning](#), despite its [legal standing](#) under state law. Of the policies ranked as a 4 for feasibility—meaning the policies are illegal under state law, but there is some political momentum behind them—one policy stood out to interviewees. The [eviction notification ordinance](#) was identified as a particularly valuable tool. Despite restrictions on localities’ ability to mandate actions from landlords, the concerns about rising eviction rates could improve the viability of this policy. For the policies ranked as a 3 for feasibility, or not expressly legal or illegal, the [community impact analysis](#) and [90-day notification of lease non-renewal](#) policies garnered the most excitement from interviewees.

Stronger affordable housing and anti-displacement policies are within reach in Arizona. Despite the existence of barriers, interviewees were hopeful about the future of affordable housing. This anti-displacement policy tool list offers hope as well. The number of tools available are limited by barriers such as political opposition and NIMBYism, but the list includes 74 policies. Even narrowed down, the list offers policymakers, developers, and advocates a wealth of tools to use moving forward. The challenge now is identifying which tools to pursue first, and which communities are most vulnerable to displacement.

Recommendations for Future Work

In the future, researchers, non-profits, localities and other stakeholders in the affordable housing sphere should focus on breaking down the barriers identified in this report and filling research gaps. The primary barriers include a lack of coalitions across sectors and party lines, a lack of time and monetary resources, and NIMBYism. Three significant research gaps exist for the Arizona context. First, each locality should assess their needs. Localities should prioritize planning and research efforts that contextualize their specific housing needs and determine communities at risk of displacement. Second, there is a need for more research on innovative

partnerships and financing strategies. All the affordable housing stakeholders, but developers and localities in particular, should focus on identifying tools in these categories. Last, academics, localities, advocacy groups, or other groups with the capacity to do so could conduct more in-depth research on the nine policies given a 3 for their feasibility ranking. The researcher for this project was unable to determine concrete legal designations for these policies.

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Appendix A. Methods

Appendix B. Basic Interview Script

Appendix C. Coded Interview Transcript Notes