

# Meeting Minutes

## City Council Neighborhoods

### Subcommittee Regular Meeting

February 9, 2023 | 2:30 p.m.

City Hall 5<sup>th</sup> Floor Large Conference Room

175 S. Arizona Ave., Chandler, AZ



## Call to Order

The meeting was called to order at 2:30 p.m.

## Roll Call

### Subcommittee Attendance

Vice Mayor Matt Orlando

Councilmember Jane Poston

Councilmember OD Harris

### Public Attendance

Vincent Harris

### Staff Attendance

Joshua Wright

Tadd Wille

Kim Moyers

Ryan Peters

Derek Horn

Leah Powell

Kevin Mayo

Danielle Wells

Thomas Allen

Guy Jacques

## Discussion

### 1. Short Term Rental Ordinance Updates

RYAN PETERS, Strategic Initiatives Director, introduced the item and presented the following presentation:

- City of Chandler Proposed Code Amendments – Short Term Rentals (STR)

In 2016, the legislature passed Senate Bill 1350, which prohibited cities and towns from regulating short term rentals based on the classification, use, or occupancy. It did not affect any

HOA CC&R's and did provide limited health and safety oversight as well as established transient lodging tax collection.

There have been complaints country wide about party houses, housing affordability, and investors converting homes to short term rentals. As a result, cities across the state came together to discuss making the homeowner responsible for the activities that are taking place on their property.

In 2019, House Bill 2672 was introduced as a way for cities and towns to regulate short term rentals in a minimal way where the owners are responsible for the behavior of their renters. This bill allows short term rental owners to register with the city. This statute is very clear there are no licenses issued for short term rentals. It did allow for collection of contact information in case of an emergency so that city staff can get a hold of the property owner. The statute also prohibited the operation and advertising without a transaction privilege tax license or special events that would require a permit.

VICE MAYOR ORLANDO asked if there were any special event permit requests associated with short term rentals. LEAH POWELL, Neighborhood Resources Director, confirmed there haven't been any so it has not been an issue.

COUNCILMEMBER HARRIS asked if short term rentals are viewed as a small business and required to register, file taxes, and adhere to reporting requirements. RYAN PETERS confirmed they are required to register with the Arizona Department of Revenue (ADOR) for their tax license and register with the City for their business license. The phone number and email address for the property owner is contained within that business license. The verified violation process is key if there is an enforcement action that a law enforcement takes after being called for a noise complaint or parking violation, as they will cite the person who committed the crime and once that crime is adjudicated through the courts, a fine will be imposed on the property owner. This ensures the property owner is responsible for the overnight tenants of their property.

RYAN PETERS reviewed the current short term rental workflow:

- a. Officer dispatched and documents non-enforcement calls; enforcement calls result in civil or criminal complaints forwarded to City Prosecutor
- b. Owner notified of citation with seven business days
- c. Case tracked by the Police department through final court disposition
- d. Tax and License Division submits verified violation to ADOR and notifies owner within 30 days
- e. City notifies ADOR of verified violation penalty amount
- f. ADOR may assess penalty equal to the difference between the amount prescribed in statute and the penalty given by the City

Ultimately, this process proved challenging to execute, it was difficult to hold the short term rental owners accountable for renter's bad behavior, and municipalities are unable to regulate them due to current statute.

When this was published, there were 244 short term rentals on the Chandler registry. Today, there are 299, so more awareness of the program is evident. There were 131 calls for service at 46 identified short term rental properties.

COUNCILMEMBER HARRIS asked if staff is tracking the demographics of officers being called to short term rentals. RYAN PETERS indicated the police note whether it is a short term rental in their report so the next time they are called out to that residence they know. COUNCILMEMBER HARRIS asked if a conversation with Airbnb, Zillow, and VRBO can be held to gather information for short term rentals. RYAN PETERS indicated the online platforms are required to identify the license information on the rental listings, but beyond that, they are only responsible for reporting tax information to the City. There are vendors that exist that scour the listings and report to the city the known rental properties in the community and then it is up to the City to send a letter to be in compliance with the ordinance. COUNCILMEMBER HARRIS asked if the rentals on the online platforms are required to make sure the short term rental community of owners are complying with licensing and getting the proper legal documents to be able to properly rent their homes. RYAN PETERS confirmed the property owners are required to self-certify with the online platforms. COUNCILMEMBER POSTON asked if the number of calls per service seem to be high with 46 out of 131 calls being related to rental properties. JOSHUA WRIGHT, City Manager, confirmed after speaking with the Police Chief, Chandler doesn't have a major issue compared to some of the other valley cities. COUNCILMEMBER POSTON asked if there were any calls that were egregious with multiple calls at the same rental. JOSHUA WRIGHT stated he is not aware of any, but more research could be done to confirm.

RYAN PETERS went on to explain the update to the ordinance. Getting them to comply without some sort of enforcement action has proven difficult. As such, the Legislature, in concert with the short term rental community, requested additional tools to help make the verified violation process more usable and ensure short term rental owners face license revocation if they don't comply. Chandler will have better compliance once that statute is updated into the City ordinance. Currently, short term rental owners are only required to join a registry. They are not licensed, so if they don't register there's no penalty per se. Going forward, if they're not licensed, then there are penalties that can get hefty over time with each occurrence if not registered. It reinforces the idea that they are not allowed to operate for non-residential uses like businesses and other activities that aren't residential in nature. Statute also requires a point of contact to be available for emergency and nonemergency complaints, written neighbor notification to all surrounding residential properties, requires license and contact information to be identified in the rental, and allows suspension of a short term rental license for repeated violations. COUNCILMEMBER POSTON asked for the definition of short-term. RYAN PETERS confirmed it is 30 days or less and over 30 days would be considered long-term.

RYAN PETERS stated the city ordinance is outdated with the updated state statute. State statute allows the city to license now and proposes a \$250 license fee. There are minimal changes from the current process which is more streamlined as the Department of Revenue is no longer involved and the City can take direct enforcement action on the responsible parties that have problematic tenants. COUNCILMEMBER HARRIS asked how the \$250 fee was

developed. RYAN PETERS stated the state statute authorized up to \$250 for the fee, which was derived from the calculation of staff cost and technical equipment required to monitor the short term rental businesses. The city fee schedule will need to be updated to reflect this fee in addition to a penalty fee of up to \$1,000/month if they have a short term rental without notifying the city. Discussion ensued about the amount of the fees and whether the amount was too high or not. There is an educational notice process with ample warnings before fees are imposed up to the \$1,000 amount.

RYAN PETERS reviewed the revised short term rental workflow:

- a. Officer dispatched and takes appropriate action
- b. Non-enforcement calls documented or sent to Code Enforcement for follow up
- c. Enforcement calls result in civil or criminal complaints forwarded to City Prosecutor
- d. Case tracked by Police department through final court disposition
- e. City notifies the owner of violation and issues penalty
- f. City previously required to notify Department of Revenue for enforcement of penalty (no longer required)
- g. Owner has 10 calendar days to appeal decision through written notice

COUNCILMEMBER HARRIS asked what other cities have been doing as it relates to short term rentals. JOSHUA WRIGHT indicated all cities are updating their processes to match what has been outlined in the presentation.

RYAN PETERS indicated a public comment period was held January 23 – February 6, 2023, with a total of 18 responses. The majority of those responses (8) wanted more oversight, (7) were supportive of the proposed ordinance, (2) had concerns regarding having no oversight, and (1) was a general thank you for reviewing the process. Feedback is being sought from today's subcommittee meeting. Council consideration will be sought in March with the ordinance being effective 30 days after Council takes action. However, there are programming issues with the electronic licensing program that has a 90-day lead time so the Tax and License team will get started with enrolling applicants in late summer.

## 2. Downtown Planning and Neighborhoods Update

KIM MOYERS, Cultural Development Director, discussed the future growth of the Downtown by reviewing the following presentation:

- Downtown Area Planning and Neighborhoods Update.

Completed projects in the last five years include Summit at San Marcos (formerly Alta San Marcos with 273 multi-family units), Overstreet & Overstreet Parking Garage (350 parking spaces and mixed-use project of cinema, office space, and retail), Oregon St. Parking Garage (930 parking spaces), New Square Phase 1 (112 bed hotel, office space, and 3 restaurants), The Alexander & Jonathan (purchased by George Oliver for \$38.8 million, invested \$14 million, and sold it two years later for \$86.5 million), Arizona Avenue improvements (Frye to Pecos, widened sidewalk, new lighting, narrowed street, and added a median to slow down traffic), and Chicago

Street/Arizona Avenue intersection (changes made to compliment the Oregon Street Parking Garage and New Square).

KIM MOYERS reviewed the current projects that include DC Heights (130 units), Encore Chandler (112 units), Shops on Frye (Black Rock Coffee, Jersey Mikes, Thai Chili, El Taco Santo, and an additional available space), Boston Street improvements (safer pedestrian crossing, vehicular calming like speed bumps, and widening of sidewalk), Wall Street improvements (undergrounding utilities, increased lighting, seating, shade, and signage), City Hall Public Parking & Alley improvements (resurfacing alley and parking lot, increased lighting, trash enclosure, and an art project), and Alley improvements.

KIM MOYERS reviewed future projects that include One Chandler (290 units, office, and retail space), New Square Phase 2, DC Heights Phase 2 (79 units), District Downtown, 336 S. Washington (mixed-use office retail project), Sites 1 & 2, and SWC Oregon Street & Chicago Street. Since 2010, the city has invested over \$70 million into the downtown. Private investments equate to over \$452 million invested into the downtown. Looking at return on investments, for every dollar put into the downtown, there has been a return of \$6.40 just in development alone. The downtown area has over 45 bars and restaurants, 21 retail stores, 315,000 square feet office, and 432,000 square feet retail space. Fiscal Year (FY) 2021-22 was the best year on record for sales tax with \$2.11 million in total revenue collected (\$1.34 million in FY 2020-21), with a 57.4% year over year growth from FY 2020-21. These figures do not contain property tax revenue.

Studies have been performed to help determine how to move forward with the growth of downtown. The pedestrian and wayfinding plan went through a 13-month process to study existing conditions, both by observation and by stakeholder survey, to create a final report to be used both as standalone direction and in capital projects. The study recommends locations for signage, both leading into and within downtown Chandler. It also includes placement recommendations for signage, provides a highly legible design for recognizing parking signs, and provides context-specific designs.

KIM MOYERS discussed the alley study performed to determine infrastructure needs for future development. The study suggested one-way vehicular access and leveraging access to alleys for driveways to minimize curb cuts. The alley at California Street to San Marcos (Wall Street) will be repaved, curbing will be added, and lighting and decorative elements will also be added. The alley from Frye to Fairview between Washington Street and Arizona Avenue has significant infrastructure needs. The infrastructure needed is very expensive and will take a redevelopment project to complete it. This study helps lead us into current development, redevelopment, and capital improvement projects.

KIM MOYERS stated the last parking study was performed in 2014. Since then, there has been an increase in new development and redevelopment and two parking garages have been added. As we continue to see that development to the south, we need the study to identify where the parking is going to come from. So, as residential moves into commercial use and they need additional parking spaces, the question remains as to how much of the existing parking garages need to be used, and to decide if there is an opportunity for the City to leverage any City owned

property to help with some of the temporary parking needs. The study will be done to evaluate some of the residential parking impacts as well and it should be complete within the next six months.

VICE MAYOR ORLANDO asked if there is a study being done for Dr. A.J. Chandler Park. KIM MOYERS stated that park is in the FY 2024-25 CIP and will be completed in phases. That park has not been renovated since the 1980's and there is a considerable amount of work that needs to be done.

KIM MOYERS reviewed the investments into the Southside Village neighborhood. In 2016, upgrades were made to Washington Street/Frye Road, 2017 brought street repaving and ADA improvements through the neighborhood, Arizona Avenue improvements were made in 2018 along with For Our City Day activities and Winn Park playground improvements. The Folley mural was completed at the southwest corner of Washington Street and Frye Road. This year the historic conservation district was adopted in July 2022, which is the City's first historic designation. A historic marker project will be completed by the end of this FY 2022-23. In addition, the Chandler Historical Society donated \$10,000 to the Chandler Museum for a project collecting oral histories of the neighborhood. Playground equipment will be added to Harris Park through the Envision program with community input and ongoing housing rehabilitation projects continue to be performed. VICE MAYOR ORLANDO asked what the housing rehabilitation projects consist of. LEAH POWELL explained it is for emergency home repair and housing rehabilitation projects that is open to any low-income homeowner throughout Chandler, but the City tends to have a lot of requests coming from that area. Examples of home repairs include plumbing repairs, new air conditioning units, and new roofs to help ensure people can stay in their homes.

KIM MOYERS explained the Urban Land Institute (ULI) helped the City perform a preliminary study of unique land use planning, development, and identified redevelopment issues. The principal question asked of ULI was "How will the city guide and manage evolving growth in the Southside Village area?". The process took 10 months (December 2021 – October 2022), included an 8-member panel that consisted of urban planners, developers, placemaking experts, and traffic engineers. Public outreach and discussion with key stakeholders from the neighborhood were performed. A full day retreat was also held that included a tour of the area with committee and staff. The key recommendations were outlined, with changes that require current usage and/or code identified in bold.

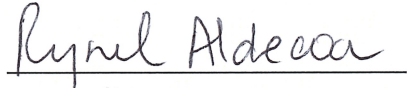
- a. Overlay with adaptive reuse and infill policies specific for this area**
- b. Look at City-owned property to assist in development or to create gravitational pulls to the area
- c. Organize strategies around a micro-niche economy of arts and culture that includes live-work and retail incubation**
- d. Neighborhood scale-missing middle housing/gentle density**
- e. Policies to protect fabric of the neighborhood and encourage development**
- f. Reevaluate the most effective multi-modal design direction for Washington Street
- g. Connecting of neighborhood to downtown, parks, walkability

h. Connect Delaware to Pecos

Next steps include the South Arizona Avenue corridor area plan update with an expected completion in 2024 (last updated in 2006), with code updates being made at this time. Washington Street and Washington alley improvements will be performed in FY 2024-25, and staff will continue to work with the Salvation Army on the Winn School preservation.

## Adjourn

The meeting was adjourned at 3:49 p.m.

A handwritten signature in black ink, reading "Rynel Aldecoa", written over a horizontal line.

Recording Secretary










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## 2016 Legislation: SB 1350

-  Prohibited from regulating vacation rentals based on classification, use or occupancy
-  Preempted from banning STRs
-  Did not affect HOA CC&Rs
-  Provided limited health and safety oversight
-  Established transient lodging tax collection

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## Airbnb, neighbors speak out on deadly Airbnb house party shooting in Chandler

Posted Jun 16, 2019

f t i d b

## Some Phoenix-area homeowners say short-term rentals wreaking havoc on their neighborhoods

Margaret Lowe  
Posted Feb 26, 2020

### Homeowners look to stop rowdy rental guests next door

### Wild party causes major damage for Tempe Airbnb homeowner

Ryan Stearns  
Posted May 29, 2019

### Woman shot in the arm during party at Airbnb rental, 911 call released

Published October 11, 2019 | Crime and Public Safety | FOX 10 Phoenix

## Unintended Consequence: "Party Houses"

Expanded protections for STRs



Increase in special event reservations/"party houses"



Municipalities and neighborhoods unable to regulate due to protections



Public attention brought desire for additional legislation

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## STRs & Common Concerns

Common calls for service to short term rentals include:



Parking Violations



Liquor Violations



Noise Complaints

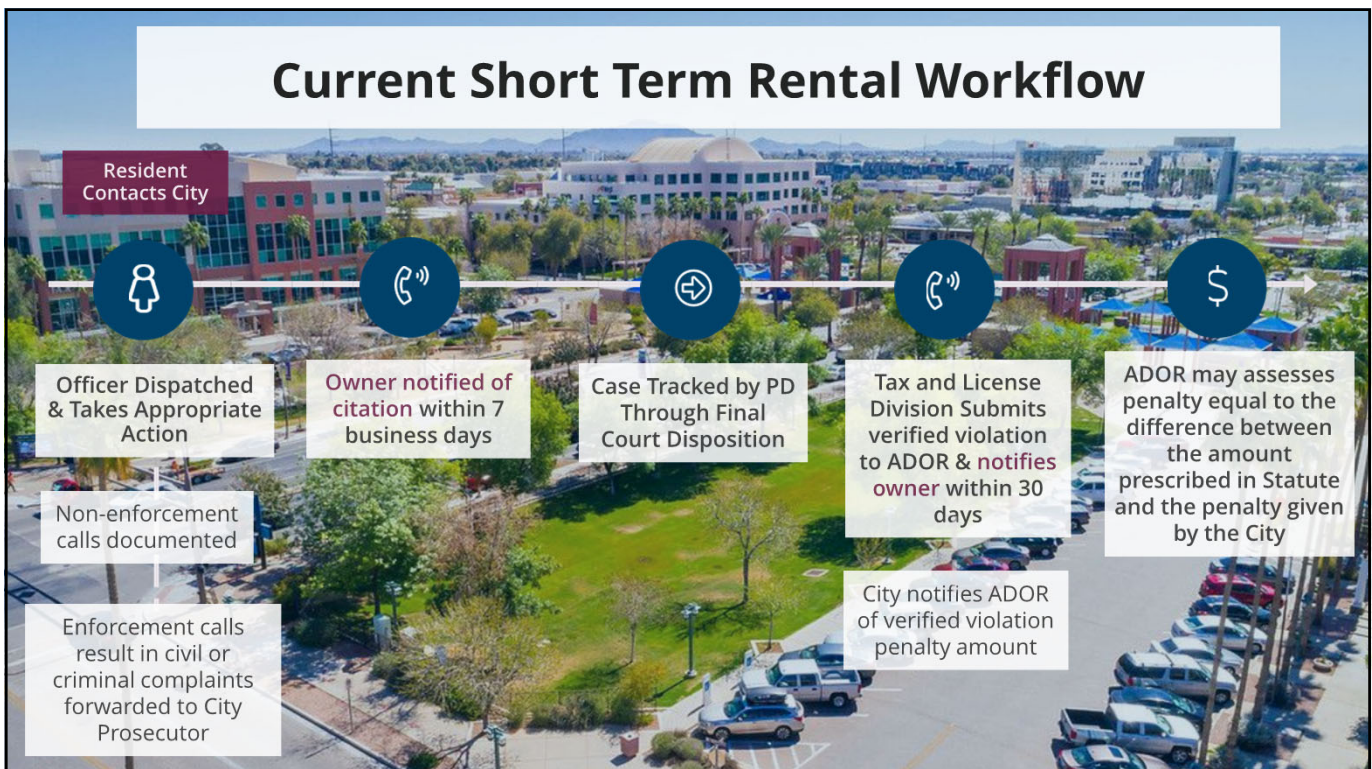
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## 2019 Legislation: HB 2672

- \$ Established verified violation process
- ✓ Allowed collection of owner contact information by a local government
- ⊘ Prohibited operation and advertising without a TPT license
- ⊘ Prohibited special events that would require a permit
- ✓ Mayor and Council Final Adopted Ordinance 4939 and added Chapter 22 – Short Term Rentals on October 12, 2020

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## Unintended Consequence: Difficult Enforcement System

Verified Violation System proved challenging to execute on



Difficult to hold STR owners accountable for renters bad behavior

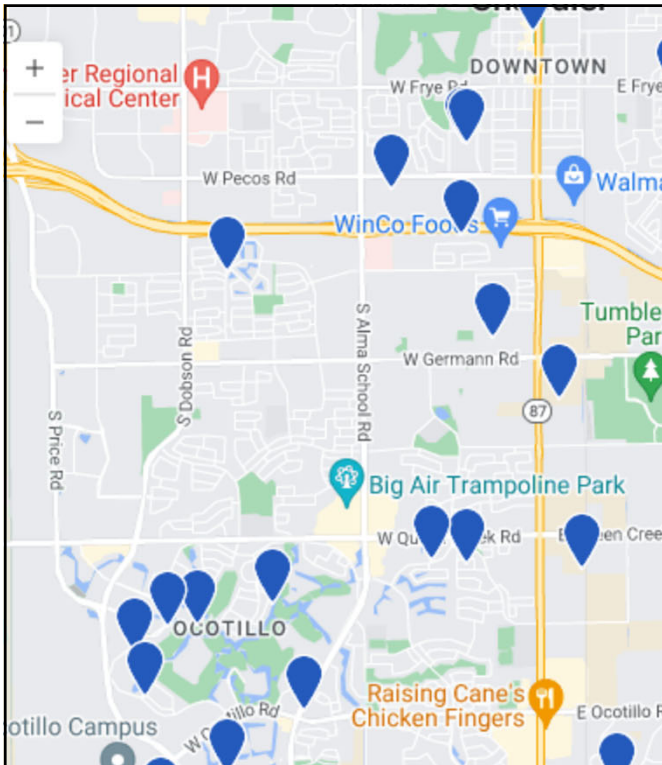


Municipalities and neighborhoods unable to regulate due to current statute



Public attention brought desire for additional legislation

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## Short Term Rentals in Chandler

- X 244 STRs currently on the Chandler registry
- X 131 calls for service at 46 identified rental properties (2022)

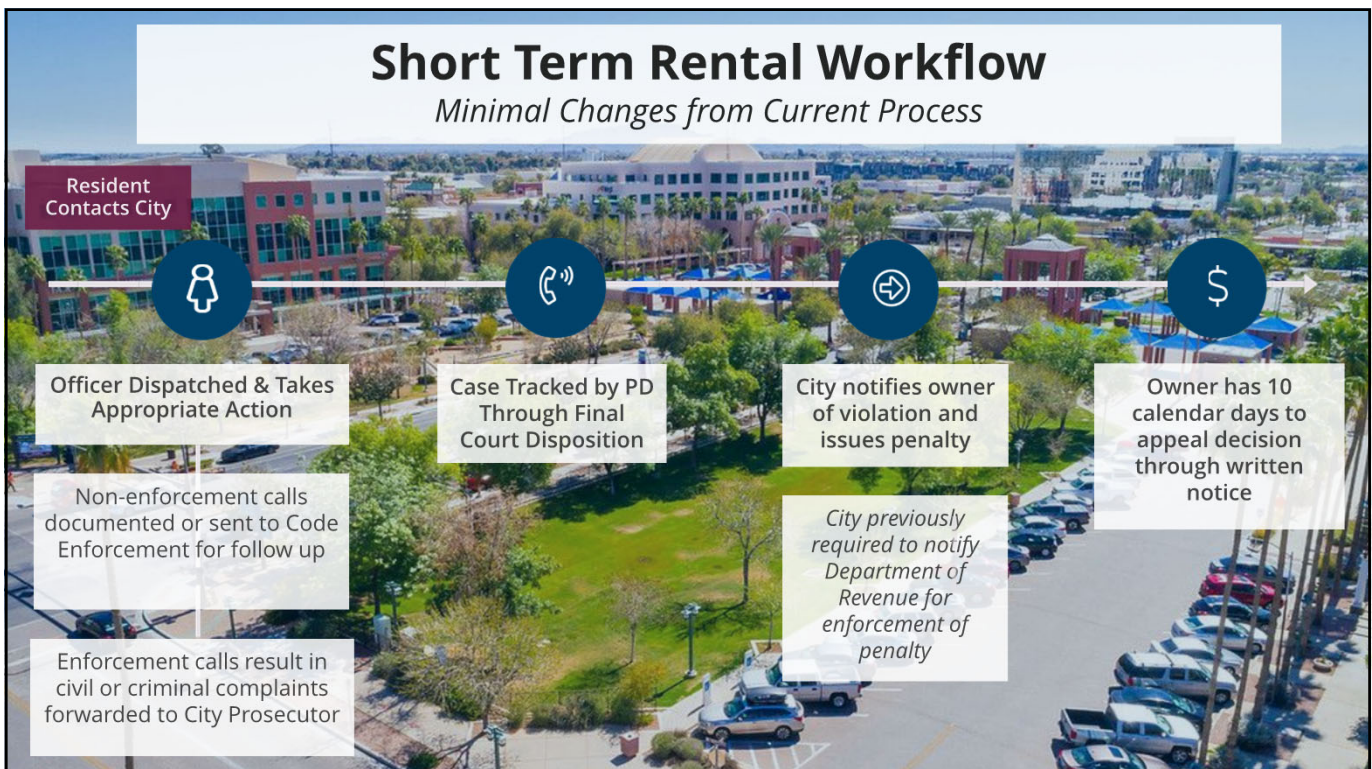
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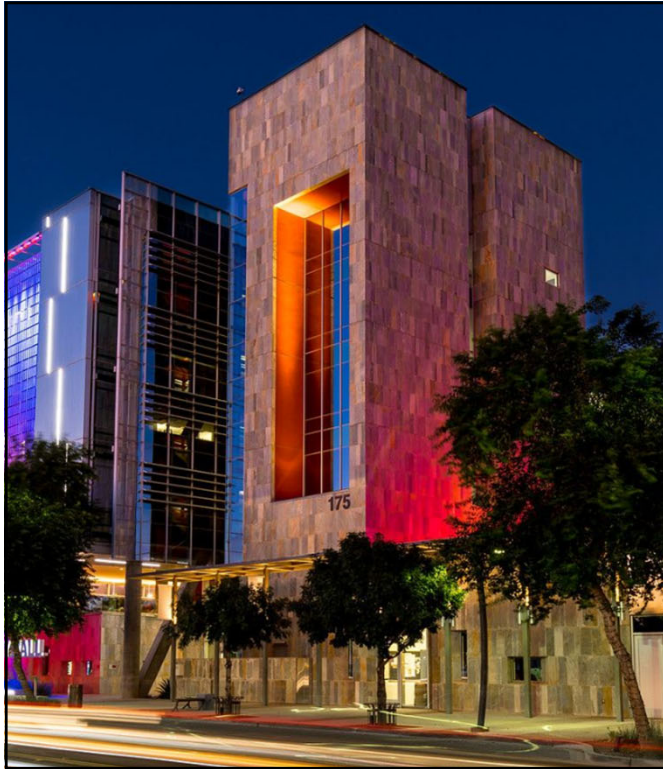
## 2022 Legislation: SB 1168

- Requires STR operators to obtain a license (as opposed to joining a registry) and be subject to a nonrefundable application fee and annual license fee
- Prohibits STRs from being used for non-residential uses
- Requires a point-of-contact to be available for emergencies or non-emergency complaints
- Requires written neighbor notification to all surrounding residential properties
- Requires license and contact information to be conspicuously placed in the rental
- Allows a municipality to suspend an STR license for repeated violations

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## Next Steps

**January 23 – February 6** | **Public Comment**

**February 9** | **Council Subcommittee**

**March** | **Council Consideration**

**April** | **Effective Date 30 Days After  
Council Action**





# Downtown Area Planning and Neighborhoods Update

City Council Neighborhoods Subcommittee  
February 9, 2023



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## Agenda

- Development Update & CIP Projects
- Downtown Core
  - Studies
- Downtown South
  - City Initiatives
  - ULI AZ TAP Study
  - Next Steps



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## Redevelopment Update

### • Completed Projects (Past 5 Years):

- Summit at San Marcos
- Overstreet & Overstreet Garage
- Oregon St. Parking Garage
- New Square Phase 1
- The Alexander & Johnathan
- Arizona Avenue Improvements
- Chicago St. / Arizona Ave. Intersection



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## Redevelopment Update

### • Current Projects:

- DC Heights Phase 1
- Encore Chandler
- Shops on Frye
- Boston St. Improvements
  - Construction summer 2023
- Wall St. Improvements
  - Construction summer 2023
- City Hall Public Parking & Alley Improvements
  - Construction late summer 2023
- Alley Improvements
  - FY 22-23 through FY 24-25



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## Redevelopment Update

### • Future Projects:

- One Chandler
- New Square Phase 2
- DC Heights Phase 2
- District Downtown
- 336 S. Washington
- Sites 1 & 2
- SWC Oregon St. & Chicago St.



**Downtown Redevelopment**  
Past, Present, and Future Projects



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## Current Downtown Data

- City Investment: \$70,450,000
- Private Investment: \$452,700,000
- ROI: \$1.00 to \$6.40
- Businesses
  - 45+ Bars & Restaurants | 21 Retail Stores
  - 315,000 SF Office | 432,000 SF Retail
- Sales Tax Data
  - FY 21-22 was the best year on record:
  - Total Revenue Collected: FY 21-22: \$2.11 million (FY 20-21: \$1.34 million)
  - 57.4% YoY growth from FY 20-21 (previous best year on record)



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## Downtown Core

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## Pedestrian & Wayfinding Plan

### Purpose:

- Plan necessitated by Downtown growth – new destinations and more visitors
- Intended to unify visual language of Downtown wayfinding, direct vehicles to Downtown parking, provide direction for pedestrian traffic, and identify pedestrian comfort improvements
- Aimed at creating an actionable, prioritized plan for staff to implement from

### Process:

- 13-month process (August 2021 - September 2022) - Began with RFP – 12 proposals - J2 selected by 5-member selection committee
- Studied existing conditions, both by observation and by stakeholder survey
- Created final report to be used both as standalone direction and in capital projects

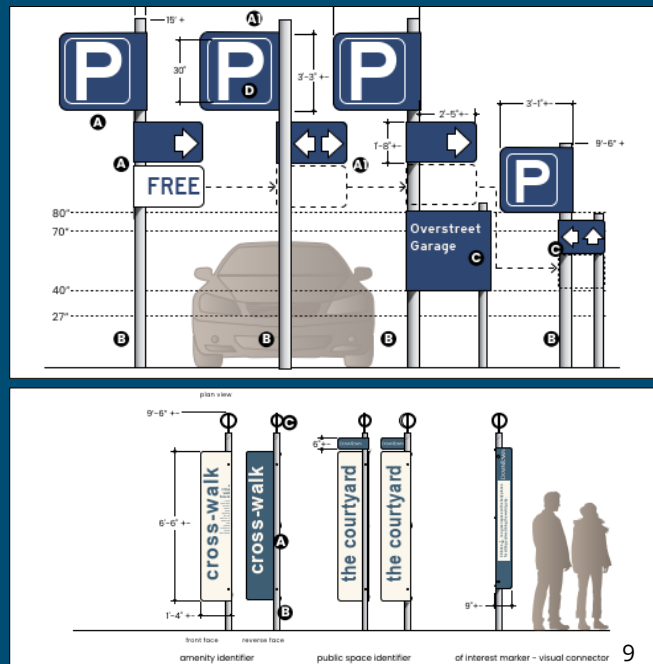
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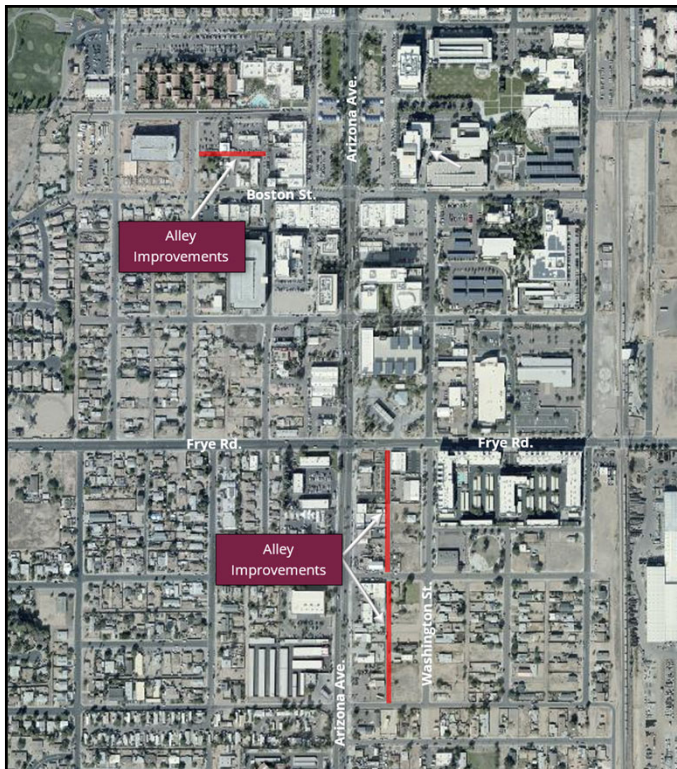


## Pedestrian & Wayfinding Plan Recommendations

- Recommends prioritized locations for signage, both leading into and within Downtown Chandler
- Includes placement recommendations for signage calling out multiple garage options
- Simple but highly legible design is instantly recognizable as a "Parking" sign
- Plan provides context-specific design, i.e. size, color, amount of information varies based on location



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## Alley Study

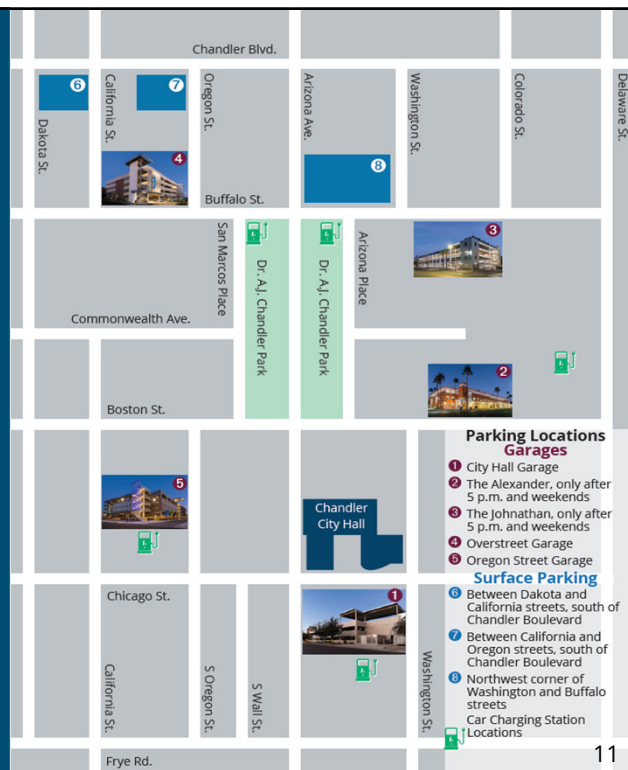
- Determined infrastructure needs for future development
- Suggested one-way vehicular access
- Leveraging access to alleys for driveways to minimize cut cuts and flexibility in smaller lots
- Lead directly into current CIP Project
- Alley 1: California St. to San Marcos Alley
- Alleys 2 & 3: Frye to Fairview between Washington St. & Arizona Ave.

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## Parking Study

- Last updated in 2014
- Increase in both new development and redevelopment
- 2 new parking garages
- Redevelopment moving south into the Southside Village neighborhood
  - Study will include Southside neighborhood
- How to address future parking needs
  - Leveraging City owned property
- Evaluating residential parking impacts



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## Southside Village Neighborhood

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## City Investment in Southside Village Neighborhood

- 2016 – Washington St. / Frye Rd. Upgrades
- 2017 – Street Repaving & ADA Improvements
- 2018 - Arizona Avenue Improvements
- 2018 – For Our City Day
  - Provided dumpsters 2020 – 2022
  - Awarded a TNR Neighborhood Grant
  - Winn Park Playground Improvements
- 2022 – Folley Mural completed at SW Corner of Washington St. & Frye Rd.



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## Current Initiatives

- Historic Conservation District
  - Adopted in July 2022 (1<sup>st</sup> City historic designation)
  - Historic Marker Project by end of FY22/23
  - \$10,000 donation to Chandler Museum from Chandler Historical Society for project collecting Oral Histories of neighborhood
- Harris Park playground equipment – Envision program for community input
- Ongoing – Housing Rehabilitation projects



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## **ULI – AZ TAP Study**

### **Urban Land Institute – Arizona Technical Assistance Panel (AZ TAP):**

- Assists municipalities in the preliminary study of unique land use planning, development, and redevelopment issues
- Principal Question: How will the City guide and manage evolving growth in the Southside Village area?

### **Process:**

- 10-month process (December 2021 – October 2022)
- 8-member panel consisted of urban planners, developers, placemaking experts, traffic engineers, etc.
- Public outreach and discussion with key stakeholders from the neighborhood
- Full day retreat to include tour of area with committee and staff
- Multi-departmental effort

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## **ULI – AZ TAP Study Key Recommendations**

- Overlay with adaptive reuse and infill policies specific for this area
- Look at City-owned property to assist in development or to create gravitational pulls to the area
- Organize strategies around a micro-niche economy of arts and culture that includes live-work and retail incubation
- Neighborhood scale – missing middle housing / gentle density
- Policies to protect fabric of the neighborhood and encourage development
- Reevaluate the most effective multi-modal design direction for Washington Street
- Connecting of neighborhood to downtown, parks, walkability
- Connect Delaware to Pecos

Indicates need to change current usage/code

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## Next Steps

- South Arizona Avenue Corridor Area Plan Update (Currently in Budget)
  - Expected completion 2024
  - Area Plan last updated in 2006 - Design Guidelines in 2008
- Code Updates
- Washington St. CIP – currently in CIP FY24/25
- Winn School Preservation (w/ Salvation Army)
- Washington Alley Improvements
  - Currently in CIP FY24/25



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# Questions?

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