

Senate Engrossed House Bill
accessory dwelling units; requirements.

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HOUSE BILL 2720

AN ACT

AMENDING TITLE 9, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, BY
ADDING SECTION 9-461.18; AMENDING SECTION 9-500.39, ARIZONA REVISED
STATUTES; RELATING TO MUNICIPAL PLANNING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 9, chapter 4, article 6, Arizona Revised Statutes,
3 is amended by adding section 9-461.18, to read:

4 9-461.18. Accessory dwelling units; regulation;
5 applicability; definitions

6 A. A MUNICIPALITY WITH A POPULATION OF MORE THAN SEVENTY-FIVE
7 THOUSAND PERSONS SHALL ADOPT REGULATIONS THAT ALLOW ON ANY LOT OR PARCEL
8 WHERE A SINGLE-FAMILY DWELLING IS ALLOWED ALL OF THE FOLLOWING:

9 1. AT LEAST ONE ATTACHED AND ONE DETACHED ACCESSORY DWELLING UNIT
10 AS A PERMITTED USE.

11 2. A MINIMUM OF ONE ADDITIONAL DETACHED ACCESSORY DWELLING UNIT AS
12 A PERMITTED USE ON A LOT OR PARCEL THAT IS ONE ACRE OR MORE IN SIZE IF AT
13 LEAST ONE ACCESSORY DWELLING UNIT ON THE LOT OR PARCEL IS A
14 RESTRICTED-AFFORDABLE DWELLING UNIT.

15 3. AN ACCESSORY DWELLING UNIT THAT IS SEVENTY-FIVE PERCENT OF THE
16 GROSS FLOOR AREA OF THE SINGLE-FAMILY DWELLING ON THE SAME LOT OR PARCEL
17 OR ONE THOUSAND SQUARE FEET, WHICHEVER IS LESS.

18 B. A MUNICIPALITY MAY NOT DO ANY OF THE FOLLOWING:

19 1. PROHIBIT THE USE OR ADVERTISEMENT OF EITHER THE SINGLE-FAMILY
20 DWELLING OR ANY ACCESSORY DWELLING UNIT LOCATED ON THE SAME LOT OR PARCEL
21 AS SEPARATELY LEASED LONG-TERM RENTAL HOUSING.

22 2. REQUIRE A FAMILIAL, MARITAL, EMPLOYMENT OR OTHER PREEXISTING
23 RELATIONSHIP BETWEEN THE OWNER OR OCCUPANT OF A SINGLE-FAMILY DWELLING AND
24 THE OCCUPANT OF AN ACCESSORY DWELLING UNIT LOCATED ON THE SAME LOT OR
25 PARCEL.

26 3. REQUIRE THAT A LOT OR PARCEL HAVE ADDITIONAL PARKING TO
27 ACCOMMODATE AN ACCESSORY DWELLING UNIT OR REQUIRE PAYMENT OF FEES INSTEAD
28 OF ADDITIONAL PARKING.

29 4. REQUIRE THAT AN ACCESSORY DWELLING UNIT MATCH THE EXTERIOR
30 DESIGN, ROOF PITCH OR FINISHING MATERIALS OF THE SINGLE-FAMILY DWELLING
31 THAT IS LOCATED ON THE SAME LOT AS THE ACCESSORY DWELLING UNIT.

32 5. SET RESTRICTIONS FOR ACCESSORY DWELLING UNITS THAT ARE MORE
33 RESTRICTIVE THAN THOSE FOR SINGLE-FAMILY DWELLINGS WITHIN THE SAME ZONING
34 AREA WITH REGARD TO HEIGHT, SETBACKS, LOT SIZE OR COVERAGE OR BUILDING
35 FRONTAGE.

36 6. SET REAR OR SIDE SETBACKS FOR ACCESSORY DWELLING UNITS THAT ARE
37 MORE THAN FIVE FEET FROM THE PROPERTY LINE.

38 7. REQUIRE IMPROVEMENTS TO PUBLIC STREETS AS A CONDITION OF
39 ALLOWING AN ACCESSORY DWELLING UNIT, EXCEPT AS NECESSARY TO RECONSTRUCT OR
40 REPAIR A PUBLIC STREET THAT IS DISTURBED AS A RESULT OF THE CONSTRUCTION
41 OF THE ACCESSORY DWELLING UNIT.

42 8. REQUIRE A RESTRICTIVE COVENANT CONCERNING AN ACCESSORY DWELLING
43 UNIT ON A LOT OR PARCEL ZONED FOR RESIDENTIAL USE BY A SINGLE-FAMILY
44 DWELLING.

1 C. THIS SECTION DOES NOT PROHIBIT RESTRICTIVE COVENANTS CONCERNING
2 ACCESSORY DWELLING UNITS ENTERED INTO BETWEEN PRIVATE PARTIES. THE
3 MUNICIPALITY MAY NOT CONDITION A PERMIT, LICENSE OR USE OF AN ACCESSORY
4 DWELLING UNIT ON ADOPTING OR IMPLEMENTING A RESTRICTIVE COVENANT BETWEEN
5 PRIVATE PARTIES.

6 D. THIS SECTION DOES NOT SUPERSEDE APPLICABLE BUILDING CODES, FIRE
7 CODES OR PUBLIC HEALTH AND SAFETY REGULATIONS, EXCEPT THAT A MUNICIPALITY
8 MAY NOT REQUIRE AN ACCESSORY DWELLING UNIT TO COMPLY WITH A COMMERCIAL
9 BUILDING CODE OR CONTAIN A FIRE SPRINKLER.

10 E. AN ACCESSORY DWELLING UNIT MAY NOT BE BUILT ON TOP OF A CURRENT
11 OR PLANNED PUBLIC UTILITY EASEMENT UNLESS THE PROPERTY OWNER RECEIVES
12 WRITTEN CONSENT FROM ANY UTILITY THAT IS CURRENTLY USING THE PUBLIC
13 UTILITY EASEMENT OR THAT MAY USE THE PUBLIC UTILITY EASEMENT IN THE
14 FUTURE.

15 F. IF A MUNICIPALITY FAILS TO ADOPT DEVELOPMENT REGULATIONS AS
16 REQUIRED BY THIS SECTION ON OR BEFORE JANUARY 1, 2025, ACCESSORY DWELLING
17 UNITS SHALL BE ALLOWED ON ALL LOTS OR PARCELS ZONED FOR RESIDENTIAL USE IN
18 THE MUNICIPALITY WITHOUT LIMITS.

19 G. THIS SECTION DOES NOT APPLY TO LOTS OR PARCELS THAT ARE LOCATED
20 ON TRIBAL LAND, ON LAND IN THE TERRITORY IN THE VICINITY OF A MILITARY
21 AIRPORT OR ANCILLARY MILITARY FACILITY AS DEFINED IN SECTION 28-8461, ON
22 LAND IN THE TERRITORY IN THE VICINITY OF A FEDERAL AVIATION ADMINISTRATION
23 COMMERCIALLY LICENSED AIRPORT OR A GENERAL AVIATION AIRPORT OR ON LAND IN
24 THE TERRITORY IN THE VICINITY OF A PUBLIC AIRPORT AS DEFINED IN SECTION
25 28-8486.

26 H. FOR THE PURPOSES OF THIS SECTION:

27 1. "ACCESSORY DWELLING UNIT" MEANS A SELF-CONTAINED LIVING UNIT
28 THAT IS ON THE SAME LOT OR PARCEL AS A SINGLE-FAMILY DWELLING OF GREATER
29 SQUARE FOOTAGE THAN THE ACCESSORY DWELLING UNIT, THAT INCLUDES ITS OWN
30 SLEEPING AND SANITATION FACILITIES AND THAT MAY INCLUDE ITS OWN KITCHEN
31 FACILITIES.

32 2. "GROSS FLOOR AREA" MEANS THE INTERIOR HABITABLE AREA OF A
33 SINGLE-FAMILY DWELLING OR AN ACCESSORY DWELLING UNIT.

34 3. "LONG-TERM RENTAL" MEANS RENTAL USE IN WHICH THE TENANT HOLDS A
35 LEASE OF NINETY DAYS OR LONGER OR ON A MONTH-BY-MONTH BASIS.

36 4. "MUNICIPALITY" MEANS A CITY OR TOWN THAT EXERCISES ZONING POWERS
37 UNDER THIS TITLE.

38 5. "PERMITTED USE" MEANS THE ABILITY FOR A DEVELOPMENT TO BE
39 APPROVED WITHOUT REQUIRING A PUBLIC HEARING, VARIANCE, CONDITIONAL USE
40 PERMIT, SPECIAL PERMIT OR SPECIAL EXCEPTION, OTHER THAN A DISCRETIONARY
41 ZONING ACTION TO DETERMINATION THAT A SITE PLAN CONFORMS WITH APPLICABLE
42 ZONING REGULATIONS.

1 6. "RESTRICTED-AFFORDABLE DWELLING UNIT" MEANS A DWELLING UNIT
2 THAT, EITHER THROUGH A DEED RESTRICTION OR A DEVELOPMENT AGREEMENT WITH
3 THE MUNICIPALITY, SHALL BE RENTED TO HOUSEHOLDS EARNING UP TO EIGHTY
4 PERCENT OF AREA MEDIAN INCOME.

5 Sec. 2. Section 9-500.39, Arizona Revised Statutes, is amended to
6 read:

7 9-500.39. Limits on regulation of vacation rentals and
8 short-term rentals; state preemption; civil
9 penalties; transaction privilege tax license
10 suspension; definitions

11 A. A city or town may not prohibit vacation rentals or short-term
12 rentals.

13 B. A city or town may not restrict the use of or regulate vacation
14 rentals or short-term rentals based on their classification, use or
15 occupancy except as provided in this section. A city or town may regulate
16 vacation rentals or short-term rentals as follows:

17 1. To protect the public's health and safety, including rules and
18 regulations related to fire and building codes, health and sanitation,
19 transportation or traffic control and solid or hazardous waste and
20 pollution control, if the city or town demonstrates that the rule or
21 regulation is for the primary purpose of protecting the public's health
22 and safety.

23 2. To adopt and enforce use and zoning ordinances, including
24 ordinances related to noise, protection of welfare, property maintenance
25 and other nuisance issues, if the ordinance is applied in the same manner
26 as other property classified under sections 42-12003 and 42-12004.

27 3. To limit or prohibit the use of a vacation rental or short-term
28 rental for the purposes of housing sex offenders, operating or maintaining
29 a sober living home, selling illegal drugs, liquor control or pornography,
30 obscenity, nude or topless dancing and other adult-oriented businesses.

31 4. To require the owner of a vacation rental or short-term rental
32 to provide the city or town ~~an~~ WITH emergency ~~point of~~ contact information
33 for the owner or the owner's designee who is responsible for responding to
34 complaints or emergencies in a timely manner in person if required by
35 public safety personnel, over the phone or by email at any time of day
36 before offering for rent or renting the vacation rental or short-term
37 rental. In addition to any other penalty IMPOSED pursuant to this
38 section, the city or town may impose a civil penalty of up to \$1,000
39 against the owner for every thirty days the owner fails to provide contact
40 information as prescribed by this paragraph. The city or town shall
41 provide thirty days' notice to the owner before imposing the initial civil
42 penalty.

43 5. To require ~~an~~ THE owner of a vacation rental or short-term
44 rental to obtain and maintain a local regulatory permit or license
45 ~~pursuant to title 9, chapter 7, article 4.~~ As a condition of issuance of

1 a permit or license, the application for the permit or license may require
2 an applicant to provide only the following:

3 (a) ~~THE~~ name, address, ~~phone~~ **TELEPHONE** number and email address for
4 the owner or owner's agent.

5 (b) ~~THE~~ address of the vacation rental or short-term rental.

6 (c) Proof of compliance with section 42-5005.

7 (d) Contact information required pursuant to paragraph 4 of this
8 subsection.

9 (e) Acknowledgment of an agreement to comply with all applicable
10 laws, regulations and ordinances.

11 (f) A fee not to exceed the actual cost of issuing the permit or
12 license or \$250, whichever is less.

13 6. To require, before offering a vacation rental or short-term
14 rental for rent for the first time, the owner or the owner's designee of a
15 vacation rental or short-term rental to notify all single-family
16 residential properties adjacent to, ~~AND~~ **AND** directly and diagonally across
17 the street from the vacation rental or short-term rental. Notice shall be
18 deemed sufficient in a multifamily residential building if given to
19 residents on the same building floor. A city or town may require
20 additional notification pursuant to this paragraph if the contact
21 information previously provided changes. Notification provided in
22 compliance with this paragraph shall include the permit or license number
23 if required by the city or town, the address, ~~OF THE VACATION RENTAL OR~~
24 **SHORT-TERM RENTAL** and the information required pursuant to paragraph 4 of
25 this subsection. The owner or the owner's designee shall demonstrate
26 compliance with this paragraph by providing the city or town with an
27 attestation of notification compliance that consists of the following
28 information:

29 (a) The permit or license number of the vacation rental or
30 short-term rental, if required by the city or town.

31 (b) The address of each property notified.

32 (c) A description of the manner in which the owner or owner's
33 designee chose to provide notification to each property subject to
34 notification.

35 (d) The name and contact information of the person attesting to
36 compliance with this paragraph.

37 7. To require the owner or owner's designee of a vacation rental or
38 short-term rental to display the local regulatory permit number or license
39 number, if any, on each advertisement for a vacation rental or short-term
40 rental that the owner or owner's designee maintains. A city or town that
41 does not require a local regulatory permit or license may require the
42 owner or owner's designee of a vacation rental or short-term rental to
43 display the transaction privilege tax license **NUMBER** required by section
44 42-5042 on each advertisement for a vacation rental or short-term rental
45 that the owner or owner's designee maintains.

1 8. To require the vacation rental or short-term rental to maintain
2 liability insurance appropriate to cover the vacation rental or short-term
3 rental in the aggregate of at least \$500,000 or to advertise and offer
4 each vacation rental or short-term rental through an online lodging
5 marketplace that provides equal or greater coverage.

6 9. TO REQUIRE THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL
7 TO RESIDE ON THE PROPERTY IF THE PROPERTY CONTAINS AN ACCESSORY DWELLING
8 UNIT THAT WAS CONSTRUCTED ON OR AFTER THE EFFECTIVE DATE OF THIS AMENDMENT
9 TO THIS SECTION AND THAT IS BEING USED AS A VACATION RENTAL OR SHORT-TERM
10 RENTAL. UNLESS THE TIME PERIOD SPECIFIED IN SECTION 12-1134, SUBSECTION G
11 HAS EXPIRED, THIS PARAGRAPH DOES NOT APPLY TO A PROPERTY OWNER WHO HAS THE
12 RIGHT TO BUILD AN ACCESSORY DWELLING UNIT ON THE PROPERTY OWNER'S PROPERTY
13 BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION WHETHER OR NOT
14 THE ACCESSORY DWELLING UNIT HAS BEEN BUILT.

15 C. A city or town that requires a local regulatory permit or
16 license pursuant to this section shall issue or deny the permit or license
17 within seven business days of receipt of the information required by
18 subsection B, paragraph 5 of this section and otherwise in accordance with
19 section 9-835, except that a city or town may deny issuance of a permit or
20 license only for any of the following:

21 1. Failure to provide the information required by subsection B,
22 paragraph 5, subdivisions (a) through (e) of this section.

23 2. Failure to pay the required permit or license fee.

24 3. At the time of application the owner has a suspended permit or
25 license for the same vacation rental or short-term rental.

26 4. The applicant provides false information.

27 5. The owner or owner's designee of a vacation rental or short-term
28 rental is a registered sex offender or has been convicted of any felony
29 ~~act~~ OFFENSE that resulted in death or serious physical injury or any
30 felony use of a deadly weapon within the past five years.

31 D. A city or town that requires a local regulatory permit or
32 license pursuant to this section shall adopt an ordinance to allow the
33 city or town to initiate an administrative process to suspend a local
34 regulatory permit or license for a period of up to twelve months for the
35 following verified violations associated with a property:

36 1. Three verified violations within a twelve-month period, not
37 including any verified violation based on an aesthetic, solid waste
38 disposal or vehicle parking violation that is not also a serious threat to
39 public health and safety.

40 2. One verified violation that results in or constitutes any of the
41 following:

42 (a) A felony offense committed at or in the vicinity of a vacation
43 rental or short-term rental by the vacation rental or short-term rental
44 owner or owner's designee.

1 (b) A serious physical injury or wrongful death at or related to a
2 vacation rental or short-term rental resulting from the knowing,
3 intentional or reckless conduct of the vacation rental or short-term
4 rental owner or owner's designee.

5 (c) An owner or owner's designee knowingly or intentionally housing
6 a sex offender, allowing offenses related to adult-oriented businesses,
7 sexual offenses or prostitution, or operating or maintaining a sober
8 living home, in violation of a regulation or ordinance adopted pursuant to
9 subsection B, paragraph 3 of this section.

10 (d) An owner or owner's designee knowingly or intentionally
11 allowing the use of a vacation rental or short-term rental for a special
12 event that would otherwise require a permit or license pursuant to a city
13 or town ordinance or a state law or rule or for a retail, restaurant,
14 banquet space or other similar use.

15 3. Notwithstanding paragraphs 1 and 2 of this subsection, any
16 attempted or completed felony ~~act~~ OFFENSE, arising from the occupancy or
17 use of a vacation rental or short-term rental, that results in a death, or
18 actual or attempted serious physical injury, shall be grounds for judicial
19 relief in the form of a suspension of the property's use as a vacation
20 rental or short-term rental for a period of time that shall not exceed
21 twelve months.

22 E. A city or town that requires sex offender background checks on a
23 vacation rental or short-term rental guest shall waive the requirement if
24 an online lodging marketplace performs a sex offender background check of
25 the booking guest.

26 F. Notwithstanding any other law, a city or town may impose a civil
27 penalty of the following amounts against an owner of a vacation rental or
28 short-term rental if the owner receives one or more verified violations
29 related to the same vacation rental or short-term rental property within
30 the same twelve-month period:

31 1. Up to \$500 or up to an amount equal to one night's rent for the
32 vacation rental or short-term rental as advertised, whichever is greater,
33 for the first verified violation.

34 2. Up to \$1,000 or up to an amount equal to two nights' rent for
35 the vacation rental or short-term rental as advertised, whichever is
36 greater, for the second verified violation.

37 3. Up to \$3,500 or up to an amount equal to three nights' rent for
38 the vacation rental or short-term rental as advertised, whichever is
39 greater, for a third and any subsequent verified violation.

40 G. A vacation rental or short-term rental that fails to apply for a
41 local regulatory permit or license in accordance with subsection B,
42 paragraph 5 of this section, within thirty days of the local regulatory
43 permit or license application process being made available by the city or
44 town issuing such permits or licenses, must cease operations. In addition
45 to any ~~fines~~ CIVIL PENALTIES imposed pursuant to subsection F of this

1 section, a city or town may impose a civil penalty of up to \$1,000 per
2 month against the owner if the owner or owner's designee fails to apply
3 for a regulatory permit or license within thirty days after receiving
4 written notice of the failure to comply with subsection B, paragraph 5 of
5 this section.

6 H. If multiple verified violations arise out of the same response
7 to an incident at a vacation rental or short-term rental, those verified
8 violations are considered one verified violation for the purpose of
9 assessing civil penalties or suspending the regulatory permit or license
10 of the owner ~~or owner's designee~~ pursuant to this section.

11 I. If the owner of a vacation rental or short-term rental has
12 provided contact information to a city or town pursuant to subsection B,
13 paragraph 4 of this section and if the city or town issues a citation for
14 a violation of the city's or town's applicable laws, regulations or
15 ordinances or a state law that occurred on the owner's vacation rental or
16 short-term rental property, the city or town shall make a reasonable
17 attempt to notify the owner or the owner's designee of the citation within
18 seven business days after the citation is issued using the contact
19 information provided pursuant to subsection B, paragraph 4 of this
20 section. If the owner of a vacation rental or short-term rental has not
21 provided contact information pursuant to subsection B, paragraph 4 of this
22 section, the city or town is not required to provide such notice.

23 J. This section does not exempt an owner of a residential rental
24 property, as defined in section 33-1901, from maintaining with the
25 assessor of the county in which the property is located information
26 required under title 33, chapter 17, article 1.

27 K. A vacation rental or short-term rental may not be used for
28 nonresidential uses, including for a special event that would otherwise
29 require a permit or license pursuant to a city or town ordinance or a
30 state law or rule or for a retail, restaurant, banquet space or other
31 similar use.

32 L. For the purposes of this section:

33 1. "ACCESSORY DWELLING UNIT" HAS THE SAME MEANING PRESCRIBED IN
34 SECTION 9-461.18.

35 ~~1.~~ 2. "Online lodging marketplace" has the same meaning prescribed
36 in section 42-5076.

37 ~~2.~~ 3. "Transient" has the same meaning prescribed in section
38 42-5070.

39 ~~3.~~ 4. "Vacation rental" or "short-term rental":

40 (a) Means any individually or collectively owned single-family or
41 one-to-four-family house or dwelling unit or any unit or group of units in
42 a condominium or cooperative that is also a transient public lodging
43 establishment or owner-occupied residential home offered for transient use
44 if the accommodations are not classified for property taxation under
45 section 42-12001.

1 (b) Does not include a unit that is used for any nonresidential
2 use, including retail, restaurant, banquet space, event center or another
3 similar use.
4 ~~4.~~ 5. "Verified violation" means a finding of guilt or civil
5 responsibility for violating any state law or local ordinance relating to
6 a purpose prescribed in subsection B, D, F or K of this section that has
7 been finally adjudicated.