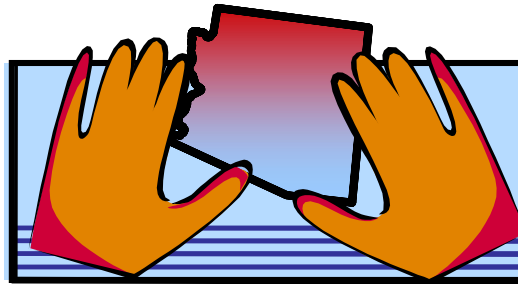


GROWING SMARTER IN ARIZONA

**The 1st Annual Report
of the
Growing Smarter Oversight Council**



**Arlan Colton
Mark Schnepf
Grant Woods
Co-chairs**

Growing Smarter Oversight Council Members

As of December 5, 2001

Michael Anable	Arizona State Land Department
Governor Donald Antone	Gila River Indian Community
Maria Baier	Arizona Governor's Office
Ed Beasley	City of Glendale
Steve Betts	Gallagher & Kennedy
Stephen Brophy	Page Land & Cattle Co.
Patrick Call	Cochise County Board of Supervisors
Frank Carrillo	City of Somerton
Arlan Colton	University of Arizona
Albert Elias	City of Tucson Department of Transportation
Margie Emmermann	Arizona Department of Commerce
Tom Farley	Arizona Association of Realtors
Pat Gilbert	Mesa Community Action Network
Jan Hancock	Arizona Trail Association
Jim Holway	Arizona Department of Water Resources
Carol Johnson	Arizona Planning Association
Virginia Korte	Center for Native and Urban Wildlife
David Mehl	Cottonwood Properties
Victor Mendez	Arizona Department of Transportation
Mandy Metzger	Diablo Trust
John Ogden	Suncor
Jerry Owen	City of Cottonwood
Jack Pfister	Arizona State University School of Public Affairs
Luther Propst	Sonoran and Rincon Institutes
David Richert	City of Phoenix Planning Department
Katharina Richter	Pima County Attorney's Office
Jackee Schafer	Arizona Department of Environmental Quality
Mark Schnepf	Schnepf Farms
Duane Shroufe	Arizona Game and Fish Department
Debra Stark	City of Peoria Community Development
Mike Trailor	Centex Homes
Tonia Tunnell	Arizona Association of Counties
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December 20, 2001

The Honorable Jane Dee Hull
Governor
State of Arizona
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Hull:

The Growing Smarter Oversight Council is pleased to submit this inaugural Annual Report to you, the Legislature, and the citizens of Arizona.

A keynote of the Hull administration has been your personal leadership in the realm of growth and open space issues bombarding Arizona. From the inception of the original Growing Smarter Act in 1998, through the Growing Smarter Commission and Growing Smarter Plus in 1999 and 2000, to the creation of this volunteer Council in the spring of 2001, you have pursued a myriad of avenues to improve the way Arizona grows.

As the primary players in monitoring and ensuring successful implementation of the Growing Smarter Acts, we have so far focused on strengthening stakeholder involvement and identifying perceived barriers to achieving effective compliance with this landmark legislation.

The highlights of the Growing Smarter Oversight Council's first year are contained herein, and it is with pride and a continuing commitment to Arizona's legacy that we will pursue our mission into the years to come.

Respectfully submitted,
Growing Smarter Oversight Council Co-Chairs,

Mark Schnepf

Arlan Colton, AICP

Grant Woods

Introduction

Arizona has a unique heritage when it comes to public lands, open space and growth. One of the few states to hang on to most of its State Trust lands and filled with vast expanses of federal lands, Arizona is blessed with exceptionally diverse landscapes. Arizona is comprised of bustling metropolitan regions, working ranches and agricultural districts, rural communities, and magnificent natural open spaces.

The lifestyles of Arizonans are equally as diverse as the landscapes they live in. Arizona's quality of life and vibrant economy has made it one of the fastest growing states in the nation. This rapid growth has left many Arizonans searching for ways to better maintain our unique lifestyle and preserve the character of our communities. To sustain this economic prosperity without irreversibly damaging the State's natural resources, Governor Jane Dee Hull set out to create and strengthen growth management and open space preservation programs to ensure that every community and county would possess the tools necessary to control their own destinies and preserve their futures. Promoting smart growth principles on the local level ensures that the distinct character that comprises our diverse State will continue to flourish for all Arizonans.

Arizona's History of Managing Growth

The State of Arizona has been working for nearly a decade to actively manage growth and preserve open space. Since 1973, cities, towns and counties have been required to develop plans for their communities, looking at issues such as land use, circulation, housing, public services and facilities, and conservation, rehabilitation and redevelopment. Communities used these plans to visualize the directions they wished to develop and ways to get there. However, as growth rates significantly increased in the 1990s and through the next decade, it became clear that more tools were needed to assist these communities in their planning endeavors.

The first legislative success to further this effort was the passage of the Arizona Preserve Initiative (API) in 1996, which was designed to encourage the preservation of State Trust land in and around urban areas for open space to benefit future generations. The law established a process by which Trust land could be leased for up to 50 years or sold for conservation purposes.

In 1998, the landmark Growing Smarter Act was passed. The Act added four new elements to the already required general plans of municipalities and comprehensive plans of counties. The four new elements included: Open Space, Growth Areas, Environmental Planning, and Cost of Development. Additionally, previously required elements were modified, clarified, and strengthened.

The Act also created a ballot initiative, Proposition 303, which provided \$20 million per year for eleven years to help communities preserve open space and incentivize certain landowners to adopt best conservation practices on their land. This proposition passed in 1998 with a 53% voter approval.

Furthermore, the Growing Smarter Act created a Growing Smarter Commission to consider additional proposals to manage growth and preserve open space in Arizona. The 15-member Commission was comprised of state and local government officials and representatives from the business, ranching, and environmental industries. Also, more than 100 individuals with diverse backgrounds from around the State were appointed to eight Commission subcommittees. Through these subcommittees, the best alternatives for addressing growth issues were reported to the Commission and consolidated into a draft report that was used in a series of open houses conducted by the Commission to obtain public input before the Commission made its final recommendations.

The Commission's final recommendations ultimately led to the drafting of Growing Smarter Plus (GS+) legislation, which was passed in a Special Legislative Session, and signed by Governor Hull in 2000. A primary focus of GS+ was to further the enhancement of land use planning statutes. Highlights of GS+ include:

- Large and fast-growing cities are to obtain voter approval of their general plans at least once every ten years and include a water adequacy element in their plans;
- Cities and counties are to exchange plans prior to adoption to encourage regional coordination;
- Requires full disclosure to property buyers of the lack of available services and facilities;
- Requires land-owner permission for plan designation and rezoning of private property to open space;
- Authorizes cities and counties to designate service area limits beyond which services and infrastructure are not provided at public expense;
- Permits counties to impose development fees consistent with municipal development fee statutes;
- Allows cities to create infill incentive districts and plans that could include expedited process incentives;
- Gives landowners an expedited and cost-free review of taking claims; and
- Establishes a development rights program to purchase, lease or transfer development rights of private lands.

Another focus of GS+ resulted in a proposition on the 2000 ballot, which aimed to make substantive reforms of the State Land Department and to establish the Arizona Stewardship Reserve for the purpose of conserving up to three percent of Arizona's State Trust lands. However, this ballot proposition was narrowly defeated by the voters and did not become law.

To continue the effort to ensure that local communities and the State have the tools necessary to manage growth, Governor Hull established the Growing Smarter Oversight Council by Executive Order 2001-02 on February 6, 2001. The Executive Order is included in the Appendix of this Report.

Missions and Goals of the Growing Smarter Oversight Council

The Growing Smarter Oversight Council, a council of volunteers, was created by Executive Order, and is charged with the goals of monitoring the implementation of the Growing Smarter and Growing Smarter Plus Acts; identifying obstacles; suggesting refinements; developing a method of measuring and assessing the effectiveness of the Acts; determining how compliance with the Acts should be addressed; and suggesting improvements. It is also charged with the obligation to include discussions of other groups including the Groundwater Management Commission, the Brown Cloud Summit, the Vision 21 Transportation Task Force, and the Arizona Partnership for the New Economy.

2001 Activities

Over the past 10 months, the Council met in northern, central, and southern Arizona locations, and heard testimony from a large number of statewide constituent groups, agencies, communities, and organizations on their needs, concerns, issues, suggestions, and recommendations regarding the Growing Smarter legislation. After a daylong Visioning Retreat to identify ways to address priorities and identify the perceived barriers to successful implementation of Growing Smarter initiatives, it became clear that the issues identified were far-reaching and embraced a broad spectrum of social, economic, and political interests. Therefore, the Council divided into subcommittees to proactively prioritize issues, strategize approaches, and ultimately achieve results. The subcommittees are as follows:

- **Communication and Education** – This subcommittee is charged with increasing public awareness and understanding through meaningful and accessible participation mechanisms. This is a grassroots group focusing on feasible and successful ways to reach the public and elevate smart and quality growth philosophies statewide.
- **Local Government Relations** – The role of this group is to interface with elected and appointed officials at the local level and turn issues and concerns into concrete directions and actions. This subcommittee provides policy guidance to the Legislative Subcommittee.
- **Legislative** - This group addresses specific refinements and looks at what new components are needed to enhance and clarify the intent and successful implementation of Growing Smarter. They work collaboratively on state level policies and legislative endeavors, and are strong resources for state elected and appointed officials.
- **Performance Measures** - This subcommittee will provide the link among all the subcommittees by establishing the potential criteria and processes by which Arizona's Growing Smarter Acts will be monitored and measured for successful implementation. Additionally, this subcommittee will document "guiding principles" that identify quality of life impacts and solidify the efforts of the other subcommittees.

Each subcommittee identified short, medium, and long-term goals. Short-term goals are expected to be reached over the following year. Medium-term goals may take up to 2-3 years to achieve, and long-term goals have varying completion dates.

Further, the Council identified, reviewed and drafted, through its Legislative Subcommittee and approved as an entire body, legislative language to address some immediate obstacles to implementing Growing Smarter requirements. The Council will be forwarding these suggestions to the Arizona Legislature for consideration during their 2002 Regular Legislative Session. A summary of these suggestions can be found under the Legislative Subcommittee section of this Report. It is expected that the Legislative Subcommittee will continue to work with the other subcommittees throughout the next Legislative Session to ensure that policy issues regarding better growth management are brought to the attention of the Governor and the Legislature.

COMMUNICATION and EDUCATION SUBCOMMITTEE

Increases public awareness and understanding through meaningful and accessible participation mechanisms. This grassroots group focuses on feasible and successful ways to reach the public and elevate smart and quality growth philosophies statewide.

2002 Goals and Action Items

- Establish a website that can be a data clearinghouse and linked to agencies, organizations, and communities. The website can also provide continuous, updated information on the General Plans that have been approved, or others that are scheduled for voting.
- Develop a brochure through the private sector, which helps define the goals and objectives of Growing Smarter and Growing Smarter Plus. This brochure can be utilized in presentations, mailings, and community brochure racks in key locations.
- Develop a Media Plan to help keep the Growing Smarter initiatives in the public eye; keep the Growing Smarter process vital.
- Form a Speakers Bureau to be available for community presentations and public outreach activities.

Medium-Term Goals

- Communicate with editorial staff at newspapers and other media-outlets statewide.
- Develop a presentation kit and several table-top displays for conferences and public meetings.
- Encourage community leaders to include community planning in education programs, for youth as well as adults.
- Promote community workshops, develop model elements, and public involvement programs that help educate the public about the importance of planning.

Long-Term Goals

- Encourage all Growing Smarter Oversight Council members to participate in public forums throughout the State.
- Encourage community agencies, commissions, councils and organizations to conduct educational retreats to develop an understanding and consensus about growth in their communities.
- Promote the philosophy that planning is a worthwhile return on investment in a community's future.
- Encourage communities to inform and educate citizens about policies and actions that will not encourage sprawl.

LOCAL GOVERNMENT RELATIONS SUBCOMMITTEE

Interfaces with elected and appointed officials at the local and state level and turns issues and concerns into concrete directions and actions. Provides policy guidance to the Legislative Subcommittee.

2002 Goals and Action Items – Planning Guidance

- Develop a definition for “affordable housing” that equates to housing that is affordable to the average household income, and differentiates it from subsidized housing.
- Consider the relationship between growth management provisions, supply of land for development, and affordable housing and explore measures to achieve Growing Smarter/Plus objectives, such as open space, while also ensuring adequate affordable housing. As part of this, research the availability of State and Federal lands for future development.
- Develop policy guidance for promoting a stronger correlation between population growth, types of employment, wages, housing diversity, and housing costs with an objective of achieving a balance of jobs and suitable housing for employees in close proximity. Require an analysis of jobs and housing balance as part of the general plan.
- Develop policy guidance for using the location and timing of infrastructure as a tool to guide desired types and locations for new development.
- Develop policy guidance for major amendments, including criteria for developing a definition, and setting forth requirements for reviewing potential impacts (including an analysis of potential traffic impacts, water availability, environmental impacts, and jobs/housing balance).
- Review taxation policies, and recommend revisions that would allow property taxes to be used as a tool to encourage development consistent with long-range plans, including the retention of land as undeveloped until the market exists for more appropriate uses in the future.
- Develop State policy to allow counties greater authority to address affordable housing issues.
- Identify implementation obstacles in existing statutes, as well as implementation opportunities, such as tax increment financing, public works trust funds, and public/private joint ventures.

Medium-Term Goals – Regional Planning and Coordination

- Identify land use issues of regional significance, which should be addressed in local plans.
- Study the possibility of requiring communities to coordinate general plans for issues of regional significance or for land uses along the boundaries between jurisdictions the same way that the State requires regional coordination of transportation plans.
- Develop policies that will encourage regional planning through grants, demonstration projects, incentives, and building technical expertise and necessary databases at the regional and state level.
- Study the possibility of standardizing land use regulations and local government authority across cities and counties within similar regions, while recognizing the differing needs of urban and rural areas.
- Study methods to address regional planning in rural areas in a manner that is compatible with other communities in the area.
- Provide for joint applications for grant funds in order to encourage a regional approach in planning.

Long-Term Goals - Funding & Technical Assistance

- Identify methods for providing technical assistance to cities/towns and counties, and in particular, technical support for the Water Resources Element.
- Identify opportunities for providing technical data through regional and state entities.
- Identify needs in rural Arizona separate from the urban areas and direct funds toward those areas.

LEGISLATIVE SUBCOMMITTEE

Addresses specific refinements and looks at what new components are needed to enhance and clarify the intent and successful implementation of Growing Smarter. Works collaboratively on state level policies and legislative endeavors, and are strong resources for state elected and appointed officials.

2002 Goals and Action Items

- Draft legislation for the 2002 Regular Legislative Session that addresses the following issues:
 - Extends the deadline for counties and fast-growing communities to adopt their general and comprehensive plans for one year; to the end of 2002 for fast growing communities and counties and to the end of 2003 for small communities and counties (county populations less than 125,000).
 - Clarify the water adequacy element to address interpretive and financial impacts after review by key water committees and the Arizona Department of Water Resources.
 - Clarify that public hearings are not to begin until after the 60-day review period ends.
 - Clarify the required citizen participation process for zoning cases.
- Monitor Representative O'Halleran's working group regarding lot split authority and any legislation that may be introduced in the 2002 Legislative Session.
- Monitor the Groundwater Management Commission recommendations and actions.
- Review State Land Department proposed legislation for consistency with Growing Smarter legislation.

Medium-Term Goals

- Clarify the major and minor amendment definition by setting clear parameters that take urban and rural differences into account. Survey communities to define needs.
- Monitor suggested legislative changes to the State Land Department that is being developed by the ad hoc group chaired by Ed Fox.
- Provide the Department of Commerce with the resources to act as a data clearinghouse, and explore strengthening its role as an overview, assistance, coordination, and recommendation body.

Long-Term Goals

- Monitor the Pima County judicial decision on downzoning and, if necessary, address county downzoning authority.
- Explore ways to address funding and technical needs as identified by communities and counties.
- Examine the issue of regional coordination and discuss the need for communities to regionally coordinate land-use plans the same way that the State currently requires regional coordination of transportation plans.
- Examine the issue of the required alternative designation for open space as one dwelling per acre.
- Monitor and, if necessary, explore a refinement of the referendum process, relative to smaller municipalities.
- Monitor the newly formed Governor's Office of Housing to see if it enacts a statewide affordable housing policy. If necessary, suggest legislative amendments should the Office of Housing's policies conflict or alter Growing Smarter.

PERFORMANCE MEASURES SUBCOMMITTEE

Provides the link among all the subcommittees by establishing the potential criteria and process by which Arizona's Growing Smarter Acts will be monitored and measured for successful implementation. Additionally, this subcommittee will document "guiding principles" that identify quality of life impacts and solidify the efforts of the other subcommittees.

2002 Goals and Action Items

- Track the status of municipal general plan and county comprehensive plan updates.
- Seek statewide input for the potential development of guiding principles, and the process for developing those principles.
- Examine what other communities around the country are doing and discuss their possible applications in Arizona.
- Establish basic measurement indicators related to compliance with mandates. These could include:
 - Status of processes underway to update general and comprehensive plans
 - Status of final adoption of updated plan by elected officials from municipality or county
 - Status of voter ratifications of updated plans for municipalities

Medium-Term Goals

- Implement an outreach effort to gather examples of successful planning processes from throughout the State, and develop a menu of successful techniques that are key to successful adoption of general and comprehensive plans. Ensure participation in this effort using a variety of techniques, such as small group workshops, interviews of key stakeholders, and written questionnaires.
- Develop baseline data to measure quality of life impacts from a long-term perspective. These could include:
 - land consumption and density
 - rate of population growth in communities
 - acres of designated open space
 - infrastructure adequacy/availability/affordability
 - average daily vehicle trips per capita
 - average vehicle travel time
 - exceedences of air quality standards
 - median income levels
 - educational attainment level
 - housing affordability
 - home ownership

Long-Term Goals

- Develop a statewide participatory process to identify specific "Guiding Principles" being utilized to update plans.