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**CALL TO ORDER**

[Time: 00:00:01]

Mayor Ortega: Good evening. I call the November 14, 2022 city council regular meeting to order. City clerk Ben Lane would you please conduct the roll call.

**ROLL CALL**

[Time: 00:00:15]

City Clerk Ben Lane: Thank you Mayor. Mayor David Ortega.

Mayor Ortega: Present.

Clerk Ben Lane: Vice Mayor Tom Durham.

Vice Mayor Durham: Present.

Clerk Ben Lane: Councilmembers Tammy Caputi.

Councilmember Caputi: Here.

Clerk Ben Lane: Betty Janik

Councilmember Janik: Present.

**CITY OF SCOTTSDALE  
NOVEMBER 14, 2022 REGULAR AND WORK STUDY COUNCIL MEETING  
CLOSED CAPTION TRANSCRIPT**

**PAGE 2 OF 33**

Clerk Ben Lane: Kathy Littlefield.

Councilmember Littlefield: Here.

Clerk Ben Lane: Linda Milhaven.

Councilmember Milhaven: Here.

Clerk Ben Lane: Solange Whitehead.

Councilmember Whitehead: Here.

Clerk Ben Lane: City Manager Jim Thompson.

Jim Thompson: Here.

Clerk Ben Lane: City Attorney Sherry Scott.

Sherry Scott: Here.

Clerk Ben Lane: City Treasurer Sonia Andrews.

Sonia Andrews: Here.

Clerk Ben Lane: City Auditor Sharron Walker.

Sharron Walker: Here.

Clerk Ben Lane: And the Clerk is present. Thank you Mayor

[Time: 00:00:40]

Mayor Ortega: Excellent. We have Scottsdale police sergeant Sean Ryan and detective Dustin Patrick as well as firefighter Rob Clark should anyone need assistance. There are public restrooms to my left and other areas are restricted. Let's begin with the pledge of allegiance, Vice Mayor Durham.

Vice Mayor Durham: I pledge allegiance to the flag of the United States of America. And to the republic for which it stands one nation under God indivisible with liberty and justice for all.

Mayor Ortega: We continue to keep the people of Ukraine and the country of Ukraine in our thoughts and forefront in our thoughts. As that would cause in silence in support of their sacrifice for freedom. Thank you.

It is my pleasure to present a proclamation and I am very pleased to present a proclamation to Gary Sprague and his sidekick. What I will do is read it first and then call your attention to the screen. You will see a very calm and common ambassador, that is the horse I mean. He is very steady and no matter how

many kids want to say hi he is there to enjoy and be hospitable. You will see Gary as he is strong in performing amazingly. Let me read first of all a proclamation and then will ask you to come forward.

From the city of Scottsdale proclamation, whereas Gary Sprague began his illustrious career as a singing cowboy over 29 years ago with his trusty horse steel after being inspired by the Prada del sol parade which lacked a singing cowboy. Whereas Gary Sprague became Scottsdale's singing cowboy over 20 years ago, performing every winter season in old town, originally with steel and then with his trusty sidekick Dusty. For the last 20 seasons Gary has delighted Scottsdale residents and visitors alike with his performance, the show often stolen by the very talented dusty. The city of Scottsdale salutes Gary and Dusty as they ride into the sunset of retirement and thank them for helping old town Scottsdale keep its western charm and howdy hospitality. I David Ortega proclaimed today and rejoice declare the singing cowboy Gary Sprague day.

[applause]

Gary Sprague: There are times in your life, where you don't know where you're going to go. There was a recession in the 80s and Peggy and I were living in Syracuse, New York having only been married six years. A year after I had been laid off from my day job, I had been singing and playing guitar forever and we were looking for someplace to go. So we decided that Phoenix, Arizona area was the place to go. So we moved out here, Peggy had a job teaching deaf ed at phoenix school for the deaf and I was not sure what I was going to do. I fortunately was asked to go up to Reata Pass and sing up there so I was singing there several nights a week.

When Reata Pass closed, I went and I begged for a job down at greasewood flat and I literally had to beg for a job and I got it. One night a bartender came up to me and said you've got to go see Prada del sol it is so awesome. It's 3 and a half hours long and there's no cars or trucks and it's horse-drawn and it's really great and you have got to go! And as the mayor said, I went back the next night and said, the parade was okay but there's no singing cowboys.

[Time: 00:06:45]

I literally in the little building turned around and said, does anyone have a horse I can ride on in parades? Somebody loaned me a horse. By the next fall I was doing parades and for three years it did parades, and I got a job singing at a dude ranch in Wickenburg for five years. And when that dude ranch closed, Peggy and I looked at each other again and said what are you going to do? I said I have no idea, but God will provide.

Four weeks later I get a call from Judy Pinch of the old town merchants association. We have heard about you and would like you to come down and audition. I went down and auditioned and we agreed that I would work for three years to see if this whole thing would work out. Apparently, we were pretty successful because it lasted 20 years. At this point, what I want you all to know is the city of Scottsdale itself help me create a career, help me build a business, helped me make a ton of friends and enjoy so many different things. Not only old town Scottsdale but working and doing educational programs for kids of the schools and during performances in the library.

The city of Scottsdale has really helped me become the person that I am today. I want everyone to know

that. I'm sorry that I won't be in old town Scottsdale anymore. Sometimes you look at yourself and say, this is so wonderful. This is when it is time for me to walk away. To all the ambassadors who are here wanting to know when we are coming back, I'm sorry and the fun thing is, this picture right here the first year steel and I were in old town Scottsdale the city of Scottsdale had somebody take that picture. And everywhere magazine and hotel it said a horse walks into a bar.

[laughter]

Thank you all very much!

[applause]

Mayor Ortega: That was fun. One other item in commemoration for veteran's day Scottsdale launched a program spearheaded by communications office asking for Scottsdale veterans to be listed in the Scottsdale salutes program. As you drink water you may have noticed banners celebrating the lives of veterans, in some cases long gone and others that are with us today. I happen to have the two one from Winfield Scott who is not present and one from guy stillman. Of course, their family were such great founders of our city. Please make a note of that. Enjoy that. The banners will be up until November 21, another week and then they will be presented and pulled down for those families. That's one way - we try to reach and appreciate our veterans.

At this point I would ask for the manager. You have a report sir?

[Time: 00:12:32]

City Manager Thompson: yes, sir, Mr. Mayor and members of council we have a short video to share this evening. It looks like it is queuing up.

Video audio: I'm public affairs specialist Stephanie Hirata with five fast things happening on the city that you need to know. Starting us off at number five get into the holiday spirit with the magical train ride. Holiday lights is at the McCormick Park running from November 25-december 31. Experience winter wonderland of dazzling lights and displays. Tickets are on sale \$15 per person and free for children to plus. Learn more and purchase tickets online at the railroad park.com.

Coming in at number four, mark your calendars for Saturday, November 26 as Scottsdazzle kicks off is month-long celebration of the return in sing-along of tree lighting along with Scottsdale waterfront. This is just one of 45 events planned for Scottsdazzle. Holiday hose and hassles, the dazzling magic show, candle making classes, jingle bar at the bridge in the sugarplum tea party. Details role of fun and festive events can be found on Scottsdazzle.com.

Next up number three city council adopted new rules for short-term rentals. Ordinance 4655 requires owners operators to obtain a Scottsdale license for each rental property to comply with a number of safety, health and neighborhood notification requirements. The ordinance takes effect November 24 and the license application portal will open November 28. Owners must complete registration and obtain licenses by January 8, 2023. For more information visit Scottsdale az.gov and search short-term rental.

A number two, Scottsdale salutes is a new program honoring local veterans. You will see banners flying from street light poles in old town along Drinkwater boulevard through November 20 for retraining 30 local veterans. This recreation program is initiated by the Scottsdale veteran advisory committee which is seven residents appointed by the city council to advise on veterans' issues and raise awareness of and honor veterans in the community.

Wrapping things up number one, Scottsdale hosted its annual veteran's day commemoration at the McCormick railroad park November 11. This year's keynote speaker was rose mattie a combat veteran and Blackhawk pilot. Joan Sadallah was also part of the program along with the Scottsdale police and fire honor guard. Buehler and honor veteran and Scottsdale's youth council. From the bottom of our hearts we think all of our veterans for their bravery and service.

That is Scottsdale's fast five for November. Thanks for watching.

City Manager Thompson: thank you, Mr. Mayor.

[Time: 00:15:29]

Mayor Ortega: Terrific. It was to point out for information, during tonight's meeting the council may make a motion to recess into executive session to obtain legal advice on any applicable item on the agenda. If authorized by the council, the executive session will be held immediately and would not be open to the public.

The public meeting with then resume following the executive session. Again, just for information and not necessarily likely but it is a possibility. Next we will move on with public comment. Public comment is an opportunity for Scottsdale citizens, business owners and/or property owners to comment on non-agenda items which are within the council's jurisdiction. Advocacy for or against a candidate or ballot measure during a council meeting is not allowed pursuant to state law. However, it also must be within the council's jurisdiction. No official council action can be taken on a public comment item.

Each person stepping forward please announce your name and address and then you have three hours with our timekeeper which you will see as you approach the microphone. We have three requests limited to three minutes on public comment. We have Vespa Ranieri, then Jean Ann LoPorto. Please step up to the microphone.

Vespa Ranieri: hello I am Vespa Ranieri, and an independent auditor. During one of my audits I came here to the city hall and noticed an unconstitutional signage which prevents the public from entering publicly accessible areas which is mostly the entire city hall. I understand the world we live in today needs a lot of security especially after 9/11, but the compromise the first amendment, the US constitution for videography and photography from public citizens is not only unconstitutional but it violates the first amendment.

There are areas that can be open to the public such as the hallways in many offices to allow us transparency and accountability to bridge that gap from the public and know what their taxes are going to speak to the ones that run our city. I feel we have ample security, we have a lot of security monitors

for security cameras. We have a full-time policeman, a full-time security guard. That should take care of the security.

To close off entire buildings is a complete violation not allowing us to have that accountability and transparency. I say let's get back to the supreme law of our land which is the US constitution and not violate the American citizens rights to watch the government employees at work. I want to end by saying the words of Benjamin Franklin, one of our forefathers said "those that would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety ." I noticed on the policies is in our world is becoming policies or overriding constitution.

Any federal, state or city can write up their own policies. Policies were written for those employees working at those buildings to adhere to when they signed on to work there. Policies are not to be enforced by the policeman because they are there to enforce the lawful land of the US constitution of our land and not impede upon our rights. Especially, the first amendment rights. I say, please let's get back to that. Remove the unconstitutional sign that says staff only beyond this point. That takes the whole building away from the public. Thank you.

Mayor Ortega: Thank you. Next we have Jean Ann LoPorto who is also a Scottsdale ambassador. Then we have Dan Ishac.

[Time: 00:20:56]

Jean Ann LoPorto: Good evening, Mayor Ortega and councilmembers. I am Jean Ann LoPorto I live at 7801 east Coronado Road in Scottsdale. I'm a Scottsdale ambassador. Many of us have signed a petition to respectfully request the city council to reinstate the downtown trolley during the busy winter season. Especially during super bowl week.

The petition signatures represent the five Scottsdale investors, hundred and 10 downtown Scottsdale businesses and 530 general public individuals were petition support of over 700 signatures. I know firsthand how important the trolley is. My car is located at fifth avenue and Stetson. In the past there was a trolley stop right across the street.

As a downtown investor would encourage people to ride the free trolley and experience are unique downtown. They could get on and off as they pleased and visit businesses in the historic old town, arts district, fifth avenue shops and stroll the canal as they wished. There were many times people would return to my cart to thank me for giving them such a great idea. Many visitors have been asking ambassadors this year where they can catch the trolley.

Wouldn't it be better to have people fully experience our downtown area by Scottsdale free trolley? Instead of driving their vehicles in the street looking for parking spaces because it can cause unwanted traffic congestion. It's a win-win for all concerned. It helps the downtown ambassadors direct visitors to an alternative way to travel in town, encourages people to see all of the downtown area and also provides excellent exposure for many more businesses and or multiple downtown districts. Please accept these petitions and I thank you for your time.

Mayor Ortega: thank you very much and thank you for the work that you do every day being the face of

our downtown as ambassadors. Mr. Ishac?

Dan Ishac: Dan Ishac, I have good news my schedule will prevent me from attending any more meetings for the rest of the year. Better news, I'm not here to complain about anything tonight. I rather want to express thanks and gratitude for all the people that keep our city moving forward in the great city that it is. I've attended virtually every meeting over the past 15 months and as well as ran for city council. That's afforded me the opportunity to really understand what it takes for our city to continue moving forward. First, I would like to thank the officers and their staff directed and indirect.

[Time: 00:24:03]

I'm more than impressed with their skills and abilities as well as their dedication and commitment to our city. For the council and mayor and all the commissions and boards, although I do not agree with every vote that is taken during every decision made or do I agree with every single individual's view of what is good for the city, there is no doubt that you give a significant amount of your lives to make our city great. What people don't understand is that behind that three and four page agenda for council meeting or commission meeting there are literally hundreds of pages of background that are council and commission members have to review and be prepared before the meeting.

That is on top of all the emails, calls, meetings with staff, residents as well as all the community outreach that they do. This part-time job I'm sure feels like anything but part-time many weeks of the year. I thank you for all of your service.

Also I would like to bring particular attention to councilmember Milhaven who has given many years in service to the city including three full terms under city council. Again, not everybody will agree with her views or her votes but it is undeniable that Councilmember Milhaven has listened to facts and data to emotional rhetoric and false narratives and applied her ideology to bring our city forward.

I thank councilmember Milhaven for all of her service as well as her attempts to keep the corpsman order in these meetings. She will be greatly missed and she has big shoes to fill. That's it, I just wanted to thank the staff, the councilmembers and commission members and mayor for everything that they do for the city. I hope that in this holiday season you will have time to take off and spend it with the comfort of your friends and family. Thank you.

Mayor Ortega: thank you. I will now close public comment. According to our agenda.

Next, we have the consideration of the minutes. I would like to hear a motion to approve the special meeting minutes of October 18, 2022, regular meeting minutes of October 18, 2022, special meeting minutes of October 25th, 2022, regular meeting and work study session minutes of October 25, 2022.

Councilwoman Janik: I'd like to make a motion to approve as the mayor said.

Councilwoman Littlefield: Second.

Mayor Ortega: We have a motion and a second, any discussion? Please record your vote. Thank you councilman. Unanimous.

Next we will move on to consent agenda items. Today we have 20 items, number 1-20. Consent agenda items have been processed and have all of the backup material available. They are considered as one motion. We also have an opportunity for public comment. Public comment on any of the items 1-20.

In particular I will mention that we have one public comment from Marilyn Atkinson regarding item number 16 on the consent agenda item in support of 16 and a comment regarding entrance post and some improvements there. I don't see any other comments. We are open to any comment from counsel on any of the consent agenda items 1-20. I don't see any hands up. We have a motion for approval for consent agenda items 1-20?

Councilwoman Janik: I make a motion to approve consent agenda items 1-20.

Councilwoman Caputi: Second.

Mayor Ortega: we have a motion and a second, any discussion? Please record your vote. That is unanimous. I do want to point out item number 19. Item number 19 deals with a significant fundraiser and community effort called Scottsdale stampede. The city of Scottsdale described and there are nearly 20 horses that will be painted and on display to showcase art in our old town.

There will be a whole walking loop all the way to fashion square across the bridge of the waterfront. This was approved with our consent agenda action tonight. Thank you very much and we will look forward to everything as it rules out in our community.

**ITEM 21 – NORTHEAST CORNER MCDOWELL ROAD AND HAYDEN ROAD REZONING (2-ZN-2022)**

[Time: 00:29:25]

Mayor Ortega: Moving on to regular agenda items, I'm just going to clarify something as to our were rules. Those in attendance per our rules, at city council meetings your asked to observe the same rules of order and decorum applicable to members of the city council and city staff.

We ask the public to refrain from unauthorized remarks or demonstrations from the audience such as applause, stomping feet, whistles, booze, yellows or other demonstrations shall not be permitted. Violations of these rules will result in removal of our chamber by our security staff. I am asked to make that statement.

Moving on we have item number 21 regular agenda item northeast corner of McDowell Road and Hayden Road rezoning. The cases number 2-ZN-2022. We have the presenter which is Casey Steinke as a planner and then we will have an applicant as well as public comment. Let's go to our staff planner.

Casey Steinke: Thank you mayor and council. Casey Steinke with the city planner to discuss the northeast corner of McDowell Road and Hayden Road. You can see the site location here on the image before you. And closer up specifically at the intersection of McDowell and. [name] ready can see the current site conditions essentially overflow parking for the existing office over to the west. The existing zoning here is plan neighborhood center, pnc. The zoning will remain pnc.



The only difference being amending the list of allowed uses on this particular site. For the record, to the west is also pnc, to the east is sr and see, both commercial zoning districts and beyond that in the northeast are 17 single-family residential. 2035 general plan is designates this area as mixed-use neighborhood, to the northeast suburban neighborhoods. We are in the southern Scottsdale character area.

With the recent history here, the most recent zoning entitlements were done in 1984 with office development to the west of the subject site built in the subsequent year. At that time some of the issues that were discussed at the public hearings were buffering concerns. That was from the office and not the subject site here today.

Traffic both in general, concerns with new development and more specifically concerns about the potential of people using I. [name] road to bypass the section of McDowell and Hayden. That was ultimately resolved and of course approved by council.

Part of the stipulations included were abandoning a portion of the road to discourage that by passing of the intersection. They also included land-use stipulations striking out drive-through restaurant and drive-through financial institutions. You can see the first stage site plan in the southeast is with the site we are talking about today. To its west is that two story office development which has a standalone restaurant to its north.

At the previous planning commission meeting some of the conversation revolved around a few items, both parking and land questions and then concerns and questions about traffic and potential traffic issues and potential future tenants. The applicant has done a diligent job of working with some of the concerned residents to resolve some of those issues. He is here to speak if necessary on that.

Ultimately the planning commission did forward recognition of approval for the vote of 6:1. The action requested before the council today is to adopt ordinance number 4568 approving zoning district map amendment and so situations of that previous case to amend the list of allowed uses and reintroduce drive-through restaurant as one of them on that pnc site. I concludes that presentation and I'm happy to answer any questions.

Mayor Ortega: Thank you, will move on to the applicant's presentation representing upward architects Justin Gregonis.

[Time: 00:34:20]

Justin Gregonis: Good evening mayor and council my name is Justin Gregonis, I'm with Upper Architects. I don't have a whole lot to present. Casey did a great job of representing the project. I will point out a few things that have become some hot button issues during the process. We did work with neighbors, there were some concerns with potential noise and lighting being portrayed into neighbors' yards on the other side of the commercial lots there to the east.

We do have a private agreement with one neighbor in particular to address their concerns in building a wall for them. One of the other things that the site does, currently there are two access points off Thomas Road and McDowell Road that we will be closing one of those access points. That will help

**NOVEMBER 14, 2022 REGULAR AND WORK STUDY COUNCIL MEETING  
CLOSED CAPTION TRANSCRIPT**

probably with traffic issues because they are really close together. We feel like that will alleviate some traffic problems.

We are providing pretty good landscape buffer on the side of the property now with those noise and lighting concerns. There is a full-screen well-being placed around the drive-through order pickup window will have full covered pickup area. That's pretty much it. I'm happy to answer any questions that you guys have.

Mayor Ortega: thank you, I see a question from Councilwoman Whitehead. I do want to point out there's one public comment. Please come forward with public comments. This is an opportunity for anyone to speak. You have three minutes. This is Susan Armanov

Susan Armanov: Good evening. My name is Susan Armanov I live to the east of the property. Address is 1614 North 84th Street. My husband and I had concerns about this project and I'm happy to say that we have worked through a resolution with the developer. It will be a nice community amenity and it will have attractive landscaping which will be very nice for our community rather than having a black top lot.

I don't want to take a lot of everyone's time this evening, but I would like to express how nice it is to see the development process work well with the city and developer work closely with the citizens of Scottsdale like us to find win, win solutions and we were sitting in a good direction. I'd like to say thank you to everyone who jumped in to make this happen.

Mayor Ortega: Thank you very much. At this point I will close public comment. I see a request from councilwoman Whitehead and councilwoman Janik.

[Time: 00:37:44]

Councilwoman Whitehead: I love Scottsdale. Even though we are city of 250,000 people are citizens are engaging we get emails about every project big and small and provides us ways to make it better. We want to enable our businesses to thrive and invest and help our economy. We don't want to do it at the expense of our existing residents.

A huge thank you to the Harmon's for reaching out to me and for the applicants for caring. I will add a few comments that I would like to be passed on to the DRB. With that, I motion to adopt ordinance number 4568 approving a zoning district map amendment to amend the development plan and zoning stipulations of case number 101 dash z and 184, to allow a drive-through restaurant, .36 acre site plan neighborhood pnz zoning.

I would like to add the city council acknowledges private agreement between the neighbors and the applicant to build a seven-foot wall. I would like to ask that the DRB get my guidance and that I would like to see stipulations for the landscaping shown on the site plan can also consider lighting to ensure the lighting is sufficient to keep the project safe but to not annoy the neighbors. That is my motion. Thank you.

Councilwoman Littlefield: Second.

Mayor Ortega: we have a motion and a second. Let me clarify from the city attorney first of all in terms of the base motion was the posted resolution. Let me turn to city attorney for a minute and then councilwoman Janik.

Councilwoman Janik: Thank you, I think there may have been a typo in the ordinance number, I just want to make sure we have that correct for the record.

City Attorney Scott: We have a different ordinance number,

Councilwoman Whitehead: Let me restate that. I motion to adopt ordinance number 4578 approving a zoning district map amendment to amend the development plan and zoning stipulations of case number 101 dash z – 184 to allow a drive-through restaurant on 8.36 acre site with plan neighborhood center pnz zoning with note to the development review board I would like to see landscaping stipulated and lighting reviewed and to acknowledge that the council is aware of the private agreement between the applicant and the neighbors.

Mayor Ortega: the second agrees. Thank you for the clarification. We have councilwoman Janik and then councilwoman Littlefield.

Councilwoman Janik: I have a question, I noticed you heard we would be blocking off some roads so that we would have traffic diversion. Could you show those to me on the map?

Justin Gregonis: Can someone pull up an aerial? Just to the west of Alomena Drive is there are currently a drive cut currently to the center. This drive cut will be getting closed off. That will become a pedestrian access into the site. Generally, traffic does not like drive entrances that close to each other because people pull in and out and can cause accidents.

Councilwoman Janik: thank you, I appreciate that. It's heartwarming when we have people in the community working together with the developers for a win-win solution. This should be a model for the rest of us. Thank you.

Mayor Ortega: Councilwoman Littlefield?

Councilwoman Littlefield: I will echo those comments. I came here upset about some of these problems and issues and sound barrier and it's all been taken care of. I'm very happy to reverse my expected vote and vote in favor of this. Thank you.

Mayor Ortega: Back to city attorney?

City Attorney Scott: My apologies I stand corrected is 4568. You are right the first time. We don't need to amend the motion again.

Mayor Ortega: 68 was a very good year. We have no other comments at this point. Please register your vote. Thank you, unanimous. Good luck with your project and much success. Next, we will move on to our agenda. We posted a second opportunity for public comment.

**NOVEMBER 14, 2022 REGULAR AND WORK STUDY COUNCIL MEETING  
CLOSED CAPTION TRANSCRIPT**

Public comment is reserved for stakeholders to step forward and discuss an item which would have to be within our jurisdiction. No official action can be taken on the comment. However, we have no other public comment. There are two opportunities for public comment one at the beginning of the meeting and one at the end.

**RECIPT OF CITIZEN PETITIONS**

[Time: 00:44:47]

Mayor Ortega: Next we will move on to citizen petition. Citizen petition is in our charter and allows someone to come forward with the petition, usually with the assistance of the clerk if there is discussion. We have received a citizen's position at her desk here and is duly registered with the council.

At this point, we have three choices. This pertains to the trolley and seeing if that can continue to run through the busy season. We have three choices, one was to direct the city manager to agenda the matter. Petition for further discussion, the other is to direct the city manager to investigate the matter and prepare a written response. The third choice was no action. We are in receipt of that. Councilwoman whitehead?

Councilwoman Whitehead: I wholeheartedly support the trolley return. We will have a very big year in 2023. I motion to direct the city manager to investigate the matter and prepare a written response to the council with a copy of the petitioners to a starting point.

Mayor Ortega: I second. At this point, any other discussion? This allows us to take some action. See none, please record your vote. Unanimous, thank you very much for bringing this forward.

**ITEM 23 – BOARD, COMMISSIONS, AND TASK FORCE NOMINATIONS**

[Time: 00:46:38]

Mayor Ortega: Moving on to the mayor and council item which was item number 23. Seeing none, we would – sorry we would move to the mayor and council item number 23 which is the boards and commissions and task force nominations. I will now turn the meeting over to Vice Mayor Durham for the boards and commissions of the task force nominations.

Vice Mayor Durham: Thank you mayor. This evening city council will be nominating Scottsdale residents interested in serving on the newly created Protect and Preserve Scottsdale task force.

The task force will meet twice monthly beginning in 2023 and develop recommendations to Scottsdale city council through identifying and quantifying unfunded needs for the protection, preservation and perpetual maintenance of the cities open spaces including Indian wash, greenbelt and McDowell Sonoran preserve, public safety and other needs.

The Protect and Preserve Scottsdale Task Force shall consist of nine members representing different geographical areas, north, central and south of the city. Appointments for these positions will be made at a special city council meeting on Tuesday, December 6, 2022.

Let's get started with nominations for applicants in the northern part of the city. There are three

NOVEMBER 14, 2022 REGULAR AND WORK STUDY COUNCIL MEETING

CLOSED CAPTION TRANSCRIPT

available positions to serve as a member representing the northern area of the city and 15 applicants. James Heidel has withdrawn his application from consideration. The applicants are Richard Bourke, Rick Cooper, Douglas Drake, Mark Feldman, Paul Gary, Rebecca Grossman, Robert Hallagan, Gregory Kruzel, Susan McGarry, Jace McKeighan, Mary Moore, Pedro Romero, Cynthia Wenstrom, John Zikias. Of the original list, Alyssa McMahan has withdrawn her application from consideration.

I will start by nominating Richard Bourke, Robert Hallagan and Cynthia Wenstrom.

Councilwoman Janik: I'd like to nominate Pedro Romero, Cynthia Windstorm and John Zikias.

Councilwoman Littlefield: I'd like to nominate Mary Moore, Pedro Romero and Cynthia Wenstrom.

Mayor Ortega: no additional.

Councilmember Milhaven: I would add Mark Feldman and Greg Kruzel and Rebecca Grossman.

Councilwoman Whitehead: I will add Jace McKeighan.

Councilwoman Caputi: Rick Cooper, Rebecca Grossman, Gregory Kruzel.

Vice Mayor Durham: Of the candidates for the north, Richard Bourke, Rick Cooper, Mark Feldman, Rebecca Grossman, Robert Hallagan, Greg Kruzel, Jace McKeighan, Mary Moore, Pedro Romero, Cynthia Wenstrom, John Zikias have been nominated.

[Time: 00:51:14]

Next, we will consider nominations for applicants in the central geographical area. There are three available positions to serve as a member representing the central area of the city and eight applicants. Gerd Westman has withdrawn his application for consideration. Applicants are: Frank Bertone, James Eaneman, Barney Gonzales, Nicholas Hartmann, Michael Norton, Cordell Overgaard, Daniel Schweiker, Mary Thoma.

Councilmember Caputi can we start from your end?

Councilwoman Caputi: James Eaneman, Mike Norton, Daniel Schweiker.

Councilwoman Whitehead: I will add Nicholas Hartmann, and Mary Thoma.

Councilmember Milhaven: I have no additional.

Mayor Ortega: I would have Barney Gonzales, Nicholas Hartmann and Mary Thoma.

Councilwoman Littlefield: James Eaneman, Barney Gonzales, Mary Thoma.

Councilwoman Janik: no additional.

Vice Mayor Durham: No additional. James Eaneman, Barney Gonzales, Nicholas Hartmann, Michael Norton, Daniel Schweitzer and Mary Thoma have been nominated.

We will next move on to nominations for applicants in the southern geographical area of the city. There are three available positions to serve as a member representing the southern area of the city and 11 applicants.

Applicants are: Carla Carla, Colleen Forgy, Tanya Greenfield, Steven Hertzfield, Henry Koenig, and Larry Kush, Alex McLaren, Brandon Putman, Steve Tyrell, Mark Winkelman, Raoul Zubia.

Mayor Ortega: I would nominate Carla, Steve Tyrell, and Raoul Zubia.

Councilwoman Littlefield: Carla, Colleen Forgy, and Steve Tyrell.

Councilwoman Janik: No additional.

Vice Mayor Durham: I would nominate Carla, Brandon Putman and Raoul Zubia.

Councilwoman Caputi: I would add Larry Kush and Mark Winkelman to the list.

Councilwoman Whitehead: No additional.

Councilmember Milhaven: Alex McLaren.

Vice Mayor Durham: Carla Carla, Colleen Forgy, Larry Kush, Alex McLaren, Brandon Putman, Steve Tyrell, Mark Winkelman, Raoul Zubia have been nominated. This concludes our nomination process for this evening. Individuals will be contacted by city staff with additional information. I would like to take the opportunity to sincerely thank all who applied to serve on the special Task Force. We were fortunate to receive a great number of talented and qualified applicants. Thank you, Mr. Mayor.

Mayor Ortega: Thank you. At this point I will adjourn the regular portion of the city council meeting.

**CALL TO ORDER**

[Time: 00:55:59]

Mayor Ortega: We will now convene the work study session. I called November 14, 2022 City Council Work Study Session to order. For the record, all members of council, myself are present as well as the charter officers. Work study session provides a less formal setting for free exchange of information as posted so that the council will discuss some specific topics with one another and with staff and we can give a nod or direction to staff and fully discuss the general topics it's an opportunity for the public to also weigh in on the agenda item.

As such, we allow for up to five speakers on our work study items. We have no public comment on the work study items, therefore I will now close the public comment portion and we will go over the two areas we have to discuss.

NOVEMBER 14, 2022 REGULAR AND WORK STUDY COUNCIL MEETING  
CLOSED CAPTION TRANSCRIPT

**WORK STUDY ITEM 01 – HOUSING INVENTORY AND AFFORDABILITY ANALYSIS**

[Time: 00:57:22]

The first is housing inventory and affordability analysis. We have our presenter Mary Witkofski, Interim Community Assistance Manager, and Christon Caron, Senior Research Analyst of Matrix Design Group. Thank you for being here. Please proceed.

Mary Witkofski: Good evening Mr. Mayor and members of the council I come before you tonight to present to you the housing stock and inventory analysis. In September 2021, during a work study session. A presentation from the internal affordable housing work group. We move forward the study based on a set of questions posed by counsel. I will turn it over to Christon Caron his with design matrix group to present his findings.

Christon Caron: Thank you very much Mary for that kind introduction. I'm going to start by giving you an overview of what this presentation is going to look like. Going to start with an introduction where I basically provide you some information about our firm I will proceed to give you background on the project itself. Next, I am going to discuss the methodology that we used to come to the findings. I will finish up by going over some of the conclusions that we came to as well as some of the recommendations that we think should be considered.

Finally, at the meeting last year where housing was discussed there where a number of questions that the council had that we were asked to address. I will be covering those at the end of the slideshow. Just some quick background on our firm, we are an employee-owned firm founded in 1999. We are primarily an engineering, planning and consulting firm. We have 12 offices throughout the US including one based here in phoenix. We do a lot of work for clients in the phoenix area.

The team that brought you this study was Matrixes Government Consulting Services. We are a team of military engineers, planners and economic analysts. We do a lot of consulting work for defense communities. We have also started to delve into the area of housing. Some background on the project itself, we were retained in December 2021 to conduct the analysis in the primary goal of the study was to improve the city's understanding of the distribution and categorization of the occupied housing stock. The homes that were not vacant. The walls where people were living.

The emphasis was on quantity and affordability and to provide further context to the findings and to give you all a sense of how you are faring. We can. You two six. Communities. Three were in California and those were laguna beach, Pasadena and walnut creek. One was in Colorado in cherry creek. We also compared you to Tempe and Santa Fe New Mexico. I'm going to breeze through this as quickly as I can because this is getting a little too into the weeds. We utilized a variety of data sources, the primary one was the 2020 version of the American community survey which I will refer to from now on is the acs.

The benefit of the acs as it provides a lot of rich and detailed data. The latest estimates are from 2020. Only the first year of the covid pandemic is reflected in the data. As a supplementary data source we used red fin data which provides monthly data essentially through the present but it's not quite as detailed as the data from the acs. What we essentially did at the core of the analysis was we used acs data on household income and housing units in combination with HUD estimates of median family income for the phoenix msa.

At the core of our study what are known as gap analyses which estimate the difference between supply and demand at various income tiers as a percentage of median family income. The purpose of these analyses was really to reveal the price points where there exists surpluses and deficits of housing. To conduct the analysis we sorted your households in your housing units into the following income tiers: those were affordable, workforce, market rate and luxury.

To give you an idea of how this works, market rate home is a home that would be considered affordable to a family with a median household income between 120 percent and 200 percent of the phoenix msa median family income. Here is a map of the phoenix msa that was created by our gis team at matrix. This should not be much of a surprise to you. These data by the way are from 2020. The median family income in Scottsdale was over \$122,000 whereas for the phoenix msa it was about \$78,000.

[Time: 01:05:12]

Here are the main findings, the big takeaways I want you to leave with. Of the homes that are owned in the city of Scottsdale, 83 percent are market rate or luxury homes. Which is a rate that puts you in the middle of the pack. That is a higher rate than Santa Fe and Tempe but a lower rate than the other four cities. What this essentially means is that 83 percent of your homes that are owned in Scottsdale are not affordable for people earning less than hundred and 20 percent of median family income for the phoenix msa area.

What this implies is that you have a severe shortage of affordable and workforce housing. These are the types of homes that are going to be suitable for low- and middle-income families. I think the table on the following slide will make this clear. The way to interpret the slide is that the owner demand column displays the number of Scottsdale households that are in a particular income tier. In Scottsdale, you have around 6831 households that earn between zero- 30 percent of median family income for the phoenix msa.

The way to interpret the units apply: is that this represents the number of homes that are affordable to a family earning between 0-30 percent of median family income. The last column displays the gap between demand and supply at each income tier. If the number is in parentheses and in red that means you have a housing deficit. You have an insufficient number of homes at that income range. By contrast, if the number is in black that means you have a housing surplus. In an ideal world, owner demand and unit supply would be very close. There would be a small at each income tier. That's not quite what you see here.

In total, crossed the first four rows from the affordable to the workforce ranges you have in total about 33,000 households. You have 33,000 households that can only afford an affordable or workforce home. However, you only have 14,000 homes in the affordable workforce ranges. You have a housing deficit of about 19,000 units when looking at the affordable and workforce ranges. The other side of the coin is you have a surplus of homes that are available at the market rate for at luxury price. There is some good news.

Although many homeowners in Scottsdale are stretching their budgets to stay in their homes, with the data indicate is that the median Scottsdale homeowner is able to keep the monthly housing costs to less



than 30 percent of their income which is considered the gold standard essentially. There are definitely some people who are stretching their budgets. The median homeowner in Scottsdale is doing well.

However, given the gap in median family income between Scottsdale and the broader phoenix area, Scottsdale is significantly less affordable to families who live just outside the city borders. This is a trend that has been exacerbated by soaring housing costs. Although, starting in the middle of 2022 the housing market has started to calm down a bit. Here's some more good news. The rental stock is concentrated in the affordable and workforce ranges.

What that means is, the bulk of your rental homes are affordable to people earning less than 120 percent of the median family income for the phoenix area. What is also good news is that in the 50-80 percent of median family income range, I can show you a table in just a second that makes this more clear, you do have a lot of units. You have a large surplus of homes. This slide displays the supply demand gaps in the renter occupied market. What you will see here is that like I said previously, have a high percentage of homes.

I believe it's well over a majority of your rental homes. They are in the affordable and workforce ranges. What also is noteworthy is at the extreme ends of the income distribution for rental homes, for households earning between 0-30 percent of median family incomes you do not have enough rental units for these families which really underscores the importance of section 8 vouchers. Also, this was an interesting finding as well.

[Time: 01:13:25]

When it comes to the most expensive types of rental housing, you also seem to be falling a bit short. Here are some conclusions and recommendations. As you probably know, Scottsdale is older than the rest of the phoenix msa. The median age is around 50 years old. The phoenix msa it's in the mid-30s. One thing that explains Scottsdale's age demographics in our view is the upper-class orientation of the ownership market.

Lots of younger families can afford to buy a house in Scottsdale. For low to moderate income households, renting is often going to be the only affordable option. Scottsdale does have a low percentage of cost burdened renters. Meaning renters who are spending less than 30 percent of their incomes on monthly rent. In particular, the other cities that we studied had higher rates of cost burdened renters. This is a good sign. It is a direct result of the fact that a lot of your rental stock is concentrated in the affordable and workforce range.

Again, I want to emphasize that for the lowest income residents there does not seem to be enough housing. Next, if Scottsdale wants to prioritize affordable and workforce housing, the city may have to explore reforms including density bonuses which are a form of inclusionary zoning. This is a program that increases the number of units per acre that a developer can build. In exchange for guaranteeing that a certain percentage of those units will be affordable housing. We think the evidence shows given the sharp deficit in rental housing at the lowest income range, that the proposed multifamily projects require careful consideration.

I also want to talk a little about short term rentals. I will talk about that more later on. We did find that

they occupy a portion of the housing market and in turn they reduce supply and raise costs. Finally, we understand that veterans have full preference under the VA supportive housing program. We think in the event that all those vouchers are utilized that section 8 vouchers could be an alternative for veterans and that you might want to think about adding veterans is a preference group under section 8 housing. I will quickly go over the supplementary housing analyses you are asked to conduct.

Mayor Ortega: Perhaps because of this break it might be a good opportunity to see if there's any questions thus far. Vice Mayor Durham?

Vice Mayor Durham: Could you go back to the graph or table on rental occupied graph? The thing I don't understand on this is unaffordable you say there is a winter demand of 7 and a half thousand people. There is a supply of 16,000 which is over that twice that much which seems to imply that there is a lot of affordable apartment sitting out there empty. That's obviously not right. Can you explain what I'm missing there?

Christon Caron: The way to think of this is you have around 7500 households that earn between 50 and 80 percent of median family income for the phoenix area. You have nearly 17,000 units in this range. What is essentially happening to fill these homes is that you might have people earning 0-30 percent of median family income right where there is insufficient housing. They might be occupying these homes and stretching their budgets. That is what this suggests.

Also, what might be happening is there are folks who can afford luxury or market rate apartments but because there are so many apartments that are available in this 50-80 percent range they are choosing to live there.

Vice Mayor Durham: Did you conduct any survey of vacancy rates in different levels of apartments?

[Time: 01:20:04]

Christon Caron: we did do that. That is in the report. I don't have the results here in the slideshow. What it essentially showed is that a lot of homes were vacant when the census was conducted because they were short term rentals. As far as exactly what the rates were, I don't recall exactly. It is in the report, I can get that back to you.

Vice Mayor Durham: thank you, I would appreciate it.

Councilwoman Janik: Quick question, all your data is 2020?

Christon Caron: The data that I presented here is 2020 because it is the most detailed. There in the report we do have some data on real estate trends that goes through 2022.

Councilwoman Janik: There's been quite a shift in the last two years with costs. It's nice data but it is dated.

Christon Caron: All right. Sure.

Mayor Ortega: I just had two points to make. One is that there is a turnover on apartment rentals. I'm told that the typical occupancy is 2-to-four years. That tells me it's every three years. Someone leaves and someone else takes their place. Whether it's upward mobility for getting squeezed out by a landlord or whoever is the boss.

There tends to be a natural turnover that doesn't necessarily show up as a vacancy rate but has to do with people jumping from one to the other. Sometimes there is incentives from one department. It's complex to say move over here and give you a break after two years and everything gets escalated in the half the next one. Just an observation that is not the people are necessarily renting for 10-20 years. It's much more transitory.

The other thing is the distortion that we talked about in the latest zoom up in so-called appreciation. We've also noticed a lot of cooling off in that from what I see in the marketplace. With the income stream is dramatic in terms of people's income going up by 30 percent when the appraised value was going up 30 percent. Do you have a gap there? The income is slower than any other real estate appreciation.

[Time: 01:23:01]

Christon Caron: For Scottsdale we did look into that, but we did a similar study for Tempe. It showed incomes were not rising in proportion housing crisis.

Mayor Ortega: Just another observation. As you compare different cities, of course Santa Fe is pretty isolated, whereas Pasadena is pretty much continuous with L.A. As I weigh these things in comparison, yes there is an extreme shortage in Santa Fe, but it's very isolated from the Albuquerque area. Cherry Creek also may be more of the suburb so to speak.

It's interesting, I'm glad you have those as well. Of course, Tempe is - Councilmember Caputi and then Councilmember Milhaven.

Councilwoman Caputi: the point that vice mayor Durham just made is very important. When you look at the chart it's very easy to misread it and see that there seems to be a surplus of housing. I think we do have to have a conversation about vacancy rates. What I am now understanding much more clearly is that much more of a mismatch between the levels that are needed for supply and demand. I don't know how we can have this conversation without talking about vacancy rates. That is exactly what is happening.

The people who could afford possibly higher rent taking housing units from people who actually need them. Same thing, jumping up. I think it's a mismatch that is really for us to dig into. Again, hope that as we continue this conversation we do discuss the fact that vacancy rates are incredibly low in Scottsdale and that we really need to talk about the matching up of supply and demand.

Mayor Ortega: Councilmember Milhaven and then Littlefield.

Councilmember Milhaven: This is telling us we have. [name] owner occupied units in our city correct?

Christon Caron: yes.

Councilmember Milhaven: How did you determine what the value is?

Christon Caron: We used data from the American community survey which is a project of the US census. They have a process whereby they are able to estimate the value of a housing unit.

Councilmember Milhaven: I bought my house thirty years ago I paid one price but your current price would include the market value?

Christon Caron: Correct.

Councilmember Milhaven: Based on the current market value if they were to buy the house today people in the red are spending more than 30 percent of their income for housing at the current value.

Christon Caron: That's exactly correct.

[Time: 01:26:18]

Councilmember Milhaven: So, I don't know what this tells us? The more important question this gets to you next section, what is the right mix among those income ranges of housing? I think what we are demonstrating here, first of all matching today's market value versus what someone would be paying or may have paid in the past is an important gap.

The actual costs may not be more than 30 percent of their income. The other is what we are showing especially we get to the rental market is the Scottsdale residents are more affluent than the msa and our housing costs are more than the msa. It says that the people who live here can for the most part afford to live here.

Which is really not addressing the issue which is how many housing units do we need and what should the mix of price points be too have a balanced community? I think you made the point, the red at the high-end is saying there's probably people have really high incomes living in units that they can afford a much more expensive unit but choose to live in something a bit more modest. Thank you.

Mayor Ortega: Councilwoman Littlefield, Councilwoman Janik.

Councilwoman Littlefield: thank you. You made a number of different points here Linda that I was concerned about. Also, how many short-term rentals -how is that new ownership style affect these numbers? Do you have any kind of approximation on that?

Christon Caron: I have a slide deeper into the show that I can show you about short-term rentals.

Councilwoman Littlefield: The other thing I have a concern with his I don't think it is the job of the city to do social engineering of who should live here and who should live their lives there. Those are free enterprise choices that people make freely. If someone wants to spend 40 percent to 30 percent of their income on a house, that is their business. They should be free to make that decision and not have the

city come by and say you should get something cheaper.

And vice versa. I think there is only need to look at where freedom of the marketplace and freedom of choice override social engineering. It would be very careful on the third time concerned about the short-term unfold. In fact, impact the availability of freestanding homes in Scottsdale and all the city's weekly. I would like to see that one too.

Mayor Ortega: councilwoman whitehead and then Councilwoman Janik.

[Time: 01:29:33]

Councilwoman Whitehead: I appreciate the study and appoints a lot of things - I've been a real estate investor for a long time and it's a lot of trends that I suspected. This is 2020 and prices of homes have gone up steeply. Last time that happened it didn't end well and it started with luxury often. We have an oversupply of luxury homes in 2020, 14,000 that will put downward pressure on the prices there. I recommend some of those people hold onto houses they can't sell to consider long-term rent.

We've seen unrealistic price increases and we know cash buyers have played a role in that. I have also seen recent numbers that institutional owners are also one of the top places where institutional owners are trying to unload their properties. I think we are going to see some corrections here. I just want to point out on the 0-30 percent this is for rentals the lowest income, this is true in Cleveland and it's true in San Francisco and it's true here. It's a national problem. I commended mayor for setting some money aside.

This is something that the government is stepping up to address. We have the lowest income shortage in every city in America according to articles I have read. This is very helpful. Thank you.

Councilwoman Janik: I'm referring to the rental market occupied table. It looks to me like we have a shortage of affordability, but we have almost 2000 in the 30 to 50 percent range. Based on your experiences this caused a downward pressure were in that 30-50 percent range the rents would go down, so they become available for the lowest income?

Christon Caron: I think that something that could very well happen. One thing to keep in mind is that data -it does reflect one year of the covid market. We did start to see these shortages start to happen. It's possible over time that those landlords will decide to lower the rents. On the other hand if they are able to find someone who can't afford a market rate rental and they are willing to pay that and they might not be willing to.

Mayor Ortega: Thank you we will continue with the rest of the presentation.

Christon Caron: These slides are intended to address some of the questions that the council had asked us to consider one thing we asked is how larger the apartment and condominium inventories by zip code? There should be a percentage sign next to the period throughout the city as a whole, seven percent of your housing units are condos.

20 percent are apartments in 73 percent of your units are either single-family homes or attached homes

that have less than five dwellings like a duplex or triplex etc. In terms of the zip codes, we found that apartments are virtually nonexistent in the northwestern part of the city. The next slide should make this clear, it's hard to see, but at least as far as 2020 goes, there were not any apartment or condo units in the zip code.

We also found that condos and apartments constitute at least one fourth of the housing stocks of these three other zip codes, 85251, 85257, 85260. Multifamily units are most prevalent in the city's second most southern zip code 85251. Here is a graph that just breaks this down further and more detail for you. The percentages are here on the left axis. What this shows is the percentage of housing units that are either apartments or condos by zip code. Above the bars you see the raw number of housing units. The apartments are in orange, the condos are in gray. The zip code with the largest number of apartments 85251, that zip code also has the largest number of condos.

We were also asked to look at the question of whether a second homeowner are buying or renting condos or apartments. The data to assess this question, doesn't exist. I was able to produce something that I think will be insightful. The way to interpret this graph is if this line had an upward trend, what that would mean is that the neighborhoods where you have more vacancies due to them being second homes, the person who is a primary owner wasn't there at the time of the census - what you would see is where you have more of these vacant second homes you also tend to have more apartments and condos.

[Time: 01:36:51]

That's not the case. Instead, in the neighborhoods of Scottsdale where you have more of the second homes you have fewer apartments and condos. That would suggest that this isn't really a huge problem. I'm sure it happens but it's not a huge problem. Short-term rentals: I have a lot of interesting data to show you. As you know short-term rentals represent an increasing share of the Scottsdale market and now here is some data from a source called Air DNA that shows the number of short-term rental listings over time through 2019 -present.

What you will see, the number of short-term rentals is denoted by the blue line. These are the number of short-term rental listings. This is the VRBO and Airbnb. You start to see a big spike in the fourth quarter of 2019 but then covid hits and not surprisingly see fewer short-term rental listings. Since the third quarter of 2020 we have started to see a precipitous rise once again in short-term rental listings. As of the second quarter of 2022 there were nearly 8000 short-term rental listings.

There is definitely a correlation between the number of short-term rentals in the price of the average long-term rent. The average rental cost for long-term leases. Of course, there have been a lot of other factors at play here. It's not all because of short-term rentals. We had the pandemic, the supply chain issues where there wasn't a whole lot of building going on. There is so much more at play. I don't want to say this is all because of short-term rentals. There is reason to think because of the diminished supply that they are one of many contributing factors.

One thing that I was asked also to look at is long-term rental incentives. In my research I came across a program that was recently instated in Breckenridge Colorado. They are giving property owners up to \$24,000 for converting their short-term rentals to long-term rentals. In my research what I found was

the policy took some time to start to work. After six months or so, what you started to see was a decline in short-term rentals in Breckenridge compared to other similar ski resort towns in Colorado. I have a graph that demonstrates this.

The number of short-term rental listings in Breckenridge, Aspen and Vail, three cities in Colorado, Breckenridge instated their long-term rental incentive program October 2021. What you see is listings did continue to rise through Q1 2022 not too surprising given the that's really where ski season is really at its peak. Look what you start to see in Q2 2022. There is a decline of short-term rentals where at the same time, aspen and vail did not see a drop in short-term rental listings. This does seem to be working.

I will say this is a controversial policy for many because it is essentially government giving money to landlords who are often pretty wealthy. Which is controversial. The data is worth considering. Next I was asked to identify non-congested areas of the city with adequate multifamily housing. These neighborhoods are denoted in orange. These are census tracts which are neighborhoods typically of 4000 people or so.

The orange census tracts are the ones where the average commute time to work is less than 20 minutes and where apartments represent at least 65 percent of the housing units. Not surprisingly, these areas are in the southern part of the city. You will see here, this orange part of the map is most of zip code 85260. You also see some areas near camelback and Hayden roads that seem to be pretty non-congested and have a lot of apartment availability. Next we are asked to look at current supply and demand dynamics.

[Time: 01:43:54]

Between January 2021 and April 2022 housing supply in Scottsdale struggled to meet demand. The median days on the housing market, the median number of days that houses on the market during this period of time fell from 49 to 21. The market was red-hot. Also, the percentage of homes that sold above the list price increased from 17 percent to 59 percent. People are engaged in bidding wars to get a home. Around May 2022 the market started to shift in favor of buyers and supply and demand began to converge.

By August 22 the median price was about where it was before January 2021 before things got crazy. 10 percent of homes were sold above list price compared to 59 percent in April. From April 22 to august 22 number of percentage of homes sold will above list price drop from 59 percent to 10 percent. That is really dramatic and a sign of a really volatile market. There are some graphs which iterate what I have already discussed.

This line has a u-shaped and things have returned to where they were in early 2021. Next, we are asked to look at how prevalent cost burden renters and homeowners are. As I mentioned, this is a good news story. 40 percent of renter households are cost burden meeting the spending more than 30 percent of their income on rent. In an absolute sense that the same high.

When you compare yourselves to other similar communities you are doing better. 31 percent of owner households are cost burden surprising given the owner households tend to have significantly higher incomes than renter wounds. Most of the households that are cost burden spend at least 35 percent of

their incomes on housing qualifying them as severely cost burden. Here I just have some simple pie charts that break down what I just said. In the renter occupied market exceed one percent of your households are not burden they are spending less than 31 percent of their incomes on housing. The owner market is 70 percent. That should be it, I welcome any more questions.

Mayor Ortega: thank you. Councilmember Milhaven and then Councilmember Whitehead and Janik.

Councilmember Milhaven: If you go back to number three short-term rentals and long-term incentives, I was trying to dissect the segments where the lines were steeper. First, can you help understand the markings for the time frames? I wonder if there's a typo or if I'm reading it right. Those first quarter 2020, second quarter third quarter fourth quarter 2021 q1 2022. I'm assuming the labels are wrong in the graph is right?

Christon Caron: Where does it say that?

Councilmember Milhaven: On the label on the bottom. Go to number three. How short-term rental listings average long-term. There is another chart before that.

Christon Caron: It looks like the chart might have gotten messed up.

Councilmember Milhaven: Want to make sure the data points are right in the labels are wrong before asked my question.

Christon Caron: It looks like what happens here there was a space where there shouldn't be or -

Councilmember Milhaven: I'm assuming where it says Q4 2021 it should be Q4 2020.

Christon Caron: Right, now I see it. That should say 2020.

Councilmember Milhaven: All right, the data points are right. If I'm looking at this and I'm looking at fourth-quarter 21 to second quarter 22 where there is the steepest rise in long-term rent, short-term rentals are relatively flat. Where we see the steepest rise in short-term rentals long-term rent is relatively flat. I think that underscores your point that short-term rentals have an impact is not the overriding influence in the prices.

I want to make that point that short-term rentals are not the solution to a problem here. He talked about non-congested areas with adequate multifamily housing, how did you come up with who has a 20-minute commute?

[Time: 01:50:15]

Christon Caron: The American community survey pulls a representative sample of residents asking them how much time does it take you to get to work or school?

Councilmember Milhaven: Seeing the overwhelming number of people have short-term commute tells me people want to live near where they work. But it doesn't tell us is with the average commute of



people who work in Scottsdale which starts to get to what is the unmet demand for housing? The other thing I'd like to point out is when we talk about shifting sales trends and days on market and things like that we really got back to a more normalized market.

The other thing I'd like to point out is when you're looking out over or under market there are sellers expectations for where it can get. There was a house that sold my block about a year or two ago and when the neighbor saw the price that they got three people put their house on the market and said I want to cash in on this.

Some of the selling below list price may have been sellers excitement, enthusiasm, ambition to really push the price. Especially if you see a market where people are paying over list sellers will be a bit more ambitious. We need to be cautious when we look at the data too to say, it's as much a reflection as sellers expectations as it is a function of the market. One thing I want to underscore too, what would be really helpful here which I know is outside of the scope of work you had, but the average commute for folks living here if we know people would rather live closer.

Mayor Ortega: Councilmember Whitehead?

Councilwoman Whitehead: this is a treasure trove of data. Thank you staff as these were some questions I had. I agree there's always a lag between a factor that influences another trend. I'm looking at this chart thinking maybe that is why we are seeing a big surge of institutional buyers trying to sell short-term rentals.

[Time: 01:52:56]

Maybe they finally peaked and have decided to rent them. Mostly, I want to thank you for this data. You've done a great job and hit on the points I was looking for. It gives me an opportunity to dig in deeper where I need to. Thank you.

Mayor Ortega: Councilwoman Janik and Councilwoman Caputi.

Councilwoman Janik: how larger the apartments by zip code? Does this include short-term rentals?

Christon Caron: This does not.

Councilwoman Janik: were you able to illuminate short-term rentals in your data collection? That's tricky.

Christon Caron: My understanding is that people who are residing in short-term rentals wouldn't be considered residents and probably wouldn't be pulled by the American community survey. I can look more into that.

Councilwoman Janik: I would like that. Like to know how you identify them so we can send letters to them and tell them they need to get registered.

[laughter]

Christon Caron: All right.

Councilwoman Janik: I definitely question the data because of that. My other question has to do with Breckenridge giving property owners \$24,000. If you know, how long is this money going to be available for? Once it's used up are we done? Will they redo it every year? Do you have any more information on that?

Christon Caron: All that I know is that it was definitely place last winter in preparation for the migrant workers to come up to work at the ski resorts. I have not been able to find out any information about whether this is something that they will be using long-term.

Councilwoman Janik: Thank you very much, this is really good information. We can all use this to make decisions on where the city needs to go with construction projects and rental units etc. Thank you.

Mayor Ortega: Councilwoman Caputi?

Councilwoman Caputi: just a couple of comments, one thing he throughout there is 70 percent of single-family homes versus 30 percent condo apartment is a really interesting number. We get asked that all the time. With the percentage and how many apartments do we have? And I have asked city staff this question before. I have been told that hasn't really moved much in decades.

[Time: 01:55:43]

That's generally been our percentage is 70/30 and sometimes going towards 60/40. Basically staying in that range. I think that's a really interesting data point. We get asked that all of the time. After reading hundreds of pages of your report the take away was that for people that already live here, we can afford her houses.

Our real problem is that we are not able to attract the folks might not necessarily be able to live here. Young families, people and workforce housing. That's the thing were trying to concentrate on here in our council. Think what you have told us basically reminds us of what we already know. We can afford the city, but what are we doing about attracting young families and people children. Folks who might not necessarily be as comfortable.

The other point I wanted to make underscores what councilwoman mill haven says. It makes it seem like the problem has been solved and we are affordable now. I agree, it's simply that the market has normalized. Having 10 percent of houses still selling above asking price is still pretty hot market. It's not the prices have necessarily moderated, the real underlying problem here is that mortgage rates have gone up exponentially of course.

People can't afford to make those offers anymore because when they do the consideration price and mortgage rate every month is exponentially higher. Of course that will change the amount of the house that they are able to afford. It hasn't really solved the problem that we still have an issue with people not being able to afford certain housing. The last thing I want to say is, this is amazing data and we could twist and turn it in pretty much any way we need or want like all data.

I would just say the question for us is what are we going to do with it? Let's see what happens. It's really good stuff. Thank you very much.

Mayor Ortega: it's true that doubling up interest rates is the prime external power that is propelling and will make growth more static. People will not be selling if they own it outright or have a three percent mortgage. I went to the ULL conference last spring and they predicted that. People basically -70 percent of new mortgages were under 3 and a half percent.

We knew that they were going to tip to four, 4 and a half. Upon selling and realizing now of course that there are seven percent that is a substantial suppression on mobility and that also affects the demand. I would say the mix should not exceed -architects have their own venture as well. Typically, about 25 percent of a so-called suburban or to our scale would be multifamily. If it were to hit 50 percent, that would be in overbalanced change in the identity of our suburban city. I think everyone has spoken. Councilmember Milhaven you have something else?

Councilmember Milhaven: I think you make an important point about mix looking at the percentages of the charts you have shown us have shown absolute numbers. Depending on the size of the community or neighborhood might be misleading. If you look at percent of housing in those units that might be more telling. When I looked at the 2020 census data we had fewer rental units than the phoenix msa or Arizona or the US.

[Time: 02:00:02]

I don't know what the right number is, but I do know we have fewer rental units in most communities. We would want to make that point. The other thing I wanted to point out if you go back to the owner-occupied market, I was playing with check later on my phone and the red adds up to 19,000 households. If we are at 70,000 households with that is telling us is 25 percent of the people who own homes in Scottsdale could not afford to buy their homes today.

Which asked the question of what will we look like as those folks move on and sell their home? If they are young families and some of those more modest income brackets will we have young families be able to afford us? That's concerning to me if we say 25 percent of people who make up our community couldn't afford to buy today. Lastly, I just want to say 30 percent having been a mortgage lender in the past, if you want to get a mortgage they have ratios for how much you want to spend.

I don't know what the ratios are today but there have always been in the mid to high-20s to say your mortgage, your taxes and insurance should not exceed. That 30 percent is a good indicator for affordability. Thank you for the opportunity to make a few more comments.

**WORK STUDY ITEM 02 – HOUSING AND HUMAN SERVICES FIVE YEAR CONSOLIDATED PLAN**

[Time: 02:01:25]

Mayor Ortega: Thank you, that would close your part of the presentation. We'll move on to the next work-study item which is housing. Human services five-year consolidated plan. Once again Mary Witkofski Interim Community Assistance Manager.

Mary Witkofski: Good evening again. I will try to make it short so we can all go home. My first slide is why do we have a consolidated plan here in the city of Scottsdale? Currently, Scottsdale's an entitlement city. We are recipients of HUD funding and are required to develop a plan every five years to assess the needs of our community and prioritized services to meet those needs.

The current consolidated action plan that we have was adopted by the mayor and city council in May 8, 2020. Currently it's valid through 2024. A. See the 3p's of the community development program. What does that really mean? The first one is to provide decent housing. It means helping homeless, help them up pain appropriate housing and avoid homelessness.

Preserving the affordable housing stock, increasing availability of permanent housing affordable to low- and moderate-income persons without discrimination. Increasing the supply of supportive housing. Providing a suitable environment entails improving the safety and livability of our neighborhoods. Increasing access to quality facilities and services in reducing isolation of income groups within an area the integration of low-income housing opportunities.

Lastly, spending or economic opportunities involves creating jobs that are accessible to low, moderate-income persons promoting long-term economic and social viability and empowering loan and income persons to achieve self-sufficiency. Through the consolidated action plan process which included a community survey as well as public input, seven parity needs are identified.

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These parity needs are listed: once the parity needs identified we then establish five goals and objectives. Affordable housing, this one currently relates to our housing rehabilitation programs currently in the community assistance office which is our green rehab, emergency repair program and emergency roof and replacement. Public facilities and infrastructure. Public services, these can be administered either by city staff or provided to nonprofit organizations through a competitive process. Only comprise about 50 percent of the total allocation that the city receives.

We also receive home funding and are part of the Maricopa County Home Consortium and receive on average 345,000 in funds through a competitive process we have been utilizing to acquire and rehabilitate affordable homes here in Scottsdale. Lastly, support a program administration which only comprises of 20 percent of our funds that come from HUD. It pays for your personnel, public notifications, community outreach and any additional studies such as the housing study that just took place tonight.

What are some of the outcomes that we have achieved? The picture is worth a thousand words. We put up some pictures of our current housing rehab programs on the left. You will see emergency repair and on the right you will see a before-and-after evergreen housing rehabilitation program. For the last three years we have assisted a total of 65 homes through green housing rehabilitation or roof repair and replacement and emergency repair.

These numbers of individuals served has historically been much higher on average we are serving about 65 per year. Once the pandemic hit, we drop to 65 in the last three years. The reduction is basically due

to the fact that it impacted her ability of staff to go into homes during the pandemic. There was an decrease in labor supply and an increase in the cost of materials also playing a role into the amount of homes we could actually repair. We do have funding programs.

Public services include funding from a community development block grant. Scottsdale carries general funds, Maricopa community and endowment funds. Over the last three years we have distributed approximately \$1.7 million to nonprofits here in the city of Scottsdale. Serving a combined total of 12,316 unduplicated residents. Looking at a public infrastructure or public facilities, currently have three projects that we are working on. We are replacing a patchy park playground equipment. We are demolishing and reconstructing the bathrooms at the neighborhood center park. We are also currently working with public works and repaving roads in Cox Heights neighborhood. What about our landlord engagement?

I know last year we spoke a little to you about when he kicked off her landlord engagement program. It has and will continue to increase our housing options for Scottsdale housing voucher participants. Over the last 11 months since launching the program the Scottsdale housing agency has added a total of 31 additional affordable units and of those were 17 new landlords brought to the city of Scottsdale. Wanting to work with the city and 14 landlords we currently work with an additional 14 units. The homes added have allowed the voucher holders to lease up a broader set of mixed income neighborhoods with 16 percent of those landlords incentivized were in upper income census tracts.

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55 percent leasing in the middle-income census tracts and 29 percent in the moderate-income tracts. Through these, 31, 22 landlords received a signing bonus and the community assistance office supported the voucher holders through assistance about 26 of them received emergency security deposit assistance. That is a revolving fund. Once the resident moves out, that fund then gets returned back to the city as long as there are not damages and goes to help the next person. 26 percent of those incentivized units were actually given to households that were homeless or severe risk of homelessness.

With our current monthly lease the community office is on track to add 100 additional homes or rental units by the end of the fiscal year. This initiative is responding to the affordable housing crisis in meeting for housing goals and the Scottsdale general plan of 2035. To provide a variety of housing options that meet the socioeconomic needs of people who live and work here in Scottsdale.

Providing housing options set up provide for all in Scottsdale regardless of life stage and ability to and abide by regulations that prevent housing discrimination towards any person. Here's a graph to show our landlord incentives and engagement program how we are doing. What about our affordable housing? We have the Scottsdale housing agency, we have a 66 percent utilization rate with her housing choice vouchers.

The housing agency also has vouchers and specialty vouchers that include emergency housing vouchers. Her foster youth independence and then the veterans' affairs vouchers. The Scottsdale housing agency did apply to receive stability housing to assist in visuals and families who are experiencing homelessness. We have approximately 735 housing vouchers we can utilize however only 468 are being used. This includes the fair market, the fair market rents, they do not reflect the inflation and the Scottsdale

housing agency is spending 90 percent of its allocated budget for the 468 families.

Even if we wanted to exceed our 66 percent rate we have to make sure that HUD allocates us more money. The community assistance office has applied to receive additional vouchers to help those families who are experiencing homelessness. How do we help those families become self-sufficient? Our community assistance office does have a family self-sufficiency program designed to help public housing residents and their housing choice voucher participants multifamily assisted housing to increase their earnings and build assets and financial capability.

The program lasts for a period of five years. To date, the program has enrolled 68 individuals and we have dispersed over \$32,000 in escrow payments. The participants that are currently enrolled, there are 10 we have a total of 45,000 right now in escrow. Some significant achievements in the last three years to point out, when individuals in the process of purchasing a home, one has purchased a new car and was able to obtain a higher employment and others have maintained consistent employment and are receiving raises.

[Time: 02:11:35]

They're becoming self-sufficient. Now we have our home funding. Currently partner with affordable rental movement of save the family and in the last two years we have added two units that have been rehabilitated and used for low-income rentals. The affordability period for these units is currently 15 years. Scottsdale also owns the Bellevue one properties. We have eight affordable housing units.

The property is currently professionally managed through our contract Dunlap McGee and our annual revenue from this property is about 77,000 per year. What can you expect going forward for most of the community assistance office? The receiver a variety of funding from varying federal sources. All the consolidated action plan is conference of the objectives need to be broadly based to accommodate the growth of housing affordability in this community. In the coming months you will see a substantial amendment coming before counsel. Addressing some of the following activities.

One of them includes using her home funds for program year 22 -23 or 23-24. For those currently being displaced we will look to retain the funding here for seniors and operate directly out of the community assistance office. The city of Scottsdale also received proximally \$1.4 million through the home ARP funds. We can only utilize these funds to assist those with tenant-based rental assistance, mental housing acquisition, purchasing a facility for non-congregants shelter and are looking at supportive services. The home ARP funds are meant to help those who are homeless, at risk of becoming homeless or those fleeing domestic violence, dating violence, stalking, sexual assault or human trafficking.

And/or veterans or veterans for members experiencing one of those above. It is directly related to the purchase and expanding affordable housing options here in Scottsdale. That includes my presentation if you have any questions.

Mayor Ortega: Thank you. I will lead off with two items and then we have councilman whitehead and councilwoman Janik. One has to do with the voucher amount. That's usually a trailing number that shows what the market is from what I understood we had a fairly large jump in voucher assistance. Maybe it was midyear. Can you give us an overview of that.

Mary Witkofski: You want to talk more about the landlord engagement?

Mayor Ortega: Etiquette jump to a higher number for about you but maybe it's rolled into the landlord engagement.

Mary Witkofski: Let me know if I don't answer your question, we do provide landlord's currently \$1000 signing bonus or incentive to sign into the program. We also have a damage claim program that we currently are not using because we are starting to lease those individuals up. Those funds come from general funds in community development block grant pays for the emergency security deposit. The 30 additional units were from landlord signing bonuses.

Mayor Ortega: Another item that's come up as Project Fix It. I know we have rehab programs that are multifaceted. Can you explain how and where Project Fix It or the equivalent is?

Mary Witkofski: Sure, Operation Fix It is currently housed in the Human Services Department. In the past, historically or housing rehabilitation specialist did work with Michelle Holmes directly. We expect that partnership to continue. Any types of programs that we can't offer we do have an income eligibility with regards to her housing rehabilitation program.

If somebody is over income, we are unable to assist them through HUD regulations. At that point we work with operation fix it. There are also limitations. We can't do landscaping, we can't do painting unless it is part of a larger project. It really is a partnership that is married together between the two. The.

Mayor Ortega: I want to add a comment about your green building. The worst tax is bad energy efficiency. Here, you have a renter renting a home with very poor insulation. That's an avoidable expense. I'm glad we look at that. Councilwoman Whitehead?

Councilwoman Whitehead: Thank you, it's nice to end where we are tackling the one area that we have the biggest need. I think every city has this big need. Operation Fix It was on my question list. I'm getting calls that it's not available. I did not understand your answer.

Mary Witkofski: Operation Fix It has been transferred over to the Human Services Department is currently being managed by Michael Lopach, the Human Services Manager.

Councilwoman Whitehead: I have people that contacted and said it was shut down. Is it the same link on the city website? Is there a difference on how someone would reach out to get that?

Mary Witkofski: I will have to check on the website and follow up with you. I don't have the answer.

[Time: 02:17:33]

Councilwoman Whitehead: Some of us have been contacted. That's a crucial program I will say. Can you explain the 1.4 million that the home fund is for the acquisition or construction? Can you expand on that?

Mary Witkofski: Sure Mr. Mayor, members of the council, last year the city of Scottsdale was awarded, and we are still working through the contract \$1,442,098 to be exact. From the Maricopa County through the Home Consortium approximate hundred 60,000 if that is set aside for program administration for staff to administer the project. The remaining amount of funds must go toward tenant-based rental assistance or acquisition of property.

Such as the non-congregate shelter or mental housing for the purchase to expand affordable housing options within the community.

Councilwoman Whitehead: That is huge and exciting. Thank you. I just want to say look at these numbers of our needs and you will get the numbers of success stories. Each one of these, these are people. When I had a constituent call me about seniors getting forced out of their houses you guys were there that morning. You provided bridge housing for those people. I want to thank all of you.

Mayor Ortega: agreed. Councilwoman Janik?

Councilwoman Janik: Can repeat the name of the person human services responsible for the Fix It programming? I have had complaints as well.

Mary Witkofski: Michael Lopach. His supervisor is Greg Bestgen.

Councilwoman Janik: Okay. Had another question about your program. About a year ago we had trouble getting landlords to accept the voucher program. Things are changing. Is there improvement in the program now and it sounds like you added 14. We begin to see improvement in that plan.

Mary Witkofski: Mr. Mayor, members of the council yes. Through the signing bonus of \$1000 that is really what is driving it forward.

Councilwoman Janik: Two more questions. The program administration is 20 percent, is that the industry average?

[Time: 02:20:03]

Mary Witkofski: That is the HUD regulation and it cannot exceed that amount.

Councilwoman Janik: My last question is I know you said with Scottsdale Cares you will be adding or place more emphasis on seniors in.

Mary Witkofski: I'm actually using the home funding which he saw we partnered with arm affordable rental unit for save the family. We get an average of \$345,000 per year. We have an additional program year of 22 monies coming starting July of next year we are looking to implement tenant-based rental assistance for seniors specifically.

Councilwoman Janik: What about veterans to be happy programs for them yet?



Mary Witkofski: Currently we do have our VASH vouchers and we partner with veterans' affairs. Unfortunately have to rely on the VA to make those referrals to our office in order for us to utilize those veteran vouchers. We have made numerous calls. We do have ongoing meetings with the VA. We have reached out to some local shelters that are around the phoenix area to see if they have any veterans that are Scottsdale residents. Do they need a place to stay? We have to wait for the VA to actually make the referral in order for us to utilize our 15 veteran vouchers we have.

Councilwoman Janik: It sounds like you have excess on the Veterans vouchers because of red tape.

Mary Witkofski: That would be correct.

Councilwoman Caputi: I have a quick question that Councilwoman Janik reminded me of. I know there's a problem with consenting a landlord to accept a section 8 tenant. I've heard about other cities passing ordinances that restrict the landlord's ability to ask about source of income because there is that stigma. Once they see that the rent is going to come from section 8 housing they don't want to rent. Is that something that you think would be helpful or that the city has actually thought about?

[Time: 02:22:13]

Mary Witkofski: Tucson is probably the only city in the state that has the dissemination ordinance.

Councilwoman Caputi: What do you think? Is it something we should consider? Is it a problem here in Scottsdale? Do you think the cash incentives fix most of that?

Mary Witkofski: That is a complicated question to answer. Yes, to both. Incentives generally do help. There are certain properties that are not willing to rent to section 8 housing due to stigma. It's about education and information.

Councilwoman Caputi: It's an interesting idea. We don't want to interfere too much with free market. It is interesting that approach from Tucson just captured my attention. Thank you.

Mayor Ortega: Thank you very much. I would just add when our League of Cities discussion of this topic there was an interesting formula where we have market and below rate in the same complex. I found that is an interesting solution. It makes the numbers. It's not that one is 100 percent market rate and luxury or whatever. There was some other medium with the mixed type. Thank you.

With that we are concluded with our work study. At this point, I would be open to motion to adjourn. Motion and I second that. Please record your vote. Thank you. We are adjourned!