



# City of Phoenix

## Minutes

Meeting Location:  
Phoenix City Council  
Chambers  
200 W. Jefferson St.  
Phoenix, Arizona 85003

### City Council Work Study Session

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**Tuesday, November 12, 2024**

**2:30 PM**

**phoenix.gov**

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#### **CALL TO ORDER**

The Phoenix City Council convened in Work Study Session on Tuesday, November 12, 2024, at 2:32 p.m. in the Council Chambers.

**Present:** 8 - Councilman Carlos Galindo-Elvira, Councilwoman Kesha Hodge Washington, Councilwoman Ann O'Brien, Councilwoman Laura Pastor, Councilman Kevin Robinson, Councilman Jim Waring, Vice Mayor Debra Stark and Mayor Kate Gallego

**Absent:** 1 - Councilwoman Betty Guardado

#### **INFORMATION AND DISCUSSION (ITEMS 1-2)**

##### **1 2023-24 Year-End General Fund Budget Results**

###### **Discussion**

Mayor Gallego congratulated Vice Mayor Stark, Councilwoman O'Brien, Councilwoman Guardado and Councilman Galindo-Elvira for their election wins. She stated while the City of Phoenix has experienced robust growth, the City's revenue is projected to decrease due to impact at the state level, including elimination of residential rental tax and implementation of a flat income tax.

City Manager Jeffrey Barton thanked the Mayor and City Council for their continued support for a balanced budget during challenging times.

Budget and Research Director Amber Williamson provided the results of revenues and expenditures of the General Fund (GF) in Fiscal Year (FY) 2023-2024. She highlighted FY 2023-2024 GF resources were \$6.3 million or 0.3 percent over the estimate, while GF expenditures were \$10.6 million or 0.6 percent under the estimate, resulting in a GF ending balance of \$16.9 million over the estimate. She stated the State's action to eliminate residential rental sales tax and reduction of individual income

tax will have an impact to the GF and the Public Safety Specialty Funds, Parks and Preserves, and Transportation 2050. She noted future steps for the budget development process includes departmental and program budget reviews and the development of revenue estimates.

Councilman Galindo-Elvira asked what the possible consequences are if the Police Department becomes underfunded.

Mr. Barton answered when there is understaffing in the Police Department, it increases the unfunded liability of the pension system, which may require greater commitment of GF resources.

Councilwoman Hodge Washington thanked staff for the accurate estimates and asked if there is a specific program that contributed more to the savings in FY 2023-2024.

Ms. Williamson replied savings were spread across multiple programs and departments throughout the City.

Councilwoman Hodge Washington questioned whether Public Safety Specialty Funds, Parks and Preserves, and Transportation 2050 funding have been encumbered for the upcoming year and the loss of revenue must be covered by GF.

Mr. Barton explained the GF is approved on an annual basis, therefore none of the projected funds are committed yet. He stated when projected revenue cuts occur, either reduction of programs or transition of other sources of funding would be required.

Ms. Williamson added the Parks and Preserves and Transportation 2050 are aware of the cuts in revenue and are looking to reduce Capital Improvement Projects (CIP), noting staff will monitor the revenues closely.

Councilwoman O'Brien asked whether residential rental tax was approved by voters.

Ms. Williamson answered although residential rental tax was not a result

of votes, residential rental tax affects other special funds that have been approved by voters.

Councilwoman O'Brien thanked staff for their continued work on the budget every year and expressed her concern regarding revenue loss due to actions by the State Legislature as well as expiration of America Rescue Plan Act (ARPA) funds.

Councilwoman Pastor thanked staff for their work on the budget. She emphasized the greatest challenge to the City will be expiration of ARPA funds and asked whether the GF will be able to continue to fund homelessness programs.

Ms. Williamson explained the ongoing annual need regarding homelessness programs is considered an unfunded need, which will incur ongoing operational costs in the future.

Councilwoman Pastor highlighted future budget discussions will revolve around determining what areas are considered essential.

Vice Mayor Stark thanked staff for their work and expressed concern of the impacts of revenue loss due to the State's actions.

Councilman Galindo-Elvira thanked staff for their work and asked if the rental tax elimination was temporary or permanent.

Mr. Barton replied it is permanent.

Mayor Gallego emphasized the State Legislature cut funding for the programs voters indicated they want and are willing to pay for such as public safety and transportation infrastructure.

Councilwoman Pastor inquired who determines the criteria for what constitutes return of property tax as it relates to the newly passed Proposition 312.

Ms. Williamson explained the Arizona Department of Revenue will receive a request from taxpayers stating their property has been

negatively impacted due to failure to prevent and remove encampments, which may or may not result in a refund of property tax.

Councilwoman Hodge Washington stated taking away residential rental tax and return of property tax will worsen the issue of homelessness and enter a vicious cycle because such actions take resources away from what could be invested to provide better quality of service.

Councilman Waring left the meeting at 3:07 p.m.

## **2 Housing Update and Housing Needs Assessment Overview**

### **Discussion**

Deputy City Manager Gina Montes, Assistant Housing Director Aubrey Gonzalez, and Deputy Housing Director Samantha Keating presented the ongoing Citywide Housing efforts and Housing Department programs, the newly established Housing Phoenix Plan, as well as the results of the Housing Needs Assessment.

Ms. Montes stated efforts by the City to provide affordable housing to its residents is a Citywide endeavor, conducted through partnership between multiple departments.

Ms. Gonzalez explained the financial portfolio of the Housing Department. She also provided an overview of the Housing Phoenix Plan and as well as updates on multiple initiatives of the Housing Department.

Ms. Keating presented the results of the Housing Needs Assessment. She explained growth in supply of housing was not able to keep up with the rapid growth rate of Phoenix population. She stated high concentration of short-term rentals in the City as well as out-of-state ownership negatively impact housing supply for current and future City residents.

Vice Mayor Stark asked whether the zoned acres include short-term rental units.

Ms. Keating answered zoned acres cover all types of zoning and does include short-term rental units.

Mayor Gallego pointed out despite Phoenix having the greatest number of acres as well as the highest concentration of multifamily zoned acres in the county, policies set forth by the State government continues to target the City.

Ms. Keating provided an overview of future housing developments in the Phoenix metropolitan area.

Ms. Montes thanked the Mayor and Councilmembers for their support of the citywide effort to improve housing affordability in Phoenix and concluded the presentation.

Mayor Gallego thanked staff and acknowledged Bloomberg Associates for their help in the report. She stated Phoenix is leading the way in solutions and hoped the State Legislature will not hinder but partner with the City's efforts.

Councilman Galindo-Elvira thanked staff for the report and asked if there will be data collection and tracking for residents who have received the Eviction Protection Grant.

Ms. Montes explained there will be extensive data collection and tracking for recipients of the grant.

Councilwoman Hodge Washington thanked staff for a comprehensive and detailed report, noting the report serves the purpose of public education on the City's efforts regarding housing. She emphasized the City needs to expand the Housing Choice Voucher allocation to provide affordable housing for residents. She commended staff for having good next steps to provide more affordable housing and emphasized Phoenix's role in increasing supply of housing which should be used as a good example rather than being penalized by state or federal agencies. She commended the Office of Homeless Solutions for increasing the number of permanent shelter beds.

Councilwoman O'Brien stated she hopes to have discussions with the Planning and Development Department regarding increasing the number

of high-density housing structures. She stated the City's Housing Choice Voucher program is not seeing its fair share in comparison to its size. She also suggested working with the State Legislature to find helpful policy resolutions regarding housing in the future.

Mayor Gallego asked if there can be signage for properties that received government funding so people understand where the funding came from.

Ms. Gonzalez replied yes.

Mayor Gallego stated signage will help increase support for investment in affordable housing and suggested that communicating with more data will be more effective.

Vice Mayor Stark commended staff's work. She suggested looking into construction defects and emphasized the importance of educating the State Legislature regarding the most effective measures to address affordable housing.

Councilwoman Pastor thanked Bloomberg Associates for providing the guidance, expertise, and funding to this point. She thanked current and previous mayors and councilmembers for the decisions made in their time in order to provide more housing and shelters. She emphasized the importance of figuring out how to work with the State Legislature.

Councilman Robinson thanked staff for their work. He stated research shows housing stability is one of the critical factors that lead to less criminal behavior.

Councilwoman Hodge Washington asked what the number of units and timeframe is for recipients of the Low-Income Housing Tax Credit.

Ms. Keating responded she did not have information available but will continue to monitor the units.

Councilwoman Hodge Washington requested staff suggest recommendations for how to extend the timeframe.

**ADJOURN**

There being no further business to come before the Council, Mayor Gallego declared the meeting adjourned at 4:19 p.m.