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Guidance on Data Implementation to Municipalities for SB 1162

Pursuant to A.R.S 41-5303, the Arizona Office of Economic Opportunity provides official state economic and demographic research and analysis, including constitutionally required population estimates, employment and unemployment estimates and develops labor market information for the development of the state workforce strategy.

The Office of Economic Opportunity has produced the following guidance for municipalities on producing reports that include OEO-constructed data.

OEO Support for SB 1162

Senate Bill 1162 seeks to amend zoning laws in Arizona by requiring municipalities to adopt structured residential zoning practices, conduct housing needs assessments, and implement specific timelines for zoning applications. The Office of Economic Opportunity (OEO) is prepared to support municipalities in carrying out housing needs assessments by leveraging its expertise in economic and demographic research, including projections for population growth, workforce, and employment demand. This support ensures that municipal zoning decisions align with both current and future housing demands.

The OEO, as outlined in ARS 41-5303, has specific duties that are beneficial to the implementation of SB 1162. It provides economic and demographic analysis, including population estimates and workforce data, that help guide statewide workforce strategies. By coordinating workforce data and providing analytical support, OEO ensures that municipalities can effectively meet both immediate and long-term housing needs in line with workforce and population growth objectives.

OEO recognizes the need to promptly provide municipalities with the appropriate data for their Housing Needs Assessment due January 1st, 2025. In support, OEO will coordinate with the Arizona Department of Housing to provide guidance to municipalities through direct support and templates for reporting by December 1, 2024.

Housing Needs Assessment

SB 1162 requires municipalities to publish a Housing Needs Assessment starting on January 1st, 2025 and every five years thereafter, these assessments will include the following:

- Any deficiencies in housing the existing population.
- Any deficiencies in housing the existing workforce.
- Population growth projections.
- Job growth projections.
- Housing needs across all various income levels.

Population Estimates and Projections – Dr. Jim Chang; State Demographer

The OEO produces official population projections for the state, counties, and cities and towns three times a decade. State and county population projections are released at the end of the year in years ending 2, 5, and 8. Sub-county (city and town) population projections are released in September in years ending 3, 6, and 9. The most recent sub-county population projections were released in September 2023 and are on OEO's website (<https://o eo .az .gov /population /projections>). The methodology is published on the same webpage. The projections use July 1 as the reference date and currently cover each year from 2023 through 2060. Because these population projections are not released annually, they can and do become out of sync with the most recent annual population estimates. In most cases, the discrepancies between population projections and population estimates for the same jurisdictions are small. In rare cases, the discrepancies could be substantive. Population estimates are published annually by December 15 each year. The most recent estimates are for July 1, 2024 and can be found here: <https://o eo .az .gov /population /estimates>.

We recommend that jurisdictions use the published population projections for their analysis and report. In cases where the population projections are substantially different from the most recent population estimates, the OEO demographers team will be available to work with the jurisdictions and provide them with customized interim projections.

Employment Projections – Doug Walls; Labor Market Information Director

The Arizona Office of Economic Opportunity publishes annual short-term and long-term projections for state and county employment using an internal database of individual employer records on the OEO website (<https://o eo .az .gov /labor -market /employment -projections>). OEO created a historical employment series for the qualifying jurisdictions using the individual employer records database. Historical employment series extending back to 2013 will be provided, establishing a baseline employment series to support jurisdictions in projecting future employment trends.

A second goal is to provide projected 2028 total employment estimates for the qualifying jurisdictions. To do this, OEO plans to post historical and projected employment estimates to its website for qualifying jurisdictions along with methodology documentation by December 17, 2024. OEO recommends jurisdictions use these employment projections as a reference to complement local insights when planning zoning and housing strategies in alignment with SB 1162's requirements.

Additional Guidance

To ensure proper support for affected municipalities, OEO asks that our recommendations be included with the initial guidance and that contact information be provided for both our State Demographer's Office and our Labor Market Information Team.

For Population Projections Support, please contact:

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