

# Arizona Multihousing Association (AMA) **Phoenix and Tucson – Source of Income Anti-Discrimination Ordinances**

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## Introduction

The cities of Phoenix and Tucson have recently implemented mandatory source of income (SOI) ordinances for rental property owners. These ordinances prohibit property owners from discriminating against residents based on their source of income. This means that property owners cannot refuse to rent to residents who receive rental assistance (rental income) from sources such as Section 8, Social Security, or other public assistance programs. The purpose of this white paper is to explore the concerns and benefits of these ordinances for both property owners and residents.

## AMA Position

AMA supports voluntary participation in the Section 8 Housing Choice Voucher (HCV) Program and opposes all efforts to mandate participation. AMA and the National Apartment Association (NAA) strongly supports improvements to the Section 8 program such as reducing regulatory burdens, increasing funding and encouraging increased participation including the provisions included [S.32](#) which was introduced in a bi-partisan fashion by the 118<sup>th</sup> Congress . The AMA believes that the Tucson and Phoenix ordinances violate the fair housing preemption in state status, as previously confirmed by Attorney General Brnovich and overturned by the Attorney General Mayes.

## History

The Section 8 Program was authorized by Congress in 1974 and developed by the Department of Housing & Urban Development (HUD) to provide rental subsidies for eligible renters. On a federal level, the program, since its inception, has been voluntary for rental owners and operators to participate.

The mandatory SOI ordinances were approved in Phoenix in 2023 and by Tucson in late 2022. According to the respective cities, the ordinances were introduced to address the issue residents that have HCV or other public housing assistance who are unable to find affordable housing. The ordinances require property owners to consider all forms of income, including social security, disability payments and government assistance, when evaluating potential residents (see full ordinance with definition of SOI at the end of this document). According to the respective cities, the ordinances are intended to promote fairness in rental practices and increase access to affordable housing for low-income individuals and families. It is estimated that approximately 36% of Arizonans rent their homes, and many renters do rely on public assistance programs to make ends meet. The cities of Phoenix and Tucson believe that blanket policies

that prohibit HCVs make it difficult for low-income individuals to find safe and affordable housing, which ultimately can contribute to homelessness and housing insecurity.

## Impact and Benefits for Property Owners

Property owners may initially face challenges in adapting to the new requirements, such as updating their rental policies and screening processes. It is important to note that property owners are not required to adjust their rental criteria, screening process or reduce their market rent. Property owners must allow all residents to apply for a rental unit regardless of their source of income.

Property owners and managers should not prequalify or prejudge residents and all applicants should be directed to apply. Initially, this will be the most significant change for managers and owners – upon inquiry, managers must confirm that they accept vouchers and instruct all persons to qualify. Do NOT tell a person whether they will qualify or not.

If a resident does meet the rental qualifications the property owner will have to complete these steps (not necessarily in this order):

- Complete the request for tenancy approval form
- Resident signs the lease agreement and the copy of the agreement is provided to the local Public Housing Authority (PHA) for HUD approval
- Coordinate an inspection of the rental unit
- Review and sign the Housing Assistance Payment (HAP) Agreement

The mandatory source of income ordinance also has benefits for property owners. First, it opens up the pool of potential residents to include those who receive income from public assistance programs. This can increase the number of applicants for a rental property and help property owners find residents more quickly. In addition, many PHAs have incentive programs for rental property owners to participate including first time signing bonuses.

*If you use the NAA Click & Lease your lease agreement is already HUD compliant.*

## Current Program Incentives for Rental Property Owners

### Phoenix

The **City of Phoenix Landlord Incentive Program** offers a \$2,000 financial incentive for new and existing landlords that provide rental opportunities to individuals and families participating in Phoenix's Housing Choice Voucher (HCV) program or Emergency Housing Voucher program. The one-time \$2,000 incentive is provided when landlords execute a Housing Assistance Payments (HAP) contract with the Phoenix Housing Department. The incentive is per unit and a property owner can be eligible for more than one incentive if more than one HAP contract is successfully executed.

### Tucson

No longer has an incentive program.

## Impact and Benefits for Residents

For residents, the SOI ordinance may provide increased access to safe and affordable housing. It can make it easier for residents who receive income from public assistance programs to find affordable housing. This can help these individuals and families avoid homelessness and reduce the risk of housing insecurity.

It is important for residents to understand that property owners in Phoenix and Tucson must comply with the ordinance, however, it may not result in residents easily finding housing. Residents will still need to qualify for the rental unit based on rental criteria, criminal background, eviction background and income. In other words, it will be very important for residents to review the rental criteria and qualification requirements prior to completing the rental application and paying the application fee. We suggest residents review the application standards and the amount of their voucher and prequalify themselves before applying and spending any funds on applications. Although all properties in Tucson and Phoenix must accept a voucher, the HUD approved allowable rent often may not keep up with the Phoenix and Tucson rental market thus a resident may still not qualify.

Qualified residents receiving HCV typically still pay a portion (approximately 30 percent) of their income toward rent. The PHA pays the difference between the resident's rental portion (determined by HUD) and the total contracted rent.

## Implications for Affordable Housing

The SOI ordinances will have limited impact on addressing the affordable housing crisis in Arizona. There is also concern that mandating participation in Section 8 will disincentivize future development making our current lack of affordable housing even worse. In order to truly address the affordable housing crisis, cities will need to pursue a range of policies and initiatives, including increasing funding for affordable housing development, promoting transit-oriented development, reducing barriers for new housing, advocating for housing, addressing the Not in My Backyard (NIMBY) epidemic. These efforts will be critical in ensuring that all individuals and families have access to safe and affordable housing, regardless of their income or source of income.

## Conclusion

The mandatory SOI ordinances in Phoenix and Tucson are under legal review by AMA. We are currently analyzing the impact of these ordinances on legal rights conferred to property owners under Arizona law. We are committed to exploring any and all available legal remedies and challenging this law, where applicable, and seeking equitable relief in a court of law should we believe that such a claim is both viable and in the interest of membership. Again, we want to make it very clear that AMA supports voluntary Housing Choice Voucher programs and will continue to oppose efforts to make it mandatory for all rental property owners.

**Phoenix Ordinance** ([Click To Expand](#))

**Tucson Ordinance** ([Click to Expand](#))

## Differences Between the Two Ordinances

### Tucson Definition of Source of Income

Source of income means any lawful source of income or support that provides funds to or on behalf of a renter or buyer of housing and is verifiable as to amount, regularity, receipt, and length of time received or to be received, including, but not limited to, wages, salaries, child support, spousal support, foster care subsidies, rental assistance, security deposit or downpayment assistance, income derived from social security or disability insurance, veterans' benefits, or any other form of governmental assistance, benefit, or subsidy. Source of income includes any requirement of any such program, assistance, benefit, or subsidy.

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## Phoenix Resources

- Ordinance - <https://apps-secure.phoenix.gov/PublicRecordsSearch/Home/RenderPDF/?id=sbnq+trpGVouBxRfQ42JQt9ZoW8ZMWEGr13cG9xHPpE=>
- Ordinance Resource Page - <https://www.phoenix.gov/housing/section-8-resources/landlord>
- PPT Presentation - [https://www.phoenix.gov/housingsite/Documents/Sec8\\_LL\\_ppt.pdf](https://www.phoenix.gov/housingsite/Documents/Sec8_LL_ppt.pdf)
- HCV Incentive Flyer - [https://www.phoenix.gov/housingsite/Documents/Landlord\\_Incentive\\_flyer\\_2000.pdf](https://www.phoenix.gov/housingsite/Documents/Landlord_Incentive_flyer_2000.pdf)
- Landlord Portal - <https://phxhousing.partnerinhousing.com/View/Security/Login.aspx>
- Section 8 Contract List - <https://www.phoenix.gov/housingsite/Documents/TenantWebsite.pdf>
- Listing Your Property - <https://housingsearch.az.gov/>
- Resources for Residents - <https://www.phoenix.gov/housing/section-8-resources>

## Tucson Resources

- Ordinance - [https://www.tucsonaz.gov/files/hcd/New\\_Items/2022-07-22\\_SOURCE\\_OF\\_INCOME\\_ORDINANCE\\_CLEAN.pdf](https://www.tucsonaz.gov/files/hcd/New_Items/2022-07-22_SOURCE_OF_INCOME_ORDINANCE_CLEAN.pdf)
- Resource Page - <https://www.tucsonaz.gov/hcd/section-8-program-information>
- Video - <https://sourceofincome-cotgis.hub.arcgis.com/>
- How it Works - <https://www.tucsonaz.gov/hcd/housing-choice-voucher-program-section-8>
- FAQ - <https://sourceofincome-cotgis.hub.arcgis.com/pages/faq>
- Landlord Portal - <https://tucsonaz.partnerinhousing.com/View/Security/Login.aspx>
- Listing Your Property - <https://www.affordablehousing.com/>
- Incentive Program - [https://www.tucsonaz.gov/files/hcd/Landlord\\_Incentive\\_Program.pdf](https://www.tucsonaz.gov/files/hcd/Landlord_Incentive_Program.pdf)