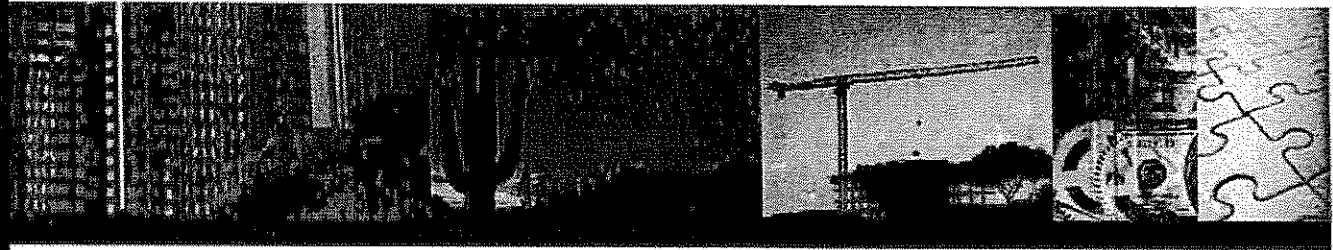


Analysis of the Arizona Eviction Process



Prepared for:

Arizona's Rental Housing Industry

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Executive Summary

The purpose of this effort was to analyze Forcible Detainer cases filed in Maricopa County, Arizona; and to examine how proposed procedural changes might impact the evictions process. The full listing of the proposed rules is included as Appendix A to this report.

Background

This report is comprised of three separate analyses. First, court records related to tenant evictions in Maricopa County were reviewed. In order to elaborate on the issue, a number of attorneys were also contacted. This analysis provides quantifiable perspective into how certain eviction cases are handled. Second, the proposed rules were reviewed in terms of how they might impact current practices. Again, attorneys were contacted for their feedback on the matter.

Lastly, the multi-family market as a whole was analyzed to provide insight into how the industry impacts the local economy. Additional information is also provided related to the current state of the local rental market in terms of levels of rent and vacancy rates by individual community.

Findings

This analysis identifies that most tenants, regardless of the circumstances or type of notice provided, are unlikely to appear at eviction hearings. This implies that posting a notice on the front door of an apartment unit does not yield significantly different results than handing the tenant the eviction notice in person. Furthermore, appearing at a hearing does not improve the likelihood of judgments in favor of the defendant to a statistically significant degree. As a result, it is important to consider the fact that some changes to court procedures may not ultimately change behavior or hearing outcomes.

There are also economic issues to consider. There will be additional costs associated with each eviction case if the full list of proposed rules is implemented. The additional requirements will also add to the duration of each case. This, however, was difficult to quantify. Regardless, the cost of new provisions must be weighed against the benefits.

A final concern relates to the fact that the additional costs related to the proposed rules will eventually be absorbed by renters in the form of higher rent payments as costs are passed down from attorneys to landlords to tenants. Additionally, a disproportionate amount of the impact will be absorbed by the lower income renters that rent lower income housing and realize higher rates of evictions. This is the very group that the proposed rules committee is attempting to assist.



1.0 Forcible Detainer Survey

This study was commissioned by the Arizona Association of Realtors, the Arizona Multihousing Association (AMA), the Manufactured Housing Communities of Arizona, and the National Apartment Association. The purpose of this effort was to determine the occurrences and outcomes of Forcible Detainer cases filed in Maricopa County, Arizona.

In order to form an opinion, court records related to tenant evictions in Maricopa County were reviewed. In order to elaborate on the issue, a number of attorneys were also contacted. Supporting research on select items was also provided by the AMA.

Synopsis: The primary finding of this study is that most tenants, regardless of the circumstances or type of notice provided, are unlikely to appear at eviction hearings. The study also shows that appearing at a hearing does not improve the likelihood of judgments in favor of the defendant to a statistically significant degree. Accordingly, one must be careful in assuming that the proposed changes to the current procedures (detailed in Appendix A and examined in Section 2.0 of this report) will increase tenant attendance or impact hearing outcomes.

1.1 Sample Distribution

The information contained in this report is based on a strict random sample of 500 of the 64,994 Forcible Detainer cases filed in Maricopa County Justice Courts during 2006. For the purpose of this study only residential cases were included (forcible detainer residential, forcible detainer possession property, forcible detainer rent) and forcible detainer cases for commercial properties and mobile homes were excluded¹. Of the 500 cases randomly selected for inclusion in this study, a total of 413 were audited. The remaining 87 cases could not be included because they had been destroyed or contained incomplete files. The table below reveals the distribution of cases by each Justice Court. Each court represents a particular geographical area. The tables that appear on subsequent pages display the results of the individual audit items and provide additional insight into Arizona's eviction process.

Note: All of the case audits conducted for this study were performed by a senior member of Behavior Research Center's staff. The margin of error for this study is estimated at +/-4.9% based on a 95% confidence level.

¹ Inasmuch as 99% of the cases addressed in the JP Courts are for more traditional multifamily or single-family rental units, forcible detainer actions for Mobile Home communities have been excluded from this study.



Sample Distribution		
Justice Court Number/Name	Distribution of 2006 Forcible Detained	Cases Selected
01 - Downtown	2.8%	14
02 - Arcadia Biltmore	5.8%	29
03 - Estrella Mountain	3.0%	15
04 - San Marcos	4.6%	23
05 - East Mesa	5.4%	27
06 - Ironwood (this court not yet in operation)	0.0%	0
07 - Manistee	6.2%	31
08 - Dreamy Draw	5.2%	26
09 - Moon Valley	7.6%	38
10 - Lake Pleasant	2.6%	13
11 - McDowell Mountain	2.6%	13
12 - South Mountain	3.4%	17
13 - University Lakes	3.8%	19
14 - Agua Fria	4.6%	23
15 - West Mesa	5.8%	29
16 - West McDowell	3.8%	19
17 - Hassayampa	2.2%	11
18 - Encanto	7.2%	36
19 - Maryvale	5.0%	25
20 - San Tan	3.4%	17
21 - North Mesa	3.2%	16
23 - Kyrene	6.8%	34
24 - North Valley	5.0%	25
Total	100.0%	500
Source: Behavior Research Center		



1.4 Final Judgment

Eighty-two (82%) percent of all cases resulted in a judgment to the plaintiff while 18% were dismissed. No cases studied resulted in a judgment to the defendant. In those cases where a hearing was held, 98% resulted in a judgment to the plaintiff if the landlord was represented and 93% resulted in a judgment to the plaintiff if the tenant was present.

Final Judgment	
Type	Percent of Total Cases ^{1/}
Dismissed without prejudice	16%
Dismissed with prejudice	*
Dismissed unknown	2%
Judgment to plaintiff	82%
Judgment to defendant	0%
Total	100%

^{1/} Results displaying a symbol (*) indicate a percentage less than 0.5%.
Source: Behavior Research Center

Judgement In Cases Where Hearing Was Held				
Outcome	<i>Tenant Represented</i>		<i>Landlord Represented</i>	
	Yes	No ^{1/}	Yes	No
Dismissed without prejudice	4%	*	1%	0%
Dismissed unknown	3%	1%	1%	100%
Judgment to plaintiff	93%	99%	98%	0%
Total	100%	100%	100%	100%

^{1/} Results displaying a symbol (*) indicate a percentage less than 0.5%.
Source: Behavior Research Center

While a judgment to the plaintiff does decrease in percentage (93% versus 99%) if a tenant is represented, the difference is not statistically significant. This means that one cannot conclude that attending a hearing produces different results than not attending a hearing. Furthermore, those tenants that attend a hearing may simply have more reasonable arguments to dispute the eviction. If this is the case, one could argue that it is expected that the percentage of judgments to the plaintiff would fall in terms or percentage. Despite this logic, the statistical discrepancy is not significant.

One attorney that was contacted further elaborated that although the evidence is anecdotal, one of the reasons tenants lose nonpayment of rent cases is that they mistakenly believe they can “rent strike”, or fail to pay their rent because they have some type of disagreement with their landlord. Under Arizona law, there are provisions for tenants to seek self-help by deducting the



costs of minor repairs from their rent or for breach of the lease if the landlord fails to supply an essential service; but, the requirements of A.R.S. §§ 33-1363 and 33-1364 are almost never followed by tenants in cases that make it to court.

Furthermore, another reason tenants fail to appear in court is that they pay their rent at the last minute. The case files reviewed showed that 16% percent of the cases contained a notice from the landlord's attorney of a voluntary dismissal. In addition, if the property manager fails to notify their attorney in a timely manner that rent has been paid and the case proceeds to a judgment, then counsel for the landlord must file a motion to set aside the judgment. This situation occurred in 2% of the cases. In short, in 18% of the cases, the likely reason for a tenant's failure to appear is that the tenant paid their rent on or immediately before their court date.

1.5 Amount of Rent Requested & Received in Judgment

The median amount of rent requested in complaints was \$790 and the median amount received in judgment was \$875. In 58% of the cases, the amount received was the same as the amount requested, while in 24% it was higher and in 18% it was lower. Judgment values tend to exceed the requested rents because additional fees are often sought in such cases.

Rent Requested/Received from "Non-Payment" Rent Cases with Defined Rent Judgments		
Amount	Requested	Received
Under \$500	9%	9%
\$500 to \$599	10%	8%
\$600 to \$699	18%	15%
\$700 to \$799	15%	11%
\$800 to \$899	10%	10%
\$900 to \$999	6%	6%
\$1,000 to \$1,499	20%	22%
\$1,500 to \$1,999	7%	10%
\$2,000 or over	5%	9%
Total	100%	100%
Median	\$790	\$875
Amount received in judgment		
Same as amount in complaint		58%
Higher than amount in complaint		24%
Lower than amount in complaint		18%
Total		100%

Source: Behavior Research Center



1.6 Method of Process Service

More than four out of ten tenants (41%) were served by hand (31% to the defendant, 9% to another person, 1% unknown), while 59% were served via a posting at their place of residence. Forty-six (46%) percent of tenants who appeared were served by hand, and 39% of tenants who did not appear were served by hand.

Interestingly, the method of serving notice, whether by hand or by posting the document, does not increase the likelihood of a tenant attending a hearing to a significant degree. Minimal variance does exist though. It is important to note that, based on this audit, it is unclear if changing procedural rules related to eviction notice postings will have any impact on tenant appearance rates.

Method of Process Service			
Type	<i>Tenant Represented</i>		Total
	Yes	No^{1/}	
By Hand	46%	39%	41%
To defendant	32%	30%	31%
To other	12%	9%	9%
To unknown	2%	*	1%
Posted	54%	61%	59%
Total	100%	100%	100%
<p>^{1/} Results displaying a symbol (*) indicate a percentage less than 0.5%.</p> <p>Source: Behavior Research Center</p>			

1.7 Records Contained in Case File

Ninety-two (92%) percent of all cases were served using a combined Summons and Complaint. Eighty-three (83%) percent of all cases contained a Judgment, 79% contained a Termination Notice from the landlord and 31% contained a Writ of Restitution. Ninety-one (91%) percent of all cases with a Judgment also contained a Termination Notice.



Records Contained in Case File	
Type	Percent^{1/}
Summons and Complaint Forcible/Special Detainer	92%
Complaint Forcible/Special Detainer	8%
Summons Forcible/Special Detainer	6%
Judgment Forcible/Special Detainer	83%
Termination Notice	79%
Writ of Restitution	31%
Notice of Voluntary Dismissal	16%
Satisfaction of Judgment	10%
Disclosure Statement	7%
Ex Parte Motion to Vacate Judgment and Dismiss Order	2%
Motion to Vacate Judgment (or) Motion to Modify	2%
Rental Agreement	2%
Acceptance of Partial Payment & Non-Waive Agreement	2%
Answer – Forcible/Special Detainer	1%
FDCPA Disclosure Notice	1%
Notice of Court Date	1%
Write of Garnishment	1%
Promise to Pay	1%
Notice of Returned Check	1%
Notice of Right of Appeal	1%
Ruling on Motion	1%
Civil Subpoena	1%
Notice of Appearance	1%
Notice to Cancel Writ	1%
Response to Motion	1%
Petition and Order Discharging Garnishee	1%
Notice of Hearing	1%
Notice of Trial Date	1%
Counter Claim – Forcible/Special Detainer	*
Notice of Employee Termination	*
Motion to Reopen Case	*
Handwritten Dispute of Litigation	*
Stipulated Agreement	*
Notice to Vacate After Foreclosure and Trustee Sale	*
Motion to Continue	*
Minute Entry	*
Application for Deferral or Waiver of Court Fees	*
Request for Oral Argument	*
<p>^{1/} Results displaying a symbol (*) indicate a percentage less than 0.5%. Source: Behavior Research Center</p>	



1.8 Other Miscellaneous Outcomes

A variety of other outcomes were also revealed in this research:

- No case was found where a tenant paid a judgment at the hearing;
- Only in one case was a judgment appealed. It was unsuccessful;
- Only in one case was a counter claim made. It was unsuccessful;
- Only in one case did a tenant submit a written response disputing the facts of the case;
- In no case was a continuance requested in writing;
- In no case was there a trial by jury.

These results are presented in the following table.



Other Outcomes	
Judgment Paid at Hearing	
	Percent^{1/}
Yes	0%
No	79%
Unknown	21%
Total	100%
Judgment Appealed	
	Percent
Yes	*
Successful	0%
Unsuccessful	*
No	100%
Total	100%
Counter Claim	
	Percent
Yes	*
Successful	0%
Unsuccessful	*
No	100%
Total	100%
Written Response from Tenant Disputing Facts	
	Percent
Yes	*
No	100%
Total	100%
Continuance Requested in Writing	
	Percent
Yes	0%
No	100%
Total	100%
Trial by Jury	
	Percent
Yes	0%
No	100%
Total	100%
<p>^{1/} Results displaying a symbol (*) indicate a percentage less than 0.5%. Source: Behavior Research Center</p>	



2.0 Proposed Rules and Related Economic Considerations

The following outlines the study participants' understanding of the primary changes that are being recommended related to tenant evictions in the State of Arizona. At the present time, there is no list of formal procedures, although some of the following items are partially addressed in statute. Therefore, one cannot directly compare current and proposed procedures simply by comparing two documents. Instead, the study team conducted interviews with multiple attorneys to gain a better understanding of how each rule will or will not change current practices.

The proposed rules were reportedly designed to make the process more consistent and equitable. However, it appears that the requirements could also add legal fees, processing time and confusion. This will come at some economic and financial cost. This is discussed in Section 2.1 and 2.2 of this report.

Synopsis: The primary "economic" issues related to the list of proposed rules is that there will be additional costs associated with each eviction case, and that the additional requirements will add to the duration of each case. Since the results of the audit provided in the previous section indicate that there is no clear relationship between some forms of policy and tenant appearance at a hearing, policymakers must also acknowledge that some of the proposed rules may not ultimately result in a desired change.

A final concern relates to the fact that the additional costs related to the proposed rules will eventually be absorbed by renters in the form of higher rent payments as costs are passed down. Additionally, a disproportionate amount of the impact will be absorbed by the lower income renters that rent lower income housing and realize higher rates of evictions. This is the very group (those more prone to eviction problems) that the proposed rules committee is attempting to assist.

2.1 Proposed Procedural Changes

The following lists the primary procedural changes as the study team understands them to be applicable to this assignment. Those proposed rules that were initially deemed to have minimal influence on current practices were not reviewed in this section.

1. **Rule 4.e. – Duties of Parties and Attorneys - Entry of Appearance:** Currently, one can contract with another attorney (for example coverage for a court in another county). These attorneys act as "subcontractors." This practice not only expedites the process, it keeps legal fees down and adds to courts efficiency. However, it is proposed that all attorneys appear as counsel of record and enter a notice of appearance, substitution, or association as counsel.

It was conveyed that this would make the subcontracting attorneys personally responsible for the case. Currently, the attorney that is retained by the landlord is personally and professionally liable for the case and the actions of their subcontractor. This proposal could slow the process and add to costs if the use of attorney assistance is not fully utilized.

All five attorneys that provided an opinion indicated that costs could increase by as much as 25% should the provision be implemented. More importantly, this rule would limit the



attorneys' ability to represent apartment communities in the rural areas where landlord tenant attorneys in some municipalities outside of major metropolitan areas do not exist.

Finally, the attorneys opined that since they are listed as the attorney of record with complete contact information listed on the summons and complaint, requiring the attorneys who are handling the call to appear as attorney of record would create confusion for the tenants who indeed appear.

2. Rule 5.a. – Summons and Complaint: Issuance, Content and Service of Process:

The current practice is to allow the summons and complaint to be combined into one document. The proposed rule suggests that separating the documents may eliminate the impression, in some tenants, that the court is somehow endorsing the action by the landlord. There is no evidence, from the attorneys that were interviewed, to suggest that separating these two documents would achieve the goals as outlined by the task force. Because the current practice has worked well over the years, without significant issue, an automated system for creating these forms has developed. This proposed change will require that the entire process be revamped, thus requiring added cost.

This provision also requires that on the back of the summons or on a separate sheet of paper, basic information related to each eviction be listed (Appendix A of the proposed rules). Currently, no such requirement exists.

Each of the attorneys that were contacted indicated that an information sheet would be valuable to help guide people who were involved in this process. However, they also indicated that requiring attorneys to include this information sheet to be served with the summons and complaint would add to both document server costs and attorney costs. Currently, in Maricopa County, much of the information detailed in the proposed rules summary document is already available to landlords and residents in an efficient and accessible on-line manner.²

Instead, it was suggested that a task force of tenant advocates, landlord tenant attorneys, small property owners, and property managers, be convened to create a usable document or enhance what is already available in Maricopa County on-line that would be given to each tenant and landlord who appears at the JP Courts. This would eliminate the need to incur significant costs in document preparation, printing, and delivery, and at the same time make this relevant and useful guidance available to people at the time and place when it is needed most.

3. Rule 5.b.(1) – Summons and Complaint: Issuance, Content and Service of Process:

The proposed rule requires the complaint to be brought in the legal name of the party claiming entitlement to possession of the property. While this does not appear on the surface to be a difficult task it does create a significant problem for both the attorney and tenant. The legal name of the entity is not typically known by the attorney as most rental properties are owned by an LLC but do business under another name.

² See: <http://www.superiorcourt.maricopa.gov/JusticeCourts/CourtsAndSections/Evictions.asp>



For Example, Phoenix Apartments LLC may actually be the Phoenix Garden Apartment Community. This means that the legal name of the holding LLC must be researched and listed. Currently, a less formal identification is required, and it is a familiar name to the defendant. In addition, if needed by the defendant, it is already available in the public domain with the County Assessor, as all Arizona rental units must register their property.³ This change would add to the attorney fees and create confusion for the defendant.

4. **Rule 5.b.(7) – Summons and Complaint: Issuance, Content and Service of Process - State the specific reason for the eviction:** It is currently not required that a tenant be notified of the specific reason for an eviction. Currently, a general reason for eviction is provided to the defendant. For example, an attorney may use a summons and complaint form. Other forms may include a check box that is filled in to let the defendant know why they are being evicted such as non-payment of rent, material non-compliance with the lease, material non-compliance affecting health and safety, and material and irreparable breach. Requiring more specific information than this may not be reasonable. In addition, the proposed rule further requires that a copy of the notice shall be attached as an exhibit to the complaint. This would represent additional paperwork and additional costs.
5. **Rule 5.b. (8) – Summons and Complaint: Issuance, Content and Service of Process - Government subsidy:** If rent is subsidized by a state or federal entity, the eviction notice will need to comply with the standards as identified by the government entity. Currently, this additional research is not required and, instead, the information is simply provided by the landlords. However, many property managers do not know if their property operates under a government program. This will require additional attorney research time.

One attorney indicated that there are federal laws related to this item and that all attorneys should be consistently following those laws regardless of cost and time.

6. **Rule 5.c. (4) – Summons and Complaint: Issuance, Content and Service of Process - The method of calculating late fees:** This information is already provided to the defendant and included in their rental agreement which they are given a copy of upon execution of the contract. The rule would require that additional due diligence be performed at the beginning of the eviction process to verify how any additional fees were calculated.

It is not possible to calculate all late fees at this point in the process. At present, the due diligence is performed if the case is processed and the listing of fees is required. One attorney noted it could be a costly provision. Another attorney indicated this would not be a hardship as it is already being done and that many judges reduce the late fee amounts if they feel the charges are too high.

³ See: http://www.maricopa.gov/Assessor/Residential_Property_links.aspx



7. **Rule 5.g. Summons and Complaint: Issuance, Content and Service of Process - Failure to Obtain Service:** A complaint that is not served in time shall be dismissed and re-filed. At present, a continuance may be requested. This could add to the cost of the process and extend the duration of the case. One attorney indicated that the related expenses would be negligible while others indicated that continuances should always be allowed and ultimately reduce costs.
8. **Rule 9. – Motions:** This will require a formal procedure for making motions. Currently, this does not exist. One attorney indicated that the number of cases that this would impact is minimal and is in favor of the provision. However, others indicated that this is unnecessary and will add to the cost of the hearings. Letter ‘g’ of this proposed change is open-ended and unnecessary as the basis for all necessary motions is already codified in this section.
9. **Rule 10. – Disclosure:** Currently, there is no practiced disclosure in an eviction case. This new requirement will add both cost and time to each case if pursued. One attorney indicated that this is not an issue in the vast majority of all cases. Others expressed additional concern in that when relevant, the cost would escalate dramatically.
10. **Rule 11. – Initial Appearance and Trial Procedures:** Currently, the process is less formal and expedited. This recommendation would make for very formal hearings. Again, additional procedural requirements will add both time and cost to each case. All of the attorneys expressed that it would add unnecessary bureaucracy to the hearings.
11. **Rule 11.e. – Change of Judge:** Currently, such a request is already honored by most courts. The additional procedural requirements could make it more likely that some tenants make the request to delay the process. The attorneys indicated that this could be abused, would add to court backlog, and would add to hearing costs.

While the overall costs associated with each of these provisions cannot be easily quantified, it does appear that a number of the provisions will add to the overall cost associated with each case. For additional perspective, select attorneys were asked to provide specific cost figures as they relate to eviction cases. The consensus was that the typical eviction case currently costs approximately \$400. However, this figure is based on current streamlined practices and does not reflect the additional costs that would be realized if all of the proposed rules were actually implemented.

Possibly of greater concern is the fact that any additional bureaucracy could result in a burden for the relevant courts by extending the duration of each case. The benefits associated with imposing these provisions must be weighed against the costs.

Following is a list of proposed Supreme Court Rules that the study participants do not believe to have an economic or administrative impact to the courts, residents, landlord tenant attorneys, or landlords. The full set of proposed rules is included as Appendix A to this report.



- Rule 3 – Computation: Shortening or Extension of Time
- Rule 4 – Duties of Parties and Attorneys (Except 4 e as listed above)
- Rule 6 – Service of Pleadings, Other Papers and Orders of Complaint
- Rule 7 – Answers
- Rule 8 – Counterclaims and Consolidation
- Rule 11 – Initial Appearance and Trial Procedures
- Rule 12 – Trial by Jury
- Rule 13 – Entry of Judgment and Relief Granted (Except 13 b. (3) C as listed above)
- Rule 14 – Writs of Restitution
- Rule 15 – Relief from Judgment or Order
- Rule 16 – Transfer of Cases from Justice to Superior Court
- Rule 17 – Appeals
- Rule 18 – Definitions
- Rule 19 – Miscellaneous

2.2 Costs and Economic Impacts

As previously presented, implementing the proposed rules will come at an economic cost. This cost will come in the form of either direct costs (i.e. those associated with higher attorney fees) or indirect costs (i.e. those associated with any inefficiency imposed on the process).

This cost must be weighed against any benefits that might be realized. The largest concern is that the results of the survey that are provided in Section 1.0 indicate that, at least in two examples, the imposition of particular rules may not impact tenant behavior or hearing outcomes. The method of notice does not appear to impact the rate at which tenants appear at hearings and the rate of appearance does not appear to impact the rulings. This is a notable concern since at least two examples are provided that indicate the related rule modification may not result in different outcomes.

In addition, while nearly 65,000 Forcible Detainer cases were filed in Maricopa County in 2006, there were more than 260,000 apartment units in Maricopa County. We do not have data pertaining to the number of tenant/landlord contracts that are written each year, though a property manager of high end apartments stated that their average lease contract term is 14 months. However, it is expected that lease terms would decrease as required monthly rent decreases. For one point of perspective, even if we assume that each unit is rented an average of two times per year (in other words, if we assume that there were approximately 520,000 apartment contracts each year), we would calculate that over 12% of all contracts end in some form of an eviction filing. This is consistent with the findings provided on the following page related to high and low cost rental units and their respective eviction rates.

The AMA received some anecdotal information on eviction rates. This information indicated that a well run complex with adequate tenant screening would likely realize eviction rates of 10% or less. However, lower quality apartment complexes with weaker management could realize upwards of 20% in terms of rates of eviction. Ultimately, the exact percentage is dependent on a number of factors, and can vary from complex to complex as previously presented. Following is data tracked by RealData Inc. as well as Peter E. TeKampe, P.C.



regarding the weighted average rents throughout regions of Maricopa County and the eviction rates realized in those areas in 2006.

Maricopa County Eviction Analysis 2006		
Higher Rent Areas	Weighted Avg. Rent	Eviction Rate
North Scottsdale/Fountain Hills	\$1,013	5.17%
Ahwatukee	\$921	7.97%
North Paradise Valley	\$920	8.72%
South Scottsdale	\$894	5.09%
Chandler	\$890	6.67%
Lower Rent Areas	Weighted Avg. Rent	Eviction Rate
Central Black Canyon	\$582	27.70%
West Central Phoenix	\$587	22.20%
Glendale	\$614	27.96%
West Phoenix	\$631	29.37%
Metrocenter	\$666	24.28%

Sources: Maricopa County, RealData Inc., Peter E. TeKampe, P.C.

This is a much higher percentage range than was originally anticipated. The data provided illustrates that it is very likely that lower income tenants that rent lower cost housing are responsible for a disproportionate number of evictions.

In terms of economic theory, any additional costs related to the proposed rules will initially be absorbed by the landlord. However, eventually this cost will be passed on to the renters. If a lower cost complex is disproportionately affected by the proposed rules, a larger cost burden will be passed on to the lower income renters. These are the very people that the proposed rules committee is attempting to assist. The supporting data regarding unit counts, as well as regional rent levels, is provided in the next section.



2.3 Maricopa County Current Multi-Family Outlook

2.3.1 Current Inventory

Following is an inventory of apartment units within complexes of 50 units or more by number of bedrooms within cities throughout Maricopa County. There are an additional 25,000 rental units within complexes of 10 to 40 units. It is expected that trends occurring in Maricopa County will likely be similar to other parts of the State.

The apartment inventory appears to reflect each community in terms of population, maturity, geographic location and demographics. Phoenix has far more apartment units than any other city, followed by Mesa, a mature city with the second largest population in the County. Other cities with a noticeable inventory of apartment units include Glendale, Tempe, Scottsdale, and Chandler, all of which are located on the periphery of Phoenix. Newly growing cities such as Anthem and Buckeye have relatively few units, as do cities known as retirement communities such as Sun City, Youngtown, and Surprise.



Apartment Unit Inventory by Number of Bedrooms Maricopa County Cities							
	Studio	1	2	3	4	5	Total
Anthem	-	108	152	94	-	-	354
Apache Junction	-	41	176	168	-	-	385
Avondale	26	1,185	1,689	444	15	5	3,364
Buckeye	-	40	229	179	8	-	456
Carefree	8	36	22	-	-	-	66
Cave Creek	-	96	64	-	-	-	160
Chandler	182	5,625	7,798	1,338	51	-	14,994
El Mirage	-	48	56	72	32	-	208
Fountain Hills	-	72	272	18	-	-	362
Gilbert	30	2,008	3,594	472	-	-	6,104
Glendale	1,100	9,757	9,769	1,191	35	-	21,852
Goodyear	-	474	761	165	-	-	1,400
Guadalupe	-	-	16	30	14	-	60
Higley	-	196	152	36	-	-	384
Litchfield Park	-	132	152	20	-	-	304
Mesa	1,761	13,236	16,709	1,440	76	-	33,222
Peoria	-	1,781	2,450	446	45	-	4,722
Phoenix	9,681	46,017	47,020	5,581	233	-	108,532
Scottsdale	313	6,985	9,040	1,514	1	-	17,853
Sun City	-	12	170	-	-	-	182
Sun City West	-	88	76	-	-	-	164
Surprise	-	404	770	263	79	-	1,516
Tempe	1,280	8,333	10,872	1,174	180	-	21,839
Tolleson	-	50	400	118	-	-	568
Youngtown	24	207	21	1	-	-	253
Total (County)	14,405	96,931	112,430	14,764	769	5	239,304

1/ Data as of 4th quarter 2007.
Source: Elliott D. Pollack & Co., RealData Inc.

2.3.2 Analysis By Monthly Rent

Current Average Rents

An analysis of rents was also performed for cities within Maricopa County to gain perspective on the apartment market as a whole. The countywide average monthly rent was \$786 as of fourth quarter 2007. Cities with average rents much higher than the county average included Scottsdale, with an average monthly rent of \$1,043 and Anthem, with an average monthly rent of \$1,316. The rents in these communities likely reflect the demographics and, thus, preferences of residents for more upscale development. This is true of other communities with demographics reflecting higher income individuals such as Chandler, Fountain Hills, and Gilbert. The reverse is true for communities known for residents with lower household incomes such as Apache Junction and El Mirage with average monthly rents in the mid \$400 range.

It is important to note the limitations of this computation. First, the size of apartments is not taken into account. Larger apartments likely yield higher monthly rents. However, the



distribution of apartment units by bedroom size is fairly equal throughout most cities. Also, communities with only a few hundred apartment units could be affected by one or two larger apartment complexes with higher or lower rents than what is typical for the area. Additionally, because the countywide average is weighted to the number of units within a community, it is not surprising that the City of Phoenix, with over 45% of the entire apartment inventory in the County, closely matches the average monthly rent of the County.

Average Rent by City Maricopa County Cities	
Anthem	\$1,316
Apache Junction	\$444
Avondale	\$846
Buckeye	\$615
Carefree	\$723
Cave Creek	\$988
Chandler	\$922
El Mirage	\$465
Fountain Hills	\$988
Gilbert	\$917
Glendale	\$711
Goodyear	\$950
Guadalupe	\$884
Higley	\$842
Litchfield Park	\$1,003
Mesa	\$719
Peoria	\$874
Phoenix	\$731
Scottsdale	\$1,043
Sun City	\$864
Sun City West	\$612
Surprise	\$789
Tempe	\$825
Tolleson	\$660
Youngtown	\$534
County Average	\$786
<small>1/ Data as of 4th quarter 2007. Source: Elliott D. Pollack & Co., RealData Inc.</small>	

Inventory by Monthly Rent

The inventory within each community was further separated into categories reflecting a range of monthly rents. Only unfurnished rent was used in the analysis to keep the comparison as similar as possible. Again, the rents by bedroom size were not analyzed. The inventory takes on an approximate bell-shaped distribution, though the lower range of rents drops off much more dramatically than the upper range of rents. Units with average monthly rents of less than \$500 comprise just over 4% of the inventory, with an additional 13% found within the \$500 to \$600



range. Over 43% of the entire apartment inventory in Maricopa County has average monthly rents between \$600 and \$800 dollars. The inventory then tapers off slowly as rents are increased by \$100 increments. At the high end, monthly rents yielding \$1,000 or more make up nearly 12% of the inventory.

Apartment Unit Inventory by Monthly Rent Maricopa County Cities								Total ^{1/}
Rent Range								
	less than \$500	\$500- \$600	\$600- \$700	\$700- \$800	\$800- \$900	\$900- \$1,000	>\$1,000	
Anthem	-	-	-	-	-	-	354	354
Apache Junction	152	56	88	88	-	-	-	384
Avondale	102	84	493	556	768	824	537	3,364
Buckeye	316	-	40	84	-	16	-	456
Carefree	-	8	-	48	10	-	-	66
Cave Creek	-	-	-	-	96	-	64	160
Chandler	-	176	1,293	3,635	3,771	2,837	3,280	14,992
El Mirage	80	32	64	32	-	-	-	208
Fountain Hills	-	-	-	72	-	218	72	362
Gilbert	88	376	934	1,241	1,059	1,122	1,284	6,104
Glendale	1,215	5,264	4,724	4,560	2,711	1,841	1,325	21,640
Goodyear	-	-	86	367	382	247	318	1,400
Guadalupe	-	-	-	16	30	-	14	60
Higley	-	40	32	-	156	-	156	384
Litchfield Park	-	-	-	-	132	20	152	304
Mesa	323	4,603	10,447	8,667	5,567	1,390	1,336	32,333
Peoria	156	207	777	1,062	1,054	916	550	4,722
Phoenix	7,054	18,446	26,809	22,162	14,524	9,323	7,834	106,152
Scottsdale	-	191	757	2,560	3,211	4,105	7,028	17,852
Sun City	-	-	-	-	174	8	-	182
Sun City West	-	88	76	-	-	-	-	164
Surprise	120	56	238	172	236	566	128	1,516
Tempe	45	718	3,907	5,721	4,688	3,007	3,115	21,201
Tolleson	-	270	118	128	52	-	-	568
Youngtown	191	60	-	2	-	-	-	253
Total (County)	9,842	30,675	50,883	51,173	38,621	26,440	27,547	235,181

^{1/} Data as of 4th quarter 2007.
Source: Elliott D. Pollack & Co., RealData Inc.

