STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

ATTORNEY GENERAL OPINION By KRIS MAYES ATTORNEY GENERAL July 14, 2026	No. I26-002 (R26-002) Re: Yavapai College's Workforce Development and Job Training Authority

To: Lynne C. Adams, Osborn Maledon, P.A., on behalf of Yavapai College

Pursuant to A.R.S. § 15-1448(H), this opinion affirms in part, revises in part, and declines to review in part the opinion prepared for Yavapai College (the "College") regarding the College's authority to engage in certain housing and other real property development projects in connection with workforce development and job training activities. That opinion is attached as Appendix A.

First, we affirm the opinion's conclusion that the College has statutory authority to develop real property for housing purposes under some circumstances, on its own or with private, public, or tribal partners.

Second, we affirm the conclusion that the College has statutory authority to undertake workforce development and job training efforts, which may (but need not) be connected to real property development with partners.

Third, we affirm the opinion's framework for analyzing whether the College's development projects would be exempt from certain local planning and zoning regulations and any related fees.

Finally, we revise the opinion as discussed below, and we decline to review the opinion's conclusions as to any specific development project. Any project the College contemplates will involve potential legal and procedural requirements beyond the scope of this opinion.

The College has statutory authority to develop real property for housing, with or without private, public, or tribal partners.

The College is a political subdivision. *See* A.R.S. § 15-1401(7). Its stated purpose is to "transform[] lives and strengthen[] the local economy through education." Yavapai College, The College Mission, https://www.yc.edu/v6/office-of-the-president/mission.html. As a "legislative creation[]," the College "possess[es] and exercise[s] only such powers expressly granted, those necessarily or fairly implied by or incident to the powers expressly conferred, and those essential to the accomplishment of [the College's] declared objectives and purposes." *Maricopa Cnty. v. Maricopa Cnty. Mun. Water Conservation Dist. No. 1*, 171 Ariz. 325, 328 (App. 1991); *see also Mountainside MAR, LLC v. City of Flagstaff*, 253 Ariz. 448, 451 ¶ 10 (App. 2022).

As the opinion prepared for the College correctly notes, several statutory provisions combine to provide the College broad authority in this area. For example, statutes give the College the powers to

- Contract (A.R.S. § 15-1444(B)(4));
- "Construct, remodel and repair buildings" (A.R.S. § 15-1444(B)(5));
- "Purchase, receive, hold, make and take leases of, sell and convey real or personal property" (A.R.S. § 15-1444(A)(11));
- Lease real property, either as the lessee or the lessor, including entering into lease-purchase agreements for real property, buildings and other improvements to the property (A.R.S. §§ 15-1444(B)(2) and 15-1446);

- "Engage in entrepreneurial and commercial activities" (A.R.S. § 15-1444(B)(13)); and
- "Provide goods and services pursuant to a contract with a political subdivision of the state or a tribal government" (A.R.S. § 15-1444(B)(15)).

We generally agree that these provisions permit the College to develop real property, including for the housing purposes contemplated here.[1] We also agree that these provisions permit the College to partner with a private entity, political subdivision, or tribal government to undertake this type of housing development. But, importantly, the College is not permitted to give up policy-making authority to any private entity with which it might contract. *See* Ariz. Att'y Gen. Op. I06-004 (Oct. 30, 2006).

Finally, we make clear that any specific housing development project the College undertakes will involve other legal and procedural requirements beyond the scope of this opinion (e.g., the Gift Clause, Ariz. Const. art. IX, § 7; annual budgeting, under A.R.S. § 15-1461). In attempting to achieve its objectives, we agree that the College has a variety of methods at its disposal. We also agree, generally, that it has the statutory power to reserve developed housing for use by College staff, students, and/or certain other members of the community, or as "attainable housing" offered at below-market rents under some circumstances. *See* A.R.S. § 15-1444(A)(11) (providing the power to engage in certain real estate transactions for the College's benefit). However, whether a particular project complies with all applicable legal requirements will depend

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[1] At various points, the opinion draws on authority applicable to the K-12 school district system to analogize to the community college district system. There are distinct statutory frameworks that govern each, reflecting different policy considerations. *See, e.g.*, A.R.S. § 15-1105 (school districts' leasing authority must connect to a lawful purpose, including, among other things, an educational or other civic or governmental purpose in the interest of the community). We take the opportunity to note that, while some policies may be applicable to both contexts, authority applicable to one does not necessarily transfer or apply to the other.

on its specific facts. We express no opinion on the compliance or permissibility of any particular project.

The College has statutory authority to undertake workforce development and job training efforts, with or without partners, in connection with real property or not.

Similarly, on this front, we agree with the opinion's conclusion that the College's workforce development and job training efforts are within its statutory powers. Broadly speaking, those efforts are within its educational/vocational ambit and consistent with its mission to "strengthen[] the local economy." And more specifically, we agree that the Legislature has authorized the College to engage in "job training" activities and in "[p]artnerships with businesses and educational institutions" for "job training purposes." A.R.S. § 15-1472(B)(1). Some of the same statutory provisions discussed above also permit the College to contract with private, public, or tribal entities to provide such job training or workforce development benefits. *See* A.R.S. § 15-1444(B)(4), (B)(15). We agree with the opinion's conclusion that "[t]he plain language of the statutes that delineate the College's authority indicates that it can enter into contracts with private entities or with other political subdivisions of the state." Opinion at 7. And setting aside whether it is true that "[t]here is no limitation on the subject matter of such contracts," *id.*, the statutory grant of authority is undoubtedly broad and flexible in nature.

Thus, the College has broad authority to conduct workforce development and job training efforts, including in the context of "commercial or entrepreneurial activities," A.R.S. § 15-1444(B)(13), and in conjunction with the types of real property development contemplated by the opinion. But any project must, of course, comply with all other legal and procedural requirements, many of which are again beyond the scope of this opinion.

The College may be exempt from certain local planning and zoning regulations and fees.

We affirm the opinion's conclusion that at least some of the College's contemplated development projects may be exempt from certain local planning and zoning regulations and fees.[2] We also affirm the opinion's analytical framework on this topic—which relies on *Book-Cellar, Inc. v. City of Phoenix*, 150 Ariz. 42, 44 (1986) and its discussion of proprietary versus governmental operations—with one potential clarification: the focus on "predominant purposes" suggested by the opinion (at 9) cannot simply rest on the stated intent of any relevant project. Rather, the analysis must be objective.

* * *

In the absence of specific facts, we decline to review or otherwise offer an opinion on the propriety of any particular development project the College may be considering. Such projects may implicate various areas of the law, including procurement law, tax law, and the Gift Clause. They also may implicate procedural issues like budgeting, governing board approval, and funding sources. We express no opinion on whether the College's contemplated development projects comply with these legal and procedural requirements, and we decline to review any aspects of the opinion touching on these other issues.

Kris Mayes
Attorney General

[2] We note that, to the extent the projects include "community college buildings," they may be exempt from local building code, pursuant to A.R.S. §§ 34-461(D) and 34-462. The statute does not define "community college buildings," but exempts any such buildings from local building code. Still, the statute makes clear that any such projects remain subject to state fire code. *See* A.R.S. § 34-461(A).

APPENDIX A

M E M O R A N D U M

TO: Dr. Clint Ewell, Chief Operating Officer

FROM: Lynne C. Adams

DATE: May 15, 2026

RE: College Workforce Development and Job Training Authority

On behalf of Yavapai College (the "College"), you have requested an opinion regarding the College's authority to engage in certain workforce development and job training activities. As examples of these potential development activities, the College would like to contract with a private entity to develop attainable housing, a portion of which would be reserved for use by College staff and students. It would also like to partner with public and/or private businesses to grow additional jobs for the county, while at the same time providing student job-training experiences. Finally, in connection with both the potential workforce and job-training development activities, the College would like to rely on its exemption from planning and zoning regulations to act as expeditiously as possible to meet public needs. My analysis of these issues is provided below.

You have requested that I submit this opinion to the Arizona Attorney General for review pursuant to A.R.S. § 15-1448(H).[1]

Background

Attainable Housing Initiatives. For several years, the College has been attempting to find ways to increase the number of attainable housing options for its students and employees. As housing prices have increased in Yavapai County, it has been increasingly difficult for the College's students and employees to find housing that they can afford. For example, the required household annual salary to purchase a median priced home in the county is currently

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[1] The Attorney General has confirmed in the K-12 school context that the term "county attorney" in A.R.S. § 15-253(B) (which authorizes the submission of opinions prepared on behalf of school districts to the Attorney General for review) includes elected county attorneys as well as attorneys who represent school districts with the consent of the county attorney. Ariz. Att'y Gen. Op. I88-052, at 2 (Substitute Op.) (June 15, 1988). Thus, the College may submit this opinion to the Attorney General for review although it was not prepared by the County Attorney.

approximately $150,000.[2] In contrast, the median household income in Yavapai County is only about $65,000–$75,000 annually. *See* U.S. Census Bureau, *QuickFacts: Yavapai County, Arizona*, available at https://www.census.gov/quickfacts/fact/table/yavapaicountyarizona/PST045224 (reporting 2020-2024 median household income of $69,613); *see also* Elliot D. Pollack & Co., *Housing Needs Assessment and Market Analysis, Yavapai County, Arizona* (Dec. 5. 2025), available at https://www.yavapaiaz.gov/files/sharedassets/public/v/1/development-and-permits/permits/development-services/documents/yc-zoning-code-update/yavapai-county-housing-market-study-final-12-3-25.pdf (reporting 2023 median household income of $66,106). The county has experienced significant cost of living increases during the past several years, driven largely by increased housing costs. *See Housing Needs Assessment*, at iii-iv (documenting that "[h]ousing prices across Yavapai County have increased dramatically over the past five years").

The College's mission is to transform the lives of county residents and strengthen the local economy. Thus, it provides many educational and vocational opportunities for students, which in turn support the economic development of the county and of the state. But in order to support the local economy, trained students need to be able to stay and work in the county, and many of them cannot afford to do so. It is a stark reality that some of the county's population, particularly those providing essential education, health, and safety services, cannot afford to live in the county comfortably or at all because of housing affordability issues. *See Housing Needs Assessment,* at 12-14 (noting significant commuting for work into and out of the county; "[a] more balanced housing market in the county could help to reduce commuting"). For these reasons, the College seeks to find ways that it could develop attainable housing that would be available not only to College students and staff, but also potentially available to other governmental or essential services workers or to members of the public who meet certain income standards that would limit their ability to otherwise afford housing in the county.

The College envisions several potential housing models, including rental apartments or homes that are developed solely by the College or by the College in partnership with another political subdivision or a private entity. For example, one of the projects that it is considering would involve a partnership with a private entity to develop attainable housing units, some of which would be offered to College students, employees or others at a cost that is at or below the U.S. Department of Housing and Urban Development Fair Market Rent standard. *See* HUD Exchange, *Fair Market Rent*, available at https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-leasing-rental-assistance-requirements/fmr/ (description of FMR), and https://www.huduser.gov/portal/datasets/fmr.html (documentation of FMRs). The remaining housing units would be offered by the College's partner to the public at fair market rates. Thus, a project pursued under this model would comprise a mix of both attainable housing units and market rate housing units.

[2] This estimate is based on a median home price of $550,000, a 30-year mortgage rate of 6.75% and a 5% downpayment at purchase. *See* Yavapai County Assessor's Office, "SFR Median Sales Press Releases" for 2026, available at https://www.yavapaiaz.gov/Mapping-and-Properties/Assessors-Office/Median-Sales.

In addition, the College may explore the potential for a land trust/land-lease housing community, which would also provide more attainable housing. In such a community, the College would own the land but would allow its students, employees, or others to purchase the buildings using a restricted deed. Such a program would allow the College to secure its workforce housing needs indefinitely, rather than any housing becoming part of the general population stock, and at a much lower net cost than building rental units.

These are only some of the attainable housing options that are being or might be considered by the College in the future. Its goal is to ensure that it has the authority to pursue various ownership, partnership, and operational structures that will allow it to serve its students, staff and the community with attainable housing options.

Additional Jobs and Workforce Training Initiatives. The College also desires to provide additional opportunities to expand the county's job opportunities, which in turn would provide additional student workforce training opportunities. The College currently hosts the Small Business Development Center, which provides no-cost guidance, training and resources to foster small businesses in the county and strengthen the region's economy. *See* https://www.yc.edu/v6/small-business-development-center/index.html. It is also designated as a Workforce Innovation and Opportunity Act (WIOA) program provider under the ARIZONA@WORK statewide system, providing education and job training for adults, dislocated workers, and youth throughout Yavapai County. *See* "Yavapai County & Yavapai College Launch Workforce & Economic Development Integration Through One-Stop Operator & Title I-B Services," available at https://www.yc.edu/v6/news/2025/05/titlei.html.[3]

To provide additional opportunities to grow the economy and provide hands-on training for students, the College would like to partner with private businesses and other governmental entities. For example, the College envisions that it would purchase land and buildings that could in turn be leased by private businesses from the College in exchange for fair market value rent plus student training opportunities.

Planning and Zoning Exemption. As a political subdivision of the state, the College is exempt from local planning and zoning regulations and any related fees. *See Ariz. Bd. of Regents of Universities and State Colleges v. City of Tempe*, 88 Ariz. 299, 301 (1960) (holding that the Arizona Board of Regents did not need to comply with municipal regulations governing construction projects); *Book-Cellar, Inc. v. City of Phoenix*, 150 Ariz. 42, 44 (App. 1986) (exemption applies to municipal zoning regulations); *see also* Ariz. Att'y Gen. Op. I83-052 (May 11, 1983) (school districts using property for public school purposes are not subject to municipal zoning); Ariz. Att'y Gen. Op. I15-001 (Feb. 23, 2015) (the political-subdivision zoning exemption does not depend on whether the educational entity owns the property or leases it).

[3] The Governor has formally recognized Arizona's community colleges, including Yavapai College, as the State's workforce-development partners. *See* Arizona Community College Workforce Scholarship Program, https://azgovernor.gov/office-arizona-governor/news/2024/04/governor-katie-hobbs-announces-arizona-community-college (April 25, 2024).

In developing attainable housing and bringing additional job and job training opportunities to the county, the College would seek, when able, to use its planning and zoning exemption ("the P&Z Exemption") to streamline the projects and ensure their viability within a reasonable timeframe.

College Authority Generally

Arizona courts have long held that public schools do not have any authority arising from common law or a source outside of state statutes and rules. *See Oracle School Dist. No. 2 v. Mammoth High School Dist. No. 88*, 130 Ariz. 41, 43 (App. 1981) ("School districts are a legislative creation having only such power as is granted to them by the legislature."); *Tucson Unified Sch. Dist. No. 1 v. Tucson Educ. Ass'n*, 155 Ariz. 441, 443 (App. 1987) ("School boards must exercise their authority in the mode and within the limits permitted by statute."). Although these cases involved K-12 school districts, the reasoning applies to all public schools in the state, including community colleges. Therefore, the College only has the power to act if that power is expressly stated or clearly implied in its authorizing statutes. *Maricopa Cnty. v. Maricopa Cnty. Mun. Water Conservation Dist. No. 1*, 171 Ariz. 325, 332 (App. 1991) (recognizing that a public entity has powers reasonably necessary to effectuate its express powers).

Here, Arizona statutes specifically grant the College the authority to contract, build, lease real property, enter into lease-purchase agreements, engage in entrepreneurial activities, and undertake workforce development activities. As discussed below, those statutes read together, along with the express legislative recognition of community colleges' roles in workforce-development activities, provide the College with the authority to engage in attainable housing and workforce development activities and projects that are designed to benefit the College and its community.

College Authority for Attainable Housing and Job Training Initiatives

Several statutory provisions provide the College with the specific authority to undertake the attainable housing and job training initiatives in which it seeks to engage. Specifically, the College may:

- Contract (A.R.S. § 15-1444(B)(4)).
- "Construct, remodel and repair buildings" (A.R.S. § 15-1444(B)(5)).
- "Purchase, receive, hold, make and take leases of, sell and convey real or personal property" (A.R.S. § 15-1444(A)(11)).
- Lease real property, either as the lessee or the lessor, including entering into lease-purchase agreements for real property, buildings and other improvements to the property (A.R.S. §§ 15-1444(B)(2) and 15-1446).[4]
- "Engage in entrepreneurial and commercial activities" (A.R.S. § 15-1444(B)(13)).
- "Provide goods and services pursuant to a contract with a political subdivision of the state or a tribal government" (A.R.S. § 15-1444(B)(15)).

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[4] Any lease-purchase agreement entered into by the College would be subject to the outstanding indebtedness limit in A.R.S. § 15-1446(D).

Over time, the legislature has *increased* the authority granted to community colleges, including adding authority for entrepreneurial and commercial activities in 2016.[5] A.R.S. § 15-1444(B)(13). This "arc" of authority indicates the legislature's desire to allow community colleges to engage in a greater breadth of activities that will benefit their constituents.

The relevant statutes also require community colleges to determine where to locate their campuses and then "purchase, receive, hold, make and take leases of, sell and convey real or personal property for the benefit of the community colleges." A.R.S. § 15-1444(A)(11). To the extent that this statutory provision applies to the College's entrepreneurial and commercial activities, the "for the benefit of the community colleges" standard is satisfied where a transaction is structured to advance the College's educational and workforce-development missions, even where aspects of the transaction also benefit non-College users. The standard does not require that every user of real property be a College student or employee; it requires that the College's property transactions be undertaken in service of the College's mission.

In addition to the relevant authority noted above, the legislature has recognized Arizona community colleges' specific authority related to workforce development and job training in A.R.S. § 15-1472. That statutory section establishes a separate workforce development account for each community college that must be used for "workforce development and job training purposes." *Id.* Such purposes include, but are not limited to, "partnerships with businesses and educational institutions," *id.* at (B)(1), student services for "new and expanded job opportunities," *id.* at (B)(4), and the "purchase, lease or lease-purchase of real property, for new construction, remodeling or repair of buildings or facilities on real property," *id.* at (B)(5). Funding for Section 15-1472 workforce development accounts is provided by Proposition 301.

Attainable Housing Initiatives. Taken together, the plain language of these statutory provisions clearly provides the College with the authority to enter into contracts, including for the purchase or lease of land or buildings or for the construction of buildings, that could be used to provide attainable housing for College students and staff, essential services employees, and members of the public who could not otherwise afford housing in the county. *See, e.g., Franklin v. CSAA Gen. Ins. Co.,* 255 Ariz. 409, 411 (2023) ("When interpreting statutes, we begin with the text."); *Ariz. Advoc. Network Found. v. State*, 250 Ariz. 109, 114 (App. 2020) (a statute's plain language should guide its interpretation). Such uses are directly consistent with the College's statutory authority.

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[5] Section 15-1444(B)(13) was added by Laws 2016, ch. 58, § 1 (S.B. 1322), which simultaneously added Section 15-1444(B)(14) (authorizing collection of "dormitory fees" among other auxiliary fees) and Section 15-1444(B)(15) (authorizing the provision of goods and services under contract with a political subdivision or tribal government). The contemporaneous enactment of these three provisions, all under a single act "relating to community college district finance," reflects a deliberate legislative expansion of community college authority to engage in entrepreneurial and commercial activity, operate residential facilities, and partner with other public entities – each of which independently supports the College's authority to undertake the housing and workforce initiatives addressed in this opinion.

That conclusion is further confirmed by the language in Section 15-1472, which again reinforces the College's authority to purchase or lease property and buildings to provide workforce development opportunities for the county.[6] Expanding the availability of attainable housing opportunities beyond students and staff to include other county residents, including those who provide governmental or essential services, would have a direct positive workforce development impact.

Moreover, the express statutory language discussed above – to purchase, sell, contract, build, lease, engage in entrepreneurial and commercial activities, and partner with other political subdivisions – supplies the affirmative authority for the College's attainable-housing initiatives; the absence of limiting language in those grants forecloses any narrowing construction that would confine the College's authority to particular categories of users or particular methods of project execution. *See State v. Averyt,* 179 Ariz. 123, 129 (App. 1994) (a court will not insert into a statute "words of limitation which the legislature has expressly omitted"); *see also* Antonin Scalia & Bryan A. Garner, *Reading Law: The Interpretation of Legal Texts* 93-94 (2012) (courts do not supply absent statutory provisions; if the legislature had wanted to include a provision, it would have done so). Specifically, there is nothing in the statutes that enumerate community colleges' authority that indicates that the legislature intended to limit the College's authority to purchase, lease or construct buildings for use only by students and staff. Indeed, community colleges are specifically granted the authority to "[e]ngage in entrepreneurial and commercial activities." A.R.S. § 15-1444(B)(13). There is no limiting language in its authority to engage in entrepreneurial and commercial activities, nor are the terms "entrepreneurial and commercial activities" defined at all, let alone with an exhaustive list of permitted businesses. Instead, community colleges are granted significant legislative discretion regarding the types of entrepreneurial and commercial activities in which they may engage, giving them the flexibility to engage in auxiliary revenue-generating ventures that fall outside traditional funding mechanisms.

Although the College envisions that a portion of the units in any attainable housing project will be dedicated to attainable housing initiatives for students, staff, and governmental or essential services workers, there is nothing that prohibits the College or a party with which it may contract from offering housing units that it develops to *any* county resident at an attainable price or at market rate, particularly if such uses are part of a project that provides attainable housing to College students, staff, and essential services workers. In other words, as long as the focus of the project aligns with the College's educational and workforce development goals,

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[6] Although A.R.S. § 15-1472 is related to establishing a *funding source* for both "workforce development and job training," there is nothing in the statutory scheme that would limit the College's ability to perform such activities using funding other than that deposited in a "workforce development account" established pursuant to Section 15-1472. The funding in a workforce development account must "be expended for workforce development and job training purposes," *id.* at (B), but there are no statutory provisions that prohibit other College funds from being used for the same purposes. In other words, the use of the funds that are deposited into a workforce development account may be limited to specified activities related to workforce development and job training, but there is no concomitant prohibition that limits the College's ability to provide those activities with only those earmarked funds.

other project outcomes that are or may be necessary to ensure that the project is viable and affordable to the College are not prohibited.[7]

Similarly, the statutes do not limit the *methods* by which the College may provide attainable housing options. It may purchase or lease real property with or without existing buildings; it may construct, remodel, or repair buildings that it owns; it may enter into a contract with another governmental entity or a private business; or it may engage in "entrepreneurial" or commercial activities. The College is free to select from several potential models to meet the attainable housing needs of the county.

Of course, to the extent that an initiative would require the College to expend funds in a way that benefits a private entity, such agreements would be subject to a Gift Clause analysis. *See* Ariz. Const. art. IX, sec. 7 (commonly referred to as "the Gift Clause"). Such an analysis would be highly fact-specific, and any potential Gift Clause issues are therefore beyond the scope of this opinion. *See, e.g.*, *Schires v. Carlat*, 250 Ariz. 371, 378 (2021) (noting that the economic development activities of a governmental entity "can fulfill a public purpose," but the public entity must receive a benefit and "the payment of public funds must not be grossly disproportionate to the fair market value of the benefit").

As with any other commitment of funds, the expenses of such activities must be included in an adopted College budget under A.R.S. § 15-1461, and any contracts must be approved by the College's governing board. Any revenue from such activities, whether deemed "entrepreneurial," "commercial," or "auxiliary" to the College operations, is not subject to the Expenditure Limitation set forth in Article IX, Section 21 of the Arizona Constitution. *See* A.R.S. §§ 15-1444(B)(13), (14) & (15).

Job Training Initiatives. The analysis of the College's authority to engage in job training initiatives, many of which may involve agreements with private sector entities, is largely governed by the same analysis as set forth above. The plain language of the statutes that delineate the College's authority indicates that it can enter into contracts with private entities or with other political subdivisions of the state. *See* A.R.S. § 15-1444(B)(4) & (15). There is no limitation on the subject matter of such contracts, and indeed as indicated above, the statutes also make clear that the College may engage in commercial or entrepreneurial activities that benefit the College and its constituents. *See, e.g., Reading Law* at 93-94 (a matter not covered by statute

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[7] Arizona Attorney General Opinions interpreting analogous projects in the K-12 school context have approved the commercial use of educational property where the activity is tied to an educational or civic-benefit purpose. *See* Ariz. Att'y Gen. Op. I84-136 (Oct. 1, 1984) (approving lease of school property to a private business for a plant nursery and retail store from which students could study aspects of the plant industry); Ariz. Att'y Gen. Op. I02-003 (March 15, 2002) (approving lease to a for-profit company providing dental services because it serves a "civic purpose"). The College's workforce-housing initiatives – which would serve the county's recognized affordability crisis and help to retain the College's own workforce – fit comfortably within the mission-tied commercial activity that the Arizona Attorney General has previously endorsed.

is not covered, and additional language should not be added when construing the statute); A.R.S. § 15-1444(A)(11).

Moreover, A.R.S. § 15-1472 directly confirms that the College may engage in "job training" activities, and that it may engage in "[p]artnerships with businesses and educational institutions" for "job training purposes." A.R.S. § 15-1472(B)(1). Thus, the College's ability to participate in and provide funding for job training activities, whether those activities involve private businesses, other educational institutions, or other public subdivisions, is clearly established and authorized by statute. To the extent that such job training activities include commercial or entrepreneurial activities, whether of a primary or an incidental nature, the College's authority permits its involvement in those activities. *See* Ariz. Att'y Gen. Op. I84-136.

A.R.S. § 15-1472 does not limit the use of funds from the College's workforce development account to certain types of workforce development or job training activities. Instead, it identifies a list of activities for which the funds may be used. *See* A.R.S. § 15-1472. Although monies in the account must "be expended for workforce development and job training purposes," the specific examples included in the statute are just that – examples that are not an exclusive list of allowed uses for the monies. A.R.S. § 15-1472(B) ("These expenditures may include. . . ."). When a statute states that something "may include" a list of items, it generally implies that the list is not comprehensive, but includes items not specifically listed. *See Tracy v. Superior Ct. of Maricopa Cty.*, 168 Ariz. 23, 35 (1991) (noting that "[t]he word 'includes' is most often a term of enlargement, rather than limitation"). Thus, the funds in the College's workforce development account may be used without limitation on workforce development and job training activities.

Again, as with any attainable housing initiatives in which the College may wish to engage, funding for such job training programs must be included in the budget adopted by the College's governing board, regardless of whether the funding is from the College's workforce development account or any other source. *See* A.R.S. § 15-1472(A) (indicating that expenditure of monies from the workforce development account must be approved as part of the College's annual budget).

Planning and Zoning Exemption. As indicated above, the College is exempt from local planning and zoning requirements. *See Ariz. Bd. of Regents of Universities*, 88 Ariz. at 311 ("The essential point is that the powers, duties and responsibilities assigned and delegated to a state agency performing a governmental function must be exercised free of control or supervision by a municipality within whose corporate limits the state agency must act."); *Book-Cellar, Inc.*, 150 Ariz. at 44 (exemption from municipal supervision applies to municipal zoning regulations). This P&Z Exemption allows the College to quickly respond to the needs of its community by bypassing municipal approvals that may involve lengthy and politically-charged processes.

Arizona courts have previously concluded, however, that a political subdivision may lose its P&Z exemption for a specific project if the activities related to that project are of a primarily commercial nature. *See Book-Cellar, Inc. v. City of Phoenix,* 150 Ariz. 42, 44 (App. 1986) (holding that the operation of the state fairgrounds was a "proprietary," commercial activity and therefore was not exempt from municipal zoning laws). The *Book-Cellar* opinion makes it clear that there is no "bright line" test. In holding that the fairgrounds property was subject to zoning laws, the court noted both that operating a fair was not a fundamental government activity, but also that the operations of the fair were funded by revenue bonds, not by state taxes. *Id.; see also Flowing Wells Irr. Dist. v. City of Tucson*, 176 Ariz. 623, 624 (Tax Ct. 1993) (in a taxation challenge, noting that "[a] governmental function is generally recognized as one undertaken because of a duty imposed on the entity for the welfare or protection of its citizens or a function that is fundamentally inherent in or encompassed within the basic nature of government," while a "proprietary function is 'more a commercial activity which directly competes with other commercial activities. . . .'") (cleaned up). Consistent with this framework, the Arizona Attorney General has, in an analogous context, recognized that "occasional commercial use of a school-owned facility" does not strip the property of its exempt status under the related tax-exemption statute, though "more than occasional" commercial use might. *See* Ariz. Att'y Gen. Op. I20-009 (June 15, 2020). The relevant inquiry is therefore not whether commercial activity is present, but whether the project's *predominant* purpose is governmental and educational.

Whether the College may rely on the P&Z Exemption in connection with attainable housing initiatives and/or job training activities will be a fact-specific analysis that will depend upon the details of each of the activities in which the College ultimately engages. Many of these activities should qualify for the P&Z Exemption, while others may not. The ambit of the College's authorized "governmental activities" is broader than just pure educational activities, particularly because the College is specifically authorized to engage in workforce development and job training activities. Thus, activities that are not solely educational in nature may well be part of the College's governmental function and activities for purposes of a P&Z Exemption analysis.

For example, because the College's predominant purposes in pursuing an attainable-housing project are to provide affordable housing to its students and staff, to recruit and retain its workforce, and to respond to a recognized housing-affordability crisis in the county, the inclusion of a market-rate component to ensure project viability does not transform the project into a primarily commercial undertaking. Such a project embodies a core governmental function that the College would undertake to fulfill its educational and workforce development goals for the county. The market value units enable the College to enter into the project at a viable cost. The College should be able to use the P&Z Exemption for projects like this that include a specific and articulable benefit to the College and its community.

Conclusion

The College is statutorily authorized to enter into contracts with other political subdivisions or with private entities; to buy, sell or lease land and buildings; to engage in entrepreneurial and/or commercial activities; and to engage in workforce development and job training activities. All of these authorized activities indicate that the College has broad authority to develop attainable housing options that benefit the College community, including students, staff, individuals providing essential services, and other residents whose participation in the project advances the College's educational and workforce-development missions. It may prioritize students, staff, individuals providing essential services, or residents whose income falls below a certain threshold, but it need not limit housing units to those groups, as long as the project as a whole benefits the College and the community. Nor is the College statutorily constrained in the method in which it may choose to address the county's attainable housing needs.

Similarly, the College may work with private businesses or public entities, including other educational institutions, to provide workforce development and job training activities. As with its authority to develop attainable housing, the College is not constrained in the manner in which it determines to engage in these activities, nor is it constrained in choosing a private or another public entity to do so. To the extent that these activities also involve commercial or entrepreneurial activities, whether of a primary or an incidental nature, the College is statutorily authorized to engage in such activities.

The College's governing board may exercise these powers by exercising its fiduciary obligations and determining what is in the College's and the community's best interests. The governing board must approve any final contracts that effectuate these activities, and the costs of engaging in these activities must be included in the College's adopted annual budget, including any expenditures that will be from the College's workforce development account created by Section 15-1472.

Finally, the College will likely be able to use its P&Z exemption for many of these projects. However, some of its activities may be subject to planning and zoning codes requirements if they are sufficiently commercial in nature and do not serve a core governmental function.

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