

CASE STUDY

Development Delays inside of AMAs: Insufficient Water Supply in Local Developments

Your client wants to buy land so they can develop new properties in Buckeye but expresses concern because they heard about a large community development that was delayed for not being able to provide proof of enough water to sustain the housing units. Because of this, your client is worried that there may be challenges in demonstrating an Assured Water Supply for certain developments in the area for them to develop and also believes that potential future buyers will be hesitant to join a community where local developments were delayed because previous developers were unable to demonstrate an Assured Water Supply.

You now need to look at all the overlapping water-related jurisdictions, rights, and service areas that influence how a development can obtain water in the area. Buckeye is an important case study because it illustrates how water availability can directly influence new development inside an Active Management Area (AMA). Under Arizona's Assured Water Supply program, groundwater-dependent subdivisions must demonstrate a 100-year water supply before they can move forward. Communities such as Queen Creek have faced similar challenges as continuing growth places pressure on available groundwater supplies. Keep in mind that this case study applies only to developments within Active Management Areas (AMAs), where Assured Water Supply requirements apply.

What are the water issues behind the scenario?

Background

In areas that fall within an Active Management Area (AMA), most subdivisions within an AMA must demonstrate compliance with Arizona's Assured Water Supply requirements before a public report may be issued. A master planned community encountered construction delays because they only had demonstrated an Assured Water Supply for a portion of their intended project, not the entire build out.

Unlike other large municipalities, the city of Buckeye is not recognized as a designated water provider, meaning they do not have a reliable, renewable 100-year supply of water because they rely primarily on groundwater. This lack of designation presented an obstacle for the developer to secure additional assured water supply for the project. To obtain Designation, a provider must demonstrate compliance with ADWR's statutory and regulatory Assured Water Supply requirements, which often include diversified and renewable water supplies, conservation measures, and financial capability.

The construction delay referenced in this scenario coincided with ADWR's 2023 decision to pause new Certificates of Assured Water Supply for certain groundwater-dependent developments within the Phoenix Active Management Area (AMA). The decision followed updated groundwater modeling that projected an unmet demand of approximately 4.9 million acre-feet over the next 100 years—about a 4% shortfall between available groundwater supplies and projected demand. In response, ADWR initiated the Alternative Pathway to Assured Water Supply (ADAWS) rulemaking. The proposed framework would allow qualifying developments to obtain an Assured Water Supply by demonstrating reduced reliance on groundwater through the use of alternative water supplies and other approved water sources.

Challenges faced in this scenario:

- Agents/Brokers must combat a public stigma around water availability in locations with negative media coverage, and thus their knowledge of how water law and regulation works in the state can support their conversations with colleagues, clients, and members of their community.
- The client must understand and obtain reliable water supply from a designated provider or create a diverse and feasible water supply portfolio in the area. Developers often have large teams that help them with feasibility studies for their development projects, so agents/brokers should not present themselves as water law or engineering experts.. They just need to know about what water obstacles could be present in their market area.

Agency/Resource	Source Link	When can you use it
ADWR: Alternative Path to Assured Water Supply (ADWS) Rulemaking Page	https://www.azwater.gov/how-do-i/find-info/alternative-path-assured-water-supply-public-comments	Understanding acceptable water supply profiles.
ADRE Developments Public Report Database	https://services.azre.gov/PdbWeb/Development/SearchDevelopments	Understanding the water profile of developments of interest/concern.
ADRE Buyer Advisory	https://azre.gov/sites/default/files/2025-08/Buyer%20Advisory%20January%202025.pdf	Disclosure requirements, links to forms.
ADWR List of Municipal Water Providers with Assured or Adequate Status	https://www.azwater.gov/sites/default/files/2025-08/List_of_Designated_Providers_20250826.pdf	Identifying designated water providers for the client.
Ariz. Admin. Code § R12-15-704 - Certificate of Assured Water Supply	https://www.law.cornell.edu/regulations/arizona/Ariz-Admin-Code-SS-R12-15-704#:~:text=municipal%20provider;%20or-,f.,in%20R12%2D15%2D401.	Understanding types of assured water certificates for client application.
AAWS Forms Flowchart	https://www.azwater.gov/sites/default/files/2025-08/AAWS_ApplicationFlowchart082025Webpage.pdf	Identify which assured water form client needs to fill out for their development.
ADWR Assured Water Forms	https://www.azwater.gov/aaws/aaws-forms-applications#:~:text=The%20applicant%20may%20submit%20a,losses%2C%20construction%20demands%2C%20etc.	Provide to clients who are applying for 100-year water certificates without an assured municipal provider.

Step by step actions that the agent should take:

1. Investigate a development of concern using the ADRE's public database for developments

- View the listing for the development of concern
- Download the public report
- Search the public report for information about the development's water source and other relevant water needs (ctrl+f search function for "water" suggested) and compile relevant information to understand the development's water supply profile and buyer discretion.
 - i. i.e. in this particular case, the developers listed the City of Buckeye as the sole water and sewage provider for the project and the subdivision is enrolled as a member of the Central Arizona Groundwater Replenishment District (CADGRD).
 - ii. These are important distinctions to discuss with the buyer because it tells us that: (1) At the time of this case study, the City of Buckeye is not a Designated Water Provider under ADWR's Assured Water Supply Program, this development does not have as diverse a water source profile as a community that does rely on an assured supply. (2) CADGRD membership may affect future costs because replenishment assessments and membership fees may apply. this also may be a relevant fee for other developers in the area. In this example and others, utilities indicate who is providing the water and water-related information found in taxes and assessments help identify relevant legal/ financial obligations tied to water.

2. Explain the development's water supply profile and discuss available options without recommending engineering or legal solutions for the development of concern and describe next step options for the client which is either to: identify a municipal, designated water provider for their project (ideal) or take the steps needed to create their own water portfolio for their project (expensive and could delay development). Agents may want to couple this step with step 3.

3. Compile a list of designated water providers in the AMA you're transacting in and consult the client on the viability of working with a provider with an assured water supply. (Current list of assured water providers: https://www.azwater.gov/sites/default/files/2025-08/List_of_Designated_Providers_20250826.pdf; or reach out to ADWR Water Planning and Permitting Division to inquire if a provider of interest has an assured water supply)

- Clients would need to secure a will-serve letter from water providers to include in the ADRE subdivision report.
- ## 4. If no designated water providers are nearby the development, or designated water providers cannot supply the entirety of the project, clients will need to either (1) locate a new area with an assured water provider for their development or (2) assemble their own water portfolio, effectively becoming their own water provider. In this route, the client can consider sourcing water via well-drilling and pumping permits, buying water rights (i.e. from CAP or local irrigation districts), and enlisting hydrologists to compile the documentation needed for application of a 100-year water certificate [see "Analysis of Assured Water Supply Application"] and the ADRE subdivision report.

How should you talk to your client about this?

Use of plain, professional language to convey the scenario:

- *“The development of concern in the area does not have a designated water provider for their project, meaning that their water portfolio may not be diverse or adequate enough to supply developers with enough water to complete their project. This is not necessarily the case for every development in the area, if new developers can demonstrate compliance with Assured Water Supply requirements through other approved water sources with providers that have a more secure water supply.”*
- *“If your development cannot secure a designated water provider for this project, securing the means to provide your own water will be a much longer and more expensive process. Is that something you can accommodate? If not, we could look elsewhere for a better fit.”*



Potential questions to consider depending on nuances:

- How do clients locate the water provider specialists needed to build their own water portfolio?
- Full list of common, non-municipal designated providers to build out a water portfolio with.
- What role should a real estate agent play versus a water resource consultant when discussing Assured Water Supply?
- How should agents explain the difference between a Designated Water Provider and a Certificate of Assured Water Supply?
- How should agents discuss the Alternative Path to Assured Water Supply (ADAWS) while rulemaking remains ongoing?

Disclaimer: *This case study is provided for educational purposes only and reflects information available at the time it was developed. Arizona water laws, regulations, policies, and agency guidance may change over time. Always verify the most current information through official sources, such as the Arizona Department of Water Resources (ADWR), Arizona Department of Real Estate (ADRE), and other applicable state agencies. The Real Water Arizona project and its contributors are not responsible for decisions made based solely on this educational material.*