



PLANNING & ZONING COMMISSION

STAFF REPORT

Meeting Date: 11/14/2024

Agenda Item(s): 5R

TO: Planning and Zoning Commission
THROUGH: Chris M. Jacques, AICP, Planning Director
FROM: Lorie Dever, Deputy Director
SUBJECT: Code Amendment: Multifamily Adaptive Reuse (TA24-03)

PURPOSE

This is a city-initiated text amendment to the Zoning Ordinance regarding Sections 21-400 and 21-500 pertaining to adaptive reuse of commercial, office or mixed-use buildings for multi-family residential in response to the passage of House Bill HB2297. A summary of the purpose of the amendment is to modify the existing provisions to:

- Update existing definitions and provide new definitions specifically for “Adaptive Reuse” applications within Section 21-450;
- Insert new “Adaptive Reuse” regulations into Section 21-450 to 21-452; and
- Add “Multi-Family Residential Reuse” to regulations within Table 21-503, within Section 21-500 “*Non-Residential Districts*”.

If approved, staff believes these code modifications will bring the Zoning Ordinance in compliance with the regulatory requirements and provisions of House Bill HB2297.

BACKGROUND

The 56th Arizona state legislature passed a number of bills this session that have been signed into adoption by the Governor pertaining to municipal zoning, including House Bill HB 2297: Adaptive Reuse for Multifamily Development. More specifically, HB2297 requires that by January 1, 2025, municipalities with 150,000 or more persons must allow multifamily residential development or adaptive reuse of any commercial, office or mixed-use building on not more than 10% of existing inventory of existing buildings citywide. Additionally, a municipality cannot require discretionary review with conversion but can designate “commercial or employment hubs” where buildings are excluded from the inventory. Along with these provisions, the bill contains a number of modified development standards which are pre-defined within the bill. Given the scope of these mandated provisions, changes are being proposed within Sections 21-200, 21-400 and 21-500 of the Peoria Zoning Ordinance to address the regulatory requirements of HB2297.

PROPOSED REGULATIONS

HB2297 requires the City to establish ‘objective standards’ to allow multifamily residential or adaptive reuse on up to ten (10) percent of the existing commercial, office or mixed-use buildings without requiring a type of application that requires a public hearing. (Exhibit B) Secondly, the bill goes further by obligating municipalities to adopt specific provisions associated with parking, setbacks, building height, and density. As these specific development standards are mandated without allowance for deviation or exception, they were transmitted into the proposed Zoning Code revisions without alteration. Whereas the adopted legislation is prescriptive in most areas, there were four specific policy considerations when drafting the proposed code

CODE AMENDMENT: MULTIFAMILY ADAPTIVE REUSE (TA24-03)

changes. These were identified and discussed the various public meetings, with staff's final recommendation on the proposed code language noted below in *italics*.

1. City may designate commercial or employment hubs where existing buildings are excluded from the provisions of this section.

This provision was excluded given the anticipated limited use and overall impact on Peoria.

2. No more than ten (10) percent of the existing commercial, office, employment or mixed-use buildings within the City.

While a cap of ten (10) percent was included with the text, when analyzed in context with the other additional applicable criteria, the total number of eligible and likely "buildings" suitable for conversion would be very limited.

3. Exclude buildings within the *Vicinity of a Military Airport*, and those that are *Historic Registered Sites*.

A number of Peoria's "Historic Registered" sites are located within and near the original townsite area, which also dove tails with the VMA area. Thus, in keeping with the General Plan's goals and policies, staff is recommending these exclusions areas are added within the proposed text in order to help maintain and preserve the character of residential communities and businesses within this area.

4. Further clarify and expand upon the term "Economically or functionally obsolete", as defined within A.R.S. § 9-462.10 (H)(3).

Based on staff's assessment, the proposed definition within ARS does not adequately convey or transmit with clear understanding to all parties what is meant as an "economically or functionally obsolete" building. And without a specific prohibition against doing so, the legislative language appears to allow the city to further define the term. Given the feedback received at the October 17, 2024, Planning Commission meeting, staff is recommending the following enhancements to the definition in Section 21-450.B:

"Economically or functionally obsolete" has the definition found in A.R.S. § 9-462.10 (H)(3), as it may be amended, and as further defined below:

- *A state of disrepair shall mean the decline of the general condition or appearance of the building or parts thereof, characterized by holes, breaks, rot, crumbling, cracking, peeling, rusting, or any other evidence of physical decay, neglect, or lack of maintenance.*
- *Vacancy shall mean the total leasable floor area of the building is vacant for a period of no less than twenty-four (24) consecutive months. For purposes of this section, rental payments, lease payments and taxes shall not be considered as a continued use.*

KEY FINDINGS

- Where regulations and provisions associated with Multifamily Adaptive Reuse in HB2297 are mandated, without allowance for deviation or exception, staff believes the proposed text changes are in conformance with the imposed legislative requirements.
- Where there is latitude or leniency allotted within the bill to enhance, expand upon, or include exclusionary provisions to better tailor the Multifamily Adaptive Reuse provisions to the individual

CODE AMENDMENT: MULTIFAMILY ADAPTIVE REUSE (TA24-03)

community, staff is proposing only those provisions which seek to preserve the character of existing residential communities and businesses within culturally or historically significant areas, while still meeting the overall intent of the legislation.

COMMUNITY INVOLVEMENT

Public Meetings:

- Legislative Briefing to City Council on September 17, 2024.
- Legislative Briefing to Planning and Zoning Commission on October 3, 2024.
- Planning and Zoning Commission Study Session on October 17, 2024.

Public Noticing:

The application was properly noticed pursuant to Section 21-315 of the Peoria Zoning Ordinance, which includes placing a legal ad in the Peoria Times at least 15 days prior to the Public Hearing.

Support / Opposition:

No opposition or support for this proposal was received.

POSSIBLE ACTIONS / OPTIONS

- A:** Approve as recommended by staff; or
- B:** Approve in part or with modifications; or
- C:** Deny; or
- D:** Continue action to a date certain or indefinitely.

RECOMMENDATION

Staff recommends that the Planning and Zoning Commission take the following action:

Recommend approval of Case TA24-03 to the City Council as proposed in Exhibit A.

STAFF CONTACT

Lorie Dever
Deputy Director
(623)773-5168
Lorie.Dever@peoriaaz.gov