



PLANNING & ZONING COMMISSION

STAFF REPORT

Meeting Date: 9/18/2025

Agenda Item(s): 3R

TO: Planning and Zoning Commission
THROUGH: Chris M. Jacques, AICP, Planning Director
FROM: Elias Valencia, Senior Planner
SUBJECT: Study Session: Code Amendment TA25-01

PURPOSE

The purpose of this Study Session is to review and discuss a city-initiated code amendment to the Zoning Ordinance to address a recently adopted legislative bill.

SUMMARY

In 2024, the 56th Arizona State Legislature passed several bills that were signed into adoption by the Governor pertaining to municipal zoning. These bills were intended to impact housing affordability by expanding opportunities for diverse housing types and streamlining regulatory processes. Four (4) of these bills required local municipalities to amend their Zoning Code. The four bills are:

- HB2720: Accessory Dwelling Units (ADU's) -- ADOPTED ORD. 2024-20
- HB2297: Adaptive Reuse for Multifamily Development -- ADOPTED ORD. 2024-21
- SB1162: Rezoning "Shot Clock" - ADOPTED ORD. 2024-19
- HB2721: Middle Housing

Arizona House Bill (HB) 2721 has emerged as a significant new land use law aimed at tackling the state's "middle housing" shortage. Middle Housing refers to a range of multi-unit or clustered housing types that are compatible in scale with single-family homes, fitting between traditional detached homes and larger apartment buildings. These options include duplexes, triplexes, fourplexes, and townhomes.

HB2721 mandates that cities in Arizona with populations over 75,000 permit the development of duplexes, triplexes, fourplexes, and townhomes in single-family residential areas within a mile of the jurisdiction's Central Business District (CBD). Additionally, 20% of new single-family housing developments of ten (10) contiguous acres or more may include these "middle housing" types. Municipalities must adopt new zoning code provisions to implement this law by January 1, 2026, or these housing types will be permitted without restriction. As such the city is seeking to implement tailored regulatory standards that meet the requirements of the statute while addressing the apprehensions of the community.

At tonight's study session, staff will present and address questions on the upcoming code amendment as noted below, as well as identify next steps in the adoption process.

CODE AMENDMENT

TA25-01 is an upcoming city-initiated code amendment to Sections 21-200, 21-400, and 21-900 of the Zoning Ordinance, as they would be impacted in relation to addressing the requirements of the Middle Housing bill. As noted above, HB2721 requires that by January 1, 2026, municipalities with 75,000 or more persons must allow "middle housing" as a permitted use on all lots zoned single-family residential within 1-mile of the City's designated Central Business District (CBD), and within at least 20% of any new development of more than ten

CODE AMENDMENT: MIDDLE HOUSING (TA25-01)

(10) contiguous acres. Additionally, a municipality cannot set restrictions, permitting or review processes for “middle housing” that are more restrictive than those for single-family dwellings within the same zone. Along with these provisions, the bill contains several modified development standards which are pre-defined.

At the initial study session on May 15, 2025, there were several questions posed from Planning and Zoning Commission members that warranted additional research. During this meeting, staff will lead a discussion of the methodology utilized in drafting Peoria’s upcoming response to the Middle Housing legislation.

Case TA25-01: Middle Housing

Given the scope of the mandated provisions, changes are being proposed to Sections 21-200, 21-400 and 21-900 of the Peoria Zoning Ordinance to address the regulatory requirements of HB2721. A summary of those modifications are outlined below:

- Add and update definitions within Section 21-200 “Definitions” to clarify what is defined as Middle Housing;
- Identify Middle Housing as a principally permitted use within Section 21-400 “Residential Districts”;
- Add Middle Housing development standards to Section 21-400 “Residential Districts”; and
- Update parking standards within Section 21-900 “Parking and Loading”; specifically, the residential parking table to require one (1) parking space per Middle Housing dwelling unit.

Implementation Strategy

Whereas the adopted legislation is prescriptive in most areas, there were some areas of ambiguity. Accordingly, when drafting the proposed code changes, staff are recommending the strategies to provide clarity as noted below in *italics*.

1. All lots zoned single-family residential use within 1-mile of the City’s Central Business District (CBD).

The City designated the P83 Entertainment Area as it’s CBD in 2020 through Resolution 2020-70. There are several zoning districts within the City that permit single-family residential but are not actually zoned Single-Family Residential. Staff’s recommendation is to apply the bill language only to those lots that are zoned Suburban Ranch or Single-Family Residential within 1 mile of the CBD. This would preclude Middle Housing from parcels zoned General Agricultural (AG), Planned Area Developments (PAD), or Planned Community Developments (PCD) as they are not specifically zoned Single-Family Residential.

A draft map has been included for reference showing level of impact to the community. Staff will discuss findings and results of the spatial analysis during the meeting.

2. Clarify and define “20% of any new development of more than ten (10) contiguous acres”.

There is no clarification in the bill as to what is intended to qualify as ‘20% of any new development of more than 10 contiguous acres’. Based on staff’s assessment, new development should mean 20% of the gross area of any new development zoned Suburban Ranch or Single-Family Residential. Meaning, the proposed language within the text amendment would clarify that the 20% factor would be based on the area of the development rather than the number of units.

CODE AMENDMENT: MIDDLE HOUSING (TA25-01)

3. HB2721 states that a City may not “restrict middle housing types to a floor area ratio of less than fifty percent.”

From a regulatory framework, the City of Peoria does not use floor area ratio as an applicable standard for development. Typical development standards adopted by Peoria utilized instead of floor area ratio are: ‘setbacks’ and ‘lot coverage’. As a result, staff’s proposal does not incorporate the floor area ratio provision into the proposed code change.

NEXT STEPS

As this is a study session item, no action will be taken.

Currently, the Code Amendment is in draft form and is being refined based on input from study sessions with City Council and Commission. During the meeting, staff will provide an updated project schedule and outline the upcoming adoption process.