



PLANNING & ZONING COMMISSION

STAFF MEMO

Meeting Date: 10/2/2025

Agenda Item(s): 2R

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

PURPOSE

This is a city-initiated text amendment to City of Peoria Zoning Ordinance Sections 21-200, 21-400, and 21-900 pertaining to Middle Housing in response to the passage of House Bill HB2721. A summary of the purpose of the amendment is to modify the existing provisions to:

- Add and update definitions within Section 21-200 “*Definitions*” to clarify that an Accessory Building is not inclusive of ‘Middle Housing’;
- Add a definition for Middle Housing and identify it as a principally permitted use within Section 21-400 “*Residential Districts*”;
- Add Middle Housing development standards to Section 21-400 “*Residential Districts*” in alignment with HB2721; and
- Update parking standards within Section 21-900 “*Parking and Loading*” specifically for the residential parking table to require one (1) parking space per Middle Housing dwelling unit.

Staff believes these code modifications will bring the Zoning Ordinance into compliance with the regulatory requirements and provisions of House Bill HB2721.

BACKGROUND

In 2024, the 56th Arizona state legislature passed several bills that have been signed by the Governor pertaining to municipal zoning, including House Bill HB 2721: Middle Housing. More specifically, HB2721 requires that by January 1, 2026, municipalities with 75,000 or more persons must allow “Middle Housing” – duplexes, triplexes, fourplexes, and townhomes – as a principally permitted use in all lots zoned single-family residential within 1-mile of the City’s Central Business District (CBD).

Additionally, Middle Housing must be permitted within at least 20% of any new development of more than ten (10) contiguous acres. Further, a municipality cannot set restrictions or permitting / 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 within the bill. Given the scope of these mandated provisions, changes are being proposed within Sections 21-200, 21-400 and 21-900 of the Peoria Zoning Ordinance to address the regulatory requirements of HB2721.

PROPOSED REGULATIONS

HB2721 requires the City to establish ‘objective standards’ to allow Middle Housing to develop without requiring a more stringent process than what is applicable to single family residences in the same zoning district. Secondarily, the bill goes further by obligating municipalities to adopt specific provisions associated with parking, building height, and floor area ratios. As these specific development standards are mandated

CODE AMENDMENT: MIDDLE HOUSING (TA25-01)

without allowance for deviation or exception, they were transmitted into the proposed Zoning Ordinance revisions without alteration. Whereas the adopted legislation is prescriptive in most areas, there were four (4) areas of discretion when drafting the proposed code changes. Staff's final recommendation on the proposed code language is in response to the bill language and questions posed to date are noted below in *italics*.

1. Bill provision refers to all lots zoned single-family residential within 1-mile of the City's Central Business District (CBD).

The city designated the P83 Sports Complex as its CBD in 2020 through Resolution 2020-70.

There are several types of zoning districts that permit single-family residential but are not expressly zoned Single-Family Residential (e.g. AG, Planned Area Development and/or Planned Community District). Staff is recommending that these customized districts not be included and apply the bill language to lots that are expressly zoned Suburban Ranch, or Single-Family Residential. This does not include lots zoned General Agricultural (AG), Planned Area Developments (PAD), or Planned Community Developments (PCD).

2. The bill provision authorizes Middle Housing as a permitted use within at least 20% of any new development of more than ten (10) contiguous acres.

New development and the associated 20% modifier are not defined in the bill language. Based on staff's assessment, new development would mean 20% of the gross area of any new development zoned Suburban Ranch or Single-Family Residential.

3. HB2721 states that a City may not "restrict Middle Housing types to a floor area ratio of less than fifty percent."

The City does not use floor area ratio as a standard for any development, therefore staff's assessment is to not incorporate floor area ratio into the Zoning Ordinance in order to maintain development practices and requirements that are in place today for Single Family Residential.

4. The bill provides several exceptions where the requirements would not apply including "areas that lack urban services."

The term "urban services" is not defined, and the bill language already provides an exception for areas not served by water and sewer services. Staff is recommending that "urban services" be defined to mean areas that lack refuse service or electric utility service.

During the September 18, 2025, Planning and Zoning Commission meeting, there were two questions posed by Commission members that warranted further research and consideration. The questions, along with staff's response are noted below.

1. If one or more single-family zoned lots were combined, is there a limit to the number of units that could be built on that combined lot?

HB2721 does not explicitly state the maximum number of units that can be developed on a single-family zoned lot. Given that the bill is silent in this regard, the maximum number of units that can be placed on a single-family zoned lot is therefore only limited by the ability to meet all of the other applicable development criteria (e.g. setbacks, lot coverage, water and sewer service capability, etc.).

CODE AMENDMENT: MIDDLE HOUSING (TA25-01)

2. Do Homeowner Association (HOA) regulations supersede the proposed ordinance?

An HOA's Covenants, Conditions and Restrictions (CC&Rs) are private contractual documents governing a development that runs with the land and exists outside of a regulatory framework that is controlled or overseen by the local jurisdiction. While certain legislative actions can at times pre-empt HOA regulatory authority, the language within HB2721 does not specifically pre-empt an HOA's authority in this matter.

As CC&Rs are private contracts between the HOA and its residents, the city does not have the legal authority to further limit or control actions by HOAs regarding their limitations for their residents, nor could the city enforce or administer such private agreements. Arguably, attempting to add any such language regarding HOA authority could be seen as an overreach because it is not expressly authorized in HB2721. Therefore, staff recommends not adding any such language into the code amendment.

KEY FINDINGS

- Where regulations and provisions associated with Middle Housing in HB2721 are mandated, without allowance for deviation or exception, staff finds the proposed text changes to be in conformance with the legislative requirements.
- Where there is latitude or leniency allotted within the bill to enhance, expand upon, or include exclusionary provisions to better tailor the Middle Housing provisions to the individual community, staff is proposing only those provisions which seek to preserve the character of existing residential communities or historically significant areas, while still meeting the overall intent of the legislation.

COMMUNITY INVOLVEMENT

Public Meetings:

- Legislative Briefing to Planning and Zoning Commission on May 15, 2025.
- City Council Study Session on September 16, 2025.
- Planning and Zoning Commission Study Session on September 18, 2025.
- Draft ordinance language posted to the City's website on September 25, 2025.

NEXT STEPS

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

Currently the proposed Zoning Ordinance Text Amendment is in draft form on the City's website and is included as an attachment (Exhibit 4) to this memo.