



PLANNING & ZONING COMMISSION

STAFF REPORT

Meeting Date: 10/16/2025

Agenda Item(s): 3R

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

PURPOSE

This is a city-initiated code 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 2721. 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
- Add a parking standard 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 2721 (HB2721) and provide for viable implementation of the Middle Housing development type.

BACKGROUND

In 2024, the Arizona state legislature passed several bills that have been signed by the Governor pertaining to municipal zoning, including House Bill 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).

HB2721 also identifies that 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 establish 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

Beyond the general intent of the bill referenced above, the bill goes further by obligating municipalities to adopt specific provisions associated with parking, building height, and floor area ratios. As these specific

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development standards are mandated without allowance for deviation or exception, they were transmitted into the proposed Zoning Ordinance revisions without alteration.

Aside from the prescriptive provisions of the bill, there were four (4) areas where the bill lacked clarity in the language and as a result staff has sought to clarify those topic areas within the proposed code changes. During the October 2, 2025, Planning and Zoning Commission meeting, the Commission concurred with staff's recommended provisions being drafted into the code language to remove ambiguity from the following four areas:

1. Single Family Residential & Suburban Ranch Zoning District

The bill language references that Middle Housing must be permitted in those lots that are "... zoned for Single-Family Residential Use...". The proposed Zoning Ordinance language seeks to clarify and implement the provisions for what is often referred to as the City of Peoria's 'standard' single family residential zoning districts. The zoning districts that fall within the Single-Family Residential Zoning District include Single Family Residential districts R1-43, R1-35, R1-18, R1-12, R1-10, R1-8, R1-7, and R1-6. The term Single-Family is typically also inclusive of the Suburban Ranch Zoning Districts which encompasses the districts SR-43 and SR-35.

A large portion of the City contains the zoning designations of Planned Area Development (PAD) or Planned Community District (PCD) which are intended as customizable zoning districts that can provide any variety of uses and associated development standards which may or may not include allowances for single-family residential uses. As such PADs and PCDs are zoning districts that would not follow the plain language of the bill and are therefore excluded from the applicability of the Middle Housing requirements.

2. 20% of New Development

HB2721 references that 20% of new development of 10 contiguous acres or more would be eligible for Middle Housing. The bill does not go on to clarify what 20% is in reference to, whether that is 20% of the dwelling units or 20% of the area. To provide a clear regulatory framework, the proposed code change seeks to clarify that the 20% shall refer to the project area. By way of example, if a new development of 10 acres were to occur within the City, two (2) acres would be eligible to be developed in accordance with the Middle Housing provisions within the Zoning Ordinance.

3. Floor Area Ratio (FAR)

There are jurisdictions within the State that regulate primarily non-residential development based on what is referred to as Floor Area Ratio (or FAR). FAR is the ratio of a building's total floor area (including all floors and outer walls) to the total area of the land on which the building is built. FAR regulations are meant to function as a measure of intensity for development. For example an FAR of 1 would allow for 100% coverage of a lot with a 1-story building, or a 4-story building covering 25% of the lot, and any variant within those bounds.

Residential development throughout the City of Peoria utilizes a different evaluation method than FARs when looking at the development regulations for a site. Instead, Peoria utilizes the development standards for setbacks, height, and lot coverage to regulate development intensity. Setbacks would establish the proximity boundaries to the property line, height limitations would establish the

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maximum height from finished grade for a building, and the lot coverage would limit the maximum ratio of area under roof in comparison to the area of the lot. In keeping with the practices established for residential development within the City, the proposed changes to the Zoning Ordinance seek to maintain those common regulatory practices rather than utilizing Floor Area Ratio as a development standard.

4. Urban Services

The bill provides for certain exceptions where the Middle Housing requirements would not apply. One of those exceptions is regarding those “areas that lack urban services.” The term “urban services” is not defined within the bill, and the bill language already provides an exception for areas not served by water and sewer services. To provide clarity in the utilization of this exception, staff is recommending that “urban services” be defined to mean areas that lack refuse service and electric utility service.

KEY FINDINGS

- Where regulations and provisions associated with Middle Housing in HB2721 are mandated, without allowance for deviation or exception, staff finds the proposed Zoning Ordinance amendment to be in conformance with the legislative requirements.
- Where there is latitude or ambiguity within the bill staff finds that the Zoning Ordinance provisions proposed appropriately tailor the Middle Housing provisions to the community and provide for implementation in alignment with the bill language.

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 #1 on September 18, 2025.
- Draft ordinance language posted to the City’s website on September 25, 2025.
- Planning and Zoning Commission Study Session #2 on October 2, 2025.

During the September 18, 2025 Planning and Zoning Commission meeting 2 inquiries were made by the Planning and Zoning Commission regarding provisions or limitations created by HB2721. Follow up information was provided at the October 2, 2025 addressing these inquiries and is summarized below for documentation purposes:

Inquiry #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?

The limitations to the number of units would be based on what could fit on the property in accordance with the applicable development standards (e.g. setbacks, building height, lot

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coverage, etc.) and would not be limited to a specific number of units so long as compliance with the development standard was provided.

Inquiry #2 – Do Homeowner’s Associations (HOA) regulations supersede the proposed ordinance and the bill regulations?

An HOA’s Covenants, Conditions and Restrictions (CC&Rs) are private contractual documents governing a property 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, the proposed ordinance does not include any such provisions to address HOA limitations to the benefit or detriment of the Middle Housing bill.

Public Noticing:

The application was properly noticed pursuant to Section 21-146 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:

One phone call was made from a citizen regarding inquiries about what the City was doing to address the bill. Once the proposed provisions were identified to the caller, they indicated support of the proposal.

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 TA25-01 to the City Council as proposed in Exhibit 3.

STAFF CONTACT

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