



City Council Work Session

Monday, September 9, 2024
4:00 p.m.

Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Work Session



Pursuant to Resolution No. 4464 of the City of Chandler and to A.R.S. 38-431.02, notice is hereby given to the members of the Chandler City Council and to the general public that the Chandler City Council will hold a WORK SESSION open to the public on Monday, September 9, 2024, at 4 p.m., in the City Council Chambers Conference Room, 88 E. Chicago Street, Chandler, Arizona. One or more members of the Chandler City Council may attend this meeting by telephone.

Persons with disabilities may request a reasonable modification or communication aids and services by contacting the City Clerk's office at 480-782-2181 (711 via AZRS). Please make requests in advance as it affords the City time to accommodate the request.

Agendas are available in the Office of the City Clerk, 175 S. Arizona Avenue.

Agenda

Call to Order

Discussion

1. Presentation and Discussion of the City of Chandler's Strategies to Provide Diverse Housing, Including Overview of Recent State Legislation Mandating Code Updates Related to Adaptive Reuse, Multi-family Development, Accessory Dwelling Units, Middle Housing, Development Review Deadlines, and Administrative Plat Review

Public Comment

Public comments will be heard only for the item(s) on that published meeting agenda. Up to 15 minutes will be allotted for public comments on the agenda item(s) at the end of the agenda and each speaker will be allocated up to three minutes at the discretion of the Presiding Officer or designated parliamentarian.

Adjourn



City Council Memorandum Neighborhood Resources Memo No. N/A

Date: September 09, 2024
To: Mayor and Council
From: Leah Powell, Neighborhood Resources Director
Subject: Housing Strategies and Updates

Attachments

Housing Updates Presentation

Housing Updates



**City Council Work Session
September 9, 2024**



Agenda

Recent Housing Bills

Upcoming City actions



Approved But Not Built Projects

What are developers saying?



What's Chandler Doing?

Ongoing/upcoming actions to encourage housing development



City Council Strategic Framework

Neighborhoods

‘Innovative Programs that preserve neighborhood quality and streamline processes to approve housing options that meet residents’ diverse needs’



2016 General Plan Update

Strategic Community Building

‘Provide a variety of housing choices for all income levels’

‘Increase capacity for and coordination of affordable housing programs and projects’

‘Promote a compatible mix of housing types in infill areas’





Where have we been?

Zoning Code Amendments March 2024

- Accessory Dwelling Units
- Single Family by-right
- Home Occupation

Neighborhoods Subcommittee May 7, 2024

- Housing briefing: Market update, Initiatives, Housing Division update
- Received direction to proceed with Comprehensive Housing Plan, seek consultant
- Bring back additional ideas for City Council to consider

HB 2297 commercial buildings; adaptive reuse

Multi-family or Adaptive Reuse allowed on 10% of commercial buildings

- Methodology: Identify 10% or exclude 10%
- Establish objective criteria which must require but not exceed the following:
 - Site plan review process
 - Infrastructure analysis
 - Buildings/parcels functionally obsolete >1 acre <20 acres
 - Set aside 10% of total units for low-moderate income minimum of 20 years

* Deadline: 01/01/2025

Resolution anticipated to City Council on 11/7/2024



HB 2720 accessory dwelling units

Permit accessory dwelling units by right

- At least 1 attached and 1 detached ADU + 1 additional if lot is greater than 1 acre
- ADU is 75% of gross floor area of primary unit or 1,000 square feet, whichever is less
- Precludes municipalities from:
 - Setbacks greater than 5' for side/rear
 - Design match the primary unit
 - Require additional parking on-site
 - Some restrictions of short-term-rentals

* Deadline: 01/01/2025

Ordinance anticipated to Planning & Zoning 10/2024 and City Council on 11/7/2024



HB 2720 accessory dwelling units

Permit accessory dwelling units by-right

Accessory Dwelling Units (ADUs)	Existing March 2024	HB 2720
Permitted	1 within single-family lot, classified as property's one permitted Accessory structure	1 freestanding ADU & 1 attached to main house on single-family lot *3 rd unit can be added if property larger than 1 acre & rented as restricted-affordable unit (deed restriction)
Size	Cannot occupy more than 30% of rear yard	Limited to 75% gross area of main house square feet or 1,000 square feet, whichever is less
Setbacks	Same as main dwelling unit & cannot be located anterior to main house	Rear & side yard reduced to 5 feet; can locate in front yard if meeting front yard setback
Height	15 feet to top of structure or mid-point of pitched/slope roof	Limited to height permitted of main house; i.e. zoning allows for 2-story house and a 1-story home existing, the ADU can be 2-story
Design	Architecturally integrated to match main house	Cannot require to match house, but can establish minimum objective design standards
Parking	1 space (either uncovered or covered) not obstructing required off-street parking	No additional space required
Restrictions	Prohibit short-term rentals	Cannot restrict short-term rentals

* Deadline: 01/01/2025

Ordinance anticipated to PZ 10/2024 and City Council on 11/7/2024



HB 2721 municipal zoning; middle housing

Permit townhouse, duplex, triplex, fourplex on any single-family lot within 1 mile of central business district

- No public hearing required
- Precludes municipalities from:
 - Restricting to 2 floors
 - Restricting to less than 50%
 - Requiring owner occupancy
 - Requiring compliance with commercial building code or requiring fire sprinklers
 - Require more than 1 parking space/unit

* Deadline: 01/01/2026

Ordinance anticipated to Planning & Zoning mid 2025 and City Council late 2025



SB 1162 zoning shot clock; housing assessment

Establish zoning application shot clock for administrative completeness and processing timelines

- Timelines must include:
 - Determination of administrative completeness within 30 days
 - Resubmittal for administrative completeness 15 days
 - Approved or denied within 180 days
 - Allows 30 days extension for extenuating circumstance or applicant request
 - Housing needs assessment every 5 years
 - City to submit an annual report to AZ Department of Housing
- * Deadline: 01/01/2025

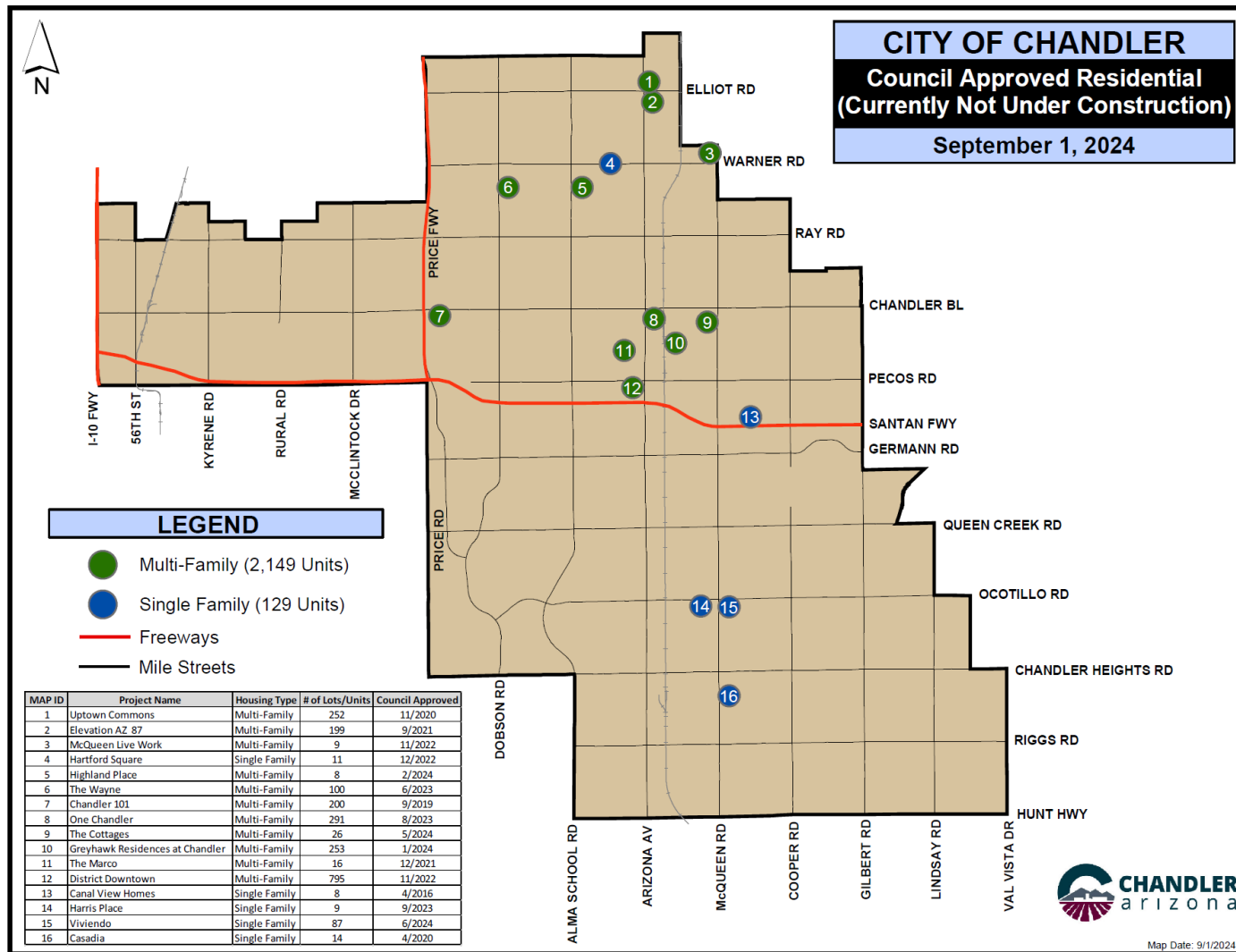
Ordinance anticipated to PZ 10/2024 and City Council 11/7/2024



Approved But Not Built Projects

By the numbers:

- 16 total projects
- 2,149 multi-family units
- 129 single-family units
- Staff contacted representatives for all 16 projects



Approved But Not Built

What are we hearing? Market issues

- High interest rates, projects become difficult to underwrite
- Lack of project financing
- Construction loan rates have doubled
- Large valley-wide infrastructure projects driving up steel/concrete costs (impacts structured parking)
- Demand side: market shift from not offering renter concessions to offering significant renter concessions

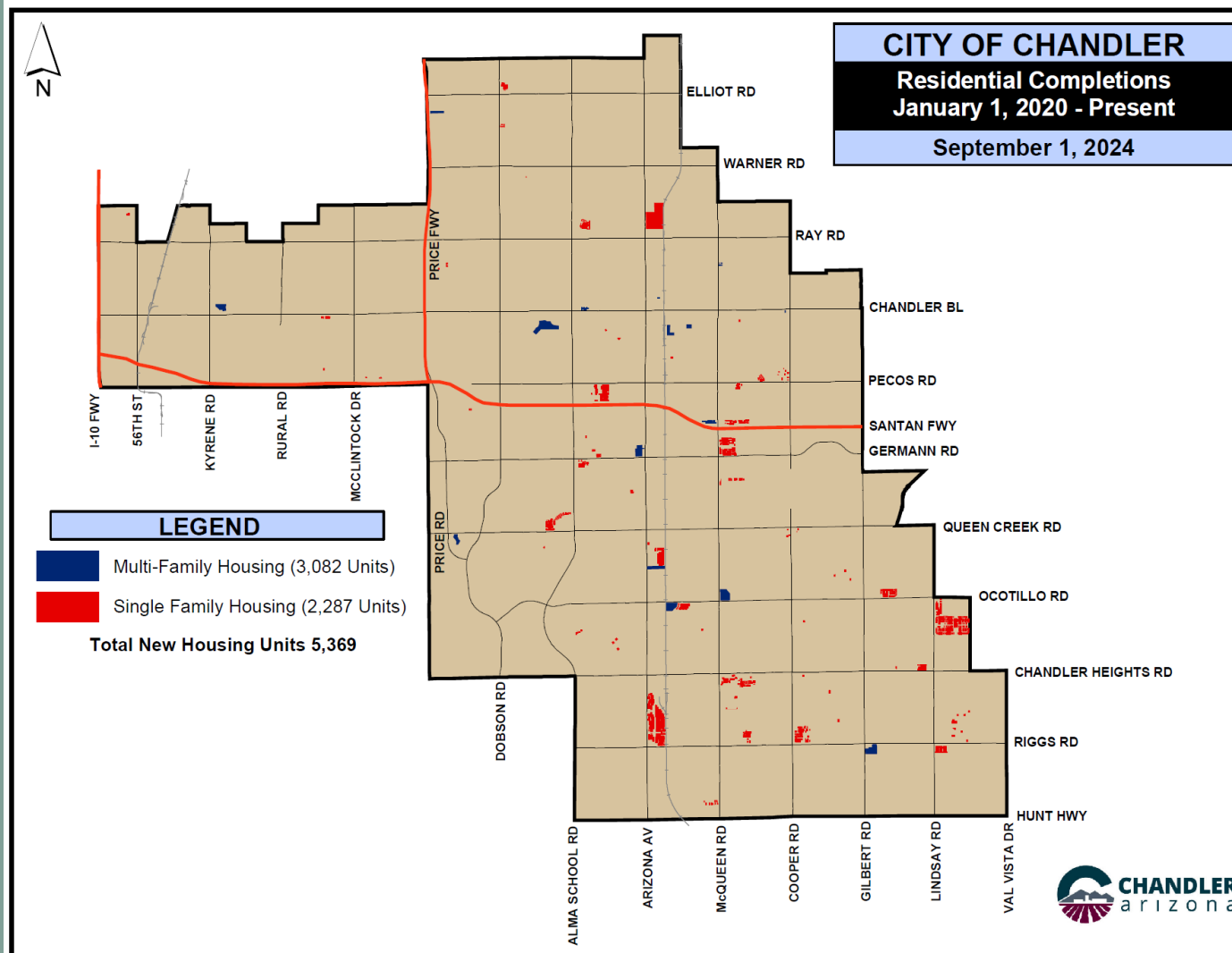


Residential Completions

01/2020 - Present

By the numbers:

- 5,369 total units
- 3,082 multi-family units
- 2,287 single-family units



What's Chandler Doing?

Chandler Industrial Development Authority

- Chandler Industrial Development Authority (CIDA) provides tax-exempt financing through industrial revenue bonds for financing or refinancing the cost of acquisition, construction, improvement, rehabilitation or equipping of a project. Bond proceeds fund eligible activities, such as the purchase or lease of land, buildings, machinery or equipment suitable for (as it relates to housing);
 - Multifamily rental housing with units reserved for low and moderate income persons
 - Rehabilitation of residential buildings located in a registered historic neighborhood



What's Chandler Doing?

Chandler Public Housing

- City Affordable Rentals (11 units)
- Habitat For Humanity (15 units)
- ARM Save the Family Rentals (16 units)
- Newtown CLT Homeownership (71 units)
- Public Housing Rentals (363 units)
- Housing Choice Vouchers (558)
- Villas on McQueen
 - Under construction-complete in May 2026
 - 157 total units
- Site 3
 - Finalize Development Agreement October 2024
 - Submit Site plan to City November 2024
 - Submit LIHTC Financing Application April 1, 2025
- Issue RFP for Site 2
 - RFP and Developer Selection-December 2024



What's Chandler Doing?

Chandler Industrial Development Authority

- Why isn't this incentive being utilized?
 - Interest Rates are currently too low, IDA incentives provide greater return when interest rates are higher (Set by A.R.S. 35-701-733 (the "IDA statute"))
 - ❖ e.g. Southpark Springs LLP (\$5,925,000) Financed the construction of River Ranch Apartments, a 186-unit multifamily housing complex configured in 11 buildings (1988)
 - Affordable Housing Developers typically already have another Industrial Development Authority utilized (e.g. Gorman & Company – Villas on McQueen)

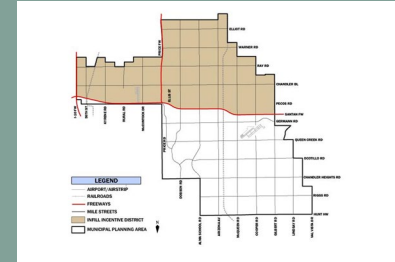


What's Chandler Doing?

Chandler Infill Incentive Plan

Council updated in November 2023

- Expanded to all areas north of Loop 202
- Now includes Class C Office space
- Facilitate the redevelopment of underutilized retail and Class C office space
- Requires a Development Agreement approved by City Council
 - Fee waivers up to 100 percent of building permit fees, building plan review fees, and City of Chandler development impact fees
 - Expedited building plan review
 - Reimbursement of public infrastructure costs such as roads, sidewalks, public utilities – water & wastewater, streetscape improvements – landscaping, shade structures, public seating areas, decorative lighting, public art (\$250,000 cap)



What's Chandler Doing?

Chandler Planning

- Planned Area Development (PAD) zoning since 1980's allows for:
 - Density bonuses
 - Lot coverage increases
 - Parking reductions
 - Mixed-use integration
 - Setback encroachments
 - Increased height (Mid-Rise Overlay)
- Encourage affordable housing component with each pre-application meeting (no takers yet)



NEW IDEAS



LOADING...

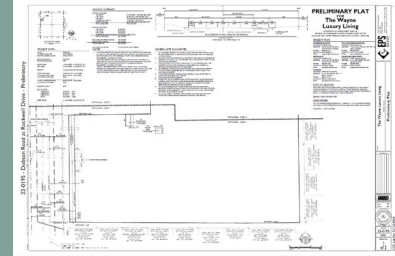
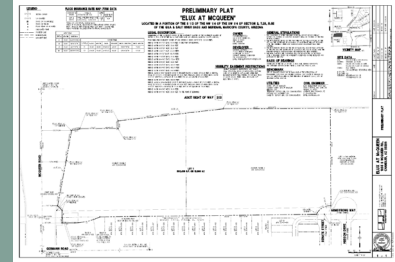
New Ideas

Chandler Planning

- Preliminary/Final Plat Process
 - SB 1103, 'Administrative reviews; approvals; developments'
 - Allows administrative review and approval of Final Plats without Council approval
 - City code currently requires a technical reason for denial of a plat
 - Phoenix & Queen Creek amended Code to align
 - HBACA letter in support

❖ Options:

- Amend City Code to allow Final Plat approval by Development Services Director or designee
- Amend City Code to no longer require Planning & Zoning Commission recommendation for Preliminary Plats
- Amend City Code to allow Preliminary Plat approval by Development Services Director or designee



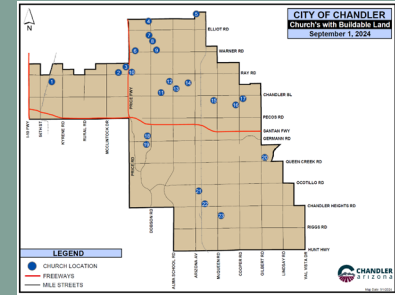
New Ideas

Chandler Planning

❖ Option:

- Amend City Code to allow by-right residential development on religious institution-owned property within residential areas
 - No public hearing required
 - Objective design standards
 - Community outreach
 - Exclude religious institutions within employment areas
 - Can provide financial benefits to houses of worship with stagnant or declining participation

* Consider adding to HB2721 Middle Housing Code amendment, (i.e. single, townhouse, duplex, triplex, fourplex)

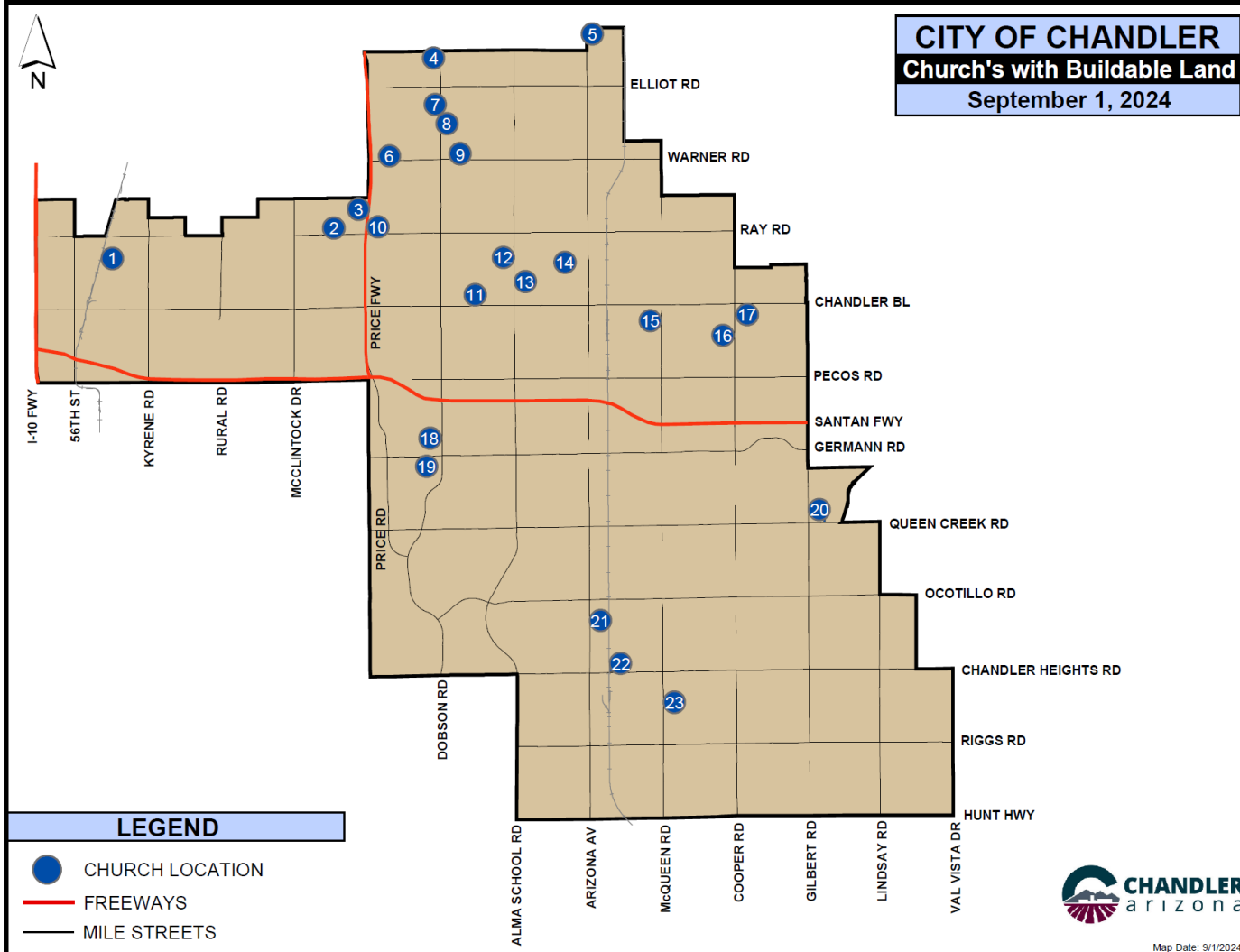


New Ideas

Chandler Planning

Many houses of worship have vacant/underutilized land.

- Proposed state bill in 2024 to allow by-right residential development on religious institution-owned property (did not pass).
- Bill may be reconsidered in the future.



CITY OF CHANDLER
Church's with Buildable Land
September 1, 2024

LEGEND

- CHURCH LOCATION
- FREEWAYS
- MILE STREETS



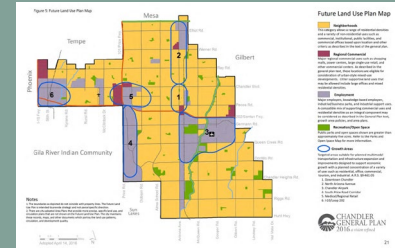
New Ideas

General Plan Update 2026

- RFP issued July 2024
- State Statute required every 10-years
- 17 Elements required
- Housing identified as focus area

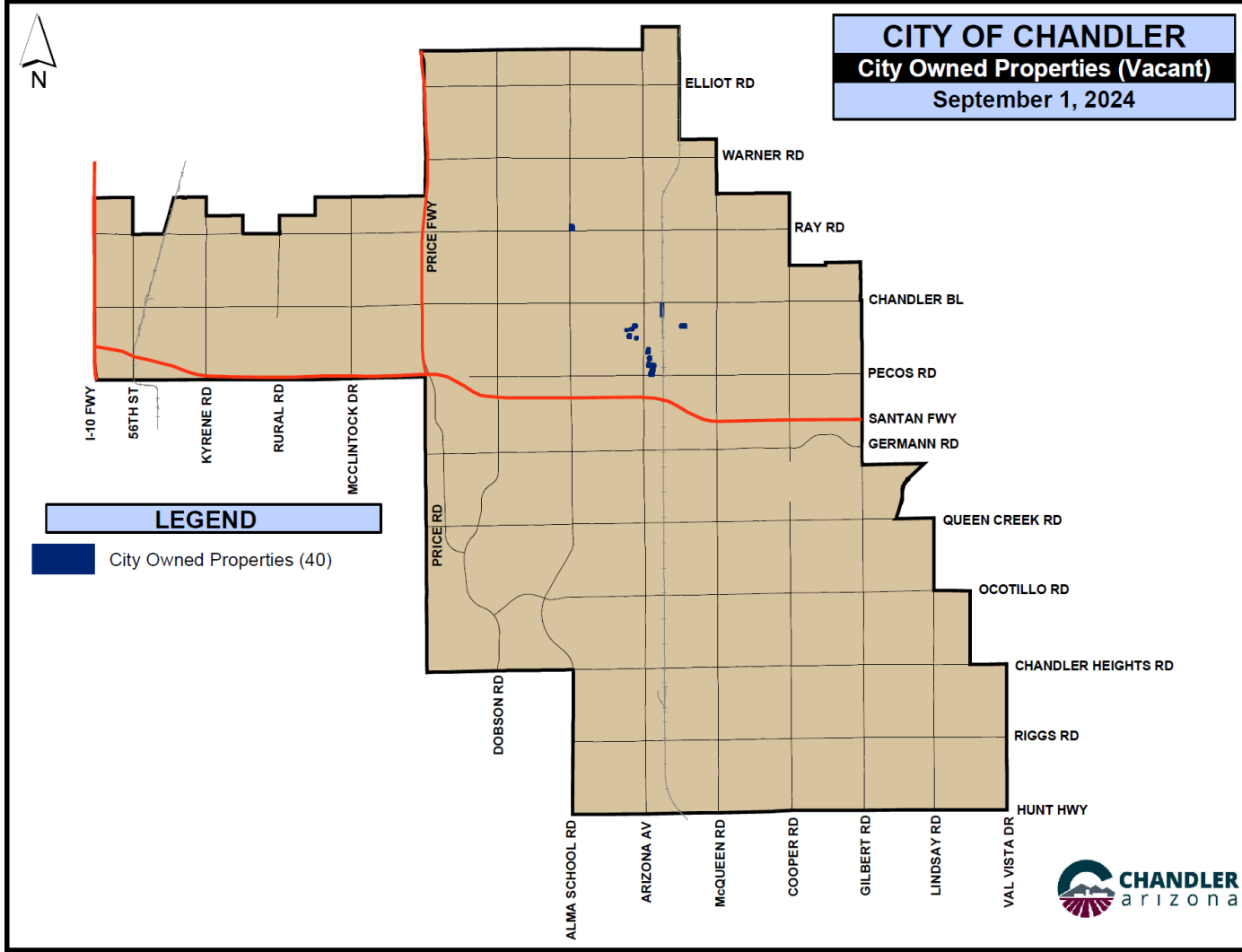
Comprehensive Housing Plan

- RFP issued July 2024
- Housing needs assessment
- Multi faceted approach addressing housing needs
- Affordable, Workforce and Market-Rate strategies
- Anticipated 12-month process
- Refer and incorporate elements into the General Plan Update



New Ideas

- Utilize city-owned properties and community partners to meet community housing needs
- Work with affordable housing partners, such as Newtown, ARM Save the Family, Habitat for Humanity, or private developers via RFP.
- Each site will be analyzed to determine most appropriate partner/solution.



Summary & Next Steps

Bring state-mandated and new idea ordinance changes to Council within the recommended timelines

Continue to promote the Chandler IDA and Infill Incentive Program as financial tools for affordable housing developers

Consultant contract for General Plan and Comprehensive Housing Strategy in October 2024
Housing Strategy Stakeholder Group Established in November 2024

Villas on McQueen

Open waitlist January 2026

Complete Construction and move public housing residents Fall 2026

Site 3

Finalize Development Agreement October 2024

Submit Site plan to City November 2024

Submit LIHTC Financing Application April 1, 2025

Issue RFP for Site 2

RFP and Developer Selection December 2024

Finalize Development Agreement February 2025

Develop Site plan and financing plan June 2025

Identify city lots and community partners to meet community housing needs



Questions?

