



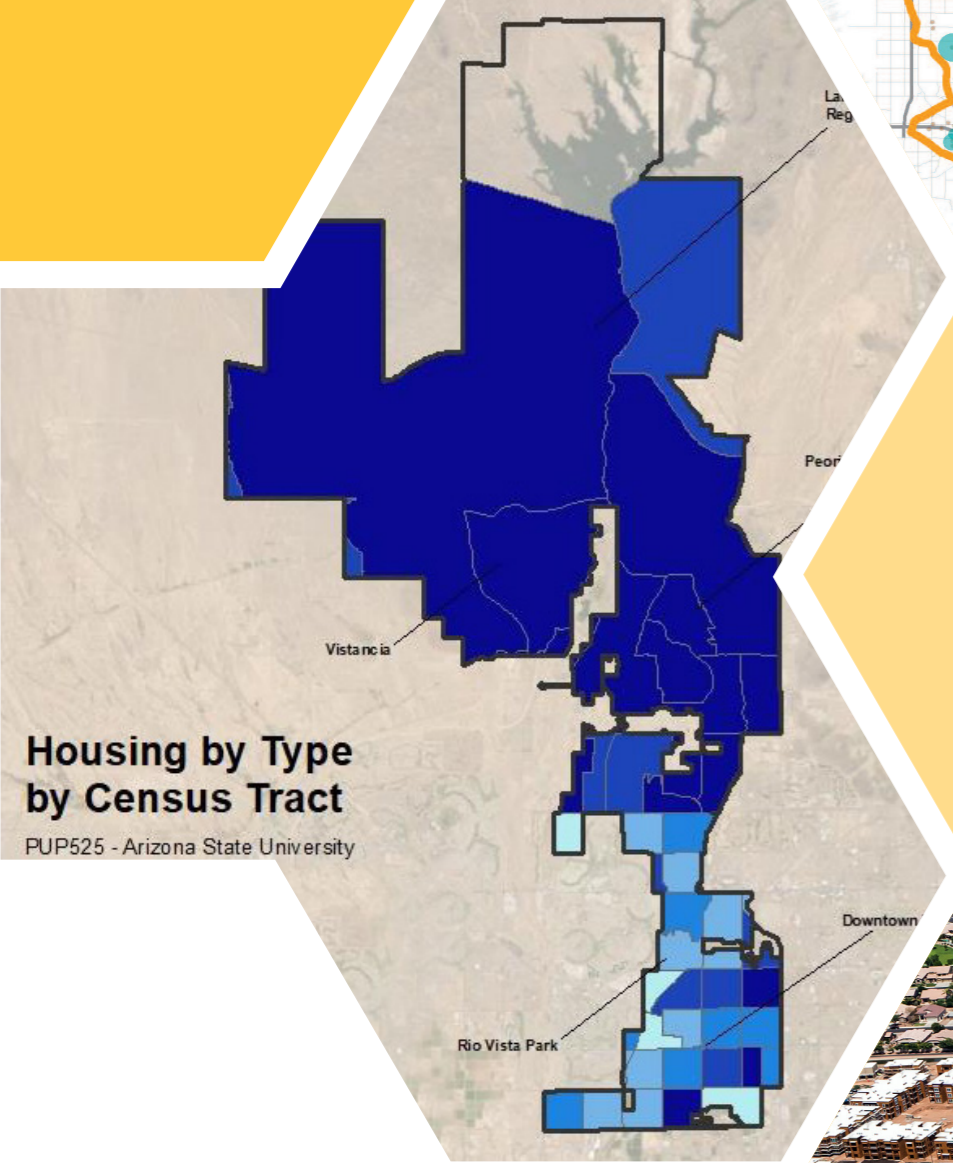
Sustainable and Affordable Housing Growth in Peoria

ASU
Sustainable Cities Network
Arizona State University

Project Cities



A Spring 2021 Collaborative Project with Arizona State University's Project Cities & the City of Peoria



Awarded Best Student Planning Project by the American Planning Association Arizona Chapter

APA
AZ

PART 1:

Project and community introduction

GET TO KNOW THE PROJECT

ABOUT ASU PROJECT CITIES

ABOUT THE CITY OF PEORIA

EXECUTIVE SUMMARY

KEY STUDENT RECOMMENDATIONS

SUSTAINABLE DEVELOPMENT GOALS

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This report represents original work prepared for the City of Peoria by students participating in courses aligned with Arizona State University's Project Cities program. Findings, information, and recommendations are those of students and are not necessarily of Arizona State University. Student reports are not peer reviewed for statistical or computational accuracy, or comprehensively fact-checked, in the same fashion as academic journal articles. Editor's notes are provided throughout the report to highlight instances where Project Cities staff, ASU faculty, municipal staff, or any other reviewer felt the need to further clarify information or comment on student conclusions. Project partners should use care when using student reports as justification for future actions. Text and images contained in this report may not be used without permission from Project Cities.

Cover images:

**PUP 525 students,
PUP 580 students,
and Project Cities**

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On behalf of the Julie Ann Wrigley Global Futures Laboratory, the Global Institute of Sustainability and Innovation, and the School of Sustainability, we extend a heartfelt thank you to the City of Peoria for enthusiastically engaging with students and faculty throughout the semester. These projects provide valuable real-world experience for our students and we hope that their perspectives shine light on opportunities to continuously improve Peoria's future livelihood and community well-being.

TABLE OF CONTENTS

PART 1 GET ACQUAINTED WITH THE PROJECT

- 4** Acknowledgments
- 6** About Project Cities
- 7** About Peoria
- 8** Foreword From City of Peoria Leadership
- 9** Peoria Community Profile
- 13** Map of Partner Communities in Phoenix Metropolitan Area
- 14** Executive Summary
- 16** Key Student Recommendations
- 20** Sustainable Development Goal Alignment

PART 2 PRELIMINARY HOUSING NEEDS ASSESSMENT

- 22** How Demographic and Economic Conditions in Peoria Intersect With the Housing Market
 - 24** Acknowledgments
 - 25** Introduction
 - 27** Demographics
 - 41** Economic Conditions
 - 45** Housing Market and Needs Assessment
 - 57** Report Summary and Action Steps
- 62** References

PART 3 ROOM TO GROW: ACCESSORY DWELLING UNIT POLICY

- 66** Recommendations to Foster Sustainable Housing Growth Through ADUs
 - 68** Acknowledgments
 - 70** Introduction
 - 76** Community Profile
 - 93** Literature Review
 - 116** Stakeholder Engagement
 - 128** Case Studies
 - 189** Recommendations and Conclusions
- 197** References

To access the original student reports, additional materials, and resources, visit:

links.asu.edu/PCPeoriaHousing21S

ABOUT PROJECT CITIES

The ASU Project Cities program uses an innovative, new approach to traditional university-community partnerships. Through a curated relationship over the course of an academic year, selected Community Partners work with Project Cities faculty and students to co-create strategies for better environmental, economic, and social balance in the places we call home. Students from multiple disciplines research difficult challenges chosen by the city and propose innovative sustainable solutions in consultation with city staff. This is a win-win partnership, which also allows students to reinforce classroom learning and practice professional skills in a real-world client-based project. Project Cities is a member of Educational Partnerships for Innovation in Communities Network (EPIC-N), a growing coalition of more than 35 educational institutions partnering with local government agencies across the United States and around the world.

ABOUT SUSTAINABLE CITIES NETWORK

Project Cities is a program of ASU's Sustainable Cities Network. This network was founded in 2008 to support communities in sharing knowledge and coordinating efforts to understand and solve sustainability problems. It is designed to foster partnerships, identify best practices, provide training and information, and connect ASU's research to front-line challenges facing local communities. Network members come from Arizona cities, towns, counties, and Native American communities, and cover a broad range of professional disciplines. Together, these members work to create a more sustainable region and state. In 2012, the network was awarded the Pacific Southwest Region's 2012 Green Government Award by the U.S. EPA for its efforts. For more information, visit sustainablecities.asu.edu.

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ABOUT PEORIA

Ranked as the No. 1 place to live in Arizona by Money Magazine, the City of Peoria is currently home to over 191,000 residents. The City enjoys a reputation as a family-oriented, active community with an exceptional quality of life. Peoria entertainment and recreational amenities include attractions such as Lake Pleasant, trails, and community parks.

The City has also demonstrated a strong commitment to sustainability, as evidenced by its incorporation of LEED building design standards, a council-adopted Sustainability Action Plan, and the "Green Team" staff dedicated to managing organization-wide sustainability initiatives.

PEORIA TEAM

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Peoria is the place
World class ▪ Sustainable ▪ Future Ready

peoriaaz.gov



City of Peoria

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July 7, 2021

Dear Peoria community members,


It is with tremendous appreciation and excitement that we bring to your attention the results of the second year of our collaboration with ASU's Project Cities program. Although it was a very different kind of year than the first year of our collaboration, that did not dampen the energy of the students or the final results of their work. This partnership has provided the opportunity to work with faculty and students across several academic programs, benefitting from their insights, creativity, and diverse perspectives on a number of projects. Many of these entailed public participation, and you may have participated by completing a survey that was distributed in our community through a variety of platforms.

Project Cities is one of several partnerships we enjoy with ASU, and part of our ongoing strategy to engage with community partners to leverage our resources as we address the many issues that face us as a local government. With a modest investment in this program, we have received extensive research, recommendations, and deliverables that take several key initiatives to the next level for us. These include our efforts around water conservation, transit, recycling, and the possibilities around our Skunk Creek corridor in P83. By engaging students and faculty on these subjects, we have advanced our understanding and positions on each one much more quickly than we could have without their assistance.

The results provided on each project provide us with invaluable insights into many of our most important opportunities, and will position us to better serve our community. The city has already begun to incorporate the students' deliverables into next steps in advancing these projects. We look forward to continuing this work on additional projects in the coming year, and cherish our partnership with ASU and Project Cities.

Sincerely,


Cathy Carlát, Mayor


Jeff Tyne, City Manager

Peoria, Arizona



Proud partner of
ASU Sustainable Cities
Network
Arizona State University

Project Cities

Rio Vista Recreation Center

Demographics

total population: **190,985**

median age: **35**

**highly skilled and educated workforce
of 85,252**

11,997 veterans live in Peoria

78% of residents are homeowners

median property value: **\$399,025**

**33% of residents hold a Bachelor's
degree or higher**

median household income: **\$79,700**

Schools

#3 of 131 Best School Districts for Athletes in Arizona

#5 of 40 Best School Districts in Phoenix Metro Area

#7 of 130 Best School Districts in Arizona

The Peoria Unified School District is one of the largest employers in the West Valley. The district consistently receives high ratings and offers signature programs such as the Career and Technical Education programs.

Peoria is also home to Huntington University, a liberal arts college offering digital media education in animation, broadcasting, film, graphic design and other digital media arts.

Leading industries

Peoria, Arizona is not just a scenic suburb of Phoenix, but also a thriving economic development hub with an educated workforce and high-end residential living. There are over 4,000 employers and more than 75,000 people employed within Peoria. Leading industries include health care and social assistance, retail trade, and finance and insurance. Highest-paying industries include utilities, manufacturing and public administration. Beyond these industries, Peoria works actively to attract businesses from aerospace and defense, film and digital media, technology and innovation, hospitality and tourism, and research and development. Peoria is the place for business owners, developers and investors.



Health Care & Social Work

10,905 employees



Retail Trade

10,628 employees



Finance & Insurance

6,574 employees



History

Founded in 1886 by Midwestern settlers, Peoria is nestled in the Salt River Valley and extends North into the foothills around Lake Pleasant. Beginning as a small agricultural town, the economy received a major boost when a railroad spur line was built along Grand Avenue. The construction of the Roosevelt Dam in 1910 secured a reliable water supply, attracting more settlers to the area and business endeavors to the town center. Peoria's economy continued to have an agricultural focus for decades. Continually growing, Peoria assumed city status in 1971 with a population of 4,792. It has since grown into a city with a population over 190,000, and is renowned for its high quality of life and recreational amenities.

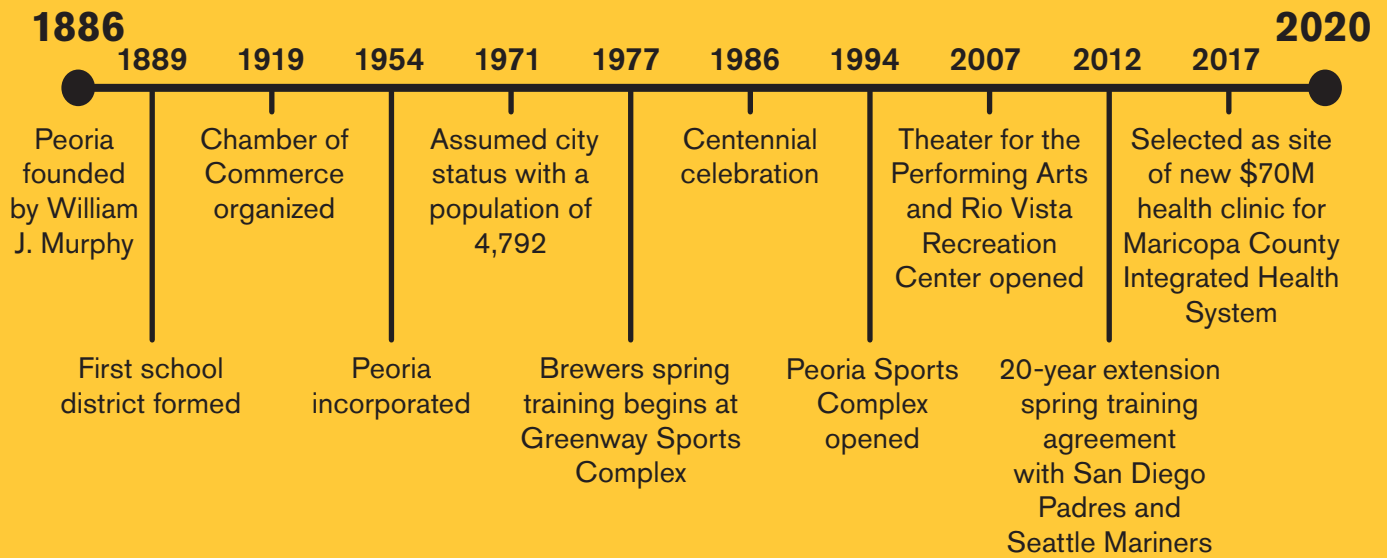
Sustainability

Peoria has demonstrated leadership in municipal sustainability efforts through a wide range of actions. Listed below are some of the City's sustainability accomplishments.

- Incorporation of LEED building design standards
- Appointment of a full-time city staff member who manages and coordinates sustainability initiatives
- Sustainable urban planning practices including open space planning and water management principles
- Sustain and Gain: Facebook page and brochures keep residents up to date on city sustainability efforts and ways to get involved
- Water Conservation Program: free public classes, public outreach at city events, and water rebate incentives for residents
- Council-Adopted Sustainability Action Plan: this strategic planning document, in its second iteration, ensures city departments are developing sustainability-oriented goals, tracking success metrics, and encouraging cross-communication in the preparation of Sustainability Update presentations made to the Peoria City Council on an annual basis
- Sustainable University: courses and workshops to empower residents to make small changes that make Peoria a better place to live; topics covered include residential solar, gardening, composting and recycling

Awards and recognition

- Number One City to Live, Work and Play in 2021 (*Ranking Arizona*)
- Received three Crescordia awards by Arizona Forward at the annual Environmental Excellence Awards in 2016
- 12th City for Green Space in the U.S. in 2019 (*Wallethub*)
- Top 15 Safest Cities in the U.S. 2017-2019 (*Wallethub*)
- 6th Wealthiest ZIP Code in 2020 (*Phoenix Business Journal*)
- Top 50 Hottest Hoods in 2018 (*Phoenix Business Journal*)
- 10th Best City to Raise a Family in 2018 (*Wallethub*)
- Top 100 Golf Course in U.S. 2017-2019 (*Golf Digest*)



Livability

Peoria is renowned as a great place to raise a family and start a career. A plethora of

local amenities and attractions contribute to Peoria's livability. Beyond the tourist attractions of Spring Training and Lake Pleasant, the City offers many community facilities and recreational opportunities for all ages and interests such as an extensive public park system and annual community events. Peoria's dedication toward livability is also evident in the City's latest General Plan which addresses sustainable water use, housing, public services and more.

Ranked as the No. 1 place to live in Arizona and one of the best cities in the United States.

-Money Magazine and Yahoo! Finance

Peoria strives to uphold these six major livability priorities in order to maintain an exceptional quality of life for its citizens.

	Arts, Cultural and Recreational Enrichment		Economic Prosperity
	Smart Growth		Superior Public Services
	Healthy Neighborhoods		Integrated Transportation

Community Facilities

- Peoria Community Center
- Rio Vista Recreation Center
- Peoria Sports Complex
- Peoria Center for the Performing Arts
- 39 neighborhood parks
- 2 libraries
- 3 swimming pools
- 5 golf courses
- 9 lighted multi-purpose ball fields
- 15 tennis courts

Peoria Sports Complex



Lake Pleasant

Urban ecology, ecotourism and recreation

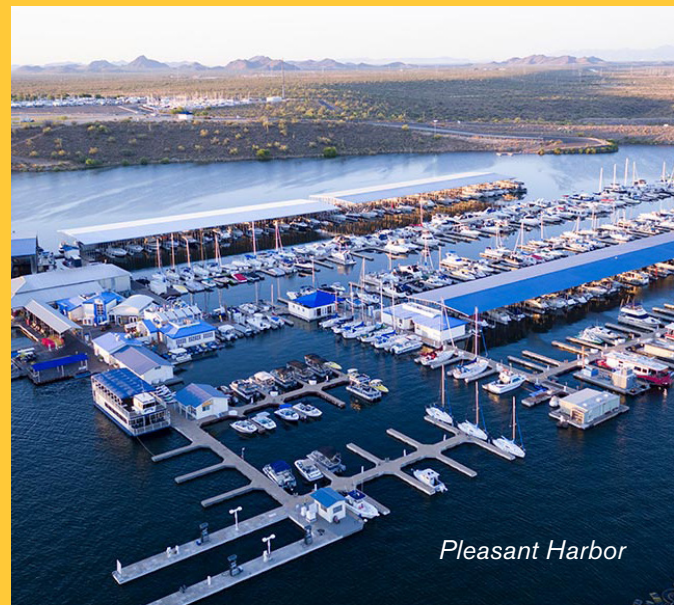
Peoria is surrounded by the natural beauty of the Sonoran Desert and is home to Lake Pleasant, a 23,000-acre park and major recreational asset to the North Valley. The transient Agua Fria River and New River flow through Peoria, as do a multitude of washes and creeks. Most notable perhaps is Skunk Creek — known for the recreational trails running alongside it — which forges a connection between Peoria and Glendale. Northern Peoria is home to beautiful mountains and buttes including Sunrise Mountain, Calderwood Butte and Cholla Mountain.

Boasting over 300 days of sunshine annually, Peoria's ecotourism opportunities are a steady industry for residents and visitors. The City features over 60 miles of trails for walking, biking and horseback riding, as well as 570 total acres of accessible park land.

Lake Pleasant Regional Park contains a full-service marina, providing opportunities for water-oriented recreation such as kayaking, water skiing and even scuba diving. Visitors can also go horseback riding, take gliding lessons, hike, camp and more.

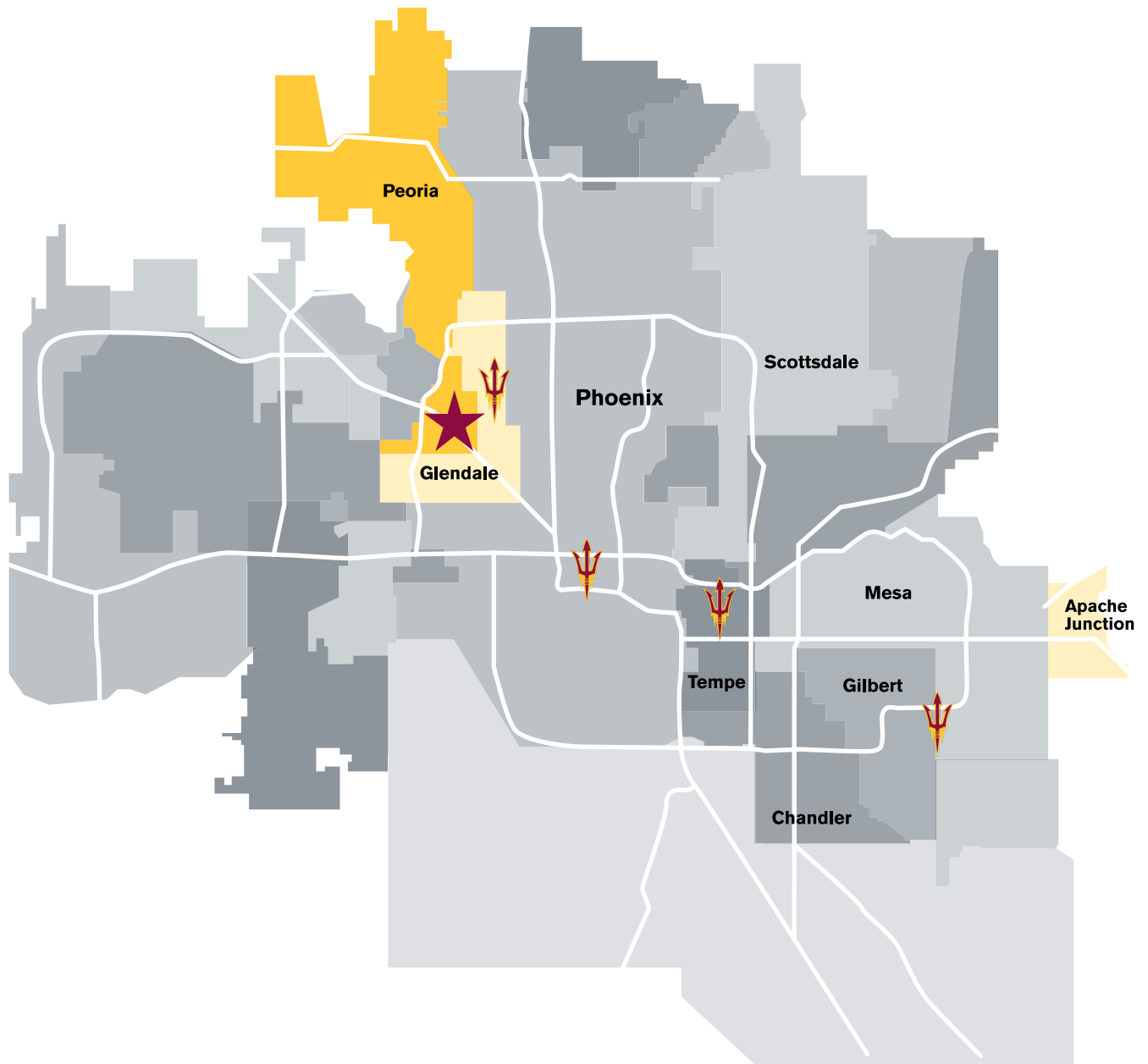


Skunk Creek



Pleasant Harbor

MAP OF PROJECT CITIES PARTNER COMMUNITIES IN THE GREATER PHOENIX METROPOLITAN AREA



 Peoria City Hall

 ASU campus



EXECUTIVE SUMMARY

The need for affordable housing solutions affects cities around the country. Still, in particular, the City of Peoria is experiencing exponential population and economic growth, posing a challenge to keep up with housing availability needs. To capture the current state of affordable housing, the City of Peoria partnered with two classes in the ASU School of Geographical Sciences and Urban Planning to tackle two topics of interest: the existing state of housing and its challenges, and the potential of Accessory Dwelling Units (ADUs) in addressing those challenges.

Students assessed Peoria's existing affordable housing state through demographic and economic trends analysis, then devised and recommended solutions based on peer community analysis and a literature review of emerging trends in affordable housing.

PUP 525: Students from the School of Geographic Sciences and Urban Planning (SGSUP) conducted a demographic and economic analysis of Peoria's housing market. Students split into three teams to conduct housing analyses, including a Demographic Conditions and Trends Analysis, Economic Conditions and Housing Analysis, and Housing Market and Needs Assessment. Using Census data and leading affordable housing research, students studied housing trends to identify affordable housing gaps. For their final deliverable, students developed a professional profile of Peoria's housing that will advise on the existing state and inform housing policy decisions for the future.

PUP 580: In a culminating experience for the Master of Urban and Environmental Planning program (MUEP), students worked with Peoria's Planning & Zoning department to review and advise ADU strategies. Students split into teams that each took a different approach to their research. Students conducted a literature review, peer community analysis, and stakeholder engagement to inform their recommendations for the City of Peoria. As part of the stakeholder engagement, students worked with the City of Peoria to conduct a series of interviews and focus groups with key housing stakeholders to identify themes and best practices for determining ADU feasibility in the City of Peoria.

The student work reveals several trends: Peoria's population is growing rapidly, and for the influx of millennials, housing is not attainable due to unaffordable cost and limited availability on the market. Peoria is experiencing increased economic growth and opportunities compared to the rest of Arizona, priming the City to address its housing needs while transitioning it out of its historic role as a commuter town.

This work seeks to provide Peoria with a snapshot of its existing housing market while providing insights into what the future holds for Peoria residents. Students offer unique recommendations to the City and encourage cutting-edge solutions to an evolving challenge. By diversifying its housing opportunities and expanding its support for residents, the City of Peoria will be equipped to sustainably meet the needs of its growing community while maintaining its reputation as a forward-thinking community.



Figure 1 The West Valley looking toward Peoria and Glendale

KEY STUDENT RECOMMENDATIONS

Pre-code recommendations for crafting Accessory Dwelling Unit (ADU) policies	Read more
Address barriers to ADUs in infill development by enabling production on parcels that are already developed. Costs, financing, and permitting processes can deter homeowners from pursuing ADU projects.	pp.94-95, 103-115, 142, 146, 151, 156, 162, 171, 177, 183, 188, 190
Streamline ADU permitting and other processes by wrapping them into existing procedures, making them easier to handle for both residents and city staff.	pp.110, 113-114, 190
Prioritize effective communication, cooperation, and education when launching community-level ADU strategies. By educating the public on the characteristics and benefits of ADUs, the City will be better able to increase community interest and resolve public misconceptions.	pp.115, 119, 135, 163, 170, 183, 191-192
Develop the goals and vision for the ADU program and clearly articulate them to the community. It is crucial that the City build trust and understanding between planners, residents, and any other community stakeholders such as homeowners' associations.	pp.112-115, 134, 191-192
Identify the primary purpose of an ADU policy and draft it with this purpose in mind. Having clear goals will guide the decisions that need to be made (e.g., parking and lot size requirements) when drafting the code.	pp.122, 127, 134, 192
Provide supplementary ADU resources, but keep in mind they are secondary priorities to a straightforward code. If the code is difficult to navigate, it will do little to promote ADU production. Supplementary resources help the City inform and connect with the public beyond the language in the code. The City can facilitate production by providing ways for the public to learn more about ADUs and how they can more readily develop one on their own.	pp.113-115, 192-193

KEY STUDENT RECOMMENDATIONS

Implementation recommendations for successful ADU policies	Read more
Once established, regularly evaluate ADU programs to stay aware of opportunities for improvement. Developing an effective ADU code is an iterative process.	pp.134, 142, 145, 170, 189
Utilize simple and straightforward verbiage within the code to allow for flexibility, which can, in turn, help facilitate production of ADUs and increase their accessibility to prospective residents.	pp.139, 142, 190-193
Work with developers to ensure that newly built units are meeting current demands; these new developments may incorporate ADUs into their site plans to help expand housing choice.	pp.57, 124, 135, 154, 191
Mitigate stakeholder concerns around short-term rentals by educating the public on ADU housing trends, as the majority of ADUs are generally used for permanent residences as opposed to short-term rentals.	pp.94, 106-115, 135, 141, 156, 163, 193-194
Increase public acceptance of ADUs by highlighting their ability to ease market demand on neighborhoods as well as promote “gentle density.”	pp.138, 140, 151, 195
Remember that ADUs are simply one tool to address the systemic problem of housing unaffordability. They are also one of many possible answers to the current lack of diversity in Peoria’s housing stock of mostly detached single-family houses. ADUs alone will not be sufficient to solve the problem, but they should be considered as one of several viable tools.	pp.127, 140, 151, 191, 194

KEY STUDENT RECOMMENDATIONS

Recommendations from the housing needs assessment	Read more
Streamline development processes for the construction of new housing products.	pp.57-60
Seek out developers, construction companies, and other stakeholders who may be able to begin providing innovative housing types in Peoria.	p.57
Consider the impacts of COVID-19 on the housing market, such as slow sales activity of existing homes and uncertainty in the selling experience during COVID.	p.57
Promote increased market turnover and downfiltering using new housing products, especially given that most pandemic-related moves do not leave the region.	pp.37, 57
Investigate the feasibility of multi-generational housing options such as permitting ADUs on single-family sites near amenity-rich communities, or developing small multi-unit apartment complexes which can affordably keep families close together.	pp.38-39, 54-57
Increase ownership opportunities for smaller units or more unique housing products which may lower prices.	pp.54, 57
Encourage incremental development communities to realize smaller, more pragmatically provided units.	p.57
Investigate more amenity-rich and highly connected residential communities to accommodate older persons to age in place and not run into significant barriers (i.e. loss of ability to operate vehicle).	pp.28-29, 54-58
Prepare for a trend of “aging in place,” where homes are not as readily placed onto the selling market and adding to “downfiltering” supply in the city.	pp.37, 58
Encourage active lifestyles and community connection through neighborhood design. Avoid isolating designs which may harm older persons living alone. Plan for elderly care facilities to be located in highly accessible locations where other amenities can be easily reached, such as the southern portion of Peoria.	pp.28-29, 54-58
Develop housing affordability programs, particularly in a hot housing market which disproportionately limits the mobility and access of low-income individuals.	pp.45-53, 58
Increase access to high-quality amenities and services in the southern portion of Peoria where larger numbers of low-income residents reside.	pp.56-58
Continue to embrace a holistic approach to community development, improving access to good paying jobs and basic economic activity while promoting increased housing supply and a more diverse array of housing products which may be more accessible for a greater number of residents.	p.58

KEY STUDENT RECOMMENDATIONS

Recommendations from the housing needs assessment (cont'd)	Read more
Continue to plan for a city which embraces a future of telecommuting by designing neighborhoods which put people closer to amenities and neighborhood services.	pp.41-44, 56-58
Use the downtown Peoria area as an opportunity for empowering economic development and neighborhood amenity development.	pp.26-28, 59
Encourage a pattern of incremental development and “patterned growth,” allowing areas to continue to build upward to a certain degree and replicate successful projects without new greenfield construction elsewhere in the region.	pp.57-59
Use mixed-use development opportunities, such as planned development around the L-303 North freeway, to reduce travel times and costs for local residents reaching jobs or services. Ensure these areas are “location efficient.”	pp.26-27, 56, 59
Audit development costs and how new development costs are passed onto new tenants, particularly in rental properties. Consider how parking and land use regulations limit the financial accessibility of final products on rental properties.	pp.45-53, 59
Provide supplemental rental assistance for at-risk renters and support non-profit or small-property landlords attempting to maintain properties during a pandemic.	pp.45-53, 59
Streamline the development process for new owner-occupied units, particularly those which provide new product types and encourage long-term community sustainability and longevity. Promote “downfiltering” by expanding new unit types and encouraging more appropriate alignment between housing unit and income level.	pp.37, 57-60
Diversify available owner-occupied product, and ensure older product is not falling into disrepair or becoming obsolete in the current market.	pp.26, 30, 32, 40, 60
Construct new-build multigenerational housing using new, innovative housing products from major homebuilders and regional architects.	pp.38-39, 54-56, 60
Promote ADUs and flexibility on single-family residential lots to add units and multigenerational additions without overwhelming existing neighborhoods.	pp.38-39, 54-56, 60
Promote mixed-income and mixed-housing type neighborhoods which allow families to live close to one another and easily care for one another.	pp.54-56, 60
Include multi-generational options for renters as well given the large number of renters in Peoria, via ADUs or single-family rental properties.	pp.38-39, 54-56, 60

CITY OF PEORIA PROJECTS: ALIGNMENT WITH THE UNITED NATIONS'

SUSTAINABLE DEVELOPMENT GOALS

As the leading international framework for sustainable decision-making, the 17 Sustainable Development Goals (SDGs) lay out a path for partnerships toward global peace and prosperity. The SDGs provide a set of goals and metrics for project impact to be measured, offering an illustration of the benefits experienced by the cities, towns, and students who participate in a Project Cities partnership. For details on the SDGs, visit sdgs.un.org/goals



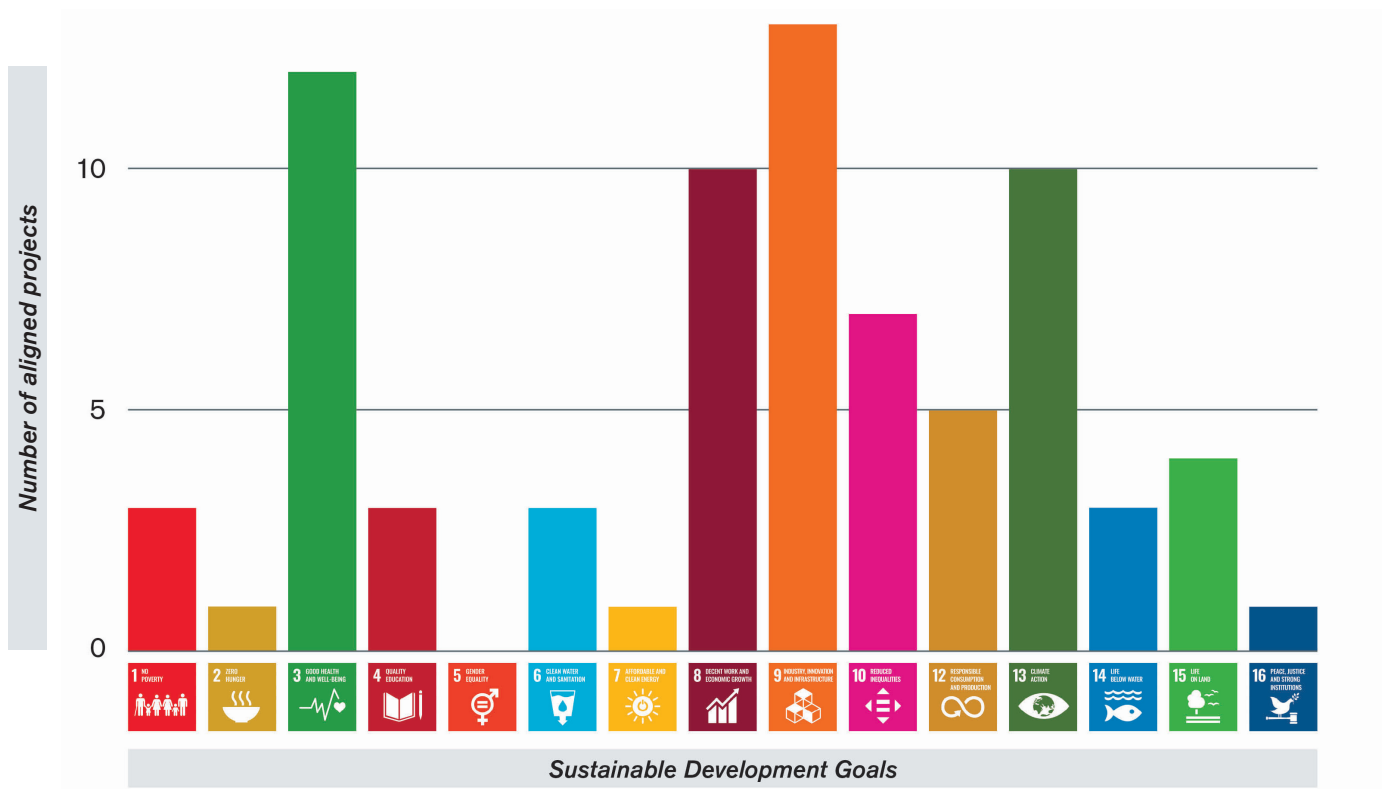
11 SUSTAINABLE CITIES AND COMMUNITIES



17 PARTNERSHIPS FOR THE GOALS

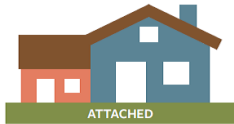
Every project in the PC program aligns with SDGs 11 and 17.

The figure below illustrates SDG project alignment throughout the City of Peoria's partnership with Project Cities, through the Spring 2021 semester.



TOP THREE GOALS ADDRESSED IN THE FOLLOWING REPORT

This project seeks to identify potential solutions to systemic issues of housing affordability and availability in the Peoria region. As a result of this student research, Peoria can continue taking steps toward providing sustainable, equitable, and diverse housing options for its current and future residents.



▲ Accessory dwelling units

Goal 9: Industry, Innovation and Infrastructure

"Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation."

Adapting existing residential infrastructure to foster ADU development is one tool that can help sustainably grow housing stock in Peoria.



Goal 10: Reduced Inequalities

"Reduce inequality within and among countries."

The need for affordable housing is clear, and increasing more affordable options through ADUs and other interventions can increase equitable housing options in the rapidly growing region.



Goal 11: Sustainable Cities and Communities

"Make cities and human settlements inclusive, safe, resilient and sustainable."

Diverse housing stock can support municipal sustainability goals and help build strong communities.

The following report summarizes and draws highlights from work and research conducted by students in PUP 525 Urban Housing Issues, for the Spring 2021 partnership between ASU's Project Cities and the City of Peoria.

To access the original student reports, additional materials, and resources, visit:

links.asu.edu/PCPeoriaHousing21S

PART 2:

Preliminary Housing Needs Assessment

**HOW DEMOGRAPHIC AND ECONOMIC CONDITIONS IN THE CITY OF
PEORIA INTERSECT WITH THE HOUSING MARKET**

**PUP 525:
URBAN HOUSING ISSUES**

**SCHOOL OF GEOGRAPHICAL SCIENCES AND
URBAN PLANNING**

**FACULTY
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PEORIA AT A GLANCE

Population: 175,961 (2019 1-year estimates)

Decade population growth rate: ~14% (2010-2019)

Area: 179 square miles (2019)

Median household income: \$75,323 (above-average)

Poverty rate: ~7.5% (2019)

Major amenities: Lake Pleasant Regional Park, Peoria Regional Preserve, West Valley Art Museum, MLB Spring Training Facilities



Figure 1 Local recreational attraction Lake Pleasant Regional Park

ABOUT THIS REPORT

This Housing Needs Assessment is designed to provide a real-time snapshot of current demographic and economic conditions in the City of Peoria and how these conditions intersect with the present housing market conditions in the city. Demographic and economic conditions are considered in the context of how they will affect the housing market and housing needs in the city. A detailed housing market analysis is provided to discover how housing affordability and accessibility are being influenced by current market conditions.

Editor's Note

A bedroom community, also known as a commuter town, is a community that is largely occupied by people who commute to nearby cities for work.

This report is a starting point for decision-makers to consider diversifying available housing types and providing accessible housing for Peoria residents. The city seeks to move away from its historic role as a commuter "bedroom community" for the Phoenix Metropolitan Area. The socioeconomic snapshot in this report allows local policymakers and planners to update information about the current conditions in the city, particularly as the local housing market rapidly enters an unprecedented period of growth and opportunity. The data in this report will also continue to inform projects completed through the School of Geographical Sciences and Urban Planning and ASU Project Cities, particularly projects exploring specific housing solutions for Peoria at greater depth. While this report is not designed to fully prescribe solutions for housing affordability and availability, nor solve housing challenges produced by shifting demographics, it does provide ranges of potential solutions and creative concepts for addressing housing needs particular to Peoria's conditions.

COMMUNITY DEVELOPMENT AND GROWTH INTRODUCTION

Peoria, Arizona is an evolving suburban community in the West Valley of the Phoenix Metropolitan Area. Historically known as a bedroom community with a variety of high quality lifestyle communities, Peoria is seeking to become a diverse hub of suburban activity in the West Valley, joining other West Valley communities in evolving to meet new demographic trends and to prepare for continued rapid growth in the Phoenix metropolitan area.

Peoria has immense opportunities for development to transform into a diverse and vibrant center in the West Valley.

A. Loop-303 North

The Loop 303 freeway extension, completed in 2015 with large swaths of vacant land, provides economically viable opportunities for mixed-use development that is accessible and can provide a range of housing products with connections to the entire Phoenix region.

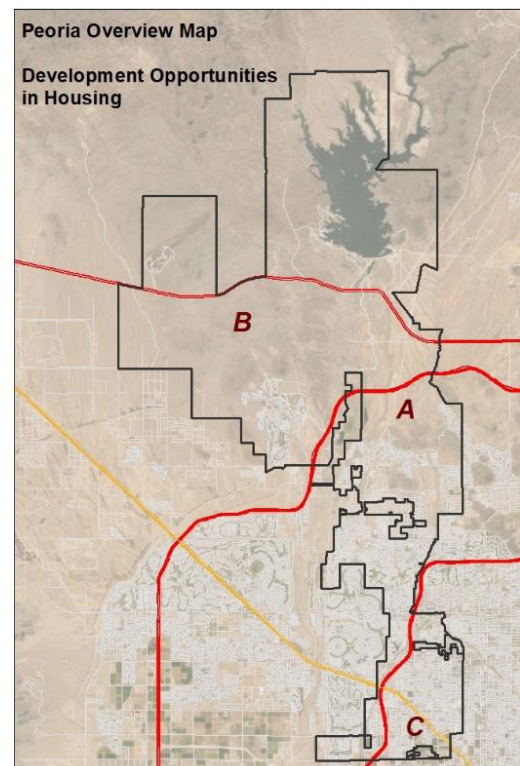


Figure 2 Community development opportunity areas in Peoria

B. Northern Peoria

The city has opportunities to build on land to the north of the existing urbanized area of Peoria, a canvas on which a new era of housing construction can be built upon. While many communities in the northern portion of the city are designed for luxury buyers and active retirees, the area has great opportunities for designing sustainable communities with a range of housing products to meet the new ways in which the housing market is evolving.

C. Downtown Peoria and infill opportunities

Many infill opportunities exist in the city's southern tip, which has traditionally featured lower average incomes. Downtown Peoria is ripe for the construction of amenity-rich and highly connected residential development.

DEMOGRAPHIC CONDITIONS AND TRENDS ANALYSIS

An analysis of demographic trends in Peoria, with careful connections to broad national sociological and demographic trends and their effects on Peoria's socioeconomic conditions.

Population growth

As a suburb that has seen sustained growth throughout its existence, Peoria's population demographics tell the story of a bedroom community on the verge of transformation (City of Peoria, 2020). The city currently maintains a population of approximately 170,000. Peoria has grown over 14% since 2010 – while significantly slower than the city's growth rate between 1980 and 2005, the city remains one of the fastest growing communities in the Valley. The city maintains an average annual growth rate of **1.9 – 2.1%**.

Peoria population	
Year	Population
1910	300
1920	2,371
1930	1,748
1960	2,593
1970	4,792
1980	12,171
1990	50,675
2000	108,364
2010	154,065
2019	175,961

Editor's Note

At the time of this report, the student reported Peoria's 2019 population. Currently, Peoria's population is 191,000.

Figure 3 Population by decade, from U.S. Census Bureau Decennial Census

Housing takeaway: Peoria has reached a size threshold where many communities evolve from “bedroom communities” into complete communities with a variety of services and local basic economic activities. Peoria also continues to exhibit strong population growth patterns and will require diverse housing solutions to accommodate new growth in a livable manner.

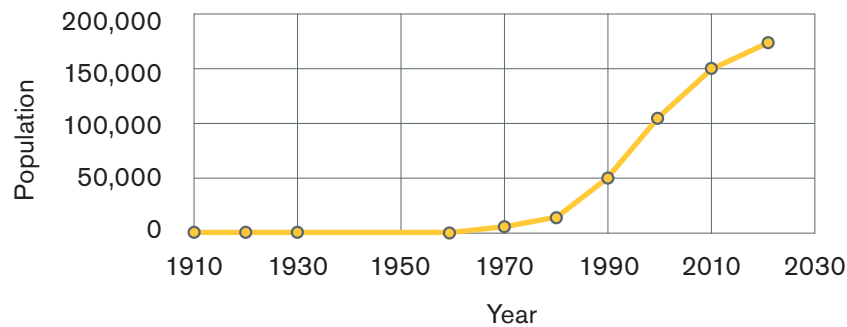


Figure 4 Population change by decade, from U.S. Census Bureau Decennial Census

Age

A quick glance at the city’s population pyramid shows that it has a significant aging population. Older populations make up a larger proportion of the population than the average community in the United States. Peoria has also seen a significant increase in the number of older residents since 2010. Additionally, there is a smaller than expected young adult population. When compared to Maricopa county, Peoria lags in the young adult population. However, the last decade has seen robust growth in the number of younger people moving to Peoria, particularly from the early Millennial generation between the ages of 25 to 34. Almost every age group in Peoria exhibits a stable population pattern or is growing.

Housing takeaway: Peoria has a diverse range of age groups to accommodate. The city has a particular need to consider how older residents in various life stages will be housed in livable and dignifying conditions. New housing for older households will need to accommodate modernizing preferences amongst aging groups, such as more amenity-rich and connected community designs. Peoria will need to pay particular attention to growth trends in young families and elderly populations, and tailor housing to align with changing preferences within these groups.

Peoria age demographic change				
Age	2010	2015	2019	% change 2010-2019
Under 5 years	10,558	9,948	10,933	3.43%
5-9 years	11,004	11,947	11,139	1.21%
10-14 years	11,301	12,275	11,325	0.21%
15-19 years	11,004	11,129	10,525	-4.55%
20-24 years	7,435	9,329	9,368	20.63%
25-29 years	9,666	9,984	10,647	9.22%
30-34 years	8,922	9,820	10,217	12.67%
35-39 years	10,409	9,820	10,266	-1.39%
40-44 years	11,747	11,620	10,789	-8.88%
45-49 years	10,707	11,129	11,139	3.88%
50-54 years	9,071	10,965	11,129	18.49%
55-59 years	9,220	11,129	11,254	18.08%
60-64 years	6,840	9,493	11,105	38.40%
56-69 years	5,502	7,529	9,039	39.13%
70-74 years	4,461	6,056	7,215	38.17%
75-79 years	4,461	4,583	4,959	10.04%
80-84 years	3,271	3,110	3,100	-5.53%
85 years and over	3,271	3,764	4,047	19.16%

Figure 5 Change in population by age, 2010-2019 (growing age brackets highlighted), from American Community Survey 5-year estimates

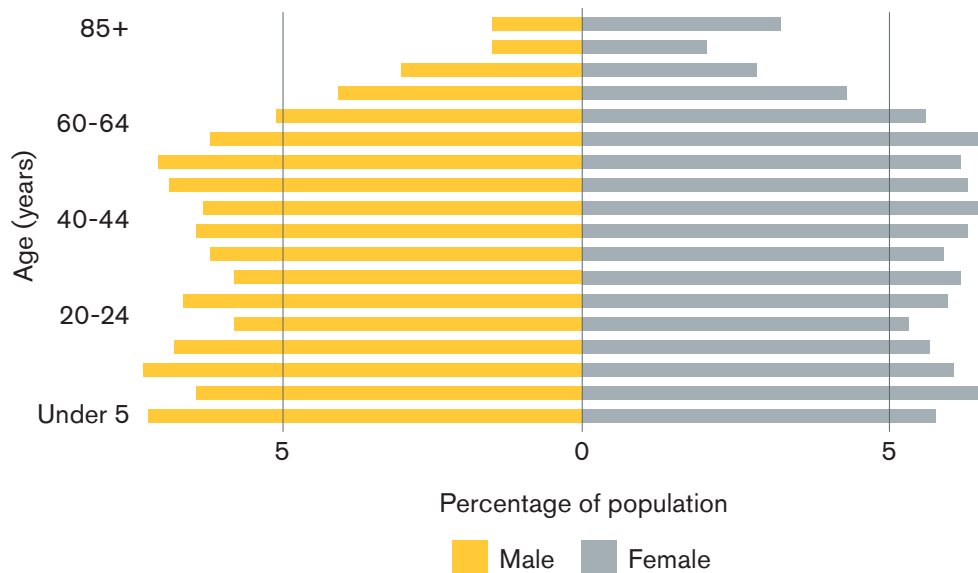


Figure 6 Peoria age distribution population pyramid, from U.S. Census Bureau, 2019

Race and ethnicity

Peoria's ethnic composition is changing as the city matures. The city maintains a large non-Hispanic White population compared to the nation and, more significantly, Maricopa County. However, the Hispanic/Latinx population in Peoria is growing, and much of the substantial growth has occurred in the past decade. The Hispanic/Latinx population of Peoria is only slightly higher than the national average but is significantly lower than Maricopa County. The region's Black population is lower than the national average, with Peoria showing an even lower population than the Phoenix region. The remaining groups make up a fraction of the population and are similar to national and regional statistics (U.S. Census Bureau, 2019). The racial and ethnic distribution of the population of Peoria is compared to regional and national averages in Figure 7.

While a large proportion of Peoria is White and many race and ethnicity groups are largely not present in Peoria, the non-white groups with larger populations in Peoria are fairly well-integrated. Peoria has rates of segregation which are significantly lower than average, as noted by the 0.31 **dissimilarity index** rating between Non-Hispanic Whites and Hispanics and the 0.29 dissimilarity index rating between Non-Hispanic Whites and Asians.

Editor's Note

The dissimilarity index is a measure of segregation between two groups, and measures the proportion of a group which would need to move in order to reach full population integration, or even distribution between groups. A value of 0 indicates total integration with proportions of the two groups distributed across all neighborhoods.

Housing takeaway: The City of Peoria is diversifying in ethnicity and racial composition, prompting consideration about how the city can prepare for a more diverse set of housing products for different preferences that may emerge within new groups.

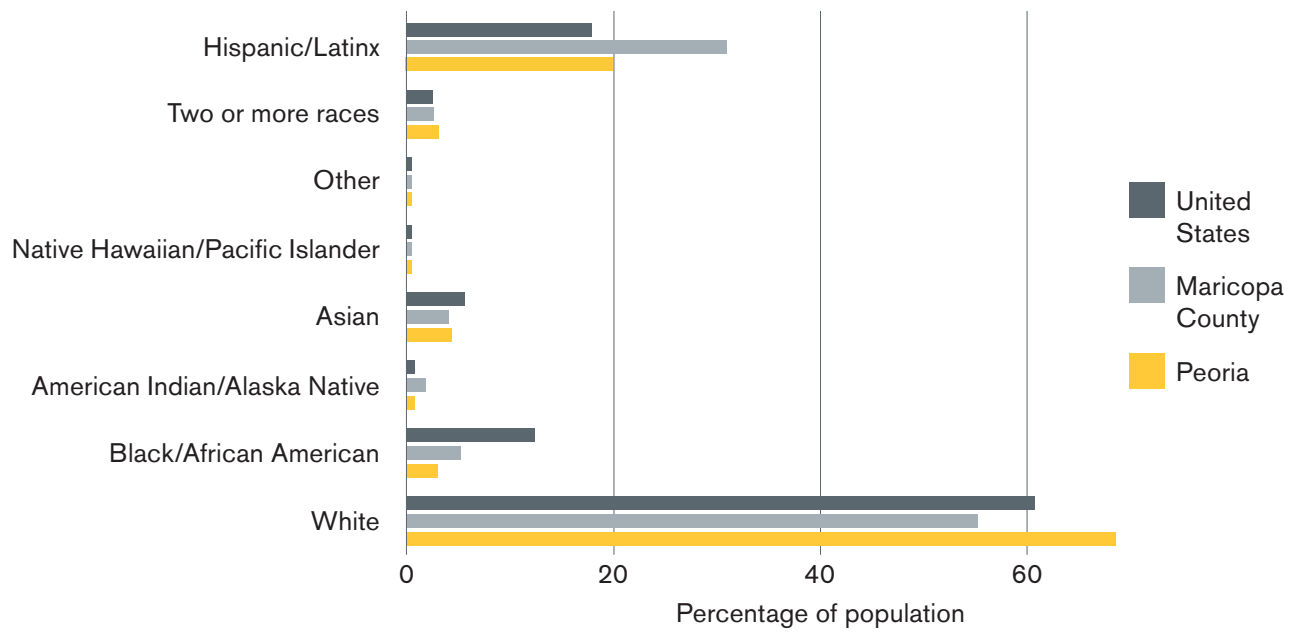


Figure 7 Peoria racial and ethnic distribution compared with regional and national proportions, from U.S. Census Bureau and City of Peoria

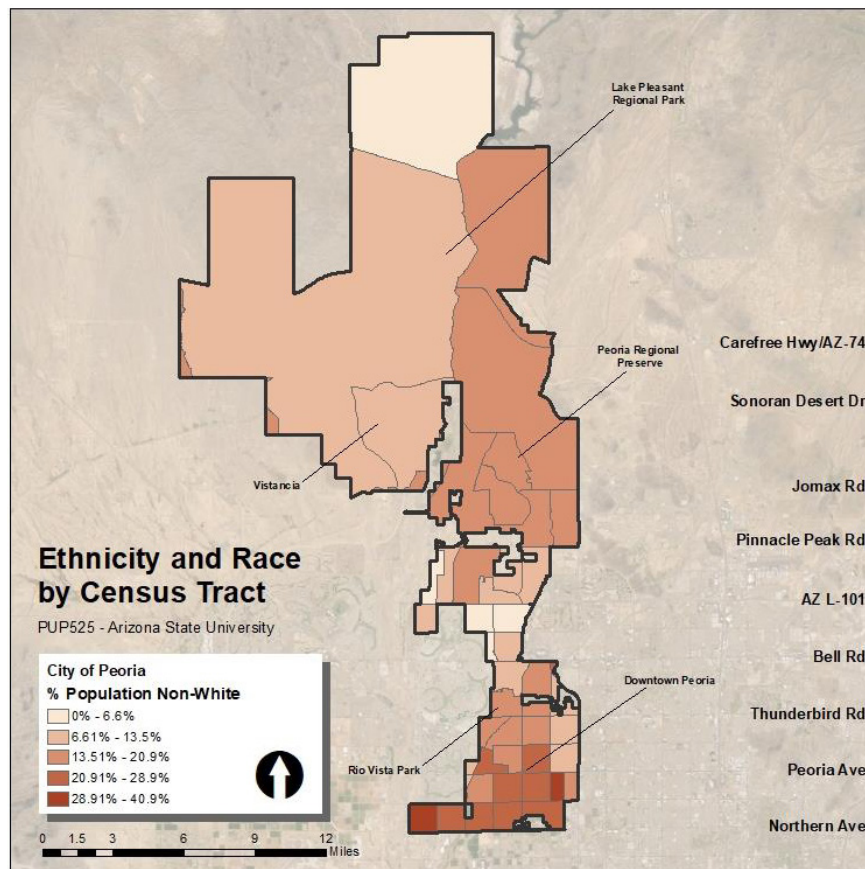


Figure 8 Peoria racial and ethnic distribution by region

Income

A comparison of household income demonstrates that Peoria is an affluent community. The city's median household income is \$75,323 compared to \$64,468 in Maricopa County and the \$62,843 across the entire nation (ACS 2019 5-year Estimates). The distribution of income groups in Peoria shows a larger proportion of middle-to-high income households. The city also has a sizable percentage of six-digit income households making more than \$100,000 per year (34.8%).

Peoria is not uniform in its affluence. Over 50% of residents make less than \$75,000, which is fairly similar to the proportion found in surrounding Phoenix metro communities and Maricopa County more broadly. Additionally, the lowest income bracket is only slightly smaller than the national and county average meaning there are still a significant number of households with an annual household income of less than \$25,000. The vast majority of these households are cost-burdened by housing, as demonstrated in this housing needs assessment.

Lower income households are overwhelmingly concentrated in the southern areas of Peoria in more mature communities. Most of the areas with the highest household incomes are found in the northern portion of Peoria, at the leading edge of new development in the city. The map Median Household Income by Census Tract (Figure 10) details the geographic distribution of different income groups in Peoria.

Housing takeaway: While Peoria remains a regionally affluent community, affordable housing is an amenity that local leaders must consider to provide housing for a wide range of income groups and ensure a financially sustainable community for its residents. More than 50% of Peoria residents make less annual income than is necessary to afford most of the housing in the Phoenix region. Peoria should consider diversifying its existing housing stock to promote affordable living options and an adequate supply of housing for those in diverging income groups.

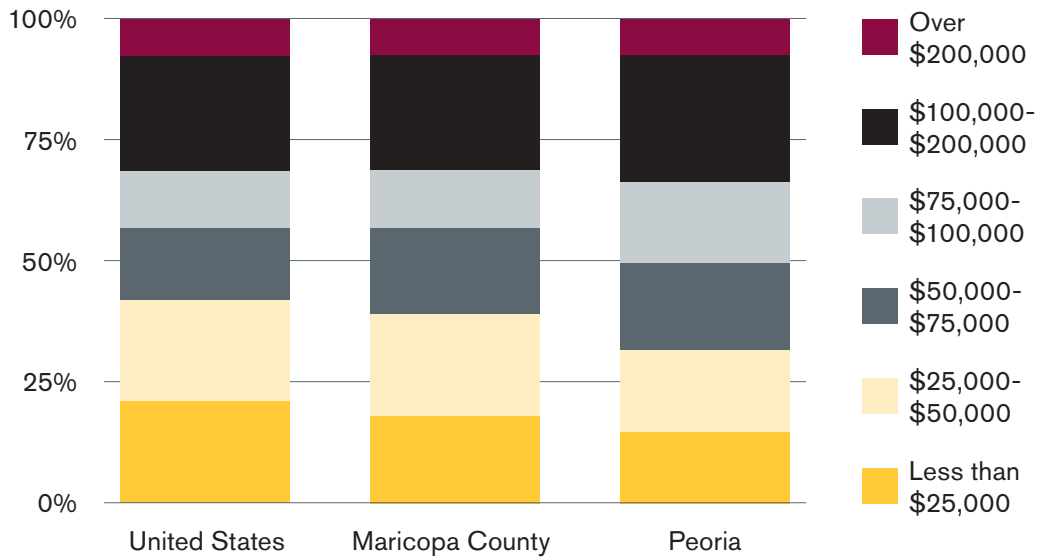


Figure 9 Peoria income distribution, from U.S. Census Bureau; Bureau of Labor Statistics

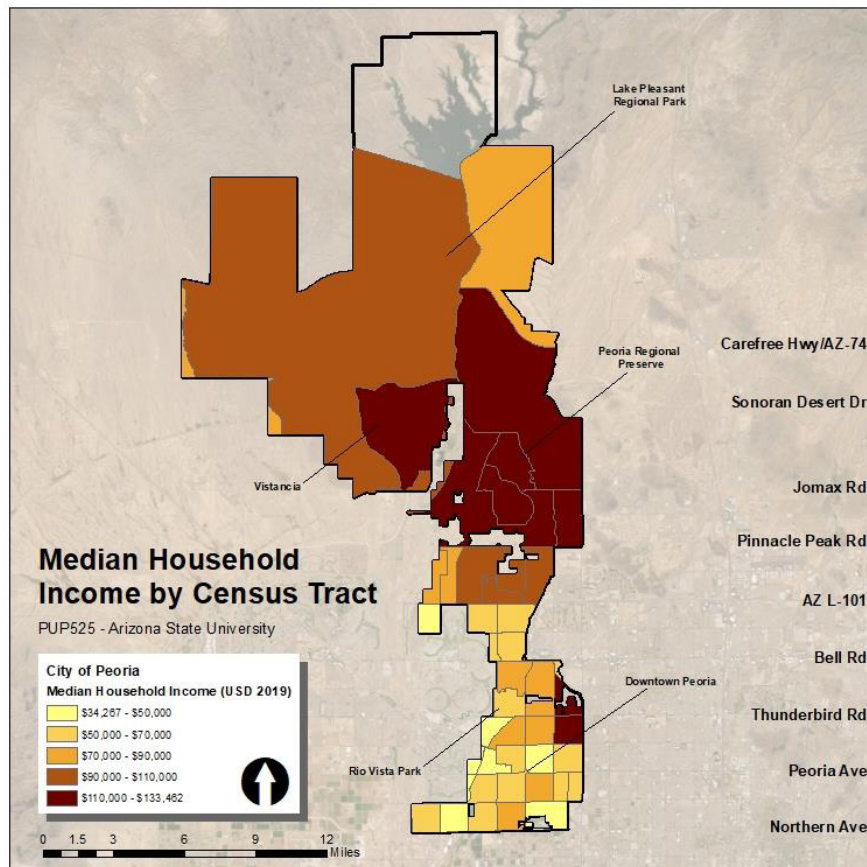


Figure 10 Peoria median household income

Household typology

The make-up of households in Peoria reflects those of a more traditional bedroom community. The proportion of married-couple households is notably higher in Peoria than those found both in Maricopa County and across the United States (~55%). Young families moving to Peoria have fueled a significant portion of the population growth in younger demographic groups in Peoria. The city has slightly lower rates of single-parent households and cohabitating couples.

Additionally, the number of people under the age of 64 living alone is lower than county and national averages. However, there are higher rates of older residents (65+) living alone, and Peoria continues to draw new elderly persons living alone.

Housing takeaway: Household type fundamentally affects a city's housing market. Given the continued trend toward married couples and families living in Peoria, housing should reflect care toward families and their needs. An array of housing types suitable for families should be provided, including single-family products for a wide range of incomes and new single-family attached and multi-family options which can accommodate families in livable environments. Additionally, as more people begin to live alone (particularly the elderly), new housing types in more amenity-rich areas will need to be provided to ensure that a high standard of living can still be achieved by those without the resources of an immediate family around them.

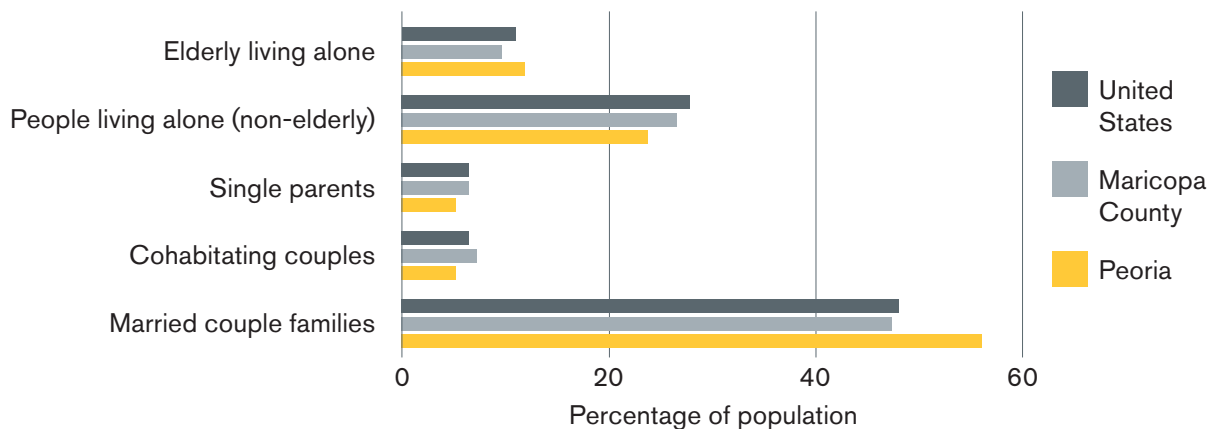


Figure 11 Peoria housing typology, from U.S. Census Bureau

Connecting Peoria's demographics to broader trends

This section discusses broader sociological trends taking place and demonstrates how conditions in Peoria connect to those trends. The section applies broader national trends to the context of Peoria's demographic and housing market characteristics, and describes many of the potential implications of these trends on Peoria's housing needs in the coming decades.

Family creation and life milestone trends

First, it is no surprise that Millennials lag behind previous generations in living with a spouse and child of their own, often called “traditional life milestones” (Ehlenz et al., 2018; Barroso et al., 2020). However, when these milestones are reached, research has shown that it is often college-educated Millennials who are attaining them. Related to this trend, the youngest emerging generational group, Gen Z, is on track to become the best-educated generation, potentially leading to higher household incomes. If this trend continues, Gen Z may be just as or more likely to get married, thus contributing to higher marriage rates. Also related to family development, couples are having less children - although some research suggests that this could be on the uptick again following the pandemic. Nationally, there has also been a downward trend in two-parent households, a trend which Peoria belies. Peoria tends to be more family-oriented, with higher marriage rates and higher household sizes compared to the region and nation.

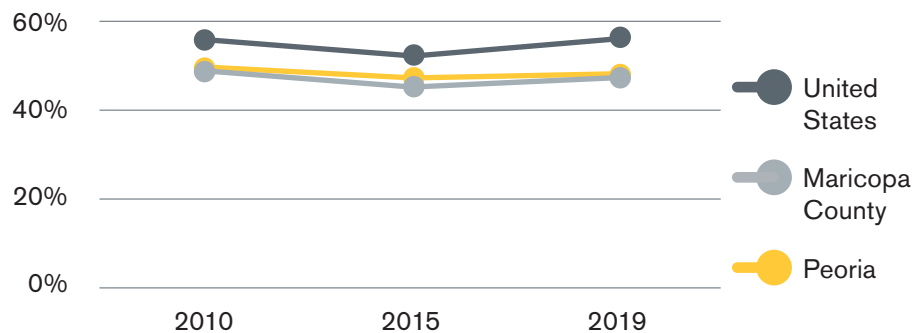


Figure 12 Proportion of households identifying as married couples (2019), from U.S. Census Bureau; Barroso et al., 2020

Average household size, 2010-2019			
Year	United States	Maricopa County, AZ	Peoria, AZ
2010	2.59	2.68	2.71
2015	2.64	2.75	2.77
2019	2.62	2.75	2.80

Figure 13 Peoria household size compared to regional and national averages, from American Community Survey 5-year estimates

Youth housing trends

National data shows diverging living trends among young, single people. Many are currently choosing to live with a spouse/partner or family members, as opposed to alone or with nonfamilial roommates (Figure 14). Some sources state that economic conditions over the past decade have made it more difficult for Millennials to maintain a financially stable life (Hadden Loh & Farrar, 2020). The combination of large student debt, tight credit and the increasing cost of housing have contributed to the largest number of young adults living with family members. Peoria’s young people follow both trends – over half of Peoria’s 18-34-year-old residents live with family or relatives, and over 35% live with a spouse/partner. As Peoria’s population of young people grows, affordable housing accommodations will need to consider how to grow alongside such trends.

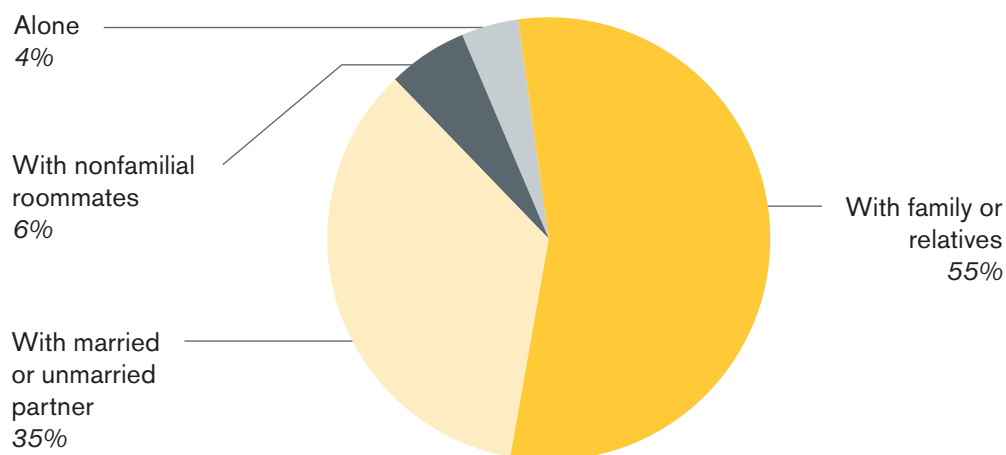


Figure 14 Living arrangements of the 18-34-year-old age group in Peoria (2019), from American Community Survey 5-year estimates, 2019

Aging in place and the complications of aging in suburbia

Older populations follow a more uniform housing trend than younger groups. The Baby Boomer generation (ages 57-75) is showing a preference for “aging in place,” often because older Americans are already comfortable with their current neighborhoods. Additionally, the spread of COVID-19 in nursing facilities has made older populations more wary of moving to such facilities (Huffman, 2021). This aging in place phenomenon has dramatically shifted suburban housing markets, making them less dynamic with less “downfiltering” occurring in local housing markets. This preference for remaining in existing suburban neighborhoods also presents a challenge in the future as older Americans age and are no longer able to drive. Suburbs were designed around vehicles as the primary mode of transportation, so the inability to drive may result in less independence and possible safety concerns. Many of Peoria’s older residents are aging in place, and the limitations of the current design pattern of many Peoria communities may become apparent as “Boomers” age.

Growing immigration and changing ethnic demographic trends

Foreign-born populations are another significant group to pay attention to, since immigration rates have steadily risen on a national scale (Cilluffo & Cohn, 2018). Peoria, on the other hand, has seen a relatively stable foreign-born population over the past decade hovering just under 10%. This is notably lower than both the county (14.8%) and the nation (13.6%), however, Peoria’s growth and decline in foreign-born populations tends to mirror regional and national trends (Figure 15).

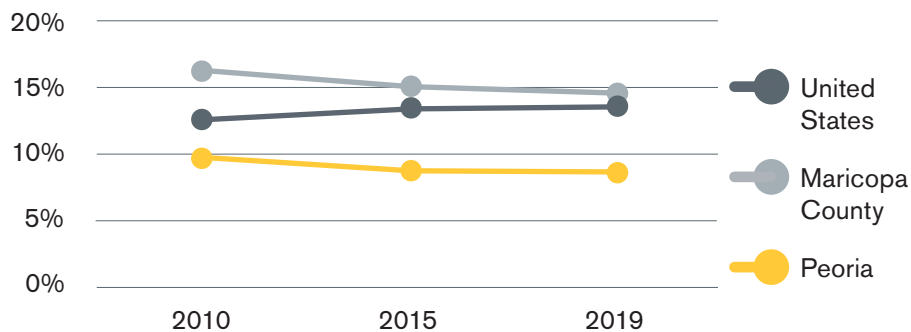


Figure 15 Foreign born population in Peoria, 2010-2019, from U.S. Census Bureau

The rise of multi-generational living

Certain trends are causing an increase in demand for multigenerational housing across the country. Young people are often remaining at home for longer, and sometimes older relatives prefer to move in with family when they can no longer "age in place," rather than live in a nursing home. As Figure 16 illustrates, Peoria skews older, with the large "Baby Boomer" population between the ages of 55 and 73 years old making up nearly a quarter of Peoria residents. As much of this generation tends to prefer aging in place, and often does not downsize, many larger family homes are kept off the market. These are homes that are great landing places for multi-generational families with young children or older parents. While this has traditionally been the life cycle of growing up and leaving home, leaving the parents as a two-person household for the rest of their lives, normal life cycles are evolving and statistics in Peoria reflect these changes.

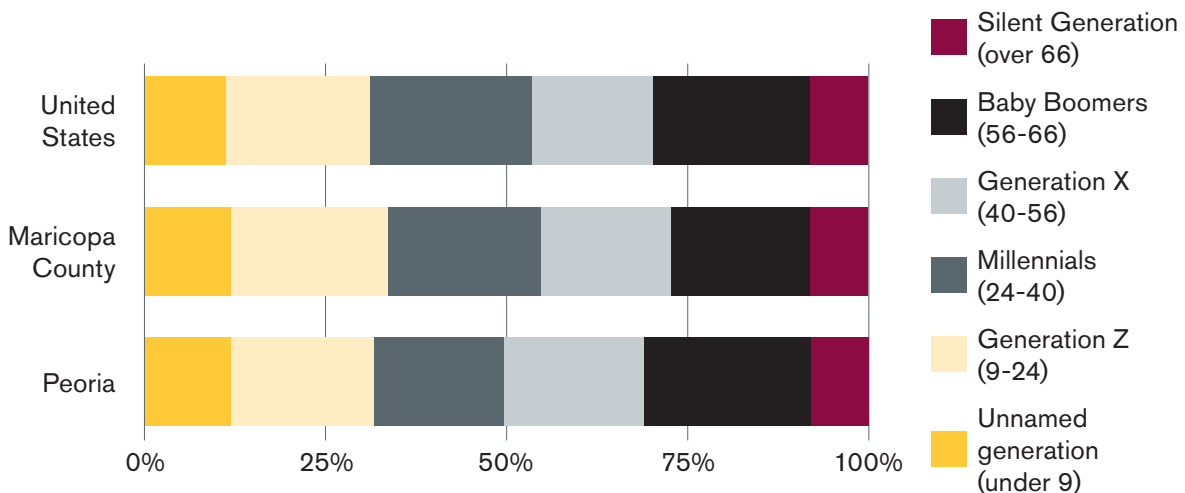


Figure 16 Peoria population by generation, from U.S. Census Bureau; Pew Research Center

Multi-generational households are shown to be on the rise in Peoria. It was found through Census data, that 8.6% of people in Peoria are living in another relative's household, signifying that there are other multi-generational housing arrangements. One example that is often referenced in the news and elsewhere is the rise of grandparent-headed households. The U.S. Census data found that in Maricopa County there are 29% of grandparents that are responsible for grandchildren in Maricopa County and 4% of grandparents live with adult grandchildren. So, many grandparents are taking care of young grandchildren, and many adult grandchildren are taking care of grandparents.

In Peoria, this type of arrangement has been steadily rising since 2010 and now there are 3,722 grandparent households raising grandchildren under 18. This data represents a clear need for multigenerational housing that may not be addressed in Peoria yet. Given the significant number of renters in Peoria with similar household characteristics, rental multigenerational housing is needed along with ownership options.

Another issue which affects multigenerational housing is the income of those living in multigenerational housing situations and increasing difficulties in accessing homes which can accommodate multigenerational living. For example, the National Association of Realtors (Housing Shortage Tracker, 2019) notes that those that make \$100,000 per year can barely afford half of the houses in the Phoenix area. Income traditionally functions as a bell curve where income rises as you get older than falls in retirement. This may explain why many “Baby Boomers” are choosing to remain in their potentially paid-off homes rather than move to a smaller home but pay a mortgage again. A salary of \$100,000 annually is often at the higher end of incomes even in middle age. A substantial number of people in all age ranges are not able to afford most houses in the Phoenix area. Middle aged people, such as those in “Generation X,” are often housing younger kids from “Generation Z,” as well as older parents like the “Silent Generation.” If an entire family only makes \$100,000, they likely will not be able to afford the larger half of houses that can accommodate their multigenerational family.

The National Association of Realtors also found that the Phoenix area has added 211,800 new jobs and only a total of 99,368 permits for new dwelling units, an imbalance also witnessed in Peoria. This affects working age people who move to the Phoenix area for job access. The imbalance of jobs and new housing unit supply pushes up the prices of rentals and buying prices alike, as demand is overwhelming supply. Such imbalances particularly affect the current working age generations, such as members of “Generation Z” entering the workforce through Gen Xers and Millennials who may be reaching the pinnacle of their careers. Finally, Pew Research found that many Millennials are waiting longer to get married and have children, so single occupancy housing is still needed in areas wherever members of the Millennial generation wish to be (Barroso et al., 2020). Connections between shifts in economic activity and affordable housing are further detailed later in this report.

New affordable housing strategies by demographic group

People in different age brackets have very different needs for affordable housing. For example, it was found through the U.S. Census that householders aged 25 and under and 65 and older have the highest percentage of households with income less than \$25,000 signifying a particular need for affordable housing for these groups. Middle aged households have the highest percentage of households with income over \$100,000 signifying that there may not be an extreme need for affordable housing for this age group.

In looking at how the current housing market would affect affordable housing by demographics, Redfin.com found that **over 30% of houses are being sold over asking price now compared to before COVID where over 40% of houses were being sold over asking price** (Housing Market Data, 2021). This high rate affects young professionals who are just beginning their careers and the elderly who are looking to downsize may struggle getting into a new home and may not have as high of income as those in the height of their career. These groups are acutely affected by limitations in affordable housing availability. Additionally, Redfin.com found that days on market are below 40 in Peoria which affects those that are younger and older will not have as much bargaining power and accessibility due to their schedules to compete to buy homes, due to traditionally having a lower income than the middle-aged cohort.

Regarding specific recent Peoria housing trends that would affect affordable housing by demographic, Redfin.com found that the median sales price in Peoria is higher than much larger cities like Chicago and Philadelphia and even the national average. High sales prices prohibit younger and older people from accessing affordable housing, as well as many of those operating on a fixed income. This could cause those searching for affordable housing to not consider Peoria an affordable housing destination. Pew Research has also found that there is a near-record buying spree of homes in the U.S., but it is **mainly those over 50 that are spurring the buying spree** (Fry, 2021), which can be attributed to their strengthened economic condition compared to younger buyers who have been more economically affected by the pandemic. Considering how new housing products and building types can be used to accommodate more affordable and flexible living arrangements tailored to specific demographic groups, students recommend that Peoria consider how to diversify its housing product availability to ensure Peoria remains an affordable community for all groups seeking to live in the maturing community.

ECONOMIC CONDITIONS AND HOUSING ANALYSIS

An assessment of economic trends in Peoria as the city evolves, and how economic growth and development are affecting housing markets in Peoria.

Assessing economic dimensions in a changing Peoria

Parallel to Peoria's robust population growth is the significant growth in industrial development and employment opportunities experienced in the area. Overall, Peoria residents' economic activity and personal prosperity are relatively high compared to other Maricopa County and Arizona cities. The unemployment rate has trended downward since 2012 and hovered at approximately 3.90% based on 2018 Census estimates (OpenGov, 2021). This is lower than both the Arizona and national average unemployment rates. The median annual household income in Peoria is \$75,323, higher than both the Arizona and national averages (Deloitte & Datawheel, 2021). However, household incomes vary widely across the city. Figure 17 illustrates the stark differences in median household income in various neighborhoods of Peoria.

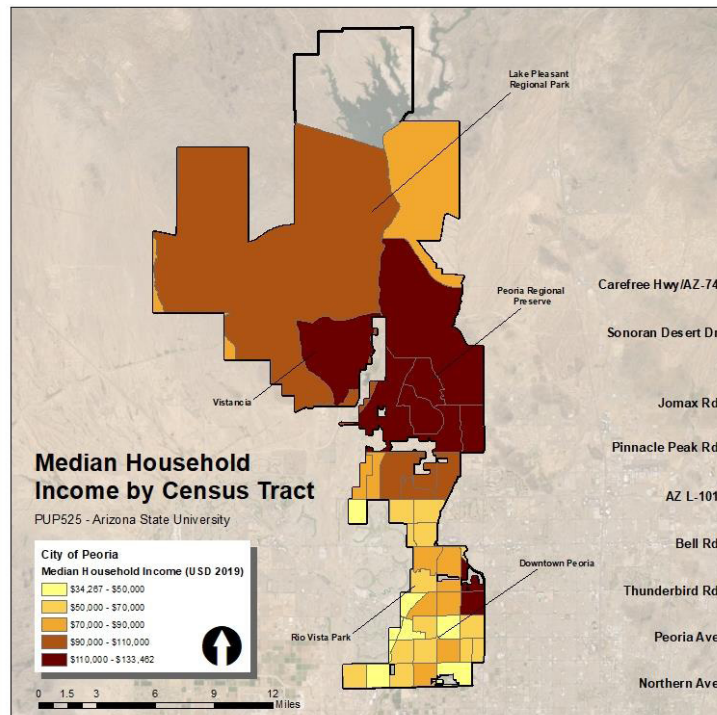


Figure 17 Peoria median household income

Opportunities for employment in the city continue to grow. From 2017 to 2018, employment grew 3.2% to include approximately 77,600 thousand individual workers employed at more than 12,060 local businesses (Deloitte & Datawheel, 2021). This accounts for 63.2% of Peoria residents over 16 who are in the workforce (U.S. Census, 2019). Figure 18 shows the distribution of employment in Peoria by industry sector. The largest employment sectors for Peoria residents are Health Care & Social Assistance (11,154 people), Retail Trade (11,206 people), and Finance & Insurance (6,871 people) (Deloitte & Datawheel, 2021). Analysis by the Maricopa Association of Governments also points to Warehouse and Distribution, Manufacturing, and Information Technology as important emerging industries in the Peoria economy (2019).

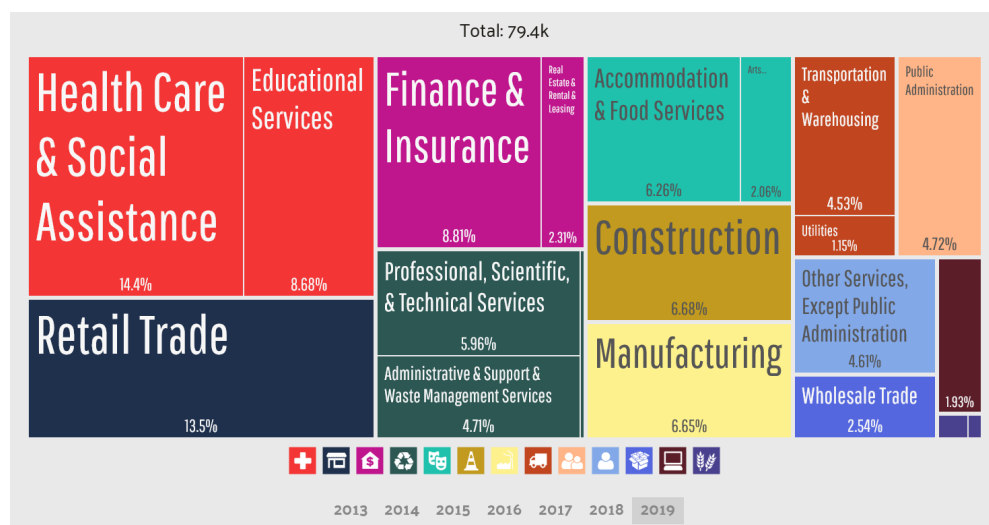


Figure 18 Largest employers in Peoria by sector, from Deloitte & Datawheel, 2021

The Maricopa Association of Governments also compiled the top occupations by median income in Maricopa County (found in Figure 19). The top 3 job sectors by earnings in the county -- computer, engineering and science; management, business and finance; and healthcare practitioners and technical – are among the top industries in Peoria, as well. Based on these factors, the City of Peoria has targeted advanced business services, manufacturing, bioscience, health care, and scientific and technical services as high growth industries for the city (Peoria Economic Development, 2021). This economic development is based first on the large number of highly skilled residents in Peoria. Based on 2015 Census data, 59% of residents 25 years and older had some college education or higher (Buss, 2021).

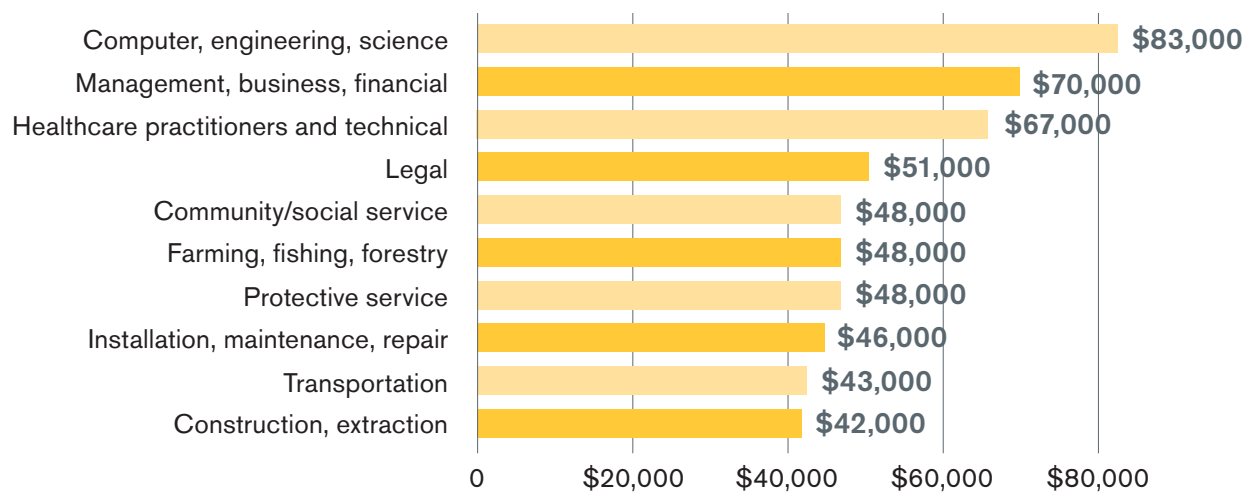


Figure 19 Top occupation categories by median earnings in Maricopa County, from U.S. Census Bureau, 2019

It is important to note that employment data is stored by residential rather than employment address, so some of these individuals may live in Peoria and work elsewhere. This reality is reflected in commute-time data for Peoria residents. The average commute for a Peoria resident is 28.7 minutes, which presents an opportunity to increase transportation connectivity to reduce added transportation costs for Peoria residents (U.S. Census, 2019). Peoria residents also telecommute at higher rates than the average American, 7.54% compared to 3.2%, respectively (U.S. Census, 2019). Given current trends due to the COVID-19 pandemic, it is reasonable to expect that the share of Peoria residents working from home will increase.

Based on the proximity to Phoenix and other large employment centers in the Phoenix metro area, it can be assumed that many Peoria residents are commuting to adjacent cities to work. Figure 20 on the following page shows a Peoria Economic Development Services map that expands the area of analysis to a 30-minute commute shed around Peoria. Peoria is strategically located near a number of highways that allow for residents to commute out and nonresidents to commute in. This location means the City will continue to benefit from the fast growing population and economy of Maricopa County at large.

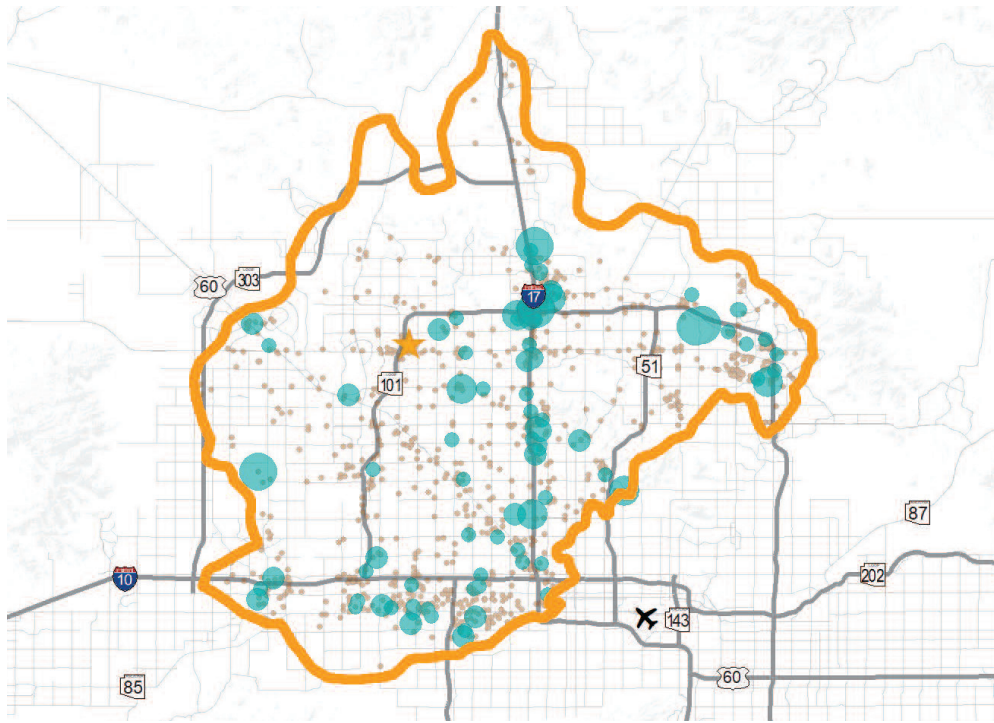


Figure 20 Employer locations in Peoria commute shed, from Maricopa Association of Governments, 2020

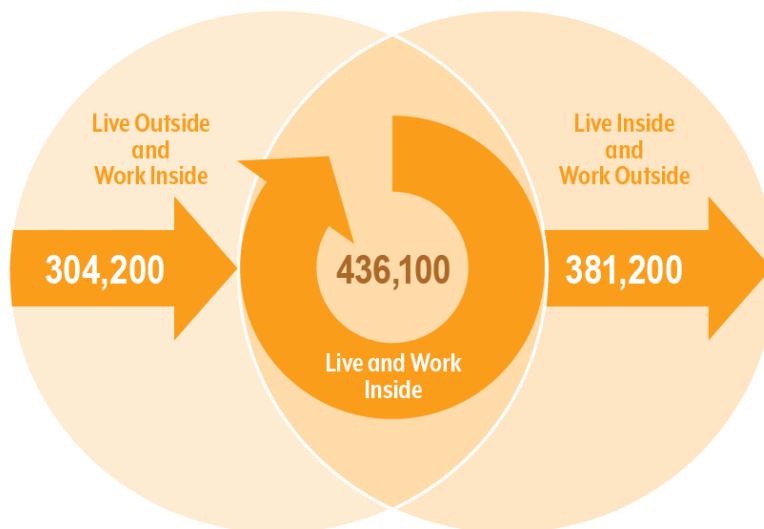


Figure 21 Origin-destination employment in Peoria commute shed, from U.S. Census Bureau, 2018

HOUSING MARKET AND NEEDS ASSESSMENT

A careful quantitative analysis of housing affordability in Peoria, with consideration of possible causes of affordability and accessibility shortcomings and opportunities for improving housing accessibility and security across the city.

Accessible housing analysis: Who is cost-burdened?

Currently, the majority of housing in Peoria is owner-occupied housing, which makes up 74.2% of the total number of households in the city. The renter-occupied housing market is comparatively much smaller, estimated to make up a still significant 25.8% of residents. Vacant households make up 9.3% of the city's total residential units, which suggests that there are vacant units available for the residents in Peoria. Many of these vacancies are rentals, which poses the question of whether or not these are enough to address the issue of affordable housing in the City of Peoria.

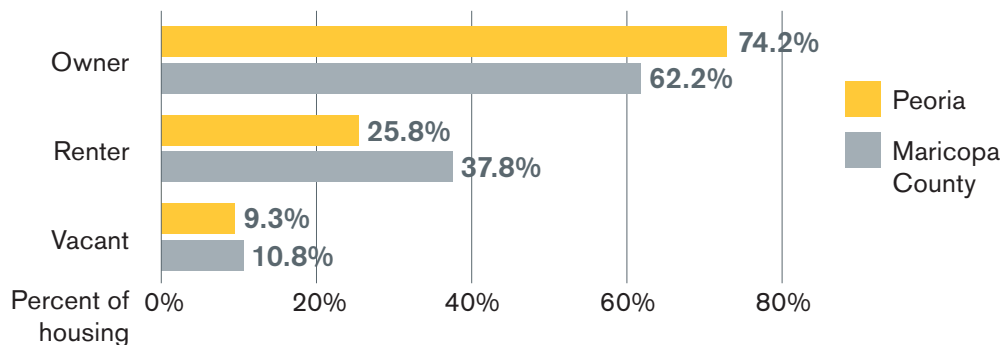


Figure 22 Housing trends between Maricopa County and the City of Peoria, from U.S. Census Bureau, 2019

According to the American Community Survey 2019 5-Year Estimates, Peoria's median gross annual rent is \$15,060 with the median household income being approximately \$75,323. Figure 23 demonstrates the breakdown of the income levels in the City of Peoria according to which an estimated 3.9% of households had an annual income below \$10,000 whereas 7.1% households earn an annual income above \$200,000 or more.

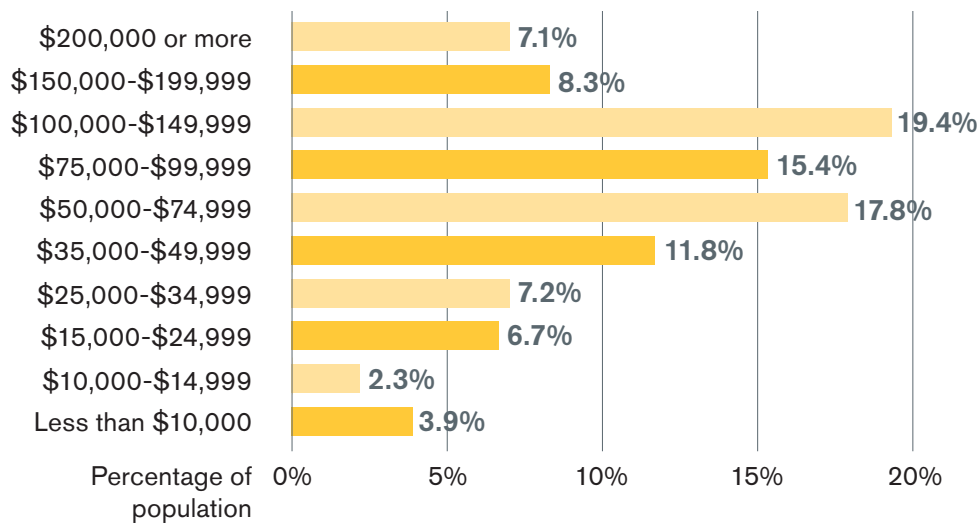


Figure 23 Peoria household income by income group between 2015 and 2019, from American Community Survey 5-year estimates, 2019

Students calculated the hourly housing wage needed to afford rent to be \$24.13, which makes the annual income to afford rent to be \$50,200. These numbers were calculated using a ratio method of measuring housing affordability similar to that used by state and federal agencies, using 30% of gross income as a threshold of becoming cost burdened. **Based on these statistics, we found out that 32% of households are cost-burdened.** This means that out of 59,659 households, 19,091 households are paying 30% or more of their annual income in rent. The gross rent normally entails the annual rent, utility payments including electricity, gas, water, sewage and any other amenities for the household (ACS 2019 5- Year Narrative Profiles). Figure 24 demonstrates that amongst the cost-burdened households, 23.7% are those who have a mortgage on their house, 12.8% are those who are without mortgage, and a very high percentage comprises renters which is approximately 53.2%.

Editor's Note

The Housing and Transportation Affordability Index utilizes the cost of housing and transportation at the neighborhood level to provide a snapshot on neighborhood affordability.

Transportation costs exacerbate struggles with affordability. According to the **“Housing + Transportation Index”** (H+T Index), the average Peoria resident spends 56% of their income on housing and transportation – an average of 30% on housing and 26% on transportation, increased by the number of long commutes taken by Peoria residents into surrounding communities. The H+T Index considers none of Peoria’s neighborhoods to be “location efficient” in reducing resident transportation costs effectively.

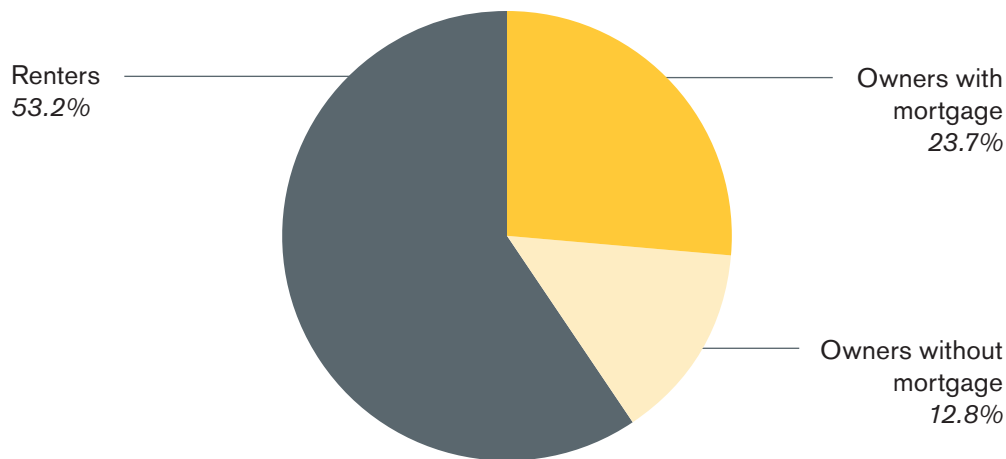


Figure 24 Cost-burdened Peoria households by housing tenure type, from ASU School of Geographical Sciences and Urban Planning, 2021

Assessing causes of cost-burdening in Peoria

A large number of residents in Peoria are cost-burdened by their housing payments. The problem of unaffordable housing payments particularly affects renters, a situation made all the more volatile by fluctuating rent costs and less stable living conditions. A number of factors in the Peoria housing market contribute to housing unaffordability in the city. In this section, these factors are identified and analyzed in detail to provide Peoria officials with tools to alleviate rising housing affordability challenges in Peoria.

Income is not keeping up with increasing sale prices.

Income levels have steadily increased over the past decade, with a marked increase of 5.7% in the city between 2017 and 2018 alone (Figure 25). However, the percentage increase of approximately 23% between 2020 and 2021 in the sale prices is far greater than the percentage increase in median household income across Peoria. Figure 26) shows the increasing trend observed in the sale price between 2016 and 2021.

Furthermore, the median sale prices of single-family homes and condo/ townhomes have also dramatically increased. Single family homes have observed a gradual increase since the end of 2020 (Figure 27) as compared to sale prices of other owner-occupied unit types (Figure 28).

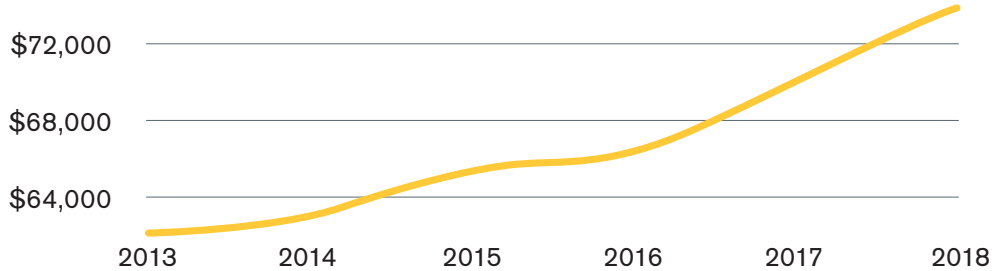


Figure 25 Median household income in Peoria, reported in 2018 dollar values, from American Community Survey 5-year estimates, 2019

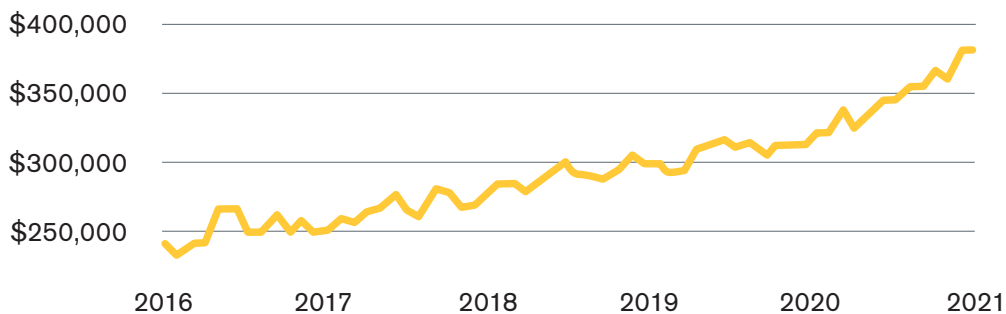


Figure 26 Median home sale prices in Peoria between 2016 and 2021, adjusted for inflation, from Redfin Data Center, 2021

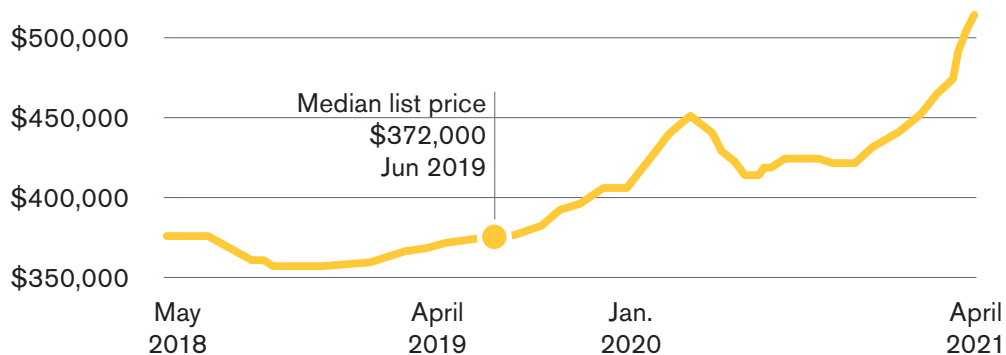


Figure 27 Median home list price trend for single family homes, adjusted for inflation, from Redfin Data Center, 2021

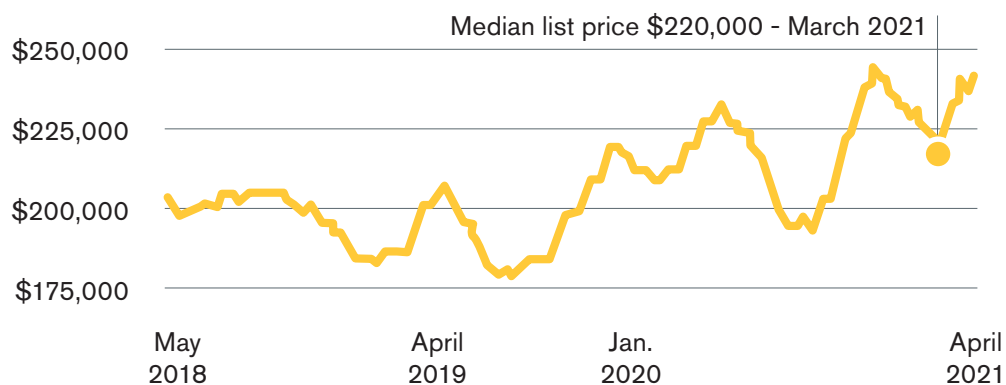


Figure 28 Median home list price trend for condos, townhomes, and single-family attached homes, adjusted for inflation, from Redfin Data Center, 2021

Increasing rents

Figure 29 demonstrates that there has been an increase in average rent for one, two, three and four bedroom units; however, there has not been a single steady increase since December 2014. All types of units have seen constant rent increases since September 2020 through March 2021, with an exception of two-bedroom units which have seen a slight decrease in average rent since December 2020. According to Zumper's annual data estimates, the median rent in Peoria for a studio apartment is \$1,708, which has been subject to an increase of 27% in the past year. For a one-bedroom apartment the median rent is \$1,283 which is 17% more than the previous year. For a two-bed apartment the average rent is estimated to be \$1,555 which has increased 14%. For three-bedroom units, rent has increased by an average of 21%; for four bedroom apartments, the rent has also increased by an average of 21%, making it \$2,170 (Zumper, 2021). While the rental unit vacancy rate remains relatively sustainable (8.8% in 2019), new units trend toward the higher-end, luxury end of the regional housing market and Peoria shares the growing pressure in the regional housing market. Pressures on rental units (and subsequently increasing rents) will only grow as constraints to access in the homeownership market become even more severe.

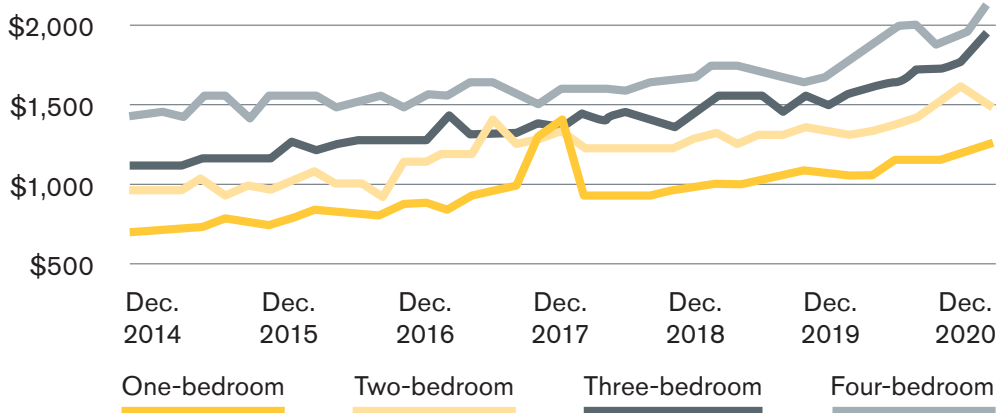


Figure 29 Trends in Peoria's average rent from 2014-2021, from Zumper, 2021

Understanding the affordability gap between need and availability

Figure 30 demonstrates that the number of houses available for sale in the Peoria market has dramatically declined since the start of the pandemic, especially in single family homes towards the end of 2020. Even though the population of Peoria is not increasing at a drastic rate, which is estimated to be 1.98% a year (Data USA), it is still increasing and by looking at the recent trends of the time period for which the houses stay on the market we can see that people are buying houses more quickly than they have since February 2021. For instance, currently the number of available single-family homes in the market is 97 as compared to 448 during June 2020.

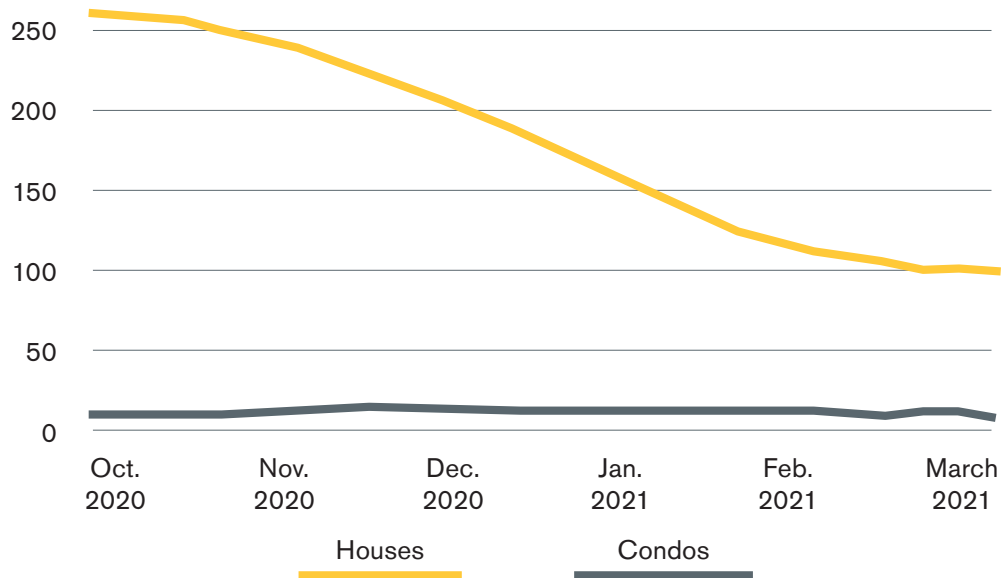


Figure 30 Trends in availability of single-family homes and single-family attached/condominium units in Peoria, from Rate.com Data Center and City of Peoria Planning and Zoning

Based on information from the 2019 ACS 5-year estimates, the total vacancy rate for all housing types in Peoria is 9.3%, which is considered a normal and stable proportion. Using data from the same source, the vacancy rate for rental housing units remains at about 8.8%, while the same figure for owner-occupied unit vacancy is a staggeringly low 1.3%. This seems to suggest that there is overall a shortage of for-sale housing in the city compared to its supply of rental units, though rents continue to climb.

An analysis of residential real estate market trends over the past several years provides a clearer overview of the situation at present. According to data from Redfin (Figure 31), Peoria housing sales have been increasing at a steady rate, from an average of about 279 homes sold per month in 2016 to 338 per month by 2020. The figure below displays this process over the course of the last five years showing a moderate rise in sales as well as seasonal fluctuations. The more striking phenomenon is the dramatic drop in residential listings that takes place during the same time (Figure 32). In 2016, there was an average of approximately 937 listings available at any given time, but in 2020 this number plummeted to 575. As of February 2021, there were only 247 homes for sale listed on Redfin. This evidence indicates a concerning lack of housing inventory for sale in Peoria, which is a likely contributing factor to growing housing costs. The most recent estimate of median home sale price is \$385,000, a large jump from the median sale price in the same month in 2016, which was \$229 thousand. In terms of rent, the median gross rent for a unit in Peoria is \$1255, which is slightly higher than Maricopa County as a whole at \$1127 based on 2019 ACS 5-Year Estimates.

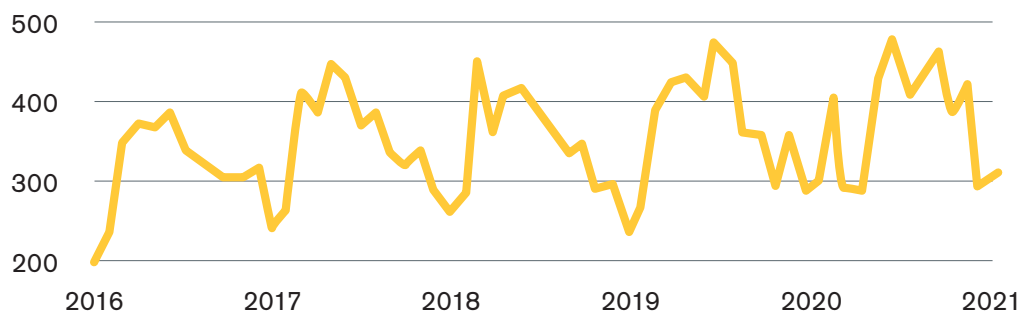


Figure 31 Completed home sales in Peoria per month, from Redfin Data Center, 2021

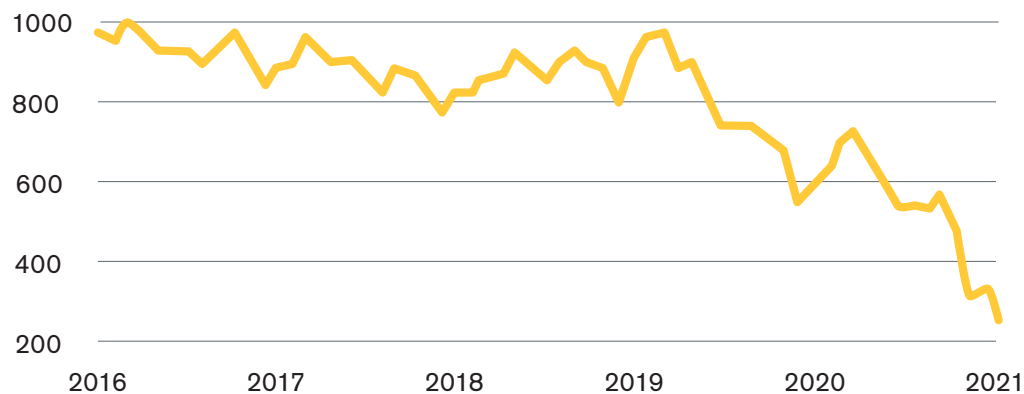


Figure 32 Trends in available residential listings in Peoria, from Redfin Data Center and Rate.com, 2021

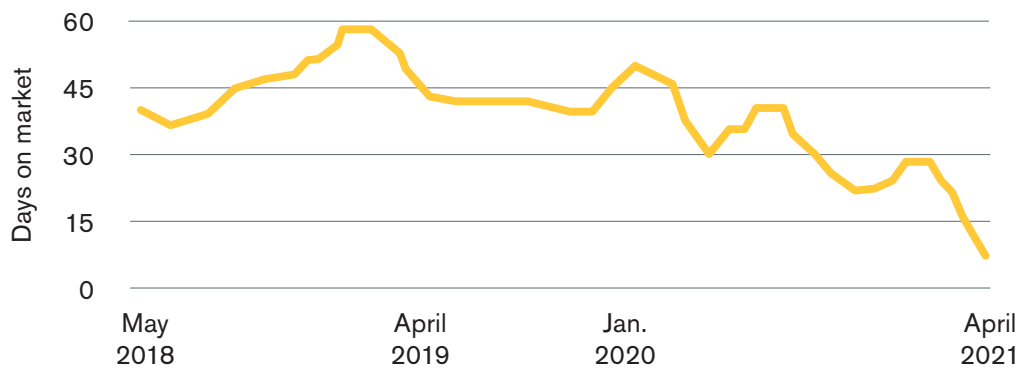


Figure 33 Days condominium units spent on the selling market, from Rate.com and Redfin Data Center, 2021

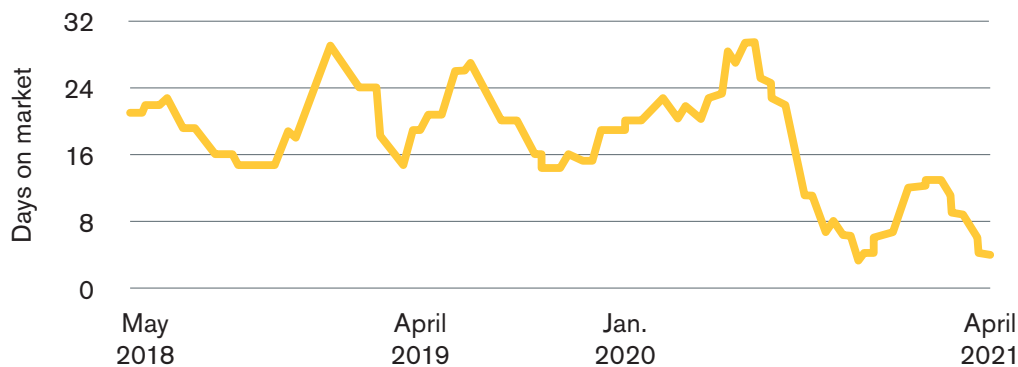


Figure 34 Days single-family homes spent on the selling market, from Rate.com and Redfin Data Center, 2021

Moreover, observing construction trends since 1939 (Figure 35), the greatest number of houses were built between 1980 and 2013. During this 33-year window, 59,815 houses were built, and only 7,383 have been constructed since 2014. While it may not be an ideal representation to compare 33 years of development to 5 years of development, these figures are still valuable. When broken down by year and population growth, the figures show the number of annual units constructed in Peoria may not be sufficient to meet market needs. This is especially true as available housing stock in all sectors falls to critical lows. It is important to note that this data does not account for any ongoing housing projects in Peoria. Large in-progress developments or expansions, such as those at Tierra Del Sol and Vistancia, may affect the broader real estate market and housing availability in an acute, short-term manner.

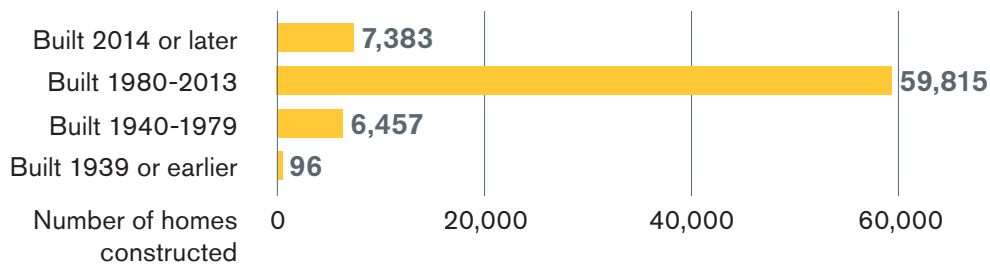


Figure 35 Number of Peoria homes constructed by defined policy era of home construction, from American Community Survey 5-year estimates, 2019

Balancing preference and housing need in Peoria

In terms of housing preferences, there is no question that detached single-family homes remain the most common dwelling type, as data from Redfin shows that this particular home type is sold more frequently than others by orders of magnitude (Figure 36). Detached single-family houses consistently sell in quantities that are nearly ten times the number of townhouse units and dozens of times higher than sales of non-traditional owner-occupied units such as condos and co-op units. As evidenced in the map Housing by Type by Census Tract, census tracts on the leading edge of new development in Peoria have residential neighborhoods which are overwhelmingly made up of single-family detached homes. Whether this truly indicates a widespread preference for single family homes or is largely the result of local zoning ordinances and regulations that restrict other types of housing is difficult to determine. Nonetheless, sales of detached single-family homes increased the most during the time period between 2016 and 2020 relative to other housing types.

Despite these figures, addressing the shortage of homes for sale in Peoria may necessitate the expansion of other styles of housing. Houses that are more space-efficient and inexpensive (especially for first-time homebuyers), such as townhomes (as previously mentioned), multifamily condominium buildings, and even accessory-dwelling units (ADUs) could prove to be financially accessible alternatives to the standard, land-intensive single-family home. The information collected from the U.S. Census Bureau and Redfin suggests that most Peoria residents seek to own their own home rather than lease, however the strained supply of housing in the city has driven prices up substantially; it may be a necessary step for the City of Peoria to begin examining the possibility of expanding the supply of alternative forms of housing in order to meet this growing demand.

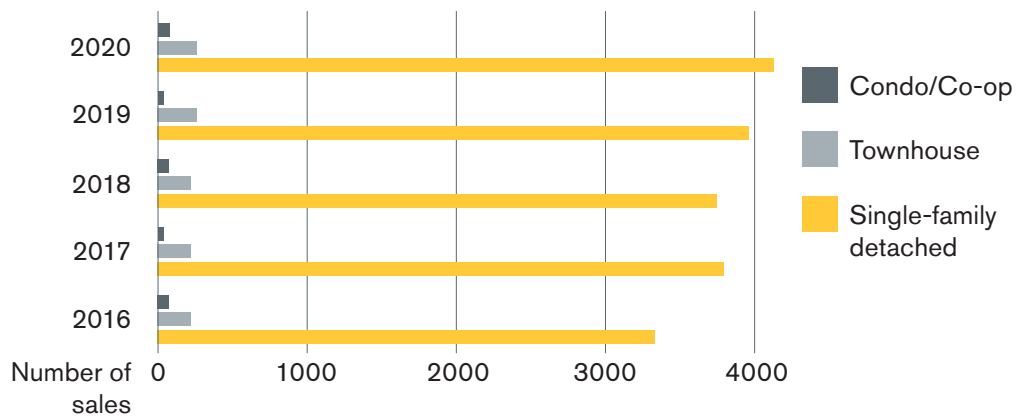


Figure 36 Peoria owner-occupied unit sales, from Redfin Data Center, 2021

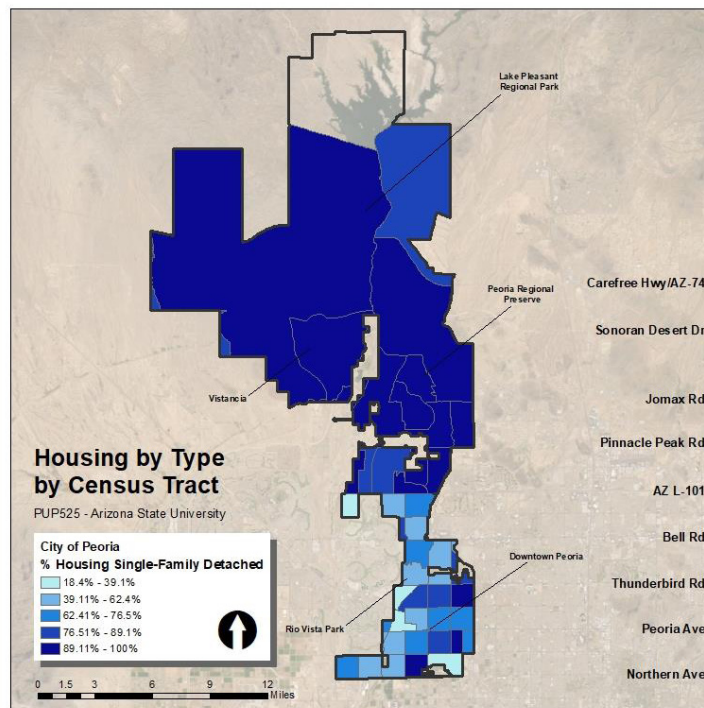


Figure 37 Peoria single-family detached housing percentage by census tract

The rising need for ADUs and hybrid single-family options

The data in Figure 38 shows over a quarter of households in Peoria have more than three individuals living in a house, amongst which the majority are households with two people. While many of these homes with greater than two individuals in the home are households with children, this is not a uniform trend.

It was also identified that over half of residents aged 18 - 34 live with their parents or other relatives in Peoria, mirroring the broader trend of adult children living with their parents and producing a large number of multi-generational families in new demographic groups. These demographic conditions, combined with the increasing pressure for more affordable housing options in settings where single-family detached living is the dominant form of housing, lend themselves to producing alternative forms of housing in Peoria's neighborhoods.

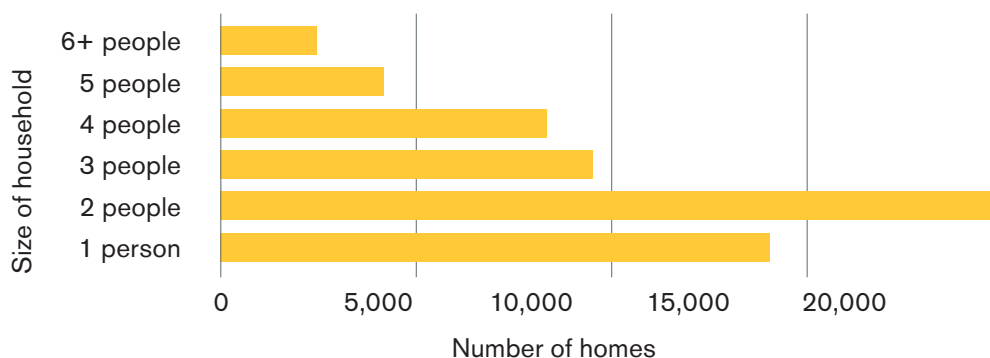


Figure 38 Number of people per household in Peoria, from American Community Survey 5-year estimates, 2019

Moreover, one-unit detached structures make up 75% of the housing stock in Peoria. As seen in Housing by Type by Census Tract (Figure 37), single-family detached homes make up large swaths of the City of Peoria, particularly in areas where construction has occurred in the past 20 years. Single-family neighborhoods, particularly those in Peoria, offer rich opportunities for alternative housing options by employing various design techniques.

Two major homebuilders in Peoria, Lennar Homes and Richmond American Homes, have begun to respond to changing demographic characteristics (namely adult children living at home and rising multi-generational homes) by offering new home models which offer partial or complete units attached to a single-family home with a separate entrance and garage access (Figure 39). These units provide independence for someone living under the same roof and sharing certain services in a home, such as a kitchen or home machinery. Promoting these housing products is a sound investment for Peoria officials, particularly as Peoria's demographics shift in ways that mirror national sociological trends and provide opportunities to house multi-generational households in a livable and attractive manner.

Additionally, single-family homes provide the structures and open yard space necessary to create ADUs. These units often function as small units on a single-family residential lot which are separate living units to be rented or occupied by owners of the property. These ADUs have been found to promote sustainable density levels without overwhelming existing single-family neighborhoods with additional traffic or structures that dominate the neighborhood environment. These units increase the stock of affordable units in an area and help take pressure off existing residential units in low-vacancy cities such as Peoria.

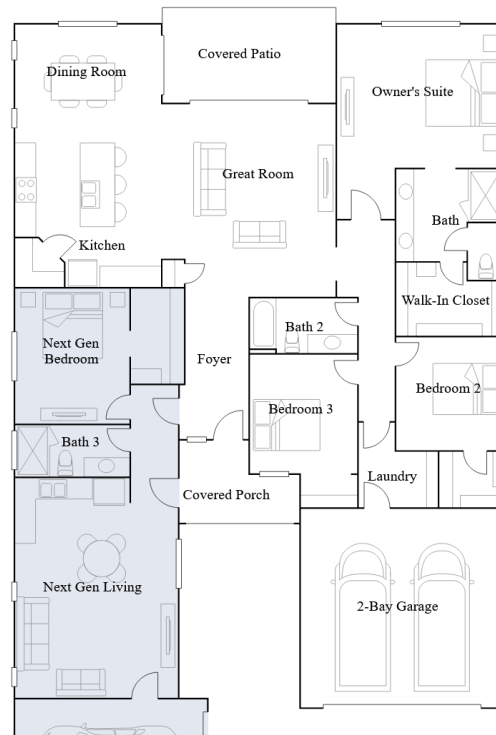


Figure 39 A typical Lennar Homes NextGen multi-generational floorplan

ADUs are best located in amenity-rich areas where some uses can be reached via active modes of transportation such as walking or bicycling, to avoid overwhelming existing neighborhoods with additional traffic and to ensure that a greater range of socioeconomic groups can benefit from these units. In Peoria, single-family neighborhoods near Downtown Peoria in the city's infill areas and emerging accessible subdivisions in amenity-rich communities such as Vistancia provide opportunities to leverage ADUs in a sustainable manner. Proper planning for ADUs and new types of housing products that promote flexibility will ensure that new housing units can be brought into the market more quickly. These units can more directly respond to the real changes in demographics and housing preferences happening in the region.

REPORT SUMMARY AND ACTION STEPS

Summarizing the major housing narratives in Peoria based on demographic, economic, and market analysis data, and providing broad action steps with demand-side, supply-side and aid-based methods.

Recommendations by observed condition

Condition	Need or recommended action
<p>Peoria is experiencing significant growth (approximately 2% per year) which extends a long-term trend of continuous residential growth since the 1970s. Growth is encountering a strained rental market and a nearly “dried up” owner-occupied housing market, causing even modest growth to produce burdens on the local housing market.</p>	<ul style="list-style-type: none"> ▪ Streamline development processes for the construction of new housing products. ▪ Seek out developers, construction companies, and other stakeholders who may be able to begin providing innovative housing types in Peoria. ▪ Reduce the impacts of COVID-19 on the housing market, including slow sales activity of existing homes and uncertainty in the selling experience during COVID. ▪ Promote increased market turnover and downfiltering using new housing products, especially given that most pandemic-related moves do not leave the city or region.
<p>Peoria is seeing growth in the 20-34 age group. These young new residents are most commonly living with family members or belong to married households seeking to purchase a home.</p>	<ul style="list-style-type: none"> ▪ Investigate the feasibility of a greater number of diverse multi-generational housing options. Examples include new construction with innovative designs, the permitting of ADUs on single-family sites near amenity-rich communities, or small multi-unit apartment complexes which can affordably keep families close together. ▪ Increase ownership opportunities for smaller units or more unique housing products which may bring prices down lower. ▪ Encourage incremental development communities to realize smaller, more pragmatically provided units.

Recommendations by observed condition (cont'd)

Condition	Need or recommended action
<p>Peoria is experiencing growth in the 50-64 age group, building on an existing large population of senior residents who live in various housing arrangements. Many elderly persons live alone, and some may be susceptible to financial insecurities in retirement.</p>	<ul style="list-style-type: none"> ▪ Investigate more amenity-rich and highly connected residential communities to accommodate older persons to age in place and not run into significant barriers (i.e. loss of ability to operate vehicles). ▪ Prepare for a trend of “aging in place,” where homes are not as readily placed onto the selling market and adding to “downfiltering” supply in the city. ▪ Encourage active lifestyles and neighborly connections through neighborhood design, and avoid isolating community designs which may harm older persons living alone. Place elderly care facilities and nursing homes in places where other places beyond the home can be reached easily, particularly in the southern portion of the city.
<p>While Peoria overall is slightly more affluent than neighboring communities, Peoria has a significant number of low-income residents concentrated in the southern portion of the city, a number which is growing as the city’s services and economic activity diversifies.</p>	<ul style="list-style-type: none"> ▪ Develop housing affordability programs, particularly in a competitive housing market which disproportionately limits the mobility and access of low-income individuals. ▪ Increase access to high-quality amenities and services in the southern portion of the city where large numbers of low-income residents reside.
<p>Housing prices in Peoria, for rental and owner-occupied units, are increasing much faster than increases in wages and household income, even as economic development continues to expand in Peoria and favor well-paying job sectors.</p>	<ul style="list-style-type: none"> ▪ Continue to embrace a holistic approach to community development, improving access to good paying jobs and basic economic activity while promoting increased housing supply and a more diverse array of housing products which may be more accessible for a greater number of residents.
<p>Telecommuting has doubled in recent years, increasing to approximately 8% of Peoria residents during the COVID-19 pandemic.</p>	<ul style="list-style-type: none"> ▪ Continue to plan for a city which embraces a future of telecommuting – designing neighborhoods which put people closer to amenities and neighborhood services.

Recommendations by observed condition (cont'd)

Condition	Need or recommended action
<p>Peoria is a bifurcated city – many of its wealthy, white residents live in the northern half of the city, while the less affluent and non-white populations live in the southern half of the city. The median income in census tracts in the northern half is three times greater than those in the southern half.</p>	<ul style="list-style-type: none"> ▪ Use the downtown Peoria area as an opportunity for empowering economic development and neighborhood amenity development. ▪ Encourage a development pattern of incremental development and “patterned growth,” allowing areas to continue to build upward to a certain degree and replicate successful projects without new greenfield construction elsewhere in the city.
<p>Cost-burdened living is a reality for many Peoria residents; while only 25% of Peoria residents are renters, approximately 53% of these renters are paying more than 30% of their income on housing.</p>	<ul style="list-style-type: none"> ▪ Transportation costs exacerbate housing inaccessibility and unaffordability. Use mixed-use development opportunities, such as planned development around the L-303 North freeway, to reduce travel times and costs for local residents reaching jobs or services. Ensure these areas are “location efficient.” ▪ Audit development costs and how new development costs are passed onto the new tenant, particularly in rental properties. Consider how parking and land use regulations limit the financial accessibility of final products on rental properties. ▪ Provide supplemental rental assistance for at-risk renters and support non-profit or small-property landlords attempting to maintain properties during a pandemic.

Recommendations by observed condition (cont'd)

Condition	Need or recommended action
<p>Owner-occupied housing is at a critically low supply level with a vacancy rate of 1.1%. Peoria is quietly experiencing economic drag and extreme housing market conditions (doubling sale prices, “sight unseen” purchases, near-zero supply).</p>	<ul style="list-style-type: none"> ▪ Streamline the development process for new owner-occupied units, particularly those which provide new product types and encourage long-term community sustainability. Promote “downfiltering” by expanding unit types and encouraging appropriate alignment between housing unit and income level. ▪ Diversify available owner-occupied product and ensure older product is not falling into disrepair or becoming obsolete.
<p>The need to build new multigenerational housing is growing dramatically as the confluence of multiple demographic trends emerges: young people living with parents or grandparents, older Americans “aging in place” and older Americans avoiding a more traditional cycle of nursing and palliative care.</p>	<ul style="list-style-type: none"> ▪ Construct new-build multigenerational housing using new, innovative housing products from major homebuilders and regional architects. ▪ Promote ADUs and flexibility on single-family residential lots to add units and multigenerational additions without overwhelming existing neighborhoods. ▪ Promote mixed-income and mixed-housing type neighborhoods which allow families to live close to one another and easily care for one another ▪ Include multi-generational options for renters as well, given the large number of renters in Peoria, via ADUs or single-family rental properties.

Conclusion

Peoria has many competing demographic pressures affecting the community as it grows into a mature center of economic and social activity in the West Valley. It is important to consider a wide range of solutions for building an affordable, durable and livable housing market in the face of changing demographic and economic conditions. **Solutions will need to come in a variety of forms**, including in the form of demand-side solutions (experimenting with new housing types and encouraging new living patterns over time), supply-side solutions (producing new housing, increasing access to types of housing in demand, lowering barriers to their development) and aid solutions (providing assistance for struggling residents, building a housing safety net, etc.). The findings of this report are summarized and basic solution types are prescribed in the previous recommendations tables. This information is intended to assist Peoria decision-makers in growing affordable housing stock throughout the community in an equitable, sustainable manner.



Figure 40 Hiking in Peoria with local neighborhoods in the background, by City of Peoria

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*To access the original student reports, additional materials, and
resources, visit:*

links.asu.edu/PCPeoriaHousing21S

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The following report summarizes and draws highlights from work and research conducted by students in PUP 580 Planning Workshop, for the Spring 2021 partnership between ASU's Project Cities and the City of Peoria.

To access the original student reports, additional materials, and resources, visit:

links.asu.edu/PCPeoriaHousing21S

PART 3:

Room to Grow: Accessory Dwelling Unit Policy

**RECOMMENDATIONS TO FOSTER SUSTAINABLE HOUSING
GROWTH THROUGH ACCESSORY DWELLING UNITS**

**PUP 580:
PLANNING WORKSHOP**

**SCHOOL OF GEOGRAPHICAL SCIENCES AND
URBAN PLANNING**

**FACULTY
MEAGAN EHLENZ**

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BACKGROUND

What is an ADU?

ADU stands for Accessory Dwelling Unit, a secondary dwelling with individual living facilities such as a kitchen, bathroom, and other facilities in a relatively small, fully amenitized unit. ADUs are typically additional structures or transformed spaces within a single-family home or lot. They may be more commonly referred to as granny flats, in-law houses, backyard cottages, or guest houses.

Types of ADUs

Internal

Converted Basement
Converted Attic

Attached

Addition
Conversion of Attached Garage

Detached

Freestanding Backyard Structure
Detached Garage Conversion
Detached Garage Addition

Process

Community profile

Analyzes the demographic makeup of Peoria to better understand local housing needs and establish a comprehensive community profile of the City.

Literature review

Analyzes existing literature and research on Accessory Dwelling Units (ADUs) for common themes and background information.



Figure 1 ADU types, featuring internal (top), attached (center), and detached (bottom)

Stakeholder engagement

Provides an overview of a qualitative analysis with stakeholders in the form of focus groups and individual interviews, as well as a comprehensive analysis of the data gathered with inductive content analysis to create themes and sub-themes that relate to the comments received.

Case study overview

Provides a brief summary of the case study selection process and provides general key takeaways from national and state level case studies.

Detailed case studies

Provides a detailed overview of each selected city's ADU policy and highlights city specific takeaways and key observations.

Recommendations & conclusion

Synthesizes the research outlined in the prior chapters in order to identify best practices and other important considerations from which the City of Peoria can draw as it introduces its policy for ADUs.

CHAPTER 1: INTRODUCTION

During the Spring 2021 semester, graduate students enrolled in the Planning Workshop in the Master of Urban and Environmental Planning Program (MUEP) at ASU's School of Geographical Sciences and Urban Planning (SGSUP) worked in conjunction with the City of Peoria (AZ) to address a real-world planning problem. The partnership was facilitated by ASU's Project Cities program, which matches ASU courses with community partners to address a range of local challenges. The course fulfills SGSUP's requirement that second-year MUEP students complete a culminating project, which promotes an opportunity for students to have an integrative academic and professional planning experience with a client.

The Spring 2021 Planning Workshop collaborated with the City of Peoria's Planning and Zoning Department to research the opportunities and constraints associated with Accessory Dwelling Unit (ADU) policies, and examined the role they could play in meeting Peoria's housing needs.

The students employed a range of planning skills to establish a sound planning document, including background research, developing a community profile, stakeholder engagement, and peer city case studies to deliver final recommendations to the City of Peoria.

This report represents the culmination of the Planning Workshop team's efforts and proposes guidance for Peoria's Planning and Zoning Department as they consider future ADU policies. The report highlights: stakeholder perspectives from City of Peoria leaders, staff, local developers, and affordable housing organizations; a series of case studies that examine ADU policies in similar cities, within Arizona and across the US; and best practices and considerations for Peoria as they explore ADU policy.

Chapter 1 introduces the City of Peoria, as well as additional information about ASU's Planning Workshop. This chapter also encapsulates the primary goals which advanced the progression of this project.

1.1 Introduction to Peoria

The City of Peoria was founded in 1886 and incorporated in 1954. Now Grand Avenue, Peoria was developed along one of the main routes from Phoenix to the gold mines of Wickenburg. In the 1950s, an economic boom occurred through the Valley. The postwar construction boom set the stage for Peoria to become the suburban oasis it is today. Currently, Peoria is the sixth-largest city in Arizona with respect to land area, at 179 square miles (U.S. Census Bureau, 2019). As of 2019, approximately 175,000 people are currently residing in the city (City of Peoria: General Plan 2040, pp.2-4). In relation to Phoenix, Peoria is about a 30-minute drive northwest of Phoenix. With easy highway access along State Route 101, Peoria is relatively accessible to several cities in the region, including Downtown Phoenix amenities, making it a popular suburban area. Peoria hosts its own amenities and attractions in three entertainment districts: P83, Park West, and the "Four Corners."

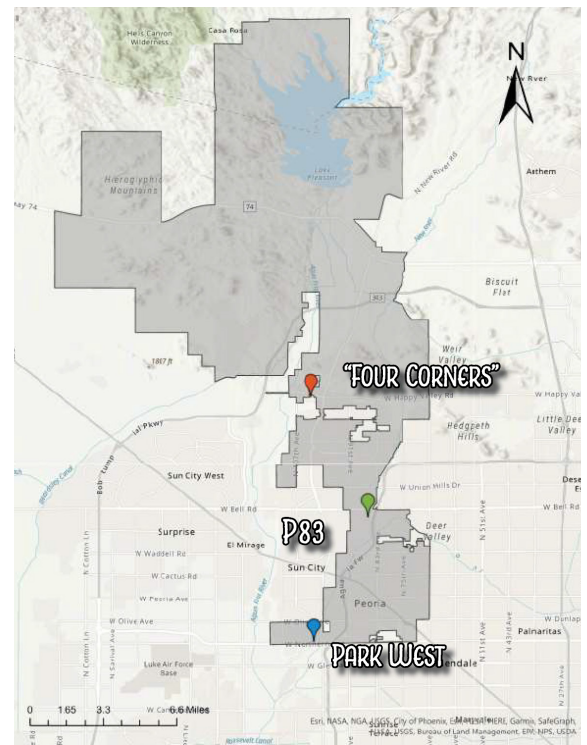


Figure 2 Map of Peoria's top entertainment and shopping districts, by T. Penton

The P83 Entertainment District is centrally located just east of Loop 101, or Agua Fria Highway, and south of Bell Road (Figure 2). The district consists of mixed-use developments including various bars, restaurants, retail, and lodging areas. The Peoria Sports Complex, a baseball complex that is home to both the San Diego Padres and Seattle Mariners, is located in P83. Additionally, the P83 district is bordered by the North Valley Power Center and the Arrowhead Crossing shopping centers. Park West is designated as a lifestyle shopping center and consists of over 30 restaurants and shops (City of Peoria, n.d.). It is situated within minutes of the Arizona Cardinals Stadium, the Westgate Entertainment District, and Tanger Outlets (a retail outlet center). Furthermore, it is just west of the newly constructed Desert Diamond Casino, Peoria Crossing shopping center, and Loop 101. As of 2021, Park West has become home to a new concept called Popup Peoria. A collaboration between the City of Peoria, CIRE Equity, and the J. Orin Edson Entrepreneurship and Innovation Institute at Arizona State University has led to the introduction of a combined community space with popup retail and boutiques (City of Peoria, n.d.). This public-private collaboration is intended to bring a unique experience into Peoria and “curates stronger community partnerships while offering interesting programming in a unique and fun environment for the benefit of Peoria residents” (City of Peoria, n.d.).



Figure 3 P83 entrance signage (left) and Peoria Sports Complex (right), by City of Peoria

The “Four Corners” is located in the northern part of Peoria. It has been dubbed the “Four Corners” due to its location that consists of the Pleasant Towne Center (northwest corner), Lake Pleasant Crossing (northeast corner), Lake Pleasant Pavilion (southwest corner), and Mountainside Fitness plaza (southeast corner). The “Four Corners” is a popular shopping center for residents within the Lake Pleasant and Happy Valley communities; due to its proximity to Lake Pleasant, it is often a stop for tourists as well.

Peoria's economic sectors are diverse, including healthcare, advanced manufacturing, retail trade, arts, and entertainment industries. With various retail trade, arts, and entertainment facilities, the City of Peoria's thriving entertainment districts are some of the most affluent and vibrant areas within the West Valley. Additionally, Peoria is home to several major healthcare providers within the West Valley, including: Cigna Medical Group, Honor Health, and, recently, Valleywise Health. Peoria is also an incubator hub for unique industries, including Maxwell Technologies, and TYR Tactical which has opened a 76,000 square foot manufacturing facility that produces body armor for the police and military.

Until recently, Peoria was classified as a low-density suburban community. Over the last few years, the population has grown exponentially, and the city has started to see more medium-density and mixed-use development options. These developments have started to shift the affect of Peoria overall, adding new opportunities. Peoria has also incorporated a series of unique design features based on the "growing smarter" legislation, aimed at addressing rapid growth within the Valley, including fostering a sense of community and identity through placemaking on public and private lands. In addition, the City of Peoria has prioritized sustainable design practices and increased connectivity as means of managing new growth pressures. These features have led to an increase in mixed-use development, as well as improved pedestrian experiences and livability efforts.

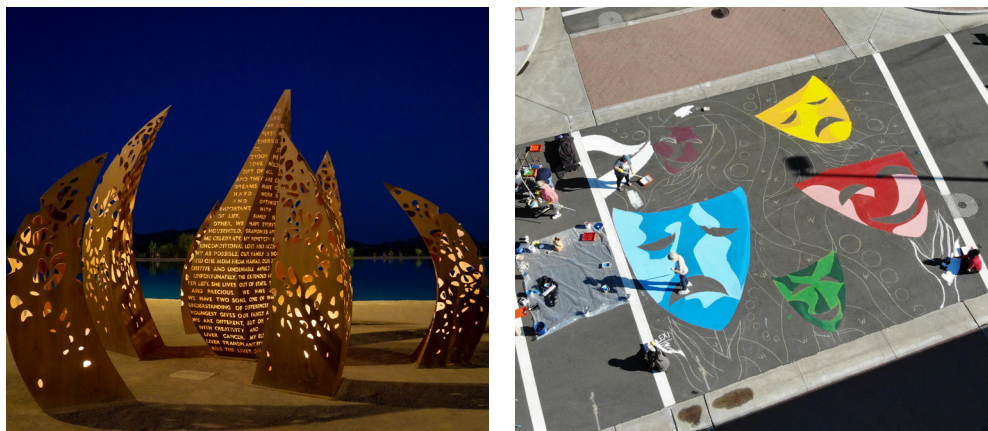


Figure 4 Public sculpture at Paloma Park (left) and intersection painting project (right), two examples of placemaking and community identity efforts in Peoria, by City of Peoria

Recently, Peoria has also adopted its Livability Initiatives within its General Plan, which serve as a strategic guideline for planning and visioning to foster “a safe, connected, engaged, vibrant, and livable community that emphasizes fiscal responsibility and thoughtful growth to ensure a healthy city for all citizens” by 2040 (City of Peoria: General Plan 2040, pp.1-6). The Livability Initiatives include: 1) Arts, Cultural and Recreational Enrichment, 2) Economic Prosperity, 3) Smart Growth, 4) Healthy Neighborhoods, 5) Superior Public Services, and 6) Integrated Transportation (Figure 5) (City of Peoria: General Plan 2040).






Theme	State Law Required Topic	Optional Topic
 Economic Prosperity	<ul style="list-style-type: none"> • Rehabilitation & Redevelopment 	<ul style="list-style-type: none"> • Economic Development
 Smart Growth	<ul style="list-style-type: none"> • Land Use • Housing • Growth 	<ul style="list-style-type: none"> • Cost of Development
 Integrated Transportation	<ul style="list-style-type: none"> • Circulation • Bicycling 	
 Healthy Neighborhoods	<ul style="list-style-type: none"> • Neighborhood Preservation • Open Space • Environmental Planning 	<ul style="list-style-type: none"> • Community Wellness
 Arts, Cultural and Recreational Enrichment	<ul style="list-style-type: none"> • Historic Preservation • Recreation 	<ul style="list-style-type: none"> • Arts and Culture • Education • Library
 Superior Public Services	<ul style="list-style-type: none"> • Public Safety & Facilities • Public Buildings • Safety 	<ul style="list-style-type: none"> • Water Resources • Energy

Figure 5 City of Peoria's Livability Initiatives, from Peoria General Plan 2040

1.2 Scope of work

During Spring 2021, Planning Workshop students worked with city staff to research ADU policy best practices and mold recommendations based on their findings. The team’s analyses aim to help steer future development by creating a vision for new housing options in the context of Peoria. The team’s research is comprised of six major components:

1. Organizing a community profile of Peoria;
2. Background research and literature review;
3. Engaging with stakeholders:
4. Researching peer city case studies in Arizona;
5. Researching peer city case studies nationally;
6. Drafting recommendations for the City of Peoria.

As a growing suburban community, Peoria strives to enact an ADU ordinance which will diversify housing stock and improve affordability. The recommendations structured by student research offer guidance to Peoria while shaping its ADU policy to fulfill community visions.

1.3 Introduction to chapters

The Planning Workshop's ADU research highlights an iterative process with multiple elements to guide policy recommendations that contribute to Peoria's long-term housing goals. This report provides background information, before summarizing our original research and final recommendations. The remainder of this report unfolds as follows:

Chapter 2: Community profile

Analyzes the demographic makeup of Peoria to better understand its housing needs and establish a comprehensive community profile.

Chapter 3: Literature review

Analyzes existing literature and research on ADUs for common themes and background information.

Chapter 4: Stakeholder engagement

Provides an overview of a qualitative analysis with stakeholders via focus groups and individual interviews, as well as a comprehensive analysis of the data gathered with inductive content analysis to create themes and sub-themes that relate to the comments received.

Chapter 5: Case study overview

Provides a brief summary of case study selection process and general key takeaways from national and state level case studies.

Chapter 6: Detailed case studies

Contains case study reports that provide a details of each city's ADU policy and highlights city-specific takeaways and key observations.

Chapter 7: Recommendations & conclusion

Synthesizes the research in prior chapters to identify best practices and important considerations from which Peoria can draw as it introduces its policy for ADUs.

CHAPTER 2: COMMUNITY PROFILE

2.1 Introduction

A prerequisite for effective city planning is having a thorough understanding of the attributes that make up the local population. This enables planners to draft plans with a higher degree of specificity to the demands of those individuals who are, or will be, occupying the area. Since the real estate market is immobile and durable, it is important to enable the construction of physical infrastructure that meets the populations present and future needs insofar as a practical analysis can foresee.

Housing affordability is a function of the real estate market, which encompasses the mechanics of supply and demand as it pertains to the allocation of physical space and how that space is utilized via the implementation of physical infrastructure. The demand for housing specifically is dependent on the number of people who seek to occupy a given area. Fundamentally, this is driven by affordability, accessibility, and employment opportunities. In the case of Peoria, the population is growing, so the demand per habitable unit-of-space within the jurisdiction is also increasing.

ADUs are one style of dwelling unit that can be added to Peoria's housing supply, helping to meet a segment of the growing demand for housing and relieve the upward pressure on home prices. To better understand Peoria's housing needs, the Planning Workshop team compiled a community profile of the city. This profile consists of data derived from the US Census Bureau's 2015-2019 American Community Survey (ACS) 5-year estimates across several variables, which the team analyzed and summarized with tables, charts and maps for clarity.

2.2 Land Use

According to the Maricopa Association of Governments (MAG) Land Use Explorer, the municipal planning area (MPA) for the City of Peoria is 204 square miles, or over 130,000 acres. As of 2019, three quarters of the land area within the MPA is either vacant (33.4%) or designated open space (41.8%). The third highest land use is single-family residential (15.3%). No other land use exceeds even 5% of the existing area. These other land uses include: employment (5.7%), transportation (2.6%), multi-family residential (0.7%), and agriculture (0.6%).

However, buildout projections provided by the MAG Land Use Explorer for the Peoria MPA assume that all land currently designated as vacant or agriculture will be ultimately repurposed for other uses. As of 2019, MAG projects that open space will remain the largest land use in Peoria at buildout (46.4%). The second largest land use will be single-family residential (38.1%). No other land use is projected to exceed 10% of the MPA. In descending order, these land uses will be: employment (9.9%), transportation (2.7%), commercial (2.1%), multi-family residential (1.8%), and mixed-use (1.1%). Figures 6 and 7 offer a visual comparison of the existing and projected future land uses of Peoria as provided by MAG.

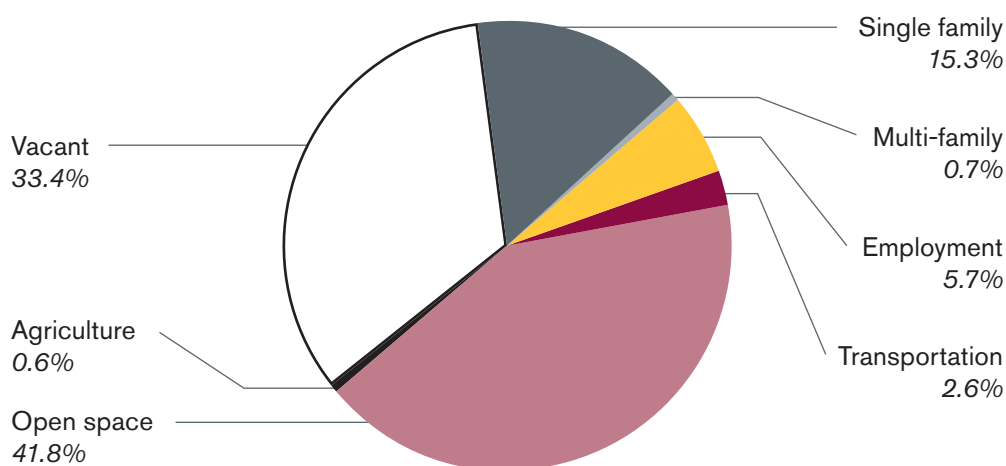


Figure 6 Existing land use in Peoria MPA, from MAG

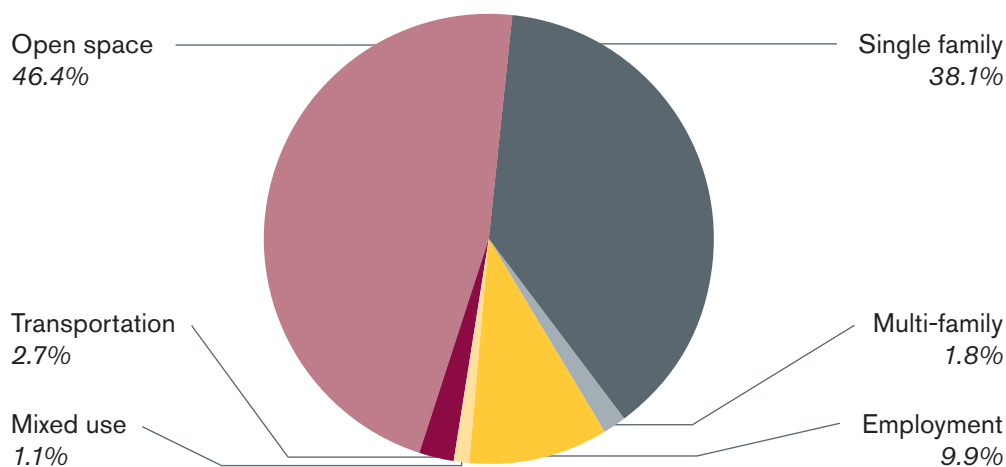


Figure 7 Projected future land use in Peoria MPA, from MAG

These projections assume that Peoria's plan is to continue growing and developing in a way that emphasizes the preservation of open space and single-family residential neighborhoods. However, it is important to note that Peoria has updated its General Plan since MAG released its latest land-use projections. Voters overwhelmingly approved the plan update, "General Plan 2040," in November 2020, including updates to the City's land-use map and strategies. While the General Plan does not provide numerical or percentage figures for its land-use categories, it is possible that the future allocations of land uses are revised from the figures provided by MAG. For example, the General Plan makes repeated reference to "smart growth" and mixed use development, and adopts several policies that seem to encourage increasing the allocation of land for mixed uses throughout the city (perhaps well above the 1.1% figure cited by MAG). Figure 8 shows the future land use map (FLUM) provided in the General Plan (3-7). More detailed discussion of the General Plan will follow later in this chapter.

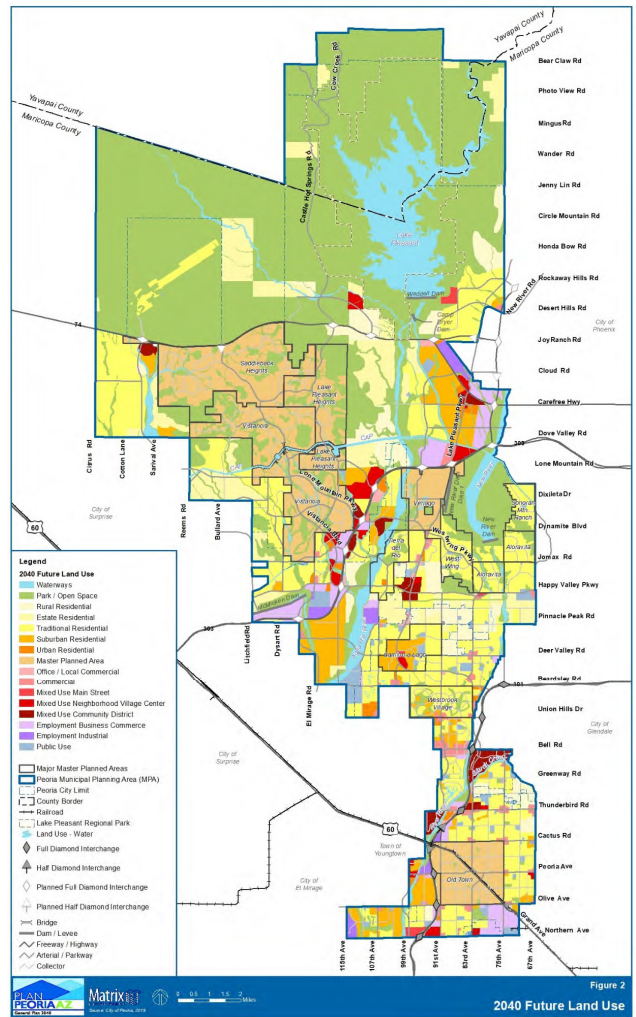


Figure 8 Future land use map of Peoria MPA, from Peoria General Plan 2040

2.3 Demographic information

This section summarizes Peoria's basic demographic characteristics, primarily drawing from U.S. Census and American Community Survey (ACS) data.

2.3.1 Population

Per ACS 1-Year estimates, Peoria's population is estimated to have increased from 148,702 in 2010 to 168,196 in 2019 (see Figure 9). This represents an increase of 13%, or an average 1.4% per year. A longer term trend going back to 1990 can be seen in Figure 9, as provided by the Maricopa Association of Governments (MAG).

These trends, combined with the overall county and regional growth trends (Figures 6 and 7), suggest that the city's population growth will continue for the foreseeable future. This assumption is further supported by the most recent population projections released by MAG in 2019, which currently predict that Peoria will reach a population of 287,400 by 2050 within the current city limits—an increase of 71% from 2019, or an average of 2.3% per year. Therefore, as Peoria continues to attract new residents, it is safe to assume there will also be increased demand for additional places to eat, sleep, live, work, and play.

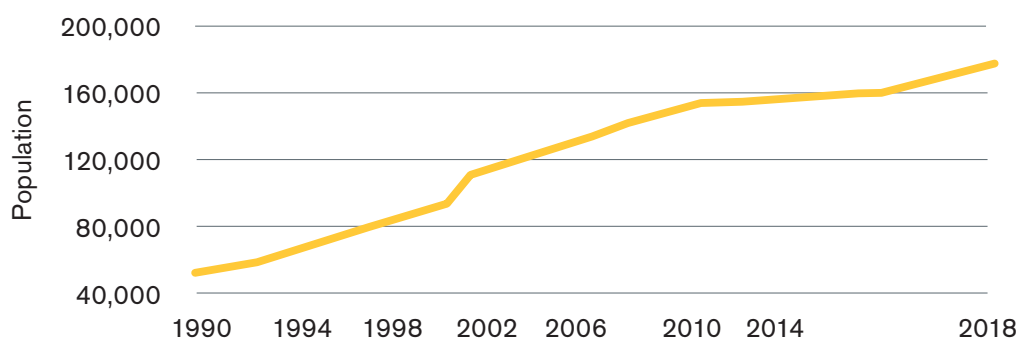


Figure 9 Peoria population from 1990-2018, by MAG
 Note: MAG displays a 30-year trend of population growth in Peoria

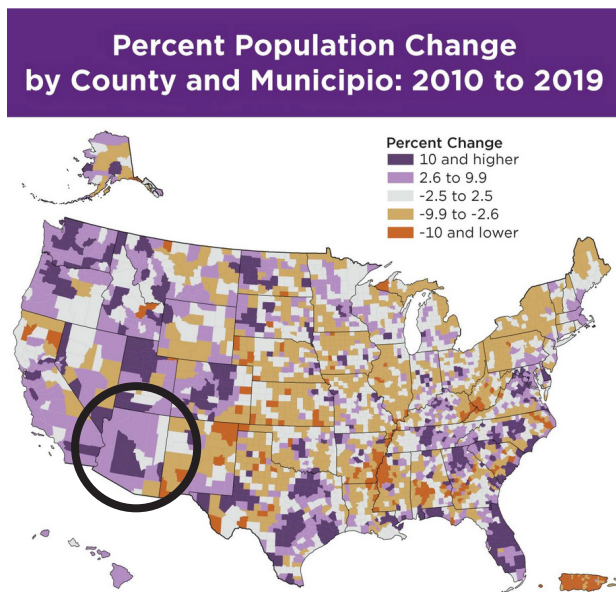


Figure 10 U.S. Percent population change 2010-2019, by U.S. Census Bureau (2020)
 Note: Maricopa County is among the fastest growing counties nationally

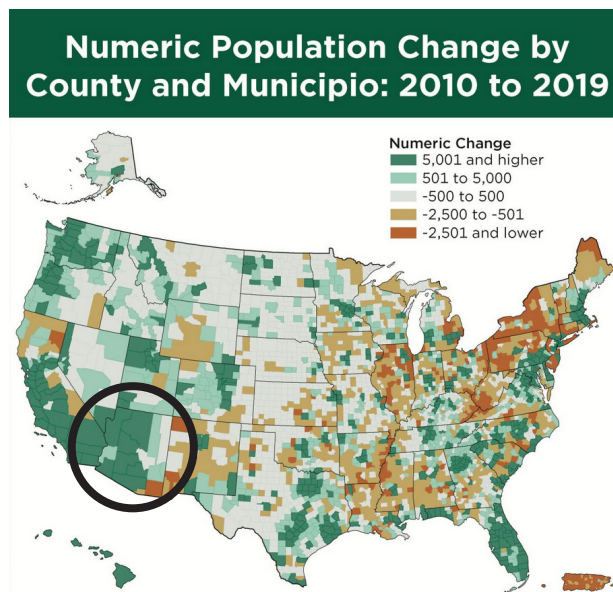


Figure 11 U.S. Numeric population change 2010-2019, by U.S. Census Bureau (2020)
 Note: Maricopa County is centrally located between the fastest-growing counties in the U.S. by sheer count

2.3.2 Age

Peoria is relatively evenly distributed when it comes to age. The two population pyramids below were created by dividing the population into age cohorts of five-year intervals, see Figures 8 and 9. Each of the cohorts in the 0-64 age range is fairly even, with a noticeable drop-off occurring for those aged 65 and above. The data shows that Peoria has a diverse population across generational lines. However, when comparing the population pyramids from 2010 and 2019, it becomes evident that Peoria is an aging community, as the portion of the population aged 65 and above appears to be growing as a proportion of the total.

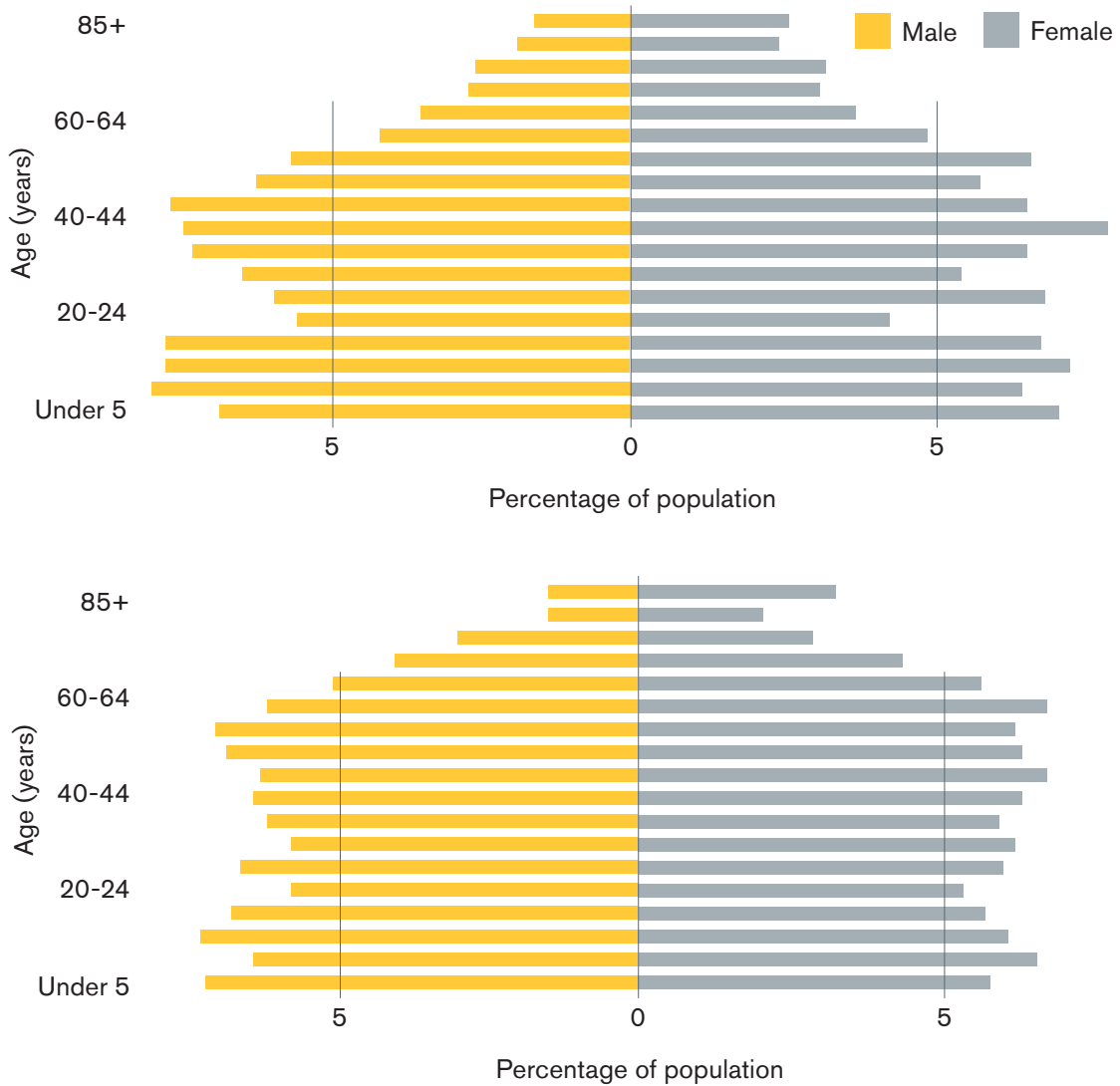


Figure 12 Peoria age distribution population pyramid from 2010 (top) and 2019 (bottom), from U.S. Census Bureau

2.3.3 Race

Peoria's racial demographic is dominated by Non-Hispanic White and Latino populations, who make up 69% and 20% of the total population, respectively. Asians comprise about 4% of the population, whereas African Americans comprise less than 3%. An additional 3% of the population is of some other race (e.g., American Indian/Alaska Native, Native Hawaiian/Other Pacific Islander, two or more races, etc.) (Figure 13). For comparison, in Maricopa County, Non-Hispanic Whites and Latinos make up 55% and 31%, respectively (Figure 14). African Americans and Asians comprise about 5% and 4% of the population, respectively, with an additional 4% (difference due to rounding) being of some other race. Race statistics for the Phoenix-Mesa-Chandler area, which includes both Maricopa and Pinal Counties, are nearly identical to those for Maricopa County alone. Thus, relative to the region, Peoria's population is whiter and less diverse, on average.

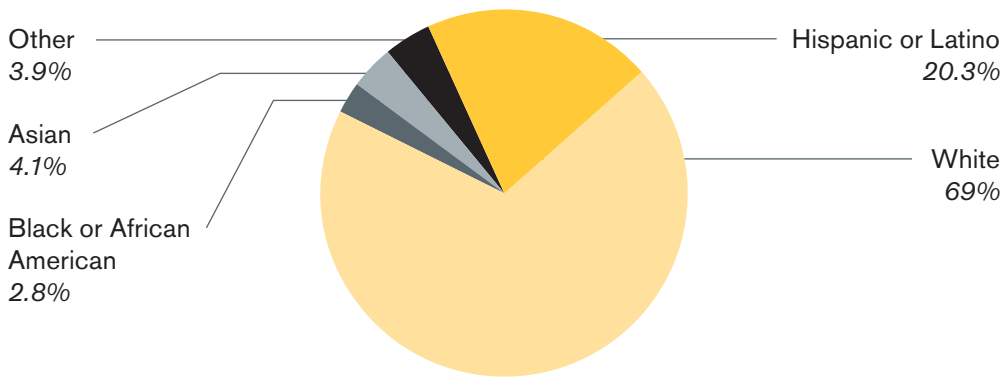


Figure 13 Peoria population by race, from U.S. Census Bureau, 2019

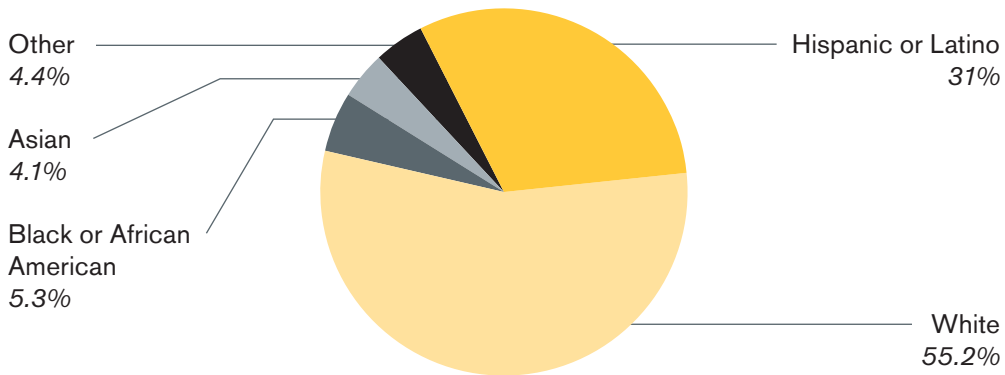


Figure 14 Maricopa County population by race, from U.S. Census Bureau, 2019

2.4 Socioeconomic information

This section shows socioeconomic characteristics for the city of Peoria, drawing from US Census Bureau data 2012-2021.

2.4.1 Median household income

The median household income for the City of Peoria between 2014 and 2019 is \$75,323, per 2019 ACS 5-Year Estimates. Figure 15 illustrates the distribution of household incomes for the City of Peoria. Over half (52.6%) of households fall into the \$50,000 to \$149,999 range, and almost a fifth (19.4%) fall into the \$100,000 to \$149,999 bracket. However, nearly a third (31.9%) of Peoria households make less than \$50,000 per year, which could demonstrate a need for more affordable housing options for these lower-income families and households.

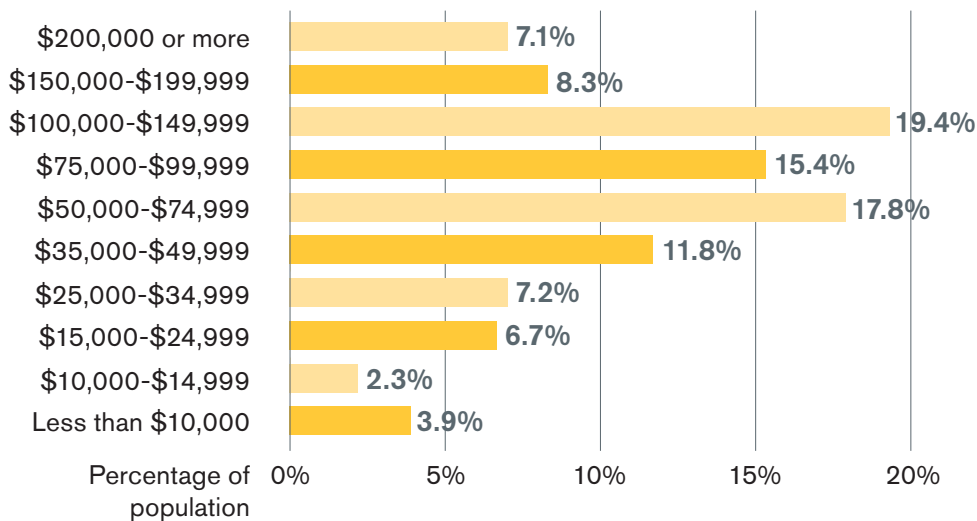


Figure 15 Peoria household income by income group between 2015 and 2019, from American Community Survey 5-year estimates, 2019

When compared to the Phoenix-Mesa-Chandler Metropolitan Statistical Area (MSA), Peoria has a greater percentage of its population earning over \$100,000 per year (34.8%) compared to the MSA's proportion of just 29.39%, and Peoria has a noticeably lower percentage of people who make less than \$50,000 per year (31.9%) compared to MSA's 38.72% (Figure 16). In short, more people are making more money, and fewer people are making less money, as a percentage of the population in Peoria than in the MSA. This is especially true when comparing the percentages of each respective population that makes less than \$25,000 per year, whereby Peoria is at 12.9% and MSA is at 16.9%.

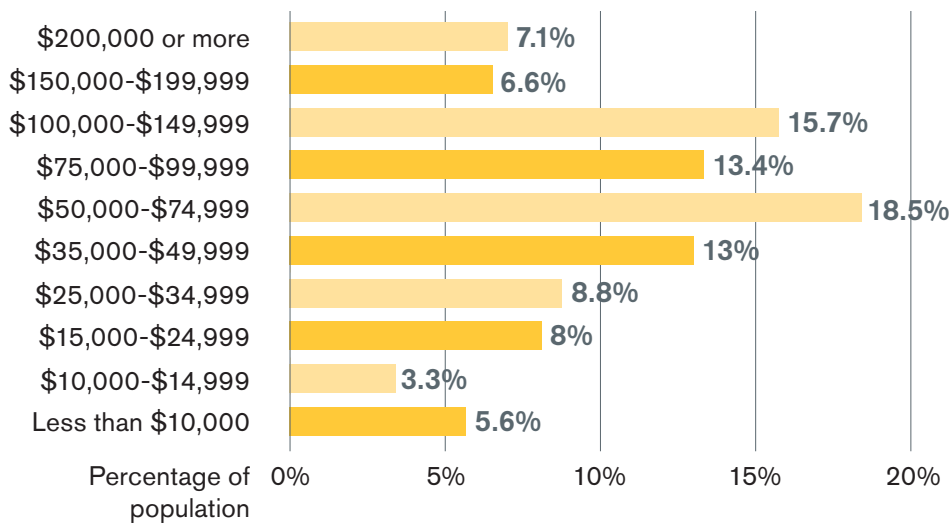


Figure 16 Phoenix-Mesa-Chandler household income by income group between 2015 and 2019, from American Community Survey 5-year estimates, 2019

The spatial distribution of median household incomes can be seen in Figure 17 where two patterns become apparent; first, the lowest household incomes (in red) tend to be clustered in the southern portion of the city. This provides insight as to where ADU's might be the most beneficial toward ameliorating the burdens of housing costs for those most affected by them. Second, the highest median household incomes (dark green and dark blue) are largely located in the central-to-northern portions of the city. This could show areas that are most in need of more diverse housing choices. Overall, this information is useful because it can help to guide decision-makers toward areas where members of the population might be more (or less) in favor of, or in need of, implementing ADUs, enabling a more targeted approach as it pertains to gaining enough political will to get the ball rolling. Note: The lowest income households are located in the southern half of the city where topography is flat, which makes it easier to build affordable housing.

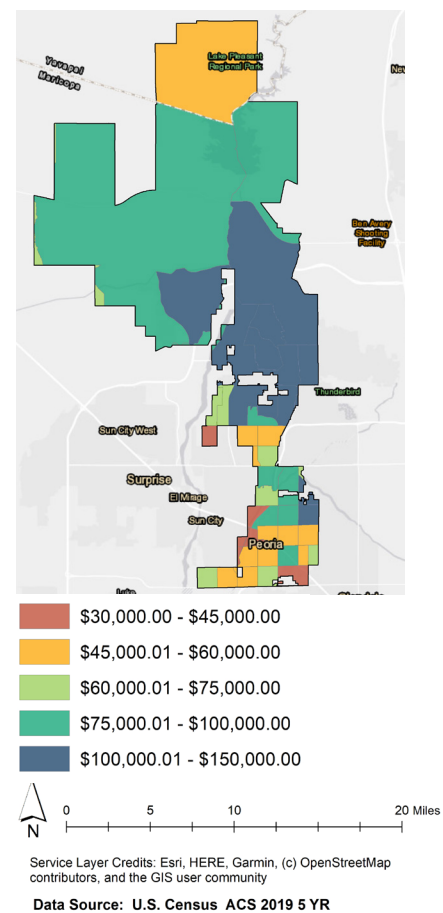


Figure 17 Peoria median income by census tract, by L. Carnie

2.4.2 Educational attainment

Educational attainment in Peoria is high and appears to be increasing. Based on recent 2015-2019 ACS estimates, the percentage of the population aged 25+ years with a high school degree or more is higher in Peoria (92.6%) than Maricopa County (87.7%) and the Phoenix-Mesa-Chandler MSA (87.4%), as well as state (87.1%) and national (88%) averages (see Figure 18). A further breakdown of Peoria's educational attainment can be seen in Figure 19, which, among other things, shows that a third (32.8%) of Peoria residents have a bachelor's degree or more.

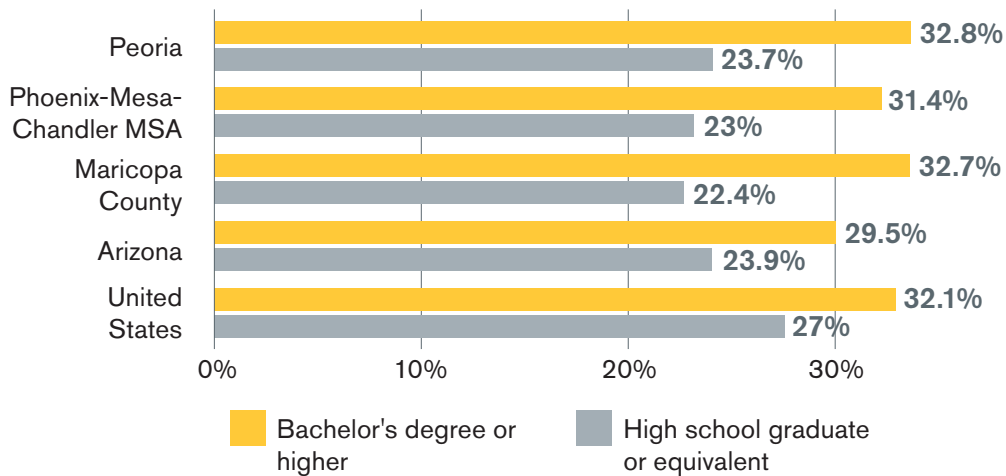


Figure 18 Regional education attainment rates, ages 25+, from U.S. Census Bureau, 2019

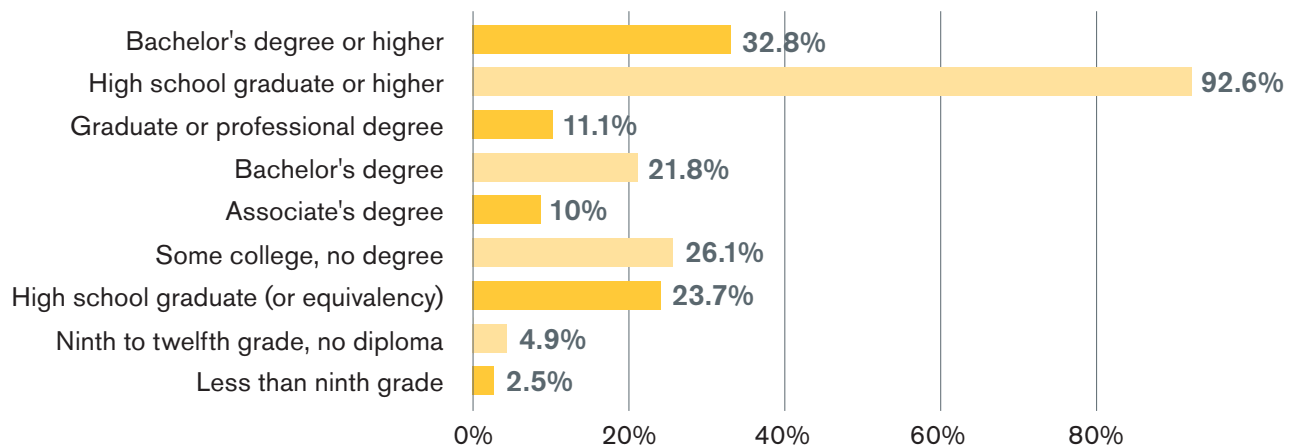


Figure 19 Peoria education brackets, from U.S. Census Bureau, 2019

Note: The vast majority of Peoria's population is high school educated or more, with just under one-third having a bachelor's degree or higher

2.4.3 Industries and employment

Peoria has consistently held a lower unemployment rate relative to the Phoenix MSA for the last 30 years, from 1990 through the most recently available data in 2020 (Figure 20). The sudden spike in unemployment that followed the outbreak of the COVID-19 pandemic in Spring 2020 highlights a possible—and likely relatively brief—exception. Even then, it appears that Peoria’s unemployment rate remains lower than the MSA average. Figure 21 provides employment figures by sector within the city. Although at least one sector—‘educational services, health care, and social assistance’—stands out as employing the largest number of workers, what is evident is that the workforce of Peoria appears to be rather diverse in terms of which sectors workers belong to.

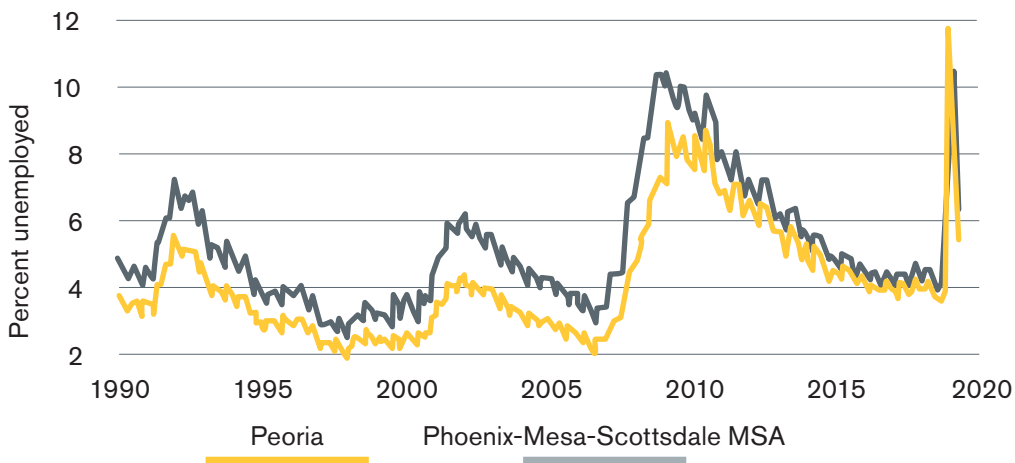


Figure 20 Peoria vs. Phoenix-Mesa-Scottsdale MSA unemployment rate from 1990-2020, from U.S. Bureau of Labor Statistics, 2021

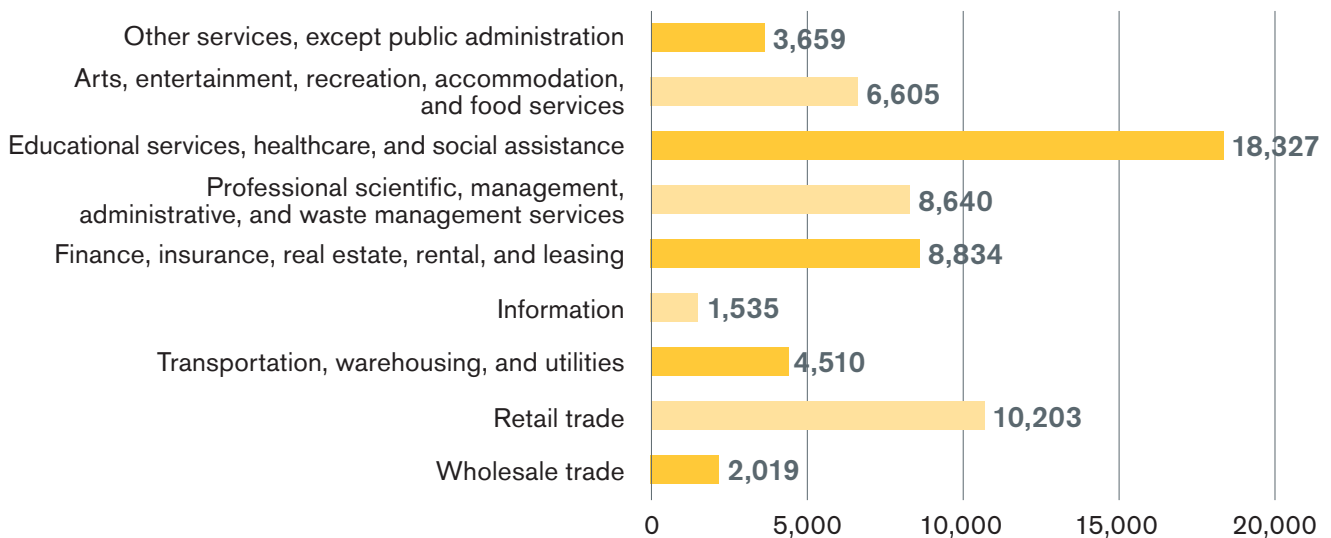


Figure 21 Peoria employment by sector, from U.S. Census Bureau, 2019

2.4.4 Commute

89% of Peoria’s workforce over the age of 16 reports using an individual vehicle to get to work. Less than 1% of the workforce reports using public transportation for their commute, and 7.5% report working from home (these figures predate the COVID-19 pandemic). As Figure 22 illustrates, over 44% of Peoria residents who drive alone report that they spend at least half an hour on their commute to work, with 7.5% reportedly spending an hour or more. Comparatively, although they represent less than 1% of the overall workforce, nearly 89% of residents who take public transportation report spending at least half an hour on their commute, with more than half spending over an hour.

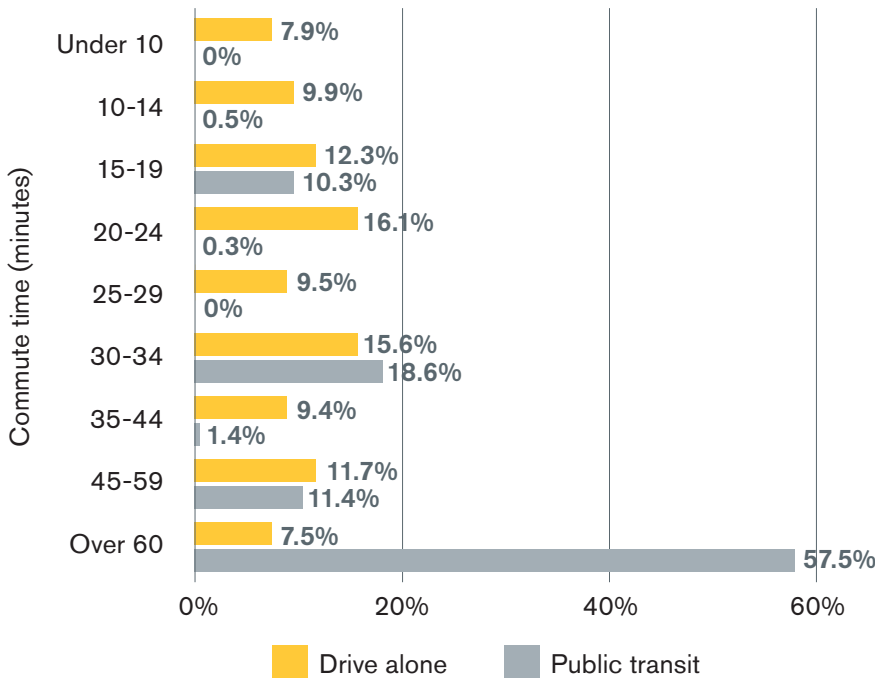


Figure 22 Peoria commute time by mode of transit, from U.S. Census Bureau, 2019

2.5 Housing information

Between 2015 and 2019, per ACS 5-Year Estimates, the City of Peoria had 65,790 housing units, of which 59,659 (or 91%) were occupied. Of these occupied units, 75% were owner-occupied, whereas the remaining 25% were renter-occupied. Figure 23 illustrates the vast majority (75%) of housing units in Peoria are detached single family homes, which suggests that there may be opportunity for other kinds of housing options. This appears especially relevant in the northern half of the city, where upwards of 81% of housing units are homeowner occupied (Figure 24)—suggesting there is room for rental supply growth.

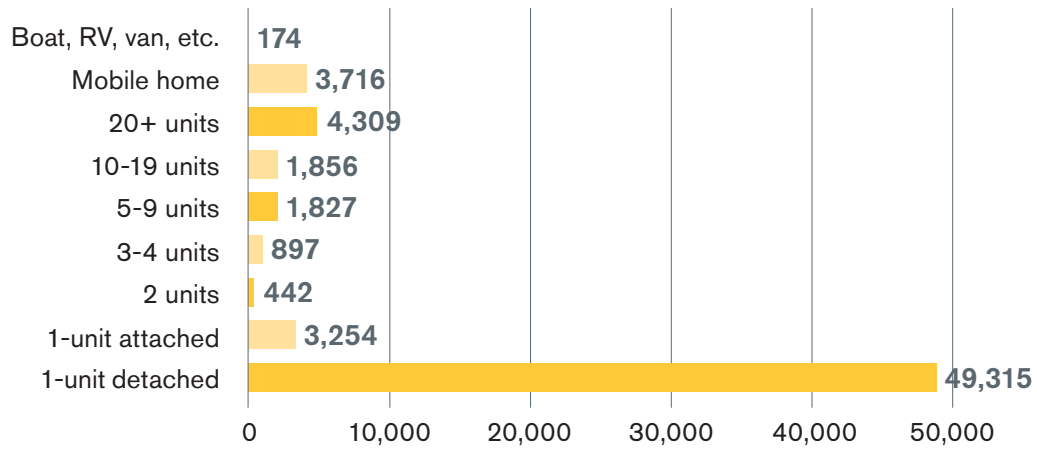


Figure 23 Peoria housing type by unit, from U.S. Census Bureau, 2019
 Note: The housing supply in Peoria overwhelmingly consists of single-family homes. This observation alone suggests that increasing the diversity of housing options could be a very practical step toward improving affordability.

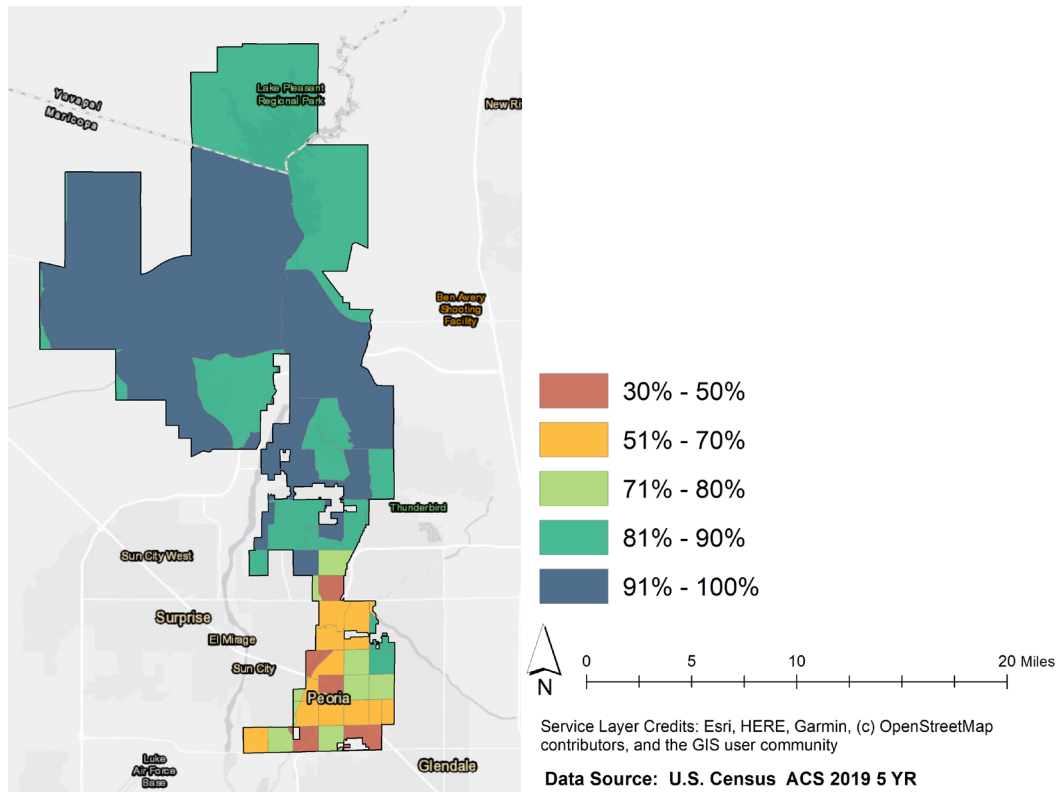


Figure 24 Approximate distribution of percentage of homeowner occupied units in Peoria, by L. Carnie

2.5.1 Percent of monthly income allocated to housing costs

Figure 25 summarizes the percent of monthly income allocated toward housing costs for renters and owners in the City of Peoria. Renters allocate between 9 to 14 percent more of their income toward housing costs monthly relative to owners, and the trend increased by 2% from 2018 through 2019. This could suggest that the demand for rentals is starting to increase at a faster rate than the demand for homes for sale.

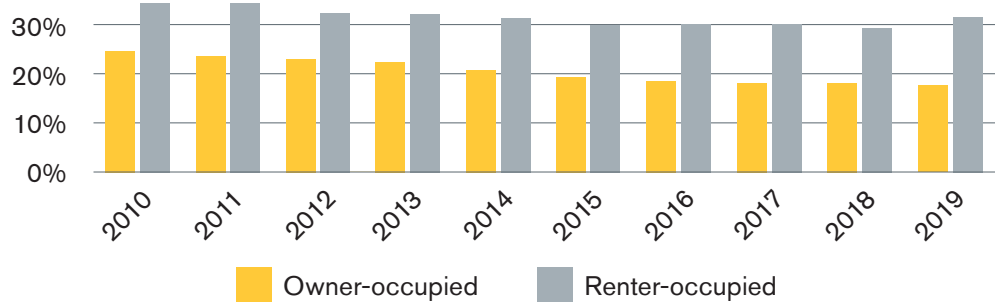


Figure 25 Percent of monthly income allocated to housing costs, from U.S. Census Bureau, 2019

2.5.2 Home ownership and rentership by income

While 75% of homes in Peoria are owner occupied, it is important to contextualize this in relation to income. Figure 26 provides a comparison between rentership and ownership by income bracket. It shows that, for all income brackets under the \$75,000 threshold, more households rent than own; meanwhile, households that are at or above the \$75,000 annual income mark are more likely to own than rent. It is also critical to note the average household income of those who own is \$86,884, while the average household income of those who rent is \$47,766.

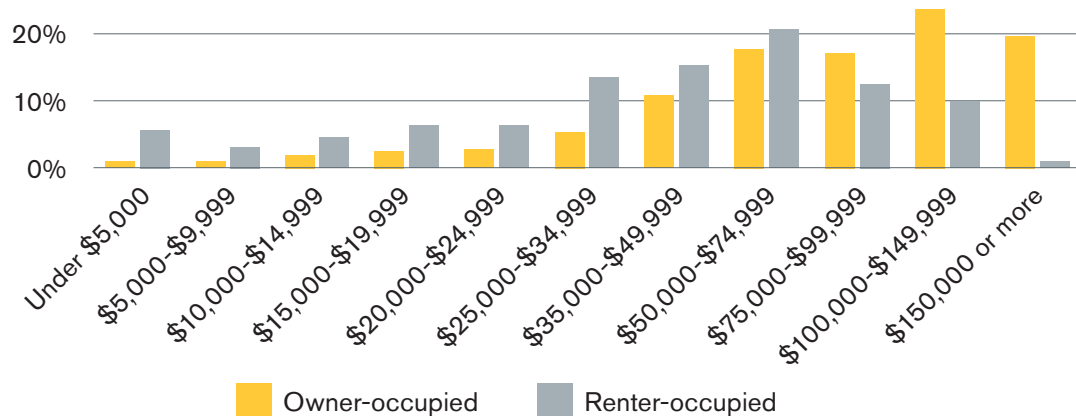


Figure 26 Percent of homes owned vs. rented by income bracket in Peoria, from U.S. Census Bureau, 2019

Figures 27 and 28 illustrate the cost of housing for both renters and homeowners, respectively, as a percentage of income in Peoria. In this case, cost burden is defined as spending more than 30% of the household income on one's rent or mortgage. By this definition, 53% of renters in Peoria are cost-burdened, as are 24% of homeowners. While this is a massive disparity, they are nonetheless concerning statistics for owners and renters alike and call further attention to the need for more affordable housing options.

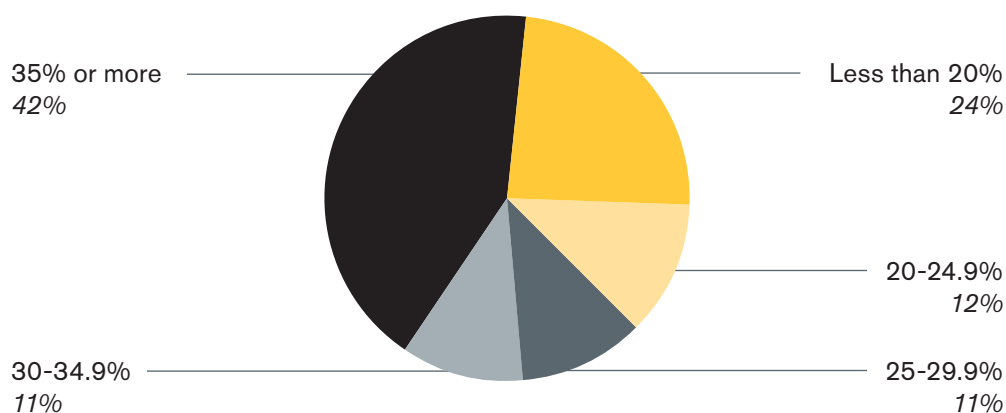


Figure 27 Monthly gross rent cost as percent of income, from U.S. Census Bureau, 2019

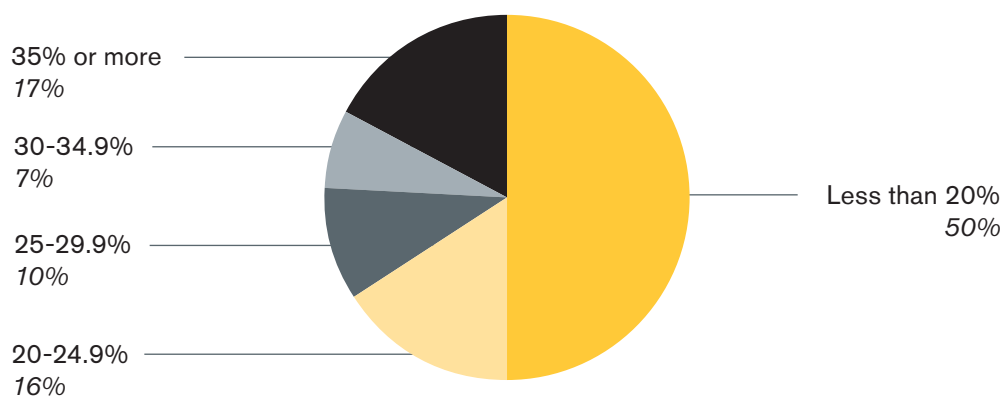


Figure 28 Monthly homeownership cost as percent of income, from U.S. Census Bureau, 2019

2.6 A review of Peoria plans and policies

In addition to assessing current demographic, socioeconomic and housing data, we reviewed several of Peoria's contemporary planning documents. These plans all included public participation processes, which enabled us to learn about community vision and goals. The purpose of this review process was to understand the context in which an ADU policy might exist. Findings are summarized in the following sections.

2.6.1 Peoria General Plan 2040

The General Plan for the City of Peoria establishes a vision for where the city hopes to be in the coming decades. The 2040 General Plan recognizes the intention to maintain responsible and sustainable implementations as the city grows. The plan recommends improved methods of development with several goals related to creating healthy neighborhoods and pressing forward with smarter growth. These goals, however, must not undermine the key principles of responsible stewardship of taxpayer funds, preservation of the natural landscape and maintenance of the community's character. All of these principles, alongside the quality of life, are the very reasons residents have chosen to make Peoria their home.

The challenge for any growing community lies in how it can allow for growth while meeting the emerging needs of the region. Affordable housing options are in high demand across the Phoenix Metropolitan Area. Although ADUs are not explicitly emphasized in Peoria's latest General Plan, numerous objectives and policies support their implementation.

Section 3 of the Plan focuses on Smart Growth. Here, the plan addresses housing needs by calling for "a full array of housing options to accommodate a variety of lifestyles and needs". Currently, single family housing districts dominate a majority of the city's housing market. While Peoria has already taken some steps to ensure the city has a diverse housing stock, ADUs can expand further on the housing options currently available in the community. Moreover, ADUs can further support housing affordability goals because additional supply of housing will reduce upward pressure on home prices, while also adding to the diversity of housing options for a growing city. The Plan also recognizes that increased density can enable more sustainable development.

Section 5 of the Plan, Healthy Neighborhoods, recognizes that housing can have a significant and sustained impact on an individual's health, as well as the health of the entire community. Affordability, quality, fair practices, and aging in place are all emphasized as part of attaining a healthy neighborhood. Echoing sentiments of Section 3, the City of Peoria "seeks to expand housing options throughout the community to offer lifestyle housing options for all residents" (General Plan 2040, p. 5-9). The Plan's policy recommendations also specifically promote and encourage diverse workforce housing, multigenerational housing, and non-traditional housing types, including ADUs (General Plan 2040, pp. 5-15). Overall, a robust ADU policy is one housing solution compatible with the City's priorities for health and prosperity.

2.6.2 Specific area plans

The City of Peoria has adopted specific area plans over the past few decades to guide development. These plans echo similar themes from the General Plan. Earlier plans, such as the Lake Pleasant and North Peoria Area Plan (1999), emphasize the preservation of the natural environment. More recent plans such as the Old Town Peoria (2011) and Camino a Lago (2014) call for more diversity in housing options. Although vague, the specific area plans reinforce the community's overall priorities.

2.6.3 Peoria zoning ordinance

The City of Peoria's current zoning ordinance includes limitations that constrain ADU development. Ordinances governing Suburban Ranch and Single Family Residential districts, for instance, have separate sections discussing guest houses (and servant's quarters) and accessory buildings, but these building types are not considered together. Guest houses are defined as "an attached or detached accessory building used to house guests of the occupants of the principal building, and which is never rented or offered for rent." Moreover, guest houses with cooking facilities are considered dwelling units, which are only permitted in Suburban Ranch (SR-43 and SR-35) districts and the largest categories of Single Family Residential (R1-43 and R1-35) districts.

In a separate section titled General Provisions Section (21-803), the zoning code addresses permitted accessory buildings. Attached accessory buildings are subject to the same code requirements as the principal building, while detached accessory buildings have their own standards.

The size of an accessory building is dictated by the residential district it is located within, wherein larger lots allow for larger and taller structures. Ultimately, however, none of the accessory buildings can be higher than 25 feet. Also, there are no specified square footage requirements stated, but the building size remains subject to the maximum lot coverage requirement, and the zoning ordinance prohibits the use of cellars, garages, tents, basements or accessory buildings as a dwelling unit with the exception of guest houses and “quarters for night watchmen.” Peoria’s zoning ordinance is not completely prohibitive of ADU-like structures, however, the limitation on rentals presents an obstacle. More explicit language that allows for ADUs may be necessary.

2.7 Conclusion: Context surrounding ADUs

This chapter offers insights pertaining to market fundamentals that help support a rationale for including ADUs as a housing option in Peoria. Specifically, Peoria offers: strong population growth, an aging (and expanding) population (aged 65-74), and has a segment of the population with incomes that do not align with existing housing market trends—roughly one-third of the city’s residents earned less than \$50,000 per year. Furthermore, with only a small fraction of land being allocated toward multi-family residential (0.7%), and a General Plan that emphasizes open space and single-family residential neighborhoods, the undermining reality is clear: ADUs, or other types of small-scale infill developments that can be brought to market at more attainable prices, could be an effective and locationally-flexible solution to the increasingly expensive real estate market in Peoria. If implemented, these expanded housing choices could expand economic opportunity, diversify housing options for a wider range of household types, and strengthen connections to place for broad swaths of the community.

CHAPTER 3: ADU LITERATURE REVIEW

Chapter 3 provides an overview of existing literature and research regarding Accessory Dwelling Units (ADUs). The intent of the chapter is to objectively present background information and common themes upon which practical recommendations may be formed. The chapter: 1) defines ADUs and outlines their many uses; 2) addresses historical precedents and the current state of housing; and 3) provides a foundational understanding of regulatory controls, barriers, opportunities, and strategies associated with ADU implementation.

3.1 What are ADUs? What forms do they take?

ADUs are a secondary housing option that originally gained popularity in the early 20th century as a response to increasing housing needs. An ADU is a secondary dwelling with individual living facilities such as a kitchen, bathroom, and other amenities in a small space relative to a primary dwelling. They are typically additional structures on a single-family lot or part of transformed spaces in a single-family home, by the free will of a homeowner. They may be more commonly referred to as granny flats, in-law houses, backyard cottages, or guest houses.



Figure 29 Various types of ADUs, by Town of Barnstable

Today, ADUs are a housing type that is once again gaining traction in Western societies that have traditionally had stringent land use regulations, though they have been more popular in most European countries for some time. ADUs tend to be much more common where the population is growing the fastest, for instance, the southern and western United States. In a recent survey conducted by Freddie Mac, half of the ADUs identified were in California, Florida, Georgia and Texas. In Denver, Colorado the average annual growth of ADUs between 2015 and 2018 was 2.7% (Andrus, 2020).

Fast facts:

- Accessory Dwelling Units (ADUs) are additional living facilities independent from a main single-family residence.
- ADUs have existed throughout history but are becoming more extensively regulated as localities navigate how to implement and formalize these housing units.
- They can assume a variety of uses (multi-generational housing, aging-in-place opportunities, short/long-term rentals) and can contribute to affordable housing solutions by increasing diversity and supply. They can also provide additional income streams that make homeownership more affordable.
- Research suggests that ADUs are predominantly used for long-term rental housing.
- Development costs and permitting processes can create barriers to ADU construction for homeowners. Neighborhood opposition and negative perceptions present barriers as well.
- Strategic regulatory frameworks, community education, and technical assistance are at the center of approaches to promote ADU implementation.
- Research confirms that these units can play a role in mediating the housing crisis in the United States and provide expansive options to homeowners and ADU residents alike.

Historically, ADUs took on many different uses depending on existing infrastructure and available resources for homeowners. The modern day ADU dates back to the 1940s and 50s, as homeowners pursued them to expand household finances and accommodate multi-generational family configurations in the wake of World War II (Hulse, 2015). During the early 20th century, ADUs were relatively widespread and supportive of these household uses (Pfeiffer, 2015). Over time, the ADU fell out of favor as zoning codes were changed to accommodate preferences for low-density single-family residential neighborhoods which eventually led to more prohibitory land uses, and consequently, suburban sprawl. This outcome ultimately made the permitting processes and construction of any type of ADU more cumbersome for homeowners, resulting in many illegal units.

In more recent years, following the booming suburban sprawl that has shaped much of the development in the United States, ADUs have re-emerged at the city planning scale as part of approaches to address infrastructure and housing challenges that many countries face.

Community leaders are seeking strategies to alleviate the outcomes of aforementioned restrictive zoning laws and planning practices, including traffic congestion, limited affordable housing, diminishing housing stock, and a lack of housing diversity. In the 1990s, urban design movements such as Smart Growth and New Urbanism emerged to reduce automobile dependency and improve quality of life by creating inclusive walkable communities that also provide a wide range of housing choices (U.S. Department of Housing and Urban Development, 2008). ADUs have been the subject of debate because although they can provide lower cost of housing and modestly increased density and variety, there is a large resistance that stems from the preferred tradition of low-density single-family development patterns and the “not in my backyard” (NIMBY) sentiment that has shaped the United States. ADUs are slowly starting to work their way back into city planning conversations as a serious contender to help alleviate these issues.

The legality of an ADU structure is usually determined by the zoning laws of the local jurisdiction, which specifies the location and form an ADU may take on a property. Presently, the most common form of ADUs are those constructed as a detached structure located typically in the backyard of a single-family lot or as an attached unit to the single-family residence as an additional room, converted garage, space or attic. They can also take on secondary uses including extra storage space, a simple guesthouse, standalone office spaces, gyms, or any miscellaneous use intended by the homeowner. As of 2021, many jurisdictions allow for ADUs in some capacity. For example, the City of Seattle has allowed attached ADUs since the mid-1990s and began allowing detached ADUs in 2006 (Chapple et al., 2017). In a recent study detailing the ADU usage among several major cities, 67% of developed ADUs in the sample were detached from the main dwelling unit (Chapple et al., 2017). Among those detached units, the most common use was the freestanding cottage. Among attached ADUs, the most common form is the converted garage. Housing is the most common use for building this type of ADU, with 72% of these units being used for long- or short-term rentals.

The extent to which ADUs are regulated and implemented across the United States is wide ranging due to the broad array of opinions and perceptions. Cities that adopt and tailor their own perspective of ADUs and mold policies that benefit and fit the needs of their community will have a better understanding of where ADU implementation will stand decades from now. The purposes, uses, regulations and perceptions of ADU implementation are accompanied by a swath of historical and contemporary context which must be acknowledged in any efforts made to establish this type of housing option as a more permanent and feasible solution.



Figure 30 Detached ADU vs. attached ADU, from Keller, 2019

3.2 Why ADUs? What purposes can they serve?

ADUs have garnered much attention and discussion because they can take on a variety of uses and purposes. For instance, they are recognized as a crucial piece to the housing market puzzle because they can provide diversification and an increased supply of affordable housing units in communities where supply is limited and/or land availability is constricted. This section begins with a discussion of the state of housing in the United States, broadly, and in Arizona, specifically, with a focus on housing affordability and need. Subsequently, the section offers an overview of the importance of ADUs, including their communities and details on the kinds of households that are frequently interested in building them.

3.2.1 State of Housing: Affordability shortage and tight rental markets

Housing affordability is a major concern in the United States, as well as in Arizona. Single-family homes, garden apartments, and condominiums are the three most common dwelling options in locations across the United States (Julian, 2019) due to zoning regulations that have traditionally favored single-family housing and government subsidies that dictate who can afford homeownership. This has created a division in affordability and accessibility (Badger & Bui, 2019). Planners and citizens alike are recognizing the inherent limitations in this structure and its dramatic contribution to housing market shortages. While single-family housing is the most abundant housing option, it is the least affordable with a number of accessibility hurdles (e.g., mortgage qualifications and financial stability, broad variation in the cost of housing based on local/regional real estate markets). There is also a significant shortfall of government funding and programs aimed towards supporting housing opportunities for low-income families. Affordable housing programs that do exist predominantly target rental housing options and rely on private market participation.

Arizona is ranked the third worst state in the nation for its capacity to provide sufficient affordable housing options relative to demand (Zucker, 2020). According to the National Low Income Housing Coalition (NLIHC), there are only 25 affordable rentals available in Arizona for every 100 extremely low-income renter households (Newman et al., 2020). The Department of Housing and Urban Development (HUD) defines “affordable housing” as those units where a household shall spend 30% or less of their monthly income on rent (Schwartz, n.d.). While rents have continued to rise throughout the years, incomes — especially those for low-wage occupations — have stayed relatively stagnant, increasing the number of cost-burdened renters (Joint Center for Housing Studies at Harvard University, 2020). It all comes down to the rising inequalities of wages, and the most severely cost-burdened households are renters with extremely low incomes (Newman et al., 2020).

Nationally, the labor market has become extremely polarized over the last 40 years, with state minimum wages beginning at \$7.25 per hour at the lowest end of the spectrum (Newman et al., 2020). These wages have stark implications for local housing markets, especially for low-wage workers in pursuit of rental housing. Although extremely low-income renter households account for only 25% of all renters in the US, they account for 72% of all severely housing cost-burdened renter households (Newman et al., 2020).

For perspective, in Arizona, it is estimated that renters make up 36% of the housing market. As the state's minimum wage currently sits at \$12 an hour, the fair market rent for a minimum wage worker to comfortably afford a two-bedroom apartment calculates to \$1,097 a month (NLIHC,2020). That means a low-wage worker would have to work an average of 70 hours a week to meet this budget (NLIHC, 2020). These are some of the many stressors that have created an inaccessible housing market within the United States and Arizona, with particularly significant repercussions for those seeking affordable housing. These conditions especially impact low-wage workers and vulnerable populations in a variety of situations. Young adults, people of color, and elderly populations tend to face the greatest obstacles when finding and affording housing.

Housing diversification can be a solution to mediate the affordable housing crisis (Julian, 2019). A report from the National Association of Home Builders identified ordinances and codes across the United States that have enabled the construction of a greater mix of smaller and more affordable housing types (Julian, 2019). Recent research has identified that increased housing diversity helps address the “missing middle” of housing units—in other words, it adds unit types that go beyond the standard models of traditional one- to two-bedroom apartments or single-family residences to serve the circumstances of the broader population (Figure 31).

The diversification of housing is a response to the interconnected challenges of affordability and housing supply shortages. Housing diversity can be accomplished through infill development if more cities amend their zoning laws to allow for smaller housing options on smaller lots or in single-family housing districts. Accessory dwelling units can offer increased density, affordability, diversification and thus a more attainable housing supply. (NAHB, 2019). Further, research suggests that the most influential factor for people who choose these smaller housing types is a preference for proximity to services and amenities over unit size (NAHB, 2019). These findings acknowledge the potential use of ADUs to further diversify housing options and help address complex issues of affordability and divides in housing supply.

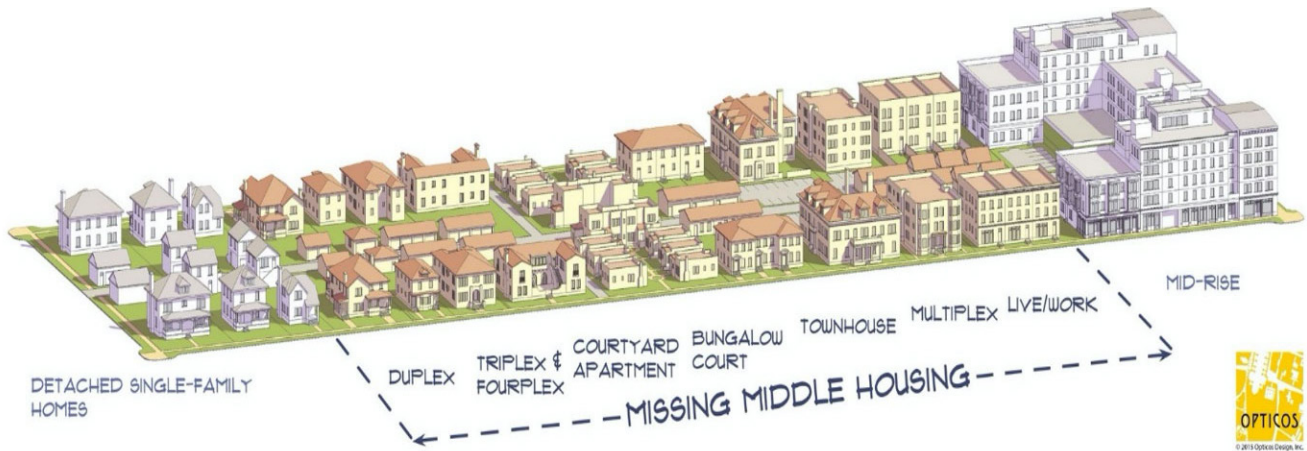


Figure 31 Examples of "middle housing," by Opticos

3.2.2 ADU uses

ADUs can assume a variety of uses. As income disparities and aging populations increase in the United States, ADUs offer multigenerational and aging-in-place opportunities. Many homeowners are looking to house parents, young adults, or extended family in need of independent residence. Evidence from an AARP survey in 2018 shows that many people 50 years or older want to remain in their homes or communities for their foreseeable future (Spevak & Stanton, 2019). ADUs offer a viable solution to aging-in-place goals, and family-occupied ADUs have multiple benefits: strengthened emotional bonds and support systems, extra household income, childcare assistance, additional household maintenance, additional security, and more (Sisson, 2018) (Brinig & Garnette, 2013).

A survey of Portland, Seattle and Vancouver ADUs found that most ADUs were occupied by smaller households. Approximately 57% of ADUs housed single occupants, and 36% housed two occupants (Chapple et al., 2017). The small ADU household size suggests that ADUs are typically occupied by adults—either alone or in a couple/ roommate context—and are unlikely to increase the school-aged population within a community. This study also found that property owners are overwhelmingly housing family members or friends within their ADUs (Chapple et al., 2017).

Current data on the primary types of occupation and uses of ADUs coinciding with either short-term or long-term rentals is limited. The previously mentioned study estimates that 60% of ADUs are used for permanent housing, while 12% of units are utilized for short-term rentals. The other 28% is reserved for other uses. (Chapple et al., 2017).

These findings suggest that ADUs contribute to the long-term rental market, contrary to public debate (Chapple et al., 2017). Short-term rentals can provide temporary accommodations for tourists or individuals who are transitioning between homes and/or cities. Some homeowners may elect to build an ADU to generate an income stream via short-term rentals (e.g., AirBnB or VRBO). This can be especially appealing in areas where a strong tourist market exists and housing is expensive. Homeowners are able to host a variety of guests without a long-term commitment, and with an additional income-stream, homeownership is more affordable over the long-term. Unlike other rental scenarios, homeowners living on the property can directly oversee the short-term use of an ADU.

In addition to infill development and affordable housing, ADUs also offer homeowners the opportunity to leverage their property as both developers and landlords. Through increased appraisal values, tax incentives, and rental income, homeowners who choose to build ADUs can grow their generational wealth by investing in their property. Additionally, the landlord may be able to depend on the tenant for house sitting, added security, and domestic maintenance tasks (Brining and Garnette, 2013). Depending on regulations and standards, homeowners may have full authority to build the ADU to their needs and aesthetic preferences. For tenants, ADUs can offer affordable housing options in neighborhoods that previously provided limited to no rental opportunities. They may find housing choices closer to employment opportunities or are able to remain in their community.

While ADU uses can offer a number of opportunities, it is important to note there is limited data on the legal and/or non-conforming regulatory status of existing ADU structures across the United States. In part, this uncertainty stems from the flexibility of ADUs—homeowners have the ability to change the use of the structure at any point (e.g., from a storage space to an occupied unit). Some homeowners may choose to operate an ADU as a permanent space for tenants within their family, as they were initially founded; others might pursue a short-term vacation rental for tourists such as Airbnb—an increasingly popular option that has many communities wary. These varying purposes pose both opportunities and challenges. For instance, homeowners can increase their monthly income while also providing affordable housing for tenants or their extended family, but community opposition, financial complexities, and regulatory hurdles are inherent obstacles.

3.3 Regulatory controls

While ADUs have been popular in European countries for some time, they represent a relatively new housing option for many communities in the United States, particularly those with established suburban and/or more restrictive land use regulations. As municipalities begin to contemplate how ADUs may fit into their housing plans and communities, they may face a number of challenges, including those associated with existing regulatory structures, as well as issues stemming from community preferences and resistance to increased residential density that may cast ADUs and other forms of rental housing as a threat. This section summarizes several of the main challenges for ADU policies and implementation.

3.3.1 Zoning Regulations: Historical precedents

ADU-style building types have long historical precedents leading up to the 20th century. Wealthy settlers and farmers routinely built as many dwellings on their land as they wished to accommodate their many domestic helpers, traditionally known as “carriage houses” or “servants quarters” (Spevak & Stanton, 2019). Transitioning into the industrial age, populations grew in city centers which resulted in the birth of the Euclidean model, a traditional zoning practice, which separates uses in an effort to limit over-densification conflicts and noxious impacts. However, this approach further implicated housing tensions, as racial segregation occurred in the residential context, creating “white flight” and suburban sprawl. These styles of zoning laws have generally segregated predominantly white single-family homeowners and neighborhoods which “almost always prohibit collocation on a single-family parcel” (Brining and Garnette, 2013), from immigrants and people of color who were left with inefficient conglomerate apartments or tentatments. Despite historical precedents, ADUs can be logistically challenging to construct and difficult to incorporate into the existing urban fabric. Single-family residential neighborhoods with homes built into subdivisions can offer limited opportunity for redevelopment and/or rezoning. Beyond creating obstacles for increased housing density and accessibility, single-family development configurations are also land and energy intensive uses, leading to environmental challenges.

ADUs are built under the homeowners discretion; however, many subdivisions may have their own set of regulations, such as Homeowners Associations (HOAs), that could limit the ability to build an ADU on a property. For instance, existing restrictions around setbacks, open space requirements, and/or height requirements can constrain ADU development. Controversy surrounding ADUs is often related to their utilization and stems from zoning and safety concerns, which is why it is important for cities who intend to allow ADUs to have clear and concise zoning ordinances (Municipal Research and Services Center, 1995).



Figure 32 Gilbert, Arizona subdivisions and in-progress construction

3.3.2 Contemporary zoning regulations & state statute

Zoning regulations concerning ADUs typically include specificities on minimum size requirements, building height, orientation, additional parking requirements, owner occupancy requirements, location restrictions, setbacks and other contextual standards that require ADU design to be subsidiary to and compatible with the principal dwelling (Salvador 2020). As land use patterns evolve and the desirability and/or acceptability of ADU units increases, local regulations will need to be adaptable to allow these housing units to more easily enter the market.

3.3.2.1 State enabling legislation

Presently, many state legislatures are easing ADU development constraints by reducing zoning and permitting restrictions (Chapple et al., 2017). A report requested by the American Planning Association (APA) to the Public Policy Institute of AARP, asked the organization to develop model legislation (a state statute and a local ordinance) that would assist stakeholders in evaluating potential changes to state laws and local zoning ordinances, in order to encourage the wider availability of ADUs (Cobb, 2000). Their research found that regulatory barriers can be effectively removed by the adoption of ADU legislation at the state level and by encouraging localities to adopt ADU ordinances (Cobb, 2000).

For example, in Vermont, a state statute explicitly supports ADU opportunities, providing that 'no bylaw shall have the effect of excluding' ADUs as a permitted use (Brinig & Garnette, 2013). Furthermore, Vermont State Statute explicitly "limit[s] the authority of municipalities to regulate accessory apartments" and expressly states that an ADU "within or appurtenant to an owner-occupied single-family dwelling," is a permitted use, as long as a few conditions are met (24 VSA §4412). In Florida, State Statutes allow municipalities to count ADUs towards satisfying the affordable housing components of a comprehensive plan, provided the building permits include affidavits from applicants who proclaim they are renting at affordable rates and to extremely low- to moderate-income residents (Fla. Stat. § 193.703 (2018)). And in Maryland, the Maryland Department of Housing and Community Development provides incentives for ADUs, offering loans to rehabilitate homes to include accessory dwelling units (Brinig & Garnette, 2013).

There are other examples from across the United States but, in summary, the existing literature highlights that it is imperative for a local government to consider the potential supports and/or impediments for ADUs that may exist at the state level. Research suggests that political support for ADUs within the state legislature can generate positive impacts at the local level (Brinig and Garnette, 2013). Alternatively, there are notable circumstances where state politics can hinder local efforts to incorporate ADUs into municipal housing strategies. In any case, it is useful for local governments to consider the larger legislative opportunities and/or challenges when considering a more diverse housing policy.

3.3.2.2 Local Zoning: Overview

The literature addresses a variety of case studies across the United States, where jurisdictions have relaxed their restrictions related to ADUs. For example, one study reviewed the ADU market in Lawrence, Kansas (Hulse, 2015). The study identified population growth and surging housing demand as two factors that were driving changes in housing supply. To combat housing supply shortages, developers and homeowners were adapting existing single-family homes into duplexes. However, many residents were resistant to this housing change, expressing concern that structural changes would harm the historic character of the neighborhoods (Hulse, 2015). Instead, the city identified an opportunity to support ADU development, which enabled homeowners to build and provide an additional unit on their property without substantially changing the existing fabric of the neighborhoods (Hulse, 2015).

However, identifying the benefits and opportunities is only the first step to understanding the prospects of ADUs. To accommodate ADUs, cities must define the appropriate zoning requirements and processes to permit and plan for this alternate form of housing (Salvador, 2020). In the United States, and especially Arizona, there are limited examples of cities with clear ADU zoning and development standards that allow homeowners to build and navigate the permitting process effectively. Many communities either neglect to acknowledge ADUs in their planning and/or zoning documents or have limited approaches for implementing them.

One major point of concern related to ADUs (and commonly addressed within zoning ordinances) is parking. Existing minimum parking requirements can limit opportunities for homeowners to add ADUs to their property, either due to space or cost constraints. However, some state and local governments are adopting zoning amendments that modify or eliminate parking requirements for ADUs. For example, California passed a series of laws in 2016 to eliminate off-street parking requirements for homes within half a mile of public transit, homes in historic districts, or for ADUs attached to an existing unit (Thomaz, 2018). Enforcing additional parking requirements can also cause a nuisance and unsightly additions to the neighborhood. However, recent evidence suggests that parking is less of a concern for ADU properties than previously thought. For example, a Portland, Oregon study found that 20% of ADUs had zero cars associated with them and the mean number of cars per ADU was 0.93 cars (Palmeri, 2014).

Parking-related concerns are relevant to ADUs because of the potential difficulties they pose for homeowners or the irritation they may induce for nearby neighbors. However, on-site parking can also be a burden for ADU tenants. Local regulations often stipulate that developers must build parking spaces in proportion to the number of housing units provided, and as a consequence, they are typically bundled with the rent or sale of the units (Lehe, 2018). A rental unit with designated on-site parking can increase the monthly rental price relative to one without a private space. Thus, there is a growing concern that minimum parking requirements inadvertently make housing unaffordable.

Given these potential challenges, traditional parking regulations may represent a significant obstacle for increasing the supply of ADUs, either reducing housing affordability or making it untenable for the homeowner to add additional parking without reconfiguring the entire property. More research needs to be done on the effects that ADUs have on parking; however, one of the most common practices that has been undertaken by cities trying to encourage more ADU construction is the elimination of parking requirements. Opposition towards ADUs sometimes manifests in regulatory controls. For instance, some municipalities in the Phoenix metropolitan area have either outlawed ADUs altogether or have placed a number of restrictions on their use, including: outlawing ADUs from having full kitchens—a feature that de facto prohibits long-term rental occupancy per local regulations; requiring shared addresses and/or utilities with the main residence; adopting specific occupancy requirements that constrain the ADU to either family or temporary occupants; or requiring additional regulatory hurdles, including a public hearing (Pfeiffer, 2015).

Other Arizona communities report that strict regulation of lot coverage and setback requirements for ADUs are critical to overcoming neighborhood opposition while also preserving local ecology and wildlife corridors (Pfeiffer, 2015). Interviews with public sector planners from 22 jurisdictions in the Phoenix region identified that compliance with lot coverage and setback requirements represented one of the most significant barriers to ADU development for homeowners (Figure 33). As indicated in the table excerpt from the study, 100% of the localities in the Phoenix metropolitan region have some regulatory structure related to building size limitations and lot coverage/setback requirements.

3.4 Barriers to ADUs

Development ADUs are built fully under the homeowner's discretion; therefore, they carry the full responsibility of legalizing and financing their ADU. There are many barriers that may prevent homeowners from building their ADU of choice, including financial hurdles, difficulty of navigating city codes, permit processes, and design guidelines. In addition, individual perspectives and misconceptions of ADUs at the neighborhood level create another unique set of barriers. The literature identifies obstacles related to development costs and financing, neighborhood opposition, and community education and offers a number of strategies that can be implemented.

Frequency of common second unit regulations in the Phoenix Region	
<i>Regulation</i>	<i>Percentage of 22 localities requiring (%)</i>
Size limit	100
Lot coverage/setbacks	100
No rental	77
Same address and utilities	73
Design guidelines	64
Main home built first	50
Conventional construction	45
No front-yard location	45
No full kitchens	36
Extra parking	32
Third-acre or larger zones	27
Public hearing required	27
Family only	18
Half-acre or larger zones	9
Temporary occupancy	9
Attached only	9

Note: Since some localities allowed for several types of second units or varied regulations among lot sizes, the table shows requirements for most liberal type of unit allowed for smallest lot size where it could be built.

Figure 33 Common Phoenix area regulations that may act as barriers to ADU development, from Pfeiffer, 2015, p.293

3.4.1 Development costs and financing

ADUs can cost up to 40% less to build than comparably sized housing, though building and permitting costs remain a barrier for increased ADU development (MRSC, 1995). Specifically, attached units are more feasible because they are expansions of an existing home. Construction costs widely vary because of many different variables including, the building and materials fees, permitting fees, size, type, and style of an ADU (Building an ADU, n.d.). There is currently no clear average because ADU construction is based on personal preference of the homeowner. The most current sample totals from an ADU homeowner education site are shown in Figure 34.

Average ADU construction costs			
Averages	Cost	Square footage	Cost per square foot
Detached new construction	\$180,833	676	305
Basement ADU	\$185,833	676	265
Attached ADU	\$154,400	556	300
Garage conversion	\$142,000	504	297
Detached new construction above a garage	\$217,714	978	212

Figure 34 ADU construction costs, from *Building an ADU*, n.d.

From a 2018 survey, 70% of homeowners experienced additional unanticipated issues during ADU construction, which can cause delays and increased costs (Geffner, 2018). This can be frustrating along with finding contractors who have experience with micro-units because few contractors will take on such small projects (Geffner, 2018). Residential lending can represent another challenge, as lenders may not be familiar with ADU products and/or they may not have sufficient loan services to support ADU construction (Salvador, 2020). The development of ADU-specific financing products at local banks may help activate development—in addition to creating a niche market for lenders willing to lead in ADU financing (Salvador, 2020). Lastly, local governments new to legalizing ADUs may have limited familiarity with processing, and local ordinances may not provide sufficient regulations for them. Thus, in some places, ADUs can be considered a non-conforming use with the potential to result in stiff penalties for the property owners (MRSC, 1995).

Financial challenges can be intimidating or confusing for many. The financial burden of ADUs can represent a major hurdle for homeowners and cities in their attempt to increase housing supply. Homeowners could spend substantial sums of money with a number of other unexpected financial hurdles on a space or structure, only to receive little or no return upfront, which may inhibit property owners from pursuing ADUs entirely. Looking beyond the financial challenges, there are other negative perceptions and barriers that can make ADUs impractical including neighborhood opposition, unjust property values, and notions of crime. The following sections describe solutions from the literature that can ease some of these apprehensions, particularly through education and community involvement.

3.4.2 NIMBYism and neighborhood opposition

Many aforementioned fears about ADUs lead to a “Not In My Backyard,” or NIMBY, stance. This is best defined as an overwhelming opposition to a development of any type within one’s area (Hayes, 1991). In relation to ADUs, many misconceptions have led to negative attention towards these projects, making it difficult for development or the passing of new zoning ordinances to make building them more feasible. Neighborhood opposition can impact housing options within a community because it can decrease much needed rental units, multi-family structures, and other housing options that may increase density within existing neighborhoods. Increasing density is often seen as unwarranted in single-family neighborhoods because it is perceived to disrupt neighborhood character, invade privacy, negatively impact property values, and create a sense of insecurity due to the presence of unfamiliar tenants.

3.4.2.1 Short-term rental concerns

ADUs as short-term rentals are one of the primary points of neighborhood opposition, due to resident concerns related to a transitory population within the community and the potentially negative impact on the community landscape. Some cities across the United States have considered laws to limit short-term rentals in order to preserve neighborhood character and ensure that locals are able to afford housing in high valued tourist areas (Simmons, 2020). Larger municipalities such as Los Angeles, Chicago, and Seattle are supportive of ADUs, but have incorporated additional licensing, costs, and fines as precautions (Simmons, 2020). Meanwhile, in Arizona, Senate Bill 1350 prohibits cities from banning short-term rentals completely, although cities are allowed to reasonably regulate or limit their uses if it is within the health and safety of the community (Arizona Senate Fifty-Second Legislature, 2016).

ADUs used for long-term, multi-generational housing tend to garner the most support from homeowners and neighborhoods (Brinig and Garnette, 2013), but the long-term versus short-term rental status of ADUs drives much of the controversy surrounding their implementation. Broadly speaking, the market has been responding well to high quality, smaller-designed units that fit within single-family neighborhoods (NAHB, 2019). This opens the door for ADUs to be part of a solution that increases housing density, improves affordability, and maintains neighborhood character. The literature has identified ADUs as adding diversity and market competition to local housing markets. In Arizona, ADUs are frequently detached from the main residence and are built as an independent structure in the back or side yard. ADUs enable homeowners to construct independent dwelling units on their properties, while providing lower cost housing (and, potentially, an income stream).

3.4.2.2 Neighborhood character and design standards

One of the most common complaints neighboring homeowners have with the addition of secondary units is that the additional unit will invade privacy and disrupt the existing character of the neighborhood. Existing literature suggests there are specific ADU policies that can help overcome local opposition, including: ensuring ADUs are designed to complement the existing property and neighborhood context; and targeting ADU development within neighborhoods with close proximity to public transit options, limiting traffic concerns (Pfeiffer, 2015). There are many case study examples in the United States but specifically from California because of their progressive approach to addressing the housing crisis in their state. Many of their ADU policies attempt to address and minimize these neighborhood concerns through several means. For instance, most ADU policies require preservation of the original single-family residence through an application of design guidelines. This can include enforcing a similar facade, color, and style of home. It is also typically required in many jurisdictions for an ADU to be built in the rear or side yards of a property for privacy (Brinig & Garnette, 2013). In addition, it is important to incorporate community engagement and outreach which can assist with validating the regulatory approaches because it is tailored to the preference of the community, including modified on/off street parking requirements, and building standards such as materials, colors, and height. (Abu-Kahlaf, 2020). These policy strategies can help ensure predictability and consistency for property owners and builders, as well as mitigate negative community perceptions.

A case study in San Jose, California offers an example of the ways ADU development and sustainable design can support affordable housing goals (Stagi, 2019). The city used aerial imagery to identify two typical lot types in the San Jose region: Lot A—a long, thin lot that is common for smaller homes found in older San Jose neighborhoods, and Lot B—a more standard, rectangular lot that is suitable for larger homes that are sited near the center of the property. Using this information and survey responses from City staff and the general public, San Jose created a series of design standards for ADUs—referred to as the “Design Toolkit”—to help guide future development opportunities. The toolkit identified a range of design elements to consider, including skylights, solar panels, rain gardens, permeable pavers, and native vegetation, among others (Stagi, 2019). Afterward, the City drafted sit-scale designs to demonstrate the potential layouts for ADUs located within Lot A- or Lot B-type properties and to illustrate the design elements in the toolkit.

Since ADUs are typically homeowner-driven projects, as opposed to larger-scale, commercial residential projects built by professional developers, cities may benefit from the creation of toolkits, accessible handouts, and how-to-guides to raise awareness and educate homeowners on the value, processes, and regulations surrounding ADUs (Salvador, 2020). In order to streamline the city review and permitting processes, some jurisdictions have offered pre-approved, standard ADU building plans. San Diego County, for example, offers a variety of standard ADU plan types that are categorized by square footage and layout, including one-, two-, and three-bedroom plans that range from 600 to 1,200 square feet in size (San Diego County, n.d.). The plans offered by San Diego County were designed and reviewed by the Planning and Development Services Department to ensure compliance with the California Building Code and are provided at no cost for the end-user. Since the characteristics of each property vary throughout the County, the pre-approved plans are intended to be approximately 85% complete, enabling the individual property owner to alter the final plans to address context-specific requirements (Howe, 2019).

3.4.2.3 Neighborhood property values

Another common concern from neighboring property owners is that rental units, including ADUs, may decrease their property values. There is a small body of literature that refutes this concern, and research specifically examining the relationship between ADUs and property values is limited. One study suggests that ADUs can often lead to property value increases for the individual parcel and do not negatively

impact nearby property values (Thomaz, Brown & Watkins, 2018). Another study used a regression analysis of property values to conclude that people were willing to pay more for homes located in denser areas with New Urbanist designs that accommodated ADUs, while there was less market demand for increased density in suburban areas (Song & Knaap, 2003).

A more recent study for the City of Pasadena, California compared two adjacent neighborhoods with similar lot sizes and neighborhood characteristics but with one important difference: ADUs accounted for 17% of the total housing units in one neighborhood (High-ADU Neighborhood), while ADUs represented only 2% of total housing units in the other (Low-ADU Neighborhood) (Burns, 2017). When the study compared sales prices for homes without ADUs in the two neighborhoods, it found that homes in the High-ADU neighborhood sold at a slightly higher overall sales price and a slightly lower price per square foot (Burns, 2017). The report also concluded that higher ADU concentrations did not appear to negatively affect neighboring property values in Pasadena, (Figure 35) (Burns, 2017). Although the High-ADU Neighborhood was larger than the Low-ADU neighborhood, the study did not discuss why there appears to be a higher turnover rate in the neighborhood with more ADUs.

Home sales value comparisons		
Metric	High-ADU neighborhood	Low-ADU neighborhood
Recent average sales price	\$705,250 (\$442 per square foot)	\$657,500 (\$454 per square foot)
Number of Sales	24	8

Figure 35 Three year home sales value comparisons between high-ADU and low-ADU neighborhoods, from Burns, 2017 p.6

3.4.2.4 Crime & disregard for the neighborhood

Homeowners often express concern over ADUs, citing a fear of increased crime and neighborhood decline stemming from the transitory nature of renters and potential tenant disregard for the neighborhood. Research has not extensively explored the validity of these concerns in neighborhoods with respect to ADUs.

However, existing literature does offer some insights regarding the association between crime rates, declining neighborhood conditions, and rental units (including apartments and single-family rentals), with differing results. One study found no relationship between single-family rental units and crime rates (Ihlanfeldt & Yost, 2019), while another found crime rates were positively associated with the owner's distance from the rental unit (Rephann, 2008). Another article reasoned that, counter to the general concern over ADUs and quality of life, ADUs actually contributed to neighborhood upkeep, as the homeowner could either barter for maintenance work in lieu of rent or use newfound rental income for maintenance expenses (MSRC, 1995). Notably, existing research suggests homeowners or landlords are often required to maintain primary residence on the same parcel as the ADU, potentially resulting in better screening and supervision of tenants than other forms of rental housing (Brining & Garnette, 2013). Additionally, the increased tax revenue generated by ADU rentals (e.g., through increased property valuation) have the potential to enable higher levels of public services to the community, such as emergency services, parks, or LED streetlights.

3.4.3 Overcoming opposition & encouraging YIMBY-ism

Despite the challenges and opportunities discussed above, overcoming neighborhood opposition to ADUs remains a significant barrier for implementing successful policies. For instance, Pfeiffer explains that "lower-income bedroom communities facing fiscal pressure may aspire to become affluent job centers and embrace housing strategies such as ADUs that lead to the population density needed to support thriving commercial districts" (2015). Pfeiffer expands on this theme by noting, "higher-income bedroom communities (particularly those oriented to retirees) may be wary of second units because they want to protect their quality of life and have the resources to do so" (2015). While bedroom communities are not at immediate risk of decline, such communities can view ADUs as a way to avoid decline by supporting the market for those who desire living in dense, diverse, and more walkable communities (Pfeiffer, 2015). Despite these challenges, there is minimal evidence to support or refute NIMBY perceptions associated with ADUs (Pfeiffer, 2015). Conversely, there is a growing advocacy for increased density that supports affordable housing supply. This position, known as YIMBY-ism (Yes In My Backyard), acknowledges and supports ADUs as a minimally invasive and viable option for additional housing. The literature identifies several strategies for overcoming opposition and increasing YIMBY support for ADUs. Homeowner education is a central strategy for overcoming ADU opposition and encouraging YIMBY-ism.

Case studies and other research identifies lack of experience with construction projects, intimidating permitting processes, and fear of violating building codes as major barriers to building ADUs for homeowners and builders alike (Chapple et al. 2017). Recent research points to the success of educational community programs to help homeowners overcome these challenges and familiarize themselves with the ADU process. For instance, Portland, Oregon developed educational programs in 2008 and, by 2010, the city began to see dramatic increases in its ADU permits (Chapple et al. 2017). Key educational strategies may include:

- Community involvement meetings/charrettes
- Manuals /handouts
- Websites
- Technical assistance
- Tours or other events of existing ADUs

Community involvement is known to be the most beneficial solution to getting the community on board with any type of city planning project or zoning changes. Engaging the community can actively promote trust and assurance and adequately address the needs of the community. Community involvement can be in the form of community meetings that allow residents and stakeholders to express their concerns, be a part of the decision making process. A charrette is an example of a specific hands-on participation method to resolve conflicts and map solutions. These educational strategies relate to ADUs because the community will be more apt to approve of them if they are a part of the process to design the codes to suit the community's needs (Abu-Kahlaf, 2020).


Manuals can offer a step-by-step guide that reduces confusion over ADU permitting and construction processes. The literature highly recommends manuals as one strategy to educate homeowners and noted this was one element of the City of Santa Cruz's multifaceted ADU program (Chapple et al. 2017). ADU manuals can serve multiple purposes, including describing the permitting requirements and/or providing step-by-step instructions on how to apply for permits, grants or waivers, and financing options.

ADU websites have also been used to educate homeowners and builders on local programs, resources, and incentives, such as expedited permitting, financing programs, and pre-approved (permit-ready) ADU plans. San Diego County’s ADU website provides links to pre-approved plans, ADU-specific requirements, and instructions to obtain building permits (San Diego County, n.d.). The site also provides basic information needed to understand fee waivers and lists allowable sizes (Figure 36).

Technical assistance strategies can also make it easier for homeowners to navigate the ADU permitting process. One example includes assigning a homeowner or building a dedicated point of contact (e.g., a current zoning planner) to guide them through the ADU process. The City of Vancouver provided technical assistance as part of its highly successful ADU program (Chapple et al., 2017), and San Diego County has an email account dedicated to ADU questions on its website to provide information on ADU-specific requirements (San Diego County, n.d.).

What size ADU is allowed? How big?


An ADU is intended to be secondary in size to the single-family residence. An ADU attached to a primary dwelling may be up to 50% of the size of the single-family residence, up to a maximum of 1,200 square feet. An ADU detached from the single-family residence may be up to 1,200 square feet, regardless of the size of the residence.



Examples for allowable ADU sizes are provided below:

Square Footage of Existing single-family residence (SFD)	Maximum Allowed Square Footage for <u>Detached</u> ADU	Maximum Allowed Square Footage for <u>Attached</u> ADU (up to 50% of SFD)
1,450 sq. ft.	1,200 sq. ft.	725 sq. ft.
1,800 sq. ft.	1,200 sq. ft.	900 sq. ft.
2,000 sq. ft.	1,200 sq. ft.	1000 sq. ft.
3,000 sq. ft.	1,200 sq. ft.	1,200 sq. ft.
4,500 sq. ft.	1,200 sq. ft.	1,200 sq. ft.

After reviewing the information provided on ADU's, if you still have any questions please contact us:
 Phone Number: (858) 495-5382
 E-mail: PDS.ADUquestions@sdcounty.ca.gov



To find out how your property is zoned (please enter your APN # on the upcoming screen)

[Complete List of ADU Zoning Requirements](#)

[Instructions for Obtaining a Building Permit](#)

Figure 36 ADU size guidance, by San Diego County

Lastly, tours and other educational events are low-cost programs that can offer information on city requirements, while also providing potential ADU homeowners the opportunity to experience properties with ADUs and ADU configurations. Some of Portland's ADU success has been attributed to bike tours conducted by ADU and green building advocates, promoting the housing type (Chapple et al. 2017). Combining these various educational programs and strategies, which may be sponsored by public or private entities and feature ADU-appropriate regulations and/or incentives, can help increase support for ADUs (Chapple et al. 2017).

3.5 Discussion

The body of research and literature surrounding ADUs will inevitably grow as cities and localities propose new ordinances for legality or adapt to the needs and changes in their specific community. Even so, the current conversations around ADUs confirm that these units have a valuable purpose in assisting to mediate the housing crisis in the United States and provide options to homeowners and ADU residents alike—whether they are family members or young professionals seeking affordable rental opportunities within their community. However regulatory controls and barriers, such as financial costs and neighborhood opposition, stunt the progress of normalizing the construction of ADUs in many jurisdictions. Since single-family zoning has existed for about a century, perceptions of ADUs have fluctuated over time (Baldassari & Solomon, 2020). In the modern day, there is the realization that the zoning choices of the past have directly contributed to many of the housing challenges that communities are either currently facing or anticipating in the future. Reestablishing the opportunities for—and necessity of—ADUs may be one of the important missing pieces of the housing puzzle. ADUs notably offer a range of possibilities, albeit not without a handful of obstacles. However, if applied properly, ADUs could benefit many lives and communities.

CHAPTER 4: STAKEHOLDER ENGAGEMENT

In an effort to capture the sentiments of key stakeholders relating to housing affordability and knowledge about ADUs, the Planning Workshop team included a qualitative research component in the scope of work with the City of Peoria. The team collaborated with the City to select appropriate research questions and to identify key stakeholders whose knowledge related to these questions would be important to consider. What followed was a series of focus groups and interviews with City staff, affordable housing advocates, and private developers in order to get a broad range of ideas on the feasibility of ADUs by gathering experiences, common issues faced, and best practices. The team subsequently organized the qualitative information into a comprehensive database, analyzing it to identify common trends and ideas that aided our investigating team in providing recommendations to the City of Peoria. While more public engagement is expected, the findings in this chapter represent a broad overview of the perceptions and attitudes held by key stakeholders as they relate to housing affordability in Peoria and ADUs as a policy measure, and can provide important insight in shaping an effective ADU policy in Peoria.

4.1 Research methodology

The project team worked closely with the City of Peoria to create a standard interview instrument that sought in-depth stakeholder feedback related to affordability and availability of housing in Peoria, as well as perceptions and recommendations related to a potential ADU policy. This interview instrument included the following questions:

General housing questions

1. Regarding housing types, do you think there is a variety of housing available in the City? Is there affordable housing available? What about housing to accommodate seniors, young people or multi-generational housing?
2. Do you think there is a need for additional types of housing in Peoria? What types and where (if applicable)?
3. What challenges exist to increase affordable housing supply in Peoria?
4. What do you think is the most effective way to improve housing affordability?

ADU-specific questions

5. Based on what you know about ADUs, what are your perceptions?
6. Do you think ADUs would be feasible in the City? Why or why not?
7. In which parts/neighborhoods of the City do you think ADUs would receive the most positive (or negative) reception? Why (or why not)?
8. What would you say are the advantages/disadvantages of ADUs?
9. If the City of Peoria were to adopt an ADU policy, where would you anticipate challenges? Opportunities?
10. What would an effective ADU policy look like in the City?

Subsequently, the Planning Workshop worked with Peoria's Planning & Zoning Department to identify a list of internal and external stakeholders to interview about the agreed research topics. The analysis group selected stakeholders based on their expertise related to housing development, policy, or Peoria-specific knowledge. The Planning Workshop facilitated each interview or focus group, including one or two interviewers and additional members as note-takers. Students conducted all of the individual interviews and most of the focus groups discussions virtually, via Zoom. In addition, the team was able to conduct an in-person focus group for the Planning and Zoning Commission at the invitation of city officials. In total, 27 stakeholders were interviewed either individually or as part of a moderated focus group discussion.

The discussions included:

- *Four focus groups comprised of the following stakeholders*
 - **Peoria City Manager's Office**, including the City Manager and members of his executive leadership team
 - **Peoria City Staff** with representatives from various departments including: Planning and Zoning, Economic Development, Neighborhood and Human Services, and Public Works
 - **City of Peoria Planning and Zoning Commission**, which was attended by seven commissioners as part of the official commission meeting on March 18, 2021
 - **Affordable housing advocacy groups** including a representative from the Arizona Housing Coalition, Urban Land Institute Arizona, Vitalyst Health Foundation, and ASU Stardust Center for Affordable Homes and the Family
- *Five individual interviews with representatives from the private sector including home developers and land entitlement planners*

Once the interviews were completed, the Planning Workshop team performed an initial coding exercise. One representative from each interview conducted this inductive content analysis and took notes on overall topics that arose from the discussion. After this preliminary inductive coding work was completed, a member of the analysis team created a more formalized codebook based on the preliminary analysis. This analysis yielded five major themes, each with multiple subthemes, descriptions of which are outlined below. A team of two then conducted a deductive line by line analysis of the interview results based on the themes and subthemes in the codebook.

4.1.1 Potential validity and reliability issues

The primary goal in stakeholder selection and construction of the interview instrument was to ensure that broad points of view were taken into consideration in the analysis. Initially, a representative group of residents and leaders of local homeowners associations (HOAs) were expected to be included. However, due to time and resource constraints, engagement with these stakeholders was not able to be performed. This presents a potential external validity issue as the feedback received from the interviewed stakeholders may not be reflective of the perceptions of residents or HOA leaders more generally. The remaining focus groups and interviewees commented on opinions and ideas likely to be brought up during sessions with residents and HOA representatives; however, these groups focused on their specific areas of expertise. For instance, the affordable housing group comments tended to focus on affordable housing stock. Similarly, the developer group had a large number of comments geared towards development costs and ordinance restrictions. The Planning and Zoning Commission was anticipated to be sensitive to and include Peoria residents' opinions, however, it is suggested that once the pandemic and resources allow, residents and HOA representatives be queried to ensure this viewpoint is accounted for.

From a process perspective, COVID-19 restrictions required the majority of focus groups and interviews to be conducted online via Zoom. This may have led to minor difficulties including a learning curve for facilitators and participants, unstable internet connections and an inability to read body language. These limitations were addressed by employing multiple note-takers and facilitators for focus groups as well as recording the sessions for further review.

Finally, due to the amount of participants, a high quantity of data was generated, necessitating review by multiple coders. To ensure reliability of the line by line analysis, all stages of coding and identification of themes and subthemes were reviewed and approved by the entire qualitative group before proceeding to the next stage. This ensured adherence to the codebook and promoted high intercoder reliability.

4.2 Themes derived from assessment

Throughout the qualitative analysis there were several themes that became apparent through conversations and interviews with these key stakeholders. These themes were separated and categorized based on definition and prevalence to the subject matter. The five main themes that emerged were: ADU implementation, unaffordable housing, ADU development challenges, housing type diversity, and ADU benefits. Through an extensive coding process, themes were broken down further into subthemes, which offered more detailed examples of pros and cons associated with ADUs. The following section is a detailed description of all themes and subthemes derived from the data analysis.

1. ADU implementation

Description: Examples or specific recommendations for implementation of a successful ADU policy.

Subthemes:

- **Policy scope and intention:** Responses that mention scope, intention or incentives relating to an effective ADU policy. Participants noted driving factors and objectives behind policies as being important.
- **Short-term rentals:** Any mention of ADUs being used as a short-term rental, whether for good or bad, including statements that mention AirBnB, vacation rental, etc.
- **Neighborhood attitudes:** Phrases related to criticism or support of ADUs by neighbors or homeowners associations or any mention of NIMBYism.
- **Community outreach:** Recommendations for community outreach or education campaigns to build support for ADUs from the neighborhood level.
- **Development timeline and infrastructure:** Coordination developing or after developing the primary unit or discuss issues relating to utility and other public service coordination.

2. Unaffordable housing

Description: Comments that center on the lack of affordable/attainable housing.

Subthemes:

- **Supply/demand imbalance:** General comments that convey that there is a shortage of attainable and/or affordable housing attributed to market forces.
- **High development costs:** Phrases relating to the cost of land, construction, materials, etc. that make building homes at attainable prices difficult in the current market.
- **Regulatory burdens:** Mentions of zoning codes or other development regulations in Peoria or other administrative level as a barrier to more affordable housing development.
- **Lack of public resources:** Phrases that mention missing public funds, or program supports that could incentivize development of more affordable housing.

3. ADU development challenges

Description: Comments related to challenges associated with physical development or regulation of ADUs.

Subthemes:

- **Physical lot characteristics:** Responses that include mention of physical lot characteristics that impede ADU development such as lot size and/or setbacks.
- **Parking and traffic:** Any mention of ADUs and parking requirements or additional traffic imposed. Perception of ADU development impacts, or lack of impact on traffic.
- **Cost to build:** Comments related to the cost of ADU development via cost of permits, building materials, contractor hiring price, etc.
- **Neighborhood character:** Responses that discuss ADUs in the context of the character of the neighborhoods where they are built and whether ADUs are beneficial or harmful to that perceived character.
- **Design review processes:** Phrases mentioning design aesthetic standards or reviews of ADUs. Typically strenuous design standards requiring matching aesthetics can make the building process more complicated.

4. Housing type diversity

Description: Responses that relate to the diversity of housing types in Peoria.

Subthemes:

- **Missing middle housing:** Phrases that mention “Missing middle” housing or the desire to provide neighborhood-scale housing types beyond single-family homes.
- **Changing preferences:** Statements about the changing preferences for housing. Including starter homes, downsizing, or desire for housing types aside from the typical single family home.
- **Infill:** Responses that include mention of infill development typically in the form of developing on vacant lots within city limits, in largely developed and aging areas.

5. ADU Benefits

Description: Phrases promoting the beneficial aspects of ADUs.

Subthemes:

- **Multi-generational living:** Phrases that identify ADUs as a means to provide housing support for aging parents or young adult children
- **Increase supply of attainable/affordable housing:** Phrases that characterize ADUs as a strategy to deliver more affordable and/or attainable housing.
- **Other benefits:** Statements that mention general benefits of ADUs beyond as a means to increase affordable housing or provide multi-generational living options.

4.3 Results and findings

After coding was completed, the team conducted an analysis of themes and subthemes. Figure 37 depicts the number of comments from the qualitative assessment that fell into each of the five major theme categories. “ADU implementation” received the highest number of comments with 102 (30% of the total), “Unaffordable housing” had 78 comments (23% of the total), and 71 comments were made with respect to “ADU development challenges” (21% of the total). This demonstrates that, generally, respondents were most focused on how ADUs would be implemented in Peoria, the lack of affordable housing available within the city, and many of the known challenges associated with developing ADUs.

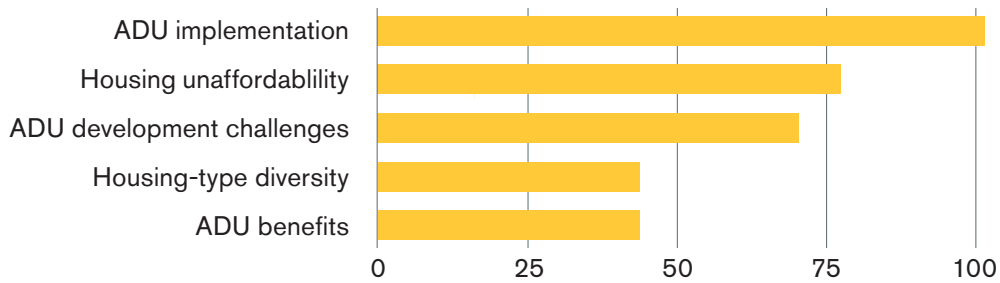


Figure 37 Total comment count of five derived themes

4.3.1 ADU implementation

The most consistently mentioned subtheme within the ADU implementation category was “policy scope and intention,” as demonstrated in Figure 38 below. Comments of this type expressed a feeling that any ADU policy enacted by the city must be specifically and carefully tailored to whatever its intentions are; if not, ADUs could be used for other purposes. As an example, one interviewee stated that it is imperative that general guidelines for the policy are established as clearly as possible.

The topic of “short-term rentals” also relates closely to policy intention. Several participants noted that there could be an issue of ADUs being used as AirBnB’s or other vacation rentals, for example, instead of their intended purpose for permanent residents. However, as detailed in the literature review in Chapter 3, existing research suggests a small share of ADUs (approximately 12% in the cited study) are actually used for short-term rentals. This might suggest that the scale of the short-term rental issue is smaller than communities perceive it to be.

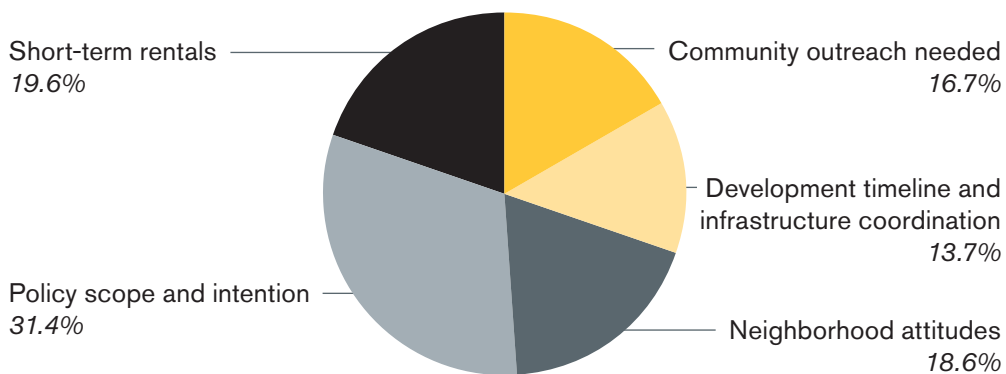


Figure 38 Breakdown of ADU implementation subthemes

"Neighborhood attitudes" was another popular subtheme, which represented phrases related to criticism or support of ADUs by neighbors or homeowners associations, as well as any mention of NIMBYism. Many comments coded under this subtheme, particularly those made by public sector respondents, often related to homeowners associations (HOAs) and the perceived opposition those groups might put up. Implementing ADUs within a specific community might be difficult due to NIMBYism and the political weight that these local associations hold. This illustrates another challenge that Peoria might need to overcome in order to provide a successful and impactful ADU policy.

4.3.2 Unaffordable housing

Due to the rapid growth of Peoria—and much of the Phoenix Metropolitan Area overall, there is an increasing supply-and-demand imbalance within the housing market, which is placing upward pressure on the costs of land, labor, and materials. This, in return, has made building homes at affordable or attainable prices exceptionally difficult in the current market. Figure 39 demonstrates how 42% of the responses in the unaffordable housing category fell into the “supply/demand imbalance” subtheme, showing the large concern for the lack of affordable housing in Peoria. This conveys the unsatisfied demand from the large population influx to Peoria, where the dwelling units needed to house these new residents have simply not been built. As a result, housing prices are driven up. For example, one middle-aged interviewee had stated that “today, it’s almost insurmountable for somebody younger than me [to afford a home in Peoria],” which further perpetuates a need for cheaper housing throughout the city. This appeared to be a frequent attitude among all who were interviewed.

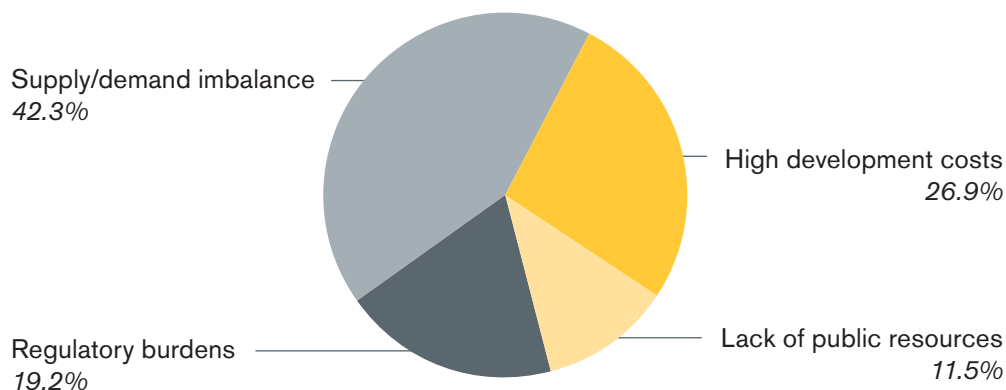


Figure 39 Breakdown of housing unaffordable subthemes

Second, “high development costs” (27%) were another large concern in relation to ADU and housing affordability, as material and labor costs continue to rise. The developer stakeholder group expressed the most concern with this particular issue. In addition to this, the varying topography in areas like northern Peoria might make ADU construction more difficult, while building ADUs in already constructed homes in southern Peoria has its own set of additional costs associated with it. These variables pose further challenges for developers and city planners as they attempt to create much needed affordable housing.

4.3.3 ADU development challenges

The primary concern when referencing development challenges related to “physical lot characteristics,” which encompassed 35% of all answers under this theme (Figure 40). One overarching issue with ADUs is the surface area they require. Unfortunately, this can make building ADUs on parcels with smaller lot sizes a challenge. For example, the southern portion of Peoria is generally made up of less expensive housing, but the homes are often older and on smaller lots, many of which would not accommodate an ADU. Conversely, the northern portions of Peoria are more sprawling and homes are often on lots potentially large enough to accommodate an ADU. In addition, setbacks and other zoning regulations further complicate where ADUs can be built in a specific parcel.

The “parking and traffic” (27%) subtheme dealt with issues surrounding parking, such as whether or not additional spaces should be required along with the construction of an ADU, and traffic, which primarily focused on concerns that an influx of ADUs might increase traffic in a certain neighborhood, community, or locality. Many interviewees had concerns over potential traffic impacts, but mainly alluded to the challenge of parking, as Peoria is predominantly an auto-dependent city.

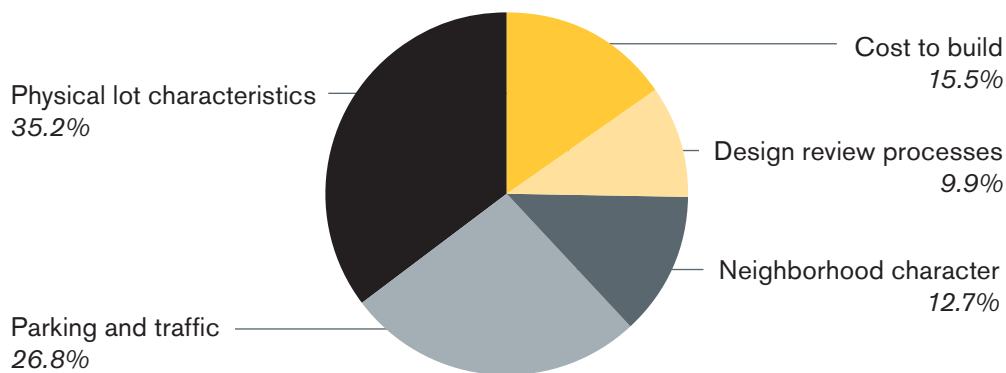


Figure 40 Breakdown of Development challenges subthemes

Finally, the costs associated with building ADUs (“cost to build,” 15%) was mostly a concern that was voiced by developers, but one that should be noted with caution; as one respondent noted, if ADUs are expensive to build, they will also likely be expensive to rent. This is particularly true in higher income areas, such as the northern areas of Peoria, where lots are often larger. These challenges provide context for why ADU development within Peoria could prove difficult in a variety of different facets.

4.3.4 Housing-type diversity

“Missing-middle housing” constituted the vast majority of statements under this theme (Figure 41). This term relates to the smaller scale of housing options that exist on the spectrum of housing types between detached single-family homes (at the lower end) and mid-rise multi-family (at the upper end). Data from the Community Profile shows that two to four unit housing types make up only 2% of Peoria’s housing stock.

“Changing preferences” refers to the idea of individuals wanting different types of housing than they previously occupied. For instance, some households are considering the possibility of downsizing, which would correlate to a possible desire for an ADU. One interviewee alluded to this directly, summarizing that there are shifts in the homebuilding industry and smaller-sized households becoming more common. Finally, the topic of “infill development” was also mentioned sporadically, primarily as a method of increasing housing density and filling gaps that have been created by earlier leapfrog development.

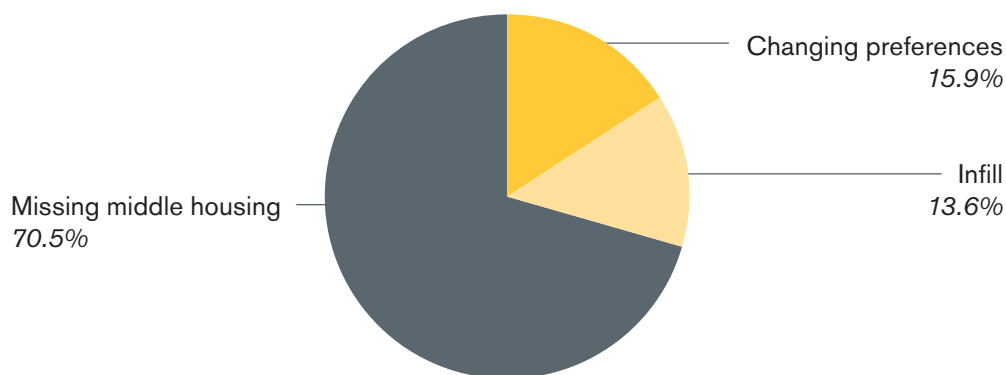


Figure 41 Breakdown of housing-type diversity subthemes

4.3.5 ADU benefits

The major benefit of ADUs, according to respondents, is “multi-generational” living (Figure 42). Multi-generational housing options can serve either aging parents, who no longer want or can maintain a full size home, or younger adults, who might not yet be fully able to financially support themselves. This is commonly seen as one of the overarching benefits of ADUs. One interviewee described this multi-generational living status as “proximity to loved ones without excessive dependence.”

ADUs can also be used for “increasing the supply of attainable or affordable housing.” As smaller-scale units, ADUs offer lower rents than a standard single-family home or other types of larger dwelling units (either owned or rented). This, coupled with the fact that Peoria already has a small supply of rental units, could increase supply for a high demand housing option. Considering that a primary challenge within housing development in Peoria is currently the lack of affordable housing, this demonstrates the importance of ADUs’ role in helping mitigate that problem.

Lastly, some of the “other benefits” that interviewees associated with ADUs include that they can be trendy, fun, or a cool way for younger adults to live—particularly those who are recent graduates. Collectively, Peoria stakeholders recognized many different benefits associated with ADUs. Developing an appropriate ADU policy for the community could provide an opportunity for Peoria to capitalize on these interests and opportunities, bringing value to the local housing market.

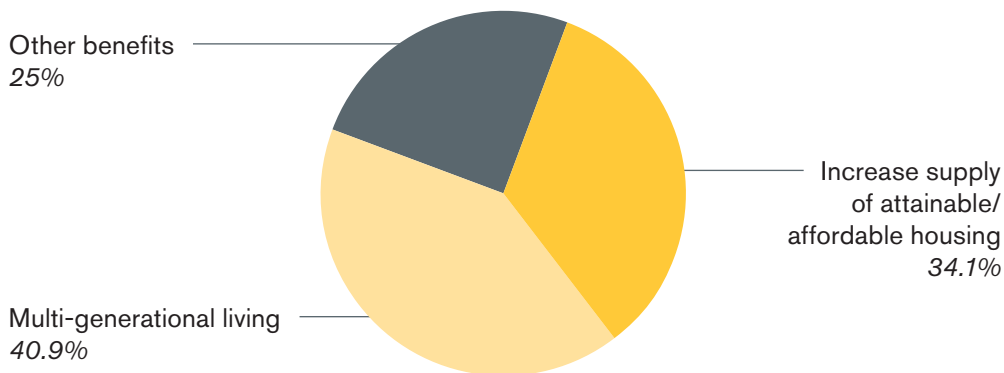


Figure 42 Breakdown of ADU benefits subthemes

4.4 Stakeholder observation take-aways

ADUs are part of the solution to both housing affordability and availability problems, but they are not a silver bullet. The first take-away relates to the overall makeup of Peoria's housing stock. Housing diversity is a critical component of a successful, vibrant Peoria. Housing industry experts and City of Peoria representatives were concerned with the missing middle housing stock. They identified single family homes as the dominant housing type, with little supply in between single family residences and more dense development (also known as the "missing middle."). This can make it more difficult for younger and older populations to find attainable housing, particularly recent graduates or seniors who may wish to remain within the community, but downsize to smaller and/or more affordable housing options. Peoria's increased desirability and current reliance on single family neighborhoods has also fueled a supply/demand imbalance, exacerbating the affordability crisis that is prevalent in Peoria and the Phoenix region at large. From this perspective, participants noted that ADUs could be an effective tool in the affordability toolbox. However, they also stressed that ADUs alone would not fully address these issues.

Purposeful policy details hold the key to successful development and acceptance of ADUs in Peoria. **Purposeful policy written with clear intent is necessary to support desired uses and deter unintended uses and consequences.** The primary purpose for the ADU policy must be identified and the policy drafted with this use in mind. Multiple participants suggested multi-generational housing was a desirable use, while short-term rental uses were singled out as a concerning potential for ADUs in the city. Other prevalent policy concerns included parking and physical lot characteristics such as lot size and setbacks. Physical lot requirements should be modified to the extent they support the ADU purpose. For instance, additional parking requirements may influence what type of occupant resides in the ADU, and therefore the most prevalent use of ADUs. In this case, parking requirements in similar cities with ADUs should be analyzed to determine the extent to which parking—for instance—has posed a measurable problem for other communities and to understand any negative impacts.

These high-level take-aways from the stakeholder engagement point to necessary strategies for successful adoption of any ADU policy that Peoria proposes. Utilizing this stakeholder knowledge can lead to a wider diversity of housing options available to Peoria residents and increase affordability to an extent, but failure to heed these may result in undesirable outcomes and more negative attitudes towards ADUs.

CHAPTER 5: CASE STUDY OVERVIEW

Chapter 4 offered Peoria stakeholder perspectives, yielding insights into how receptive the community may be to ADUs and the associated barriers and opportunities for potential ADU policy. Chapters 5 and 6 offer external insights into ADU policies, examining existing ADU policies in Arizona and beyond. Since the City of Peoria does not currently have an existing ADU code, these case studies provide an important opportunity to examine existing policies throughout Arizona and across the United States, evaluating a diverse set of approaches and strategies. The ultimate goal of the case study analysis is to provide Peoria decision makers with a range of possible policy options. This chapter functions as an overview of the ADU case studies that the Planning Workshop team conducted for the City of Peoria. In total, we completed nine case studies, including four Arizona cities and five cities at the national level. We selected these cities to represent the wide variety of ADU policy possibilities, offering maximum insights and choice to the City of Peoria.

This chapter contains an outlined methodology of case study selection, analysis, and synthesis of observations. As part of the research process, the team developed an ADU spectrum, which is described below. Finally, this chapter presents final takeaways from the case studies. We provide detailed case study reports for each of the nine selected cases in Chapter 6.

5.1 Research methodology

In this section, the six-step research methodology used to complete the case study analysis is outlined. First, the Planning Workshop team identified cities of interest on both the Arizona and national level. These cities of interest were selected based on demographic data, geographic similarities, shared development patterns, and other factors. The team then evaluated ADU specific data and created an ADU spectrum that measured a city's ADU policy development. From this evaluation, students made case study selections: four cities in Arizona and five cities across the country. Next, an in-depth analysis of publicly available resources, zoning codes and ordinances, and supplementary documents was conducted. Additionally, virtual interviews were held with a member of each city's planning department in order to gain a more robust understanding of each ADU policy. After synthesizing the findings from previous stages of research, the team drafted city-specific reports that provide a complete evaluation and analysis of ADU policies. A more detailed summary of this process is provided on the following page.

5.1.1 Arizona case selection process

1. Identification of 18 cities of interest

The Planning Workshop team explored and evaluated each city's publicly available online resources. These included general and comprehensive plans, zoning codes and ordinances, and complementary planning documents.

2. Evaluation of ADU specific data

Students then analyzed specific ADU code requirements and removed cities from consideration that did not have established ADU codes and policies. The team then evaluated the remaining cities with ADU policies. See Appendix 1 at links.asu.edu/PCPeoriaHousing21S for a matrix of ADU code requirements from considered municipalities.

3. Development of ADU spectrum

Students used findings from previous steps of analysis to develop an ADU spectrum, which broadly illustrates the state of ADU-related policies among the defined group of Arizona cities (Figure 43).

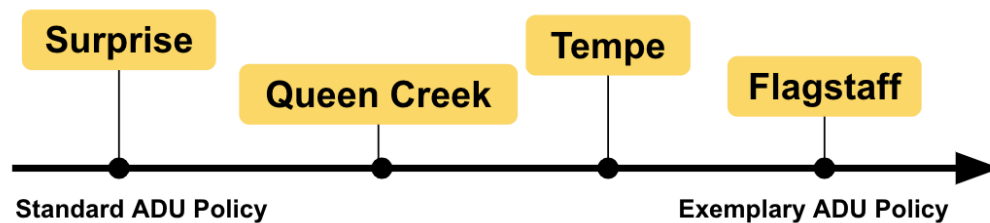


Figure 43 Spectrum of Arizona case studies

4. Finalization of case study selection

The Planning Workshop team selected four Arizona cities as case studies based on aforementioned criteria, compelling qualities (such as code language, public guidance materials and easily-navigable requirements), demographic characteristics, and development patterns. The four cities include:

- Flagstaff
- Surprise
- Tempe
- Queen Creek

5. Case study evaluation and analysis

Students then conducted in-depth analysis of each of the four selected Arizona cities by revisiting ADU specific codes and ordinances as well as publicly available information related to ADU policies. Additionally, team members conducted virtual interviews with individuals of each city's planning department. With previously established interview questions, our goal was to gain a clear snapshot of how ADU programs and policies are being evaluated and practiced. Interviews were recorded and transcribed for ease of analysis.

6. Case study takeaways

Once research and analysis were completed, the Planning Workshop team synthesized key takeaways for each case, drawing upon interviews and previous analysis.

5.1.2 National case selection process

1. Identification of 27 cities of interest

For the national cases, the Planning Workshop team identified 27 cities of interest based on demographic similarities to the City of Peoria (e.g., population, household income, urban development patterns). Students also utilized a private website that lists cities that permit ADUs to guide our city identification process. Data tracking for this process was compiled into an extensive data matrix.

2. Evaluation of ADU specific data

The team recorded and evaluated specific ADU code requirements for the cities of interest. Additionally, it was documented whether or not cities provided additional ADU resources and materials such as user guides, checklists and other publicly available resources.

3. Development of ADU spectrum

Findings from previous steps of analysis were used to guide the development of an ADU spectrum, which broadly illustrates the state of ADU-related policies among the defined group of cities from across the country (Figure 44).

4. Finalization of case study selection

After initial analysis, five U.S. cities were selected based on demographic similarities, presence of mature, established ADU policy, and compelling qualities and additional resources. The five cities selected were:

- Salem, Oregon
- Santa Cruz, California
- Oceanside, California
- Lakewood, Colorado
- Vancouver, Washington

The team also considered Salt Lake City, Utah for inclusion in the study. However, students were unsuccessful in connecting with the local planning department and determined the best course of action would be to focus on the cities where they were able to interview city staff.

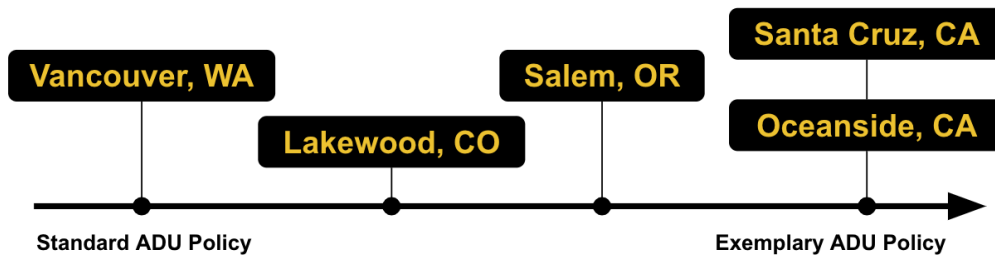


Figure 44 Spectrum of national case studies

5. Case study evaluation and analysis

The Planning Workshop team then conducted in-depth analysis of each of the five selected cases by revisiting ADU codes and ordinances, as well as additional publicly available ADU support materials. Additionally, team members conducted virtual interviews with individuals from each city's planning department. When interviewees were unable to participate in a virtual conversation, we offered them to provide written responses to our questions. Through these interviews, our goal was to gain clarification about the ways each city's ADU programs and policies functioned. The team recorded and transcribed the interviews for ease of analysis.

6. Case study takeaways

Once research and analysis were completed, the team synthesized key takeaways for each case, drawing upon interviews and previous analysis.

5.2 ADU spectrum

Throughout the case study analysis process, it became clear that there was no singular city that set the gold standard for an ADU code, policy, or strategy. This is not to say that the selected cities do not have effective or successful ADU approaches. Instead, it was apparent that a spectrum of approaches to ADU policy existed and that each city had its own unique mix of practices and strategies. As the Planning Workshop team completed their research on each selected city, we developed a visual representation of this spectrum to facilitate ongoing research and conversations. The spectrum arrayed the cases on a continuum from standard ADU policy to exemplary, highly-developed ADU policy. Subsequently, we created a matrix to help evaluate individual features of each case's ADU policy. Figure 45 describes the case study matrix, including definitions of key features and classifications. Figure 46 evaluates each of the cases individually, in addition to providing a comparative view of ADU policy approaches.

5.3 Valuable case study takeaways

As previously mentioned, the primary goal of case study analysis was to identify a range of ADU policy options that stakeholders at the City of Peoria could use to make informed decisions when creating their own ADU policy. After identifying four cities in Arizona and five cities from across the country, students conducted in depth research and analysis to examine the realities of ADU policy in various contexts. From these nine cases, we have gained valuable insight regarding best practices and areas of consideration that will be helpful for future ADU policy development in Peoria.

There is a noticeable difference in ADU policy development between Arizona and non-Arizona cities. Since ADUs are not common in many Arizonan cities, the number of insightful cases was limited. However, we believe the four Arizona cases offered an informative snapshot of how ADUs are currently being used in the state. The additional five cases of cities outside of Arizona offered an expanded view of the potential impact ADUs could have in Peoria over time. By identifying more developed and mature ADU policies, we acquired practical knowledge that reinforced trends identified in the Arizona cases. Final observations and takeaways are listed on the following pages.

ADU spectrum					
	<i>ADU code accessibility</i>	<i>ADU code comprehensiveness</i>	<i>Affordability focus</i>	<i>Flexibility of implementation</i>	<i>Supplementary materials</i>
Definition	Ease of navigation and interpretation for members of the public	Degree of detail in standards	Prioritization of affordability in ADU policy approach	Degree to which zoning allows ADUs to be located throughout the municipality	Presence of additional ADU resources available to the public
Classification					
○	Complex, difficult to find or navigate, numerous cross-references to other sections; familiarity with zoning codes necessary	Lacking typical elements; simplistic	Affordability is not the primary goal	Standards largely restrict the zoning districts in which ADUs may be implemented	Non-existent
◐	Familiarity with zoning codes helpful; complex but not unwieldy	Includes many typical elements: use, design, building standards, parking	Affordability is a peripheral goal	Standards limit the zoning districts in which ADUs may be implemented	Limited resources for residents
●	Easy to locate, navigate and understand, avoids unnecessary jargon	Includes all typical elements plus additional information; (often reflects how long code has been established)	Affordability is the top priority	Flexible standards allow broad implementation of ADUs in the majority of zoning districts	More than one type of resource residents are able to access to advance their ADU project

Figure 45 ADU spectrum definitions and classifications

ADU case study spectrum					
City	Code accessibility	Code comprehensiveness	Affordability focus	Flexibility of implementation	Supplementary materials
Surprise, AZ	◐	○	○	●	○
Queen Creek, AZ	○	◐	○	●	◐
Tempe, AZ	◐	◐	◐	○	○
Flagstaff, AZ	◐	●	●	●	○
Vancouver, WA	●	●	◐	●	◐
Lakewood, CO	◐	◐	●	●	◐
Salem, OR	◐	●	●	●	●
Oceanside, CA	◐	●	●	●	●
Santa Cruz, CA	●	●	●	●	●

Figure 46 ADU case study spectrum classifications

1. Intention and objectives for ADUs should be clear and established.

Primary goals for ADU policy should be established before enacting or amending any new code. Peer cities highlighted the importance of focusing on the intention of ADU policy, whether that be to provide an increase of affordable housing stock or offer another option for multigenerational households or additional purposes. The establishment of a clear intention gives ADU policy purpose and scope, ultimately leading to a more informed and targeted approach to ADU proliferation.

2. ADU policy should be flexible and iterative.

There is no “one-size-fits-all” approach when it comes to ADU policy. Each community has its unique opportunities and challenges and should approach ADU policy with the local context in mind. ADU policy should be flexible to the needs of the local community and be regularly evaluated to measure effectiveness and whether policy updates are necessary. Most of the peer cities have undergone various ADU policy changes and, through this iterative process, have built ADU policies that fit the specific needs of their residents. Overall, an ADU policy should be clear and purposeful, but also flexible enough to leave room for future updates.

3. Additional resources and supplemental materials can encourage ADU implementation.

Once an ADU policy is established and adopted by a city, additional resources and supplemental materials, such as a guidebook, pre-approved ADU models, or access to city staff, can be effective strategies to encourage ADU construction and usage. These strategies, however, require additional investments of time and money to develop and could be implemented once initial ADU codes are adopted and when the demand for ADUs supports the resources needed to prepare such materials.

4. Public engagement and education is essential for ADU awareness.

Public perception of ADUs and their impacts can vary widely. Peer cities expressed the need to engage and educate the public on ADUs to ensure NIMBYism and privacy concerns are adequately—and proactively—addressed. This can be accomplished through educational resources, public outreach meetings and testimonials from ADU residents. Also, it is useful to engage in ongoing conversations with housing developers and other stakeholders to evaluate additional strategies to encourage ADU construction.

Overall, these nine case studies provide useful information on ADU policies and the many strategies employed to promote ADU construction. Chapter 6 provides an in-depth summary of each case study city, individually, with additional insights and supporting data. Due to the spectrum of ADU policy possibilities, it is apparent that ADU policy should reflect the opportunities and challenges of the community in which the policy is being established. For the City of Peoria, the takeaways identified in case study analysis should be integrated with insight from local stakeholders so as to create an ADU policy that works for city staff and residents. Chapter 7 discusses this process in further detail and provides ADU policy recommendations combining all previous research, stakeholder engagement, and case study analysis.

CHAPTER 6: DETAILED CASE STUDIES

Flagstaff, Arizona

At a glance

Population: 72,402

Median Age: 25.2

Median Household Income: \$58,748

Median Monthly Rent: \$1,265

Median Home Value (Owner-occupied): \$351,600

Percent Single-Family Units (1-unit, detached): 47.9%

Housing Tenure (Owner/Renter): 47.3% : 52.7%

Source: ACS 2019 (5-year Estimates)

<i>ADU Code accessibility</i>	<i>ADU Code comprehensiveness</i>	<i>Affordability focus</i>	<i>Flexibility of implementation</i>	<i>Supplementary materials</i>
◐	●	●	●	○

The City of Flagstaff’s approach to ADUs has evolved through multiple iterations, but it was founded on an understanding that the City should offer housing options for all income levels. According to City staff, increasing the affordable housing stock was and is the driving force behind including ADUs in the zoning code. Multi-generational housing, aging-in-place, and homeowner income opportunities are secondary benefits. ADUs are currently permitted in nearly all existing and new single-family residential zones. Flagstaff’s code is highly comprehensive and contains specific guidelines for standard elements of ADUs. In terms of accessibility, the code may be considered moderately complex. A familiarity with zoning codes would be helpful, but navigating the standards is not unwieldy. A public user would likely find the requirements easy to understand. The code avoids unnecessary jargon and communicates information through tables and graphics. City staff are available for code questions and clarifications.

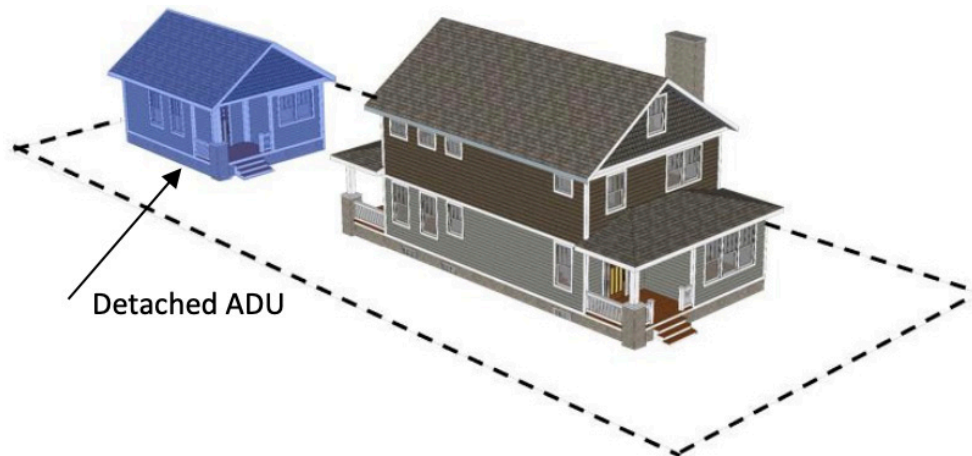


Figure 47 Example of graphics used in Flagstaff's zoning code, by City of Flagstaff, 2019

Policy background

- **2005:** Community Housing Policy Task Force Report includes recommendations for ADUs among policies and regulations to increase housing options for all income levels.
- **2007:** Code adopted to incentivize ADUs.
 - Allowed in all existing and new single family residential zones.
 - Exempt from lot coverage calculations.
 - Removed minimum separation distance between main and accessory dwelling.
 - Allowed encroachment into setbacks.
 - Required same utility service as main dwelling.
- **2018:** City of Flagstaff begins tracking permits issued for ADUs.
- **2019:** Code updated. Clarified locations permitted, maximum size, architectural compatibility. Required restrictive covenant.

Summary of ADU policy

Housing in the Flagstaff region has a higher cost and value than comparable housing in other Arizona communities due to tourism and recreation attractions, the presence of Northern Arizona University (NAU), and desirable seasonal weather. There is a limited supply of land for development, and the city has experienced a consistent rate of population increase, including a growing student population at NAU which is expected to continue.

The City seeks to address the need for affordable housing and housing needs of students in a situation where the external market demand for housing is driving prices higher than local wages can support. The City is also challenged to create community buy-in for higher density development and redevelopment as a means to provide affordable housing choices. According to the Flagstaff Regional Plan (2015), future housing needs will focus on revitalization, infill, and preservation opportunities, yet new neighborhood development is possible.

The City of Flagstaff's approach to ADUs has evolved through multiple iterations, but it was founded on an understanding that the City should offer housing options for all income levels. According to City staff, increasing the affordable housing stock was and is the driving force behind the implementation of ADUs. Multi-generational housing, aging-in-place, and homeowner income opportunities are secondary benefits.

While Flagstaff and Peoria are different in many respects, Peoria is experiencing a similar need for affordable and diversified housing options. Both cities recognize housing plays an important role in major employer and workforce location decisions. And both cities are navigating how to balance new development and redevelopment in neighborhoods while maintaining the desirable character of those neighborhoods.

In Flagstaff, embracing ADUs as one modest tool for addressing housing affordability has helped guide the decision-making process through each iteration. The City navigates the conversation by framing ADUs as "gentle density." ADUs are an option to incrementally and subtly introduce higher density scenarios without compromising neighborhood character.



Figure 48 Flagstaff single-family home with detached ADU

Code specifics

The most recent iteration of Flagstaff's ADU code was implemented in 2019. In an effort to clarify previous versions, the code, as it currently stands, is highly detailed relative to other Arizona municipalities. With increased thoroughness comes increased complexity, but overall, Flagstaff aims to make the processes straightforward and the standards widely applicable. Listed below are a selection of elements common to ADU codes along with Flagstaff's specific requirements:

- Parking Requirements: One off-street parking space
- Rental Limitations: Long-term rentals permitted
- Short-Term Rentals: Permitted with conditions
- Separate Utilities: Not permitted
- Cooking Facilities: Required
- Maximum Size: 300 - 600 sq. ft.; 1,000 sq. ft. on lots larger than one acre
- Setbacks: Comply with the setback requirements of the property's zone
- Maximum Height: 24 ft meeting setback requirements of the property's zone
- Design: Compatible with primary structure

Three types of ADUs are specifically identified (interior, attached, detached) and pictured in the Definitions section of the Zoning Code. In an effort to incentivize construction, ADUs follow the City's standard permitting process. ADUs are currently permitted in all existing and new single-family residential zones on lots with a detached single-family home. They are exempt from lot coverage calculations. ADUs must have the same utility service as the primary dwelling which ultimately reduces additional metering costs for homeowners. At this time, a restrictive covenant requires property owners to occupy the primary dwelling or the ADU, and if the property owner leases the property to a third party, the house and ADU must be on the same lease. This requirement has proven to be difficult to enforce and may be removed in the future.

In terms of accessibility, the code is considered moderately complex. A familiarity with zoning codes would be helpful, but navigating the standards is not unwieldy. A public user would likely find the requirements easy to understand. The code avoids unnecessary jargon and communicates information through tables and graphics. City staff are available for code questions and clarifications.

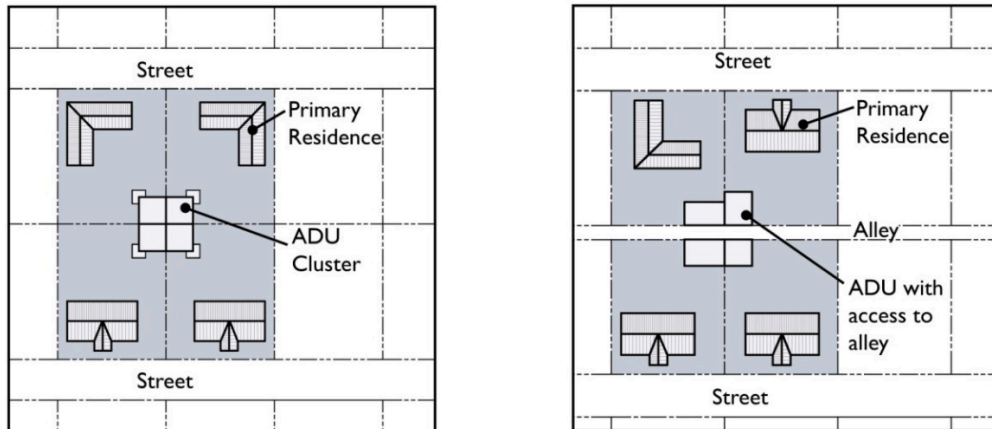


Figure 49 Example graphics from Flagstaff's zoning code, by City of Flagstaff, 2019

Measures of success

The City began tracking permits issued for ADUs recently, largely in response to an increasing interest in the ADUs across the state and nation. City staff believe that permit-tracking is a measure of code effectiveness, stating that it is harder to receive feedback on code standards without it. Though limited, the data reflects an upward trend with 13 permits issued in 2018, 34 in 2019, and 30 as of April 2020. Issued permits include all three types of ADUs. If permit-tracking is indeed an accurate reflection of code effectiveness, then Flagstaff's approach is proving to be successful. It should also be noted that, while the number of ADUs in Flagstaff is trending upwards, these are modest numbers that reflect the non-invasive realities of ADUs throughout the city. Again, City staff believe ADUs contribute to “gentle density” and function as an additional tool for residents and developers to diversify the housing stock.

Next steps

The City of Flagstaff acknowledges existing barriers and opportunities for ADUs. As City staff recognize the iterative nature of ADU code, ongoing evaluation of existing code and practice is extremely beneficial. The City has consistently identified the barriers identified in the table below since the creation of the ADU code. City staff believe that continued conversations among City departments and public education could reduce the severity of some barriers. The following opportunities for ADU code updates and additional incentivizing elements have been discussed but not yet implemented.

Flagstaff, Arizona barriers and opportunities	
<i>Barriers</i>	<i>Opportunities</i>
High costs of permitting and construction	Pre-approved ADU plans/models
Parking space requirements	Option to waive requirements in appropriate circumstances
Lack of homeowner knowledge	Education and outreach to residents
HOA restrictions	HOA stakeholder engagement

Figure 50 *Perceived barriers and opportunities to ADU development in Flagstaff, Arizona*

Although the City is generally receptive to increasing density and diversifying housing types, there is some hesitancy towards growth. Privacy and neighborhood character concerns have been raised by members of the public. The City is also navigating a development dynamic much different than Peoria with many projects aimed at dormitory-style student housing rather than long-term affordable housing for families.

Concerns of ADUs being used as short-term rentals remains a relevant issue. City staff recognizes that short-term rentals compete with hotels and long-term affordable housing. Language that regulates short-term rentals is included in the code, but current State law greatly limits the City's ability to enforce such regulations.

Key takeaways

After concluding research and analysis of Flagstaff's ADU approach, numerous valuable takeaways were identified:

- ***ADU approaches should be iterative and adaptable to ongoing challenges.*** Flagstaff's ADU code is dynamic and is updated when opportunities to overcome existing barriers arise. Even with these changes, the City maintains its overarching goal to increase affordable housing options.
- ***A simple, straightforward, and widely applicable code can incentivize ADU construction while minimizing additional stresses on planning department staff and resources.*** Reducing costs and complexity facilitates ADU construction without requiring major investments of time and resources by City staff.
- ***ADU permit tracking can determine effectiveness of code and process and should be implemented alongside initial code amendments.*** This evaluation measure can be a clear (and relatively low-cost) way to determine successful ADU policy.

Surprise, Arizona

At a glance

Population: 135,450

Median Age: 41

Median Household Income: \$69,076






Median Monthly Rent: \$1,349

Median Home Value: \$239,500

Percent of Single-Family Units (1-unit, detached):84.8%

Housing Tenure (Owner/Renter): 76% : 24%

Source: ACS 2019 (5-year Estimates)

<i>ADU Code accessibility</i>	<i>ADU Code comprehensiveness</i>	<i>Affordability focus</i>	<i>Flexibility of implementation</i>	<i>Supplementary materials</i>
				

The development of Surprise's ADU policy, the most recently adopted of all the peer communities in Arizona, was motivated by the overall goal of adding diversity in housing choice and creating flexibility in the market. There are several secondary goals also satisfied with the policy, such as the notion of aging-in-place and increasing affordable housing. With this in mind, the City structured the policy to provide as little regulation as possible with regards to specific design related criteria and zoning restrictions. With basic zoning ordinance standards in place, there is very little that could be perceived as ADU-restrictive. This was done to make the process seamless and accessible to many, which is also exemplified by their lack of restrictive land uses for ADUs. Unlike some other municipalities observed, ADUs have an easier path forward in terms of zoning permissions and allowances in the community. Overall, the policy is still in its earliest stages of development but is shaped well and has several facets designed to allow room for future improvement as the City continues to work at the program.



Figure 51 Residential development in Surprise, Arizona

Policy background

- **2013:** General Plan 2035 is adopted. The plan supports the implementation of ADUs as a viable policy to improve housing stock.
- **2020:** The City Council adopted the new Land Development Ordinance which permits ADUs in most residential zoning districts.

Summary of ADU policy

Housing in Surprise has traditionally been shaped by standard market factors, such as consumer preference, household size, and land availability. However, like many communities, they have come to recognize the need for greater flexibility in housing stock and a pivot towards more sustainable and low-impact standards of development. Surprise also offers one of the best comparative examples for Peoria as they are particularly similar in terms of urban composition and city structure. They are both large exurb communities of Phoenix, located in the West Valley, with fast-growing populations that face challenges related to the job-housing balance and many residents choosing to commute out of the city for work. They also have similar demographics with respect to single-family residential homes being the dominant housing type in the area and a clear desire for more flexible design and urban structure. The goal for both communities with their ADU policy is mitigating these challenges and providing more diverse housing in the area to sustain a livable community for all ages and backgrounds.

There are also several differences between the two cities. It is important to note that Surprise has developed much more recently than Peoria. Only 10% of its entire housing stock was constructed before 1990 (Peoria General Plan). This demonstrates the tremendous growth that has contributed to recognizing Surprise as an emerging community in the West Valley. The development of Surprise reflects a typical master planned community model, which may offer some insight into zoning regulations and practices for ADUs, as opposed to the typical restrictions so often seen in municipal zoning codes.

According to their recent General Plan, Surprise intends to pursue a “smart growth” model moving forward to ensure efficient use of their space. ADUs are specifically highlighted as a strategy to further the goal of smart growth.

In late 2020, the Surprise City Council adopted a new Land Development Ordinance with the goal of making their code easier to “read, administer and enforce” while aligning it with the new General Plan. The updated Land Development Ordinance permits ADUs, making Surprise one of the most recent adopters of an ADU policy in the region. Most importantly, ADUs are permitted in almost all residential districts—with the exception of R-3 high density residential districts. This essentially allows for ADUs in most parts of the city, which has the potential to increase ADU production.

Code specifics

The code contains many of the same constraints imposed by other municipalities in the region. It allows for both attached and detached units, but they cannot be metered separately. Additionally, they do not regulate the ability to rent out ADUs. They do, however, impose a requirement for an additional parking space with ADUs. In line with all ADU ordinances reviewed, the unit is not permitted in the front yard. Surprise also makes it explicit that access to the unit cannot be visible from the street nor can it give the appearance of a two-family dwelling.

- Parking Requirements: One additional parking space required
- Rental Limitations: Not specified
- Short-Term Rentals: Not specified
- Separate Utilities: Not permitted
- Cooking Facilities: Not specified
- Setbacks: If attached, must conform to main structure standards; if detached, rear/side setbacks are five feet
- Design: Compatible with primary structure

In terms of ease of use of the code, Surprise clearly identifies the requirements for an ADU in a direct and all-encompassing manner. Its location in the code is in line with other cities in that it is located in the Use Specific Standards section of the code.

Measures of success

Given that the Surprise ADU policy is fairly new, they do not have an established process to measure success. However, they do want to look into what other aspects of the city will be affected by the new ADU ordinance, whether it relates to crime or resident happiness. The City hopes to gain insight to the specific elements of the ADU framework and its net benefits or challenges. Since the amendment in January of 2021, they have had one individual inquire about developing an ADU on their property.

Next steps

The City has no current plans for what they are going to do with their ADU policy. Since they are in the early stages of the ordinance being amended, they want to wait and see how it currently develops.

Surprise, Arizona barriers and opportunities	
Barriers	Opportunities
High costs of permitting and construction	Pre-approved ADU plans/models
Parking space requirements	Option to waive requirements in appropriate circumstances
Lack of homeowner knowledge	Education and outreach to residents
HOA restrictions	HOA stakeholder engagement

Figure 52 Perceived barriers and opportunities to ADU development in Surprise, Arizona

Key takeaways

After concluding research and analysis of the City of Surprise's ADU approach, numerous valuable takeaways were identified:

- **ADU code and regulations should be as minimal as possible, so as to not create additional barriers to entry and help with accessibility.** Surprise's code is minimal by design which allows for some of the greatest flexibility and applicability in the actual implementation of ADUs.
- **ADU approaches cannot be built out in a day. It may take months and years of iterative adaptations as the program rises to meet the demands of the residents.** Surprise has just begun their journey with ADUs. The key is creating measures of success that will ultimately better inform the program for the years to come.
- **Demonstrates adapting market needs to create housing diversity but also encapsulates the benefits of forward facing or anticipatory planning.** Single-family housing raises concerns about affordability moving forward and ADUs provide a flexible, neighborhood-scale solution.

Tempe, Arizona

At a glance

Population: 187,454

Median Age: 30

Median Household Income: \$57,994

Median Monthly Rent: \$1,164

Median Home Value: \$272,900

Percent of Single-Family Units (1-unit, detached):40.6%

Housing Tenure (Owner/Renter): 41%: 59%

Source: ACS 2019 (5-year Estimates)

<i>ADU Code accessibility</i>	<i>ADU Code comprehensiveness</i>	<i>Affordability focus</i>	<i>Flexibility of implementation</i>	<i>Supplementary materials</i>
●	●	●	○	○

As a land-locked municipality in the Phoenix region, Tempe must balance the goals of optimizing the use of space while preserving neighborhood character. The initial discussion about ADUs began as far back as 2005, but it was quickly met with opposition due to concerns that ADUs would be used for student housing and affect the character of the existing neighborhoods. In late 2019, the City passed an ordinance establishing the right to build an ADU only in multi-family residential districts where a single-family structure already exists. This “ADU-lite” policy poses significant limits on ADU production in the city for now, and it is unlikely to have an impact on housing affordability. The ordinance itself is moderately complex in nature. The code is comprehensive. It explicitly states what is required but leaves room for flexibility. With renewed interest from the City Council, potential expansion of the program is in the works; however, any future moves on part of the City will continue to balance affordability with neighborhood preservation.

Policy background

- **2005:** The City revamped their Zoning Code. During that process, a section was reserved for an ADU ordinance in the event such a policy would be implemented.
- **2019:** The City Council adopted Ordinance 2019.08 which codified Accessory Dwelling Units in the zoning ordinance.
- **2019:** Tempe adopted its Affordable Housing Strategy. The document specifically identifies ADUs as a housing type that should be encouraged.
- **2019:** The City Council adopted an ordinance regulating the use of all dwelling units as short-term/vacation rentals.



Figure 53 ADU in Tempe, Arizona, by City of Tempe, 2019

Summary of ADU policy

While Tempe sits within a different context in the Phoenix metro area as a “college town,” they serve as a beneficial case study. As a land-locked municipality, they must balance the goals of optimizing the use of space while maintaining stable and thriving communities. This perspective can be relevant to other cities interested in providing for an expanding population while also preserving the existing character which attracted residents in the first place.

The initial discussion about ADUs began as far back as 2005, but it quickly met opposition due to concerns that ADUs would be used for student housing and affect the character of the existing neighborhoods. Over time, the rising student population and growth in employment near downtown Tempe has put a strain on housing demands. Around 2016, the demand for additional housing in downtown Tempe, led to some historic structures becoming targets for potential demolition and redevelopment. In response, ADUs re-emerged as a possible way to salvage older homes and maintain the character of the community, while increasing the number of dwelling units.

In late 2019, the City passed an ordinance establishing the right to build an ADU in Tempe. The updated ordinance, however, only allows for ADU development in multi-family residential districts where a single-family structure already exists. Since single-family residential districts make up a large majority of the city, the change is limited in applicability. According to the City, the change only made about 250 homes eligible for ADU construction. This “ADU-lite” policy still poses significant limits on ADU production in Tempe at this time.

When developing an ADU, residents are encouraged to seek out other resources to aid in the design of ADUs, but the City does not currently have templates or guidebooks of their own available to the public. The community development department does, however, have designated staff to assist with the permitting process. The Project Assistance Team, while not specifically focused on ADU projects, helps small businesses and residents navigate the process which some residents may see as a complicated and intimidating obstacle. This dedication of staff can be incredibly helpful to residents unsure of the process.

More broadly, ADUs are seen as a part of a range of strategies employed to tackle the affordable housing issue in Tempe. The City's Affordable Housing Strategy outlines the benefits of ADUs for communities and goes on to elaborate on some considerations for Tempe. Unfortunately, because of the limited eligibility of the housing stock, it is unlikely that ADUs will have an impact on housing affordability.

Code specifics

The Code itself is moderately complex. Many of the parts read easily, but there are references that direct the reader to other portions of the Code making it less user-friendly. The Code does not make use of graphics to convey the standards. With respect to its comprehensiveness, the Code details some baseline requirements, such as floor area, density (factoring into the district's allowable density), development standards, and relationship to existing infrastructure. Other than what is required, ADUs are subject to the standards of other residential and accessory structures. The Code expands the right to build ADUs and explicitly states what is required but leaves room for flexibility.

- Parking Requirements: No additional parking required
- Rental Limitations: Long-term rentals permitted
- Short-Term Rentals: Permitted with conditions
- Separate Utilities: Not permitted
- Cooking Facilities: Required
- Setbacks: If attached, must conform to main structure standards; if detached, must conform to accessory structure standards
- Design: Compatible with primary structure

Measures of success

The City of Tempe does not have an established practice to measure the success of their ADU program, although, according to City records, only 13 building permits for ADUs have been issued since the ordinance was passed. City Council is interested in ongoing permit tracking and intends to evaluate the 2019 zoning ordinance update on ADU production. Findings will guide potential expansions of the provisions in the future.

Next steps

Further research needs to be conducted on the program, and it is likely that the City will enter Phase II of its ADU program due to renewed interest from the City Council. Additionally, they are interested in providing some sort of template for residents interested in building an ADU, but want to identify a concept that works well for Tempe. In terms of potential barriers, future concerns associated with expanded provisions will likely deal with density intensification and traffic increases.

Overall, Tempe has cautiously introduced ADUs into their community. They are wary of creating a policy that attracts entities not invested in the long-term welfare of their neighborhoods. Any future moves on part of the City will continue to balance affordability with neighborhood preservation.

Tempe, Arizona barriers and opportunities	
Barriers	Opportunities
Opposition from neighborhood groups	Use extensive public engagement strategies to ensure maximum community input
Concerns about density intensification	Emphasize "gentle density"
Concerns about increased traffic	Target neighborhoods closer to existing public transit

Figure 54 Perceived barriers and opportunities to ADU development in Tempe, Arizona

Key takeaways

After concluding research and analysis of the City of Tempe’s ADU approach, numerous valuable takeaways were identified:

- **ADUs can be used as a tool to preserve older historic neighborhoods while enabling modest density increases.** While Tempe is a very different city from Peoria, their common goal for ADUs is to provide a more diverse housing stock while maintaining the existing character of the neighborhoods.
- **Having dedicated City staff to help residents with small projects can help remove some hesitancy for homeowners interested in ADU construction.** An effective ADU program not only allows residents to build units but provides tools to make it happen. Tempe’s Project Assistance Team is a valuable resource their residents can tap into.
- **A true ADU program must permit them in most parts of the city to be effective.** The limited application of Tempe’s ADU ordinance to strictly multi-family residential districts may be severely constraining new construction.

Queen Creek, Arizona

At a glance

Population: 43,129

Median Age: 35.1

Median Household Income: \$105,729

Median Monthly Rent: \$1,590

Median Home Value (Owner-occupied): \$348,600

Percent Single-Family Units (1-unit, detached): 95.3%

Housing Tenure (Owner/ Renter): 87%: 13%

Source: ACS 2019 (5-year Estimates)

<i>ADU Code accessibility</i>	<i>ADU Code comprehensiveness</i>	<i>Affordability focus</i>	<i>Flexibility of implementation</i>	<i>Supplementary materials</i>
○	●	○	●	●

Queen Creek was an early adopter of an ADU policy in Arizona. The town features an abundance of low density single-family homes. While ADUs are currently not permitted to function as rentals in Queen Creek, they do introduce the potential to diversify the housing stock. The Town's policy has advantages, such as allowing ADU development in all single-family home residential zoning. The Town works closely with developers as the housing stock is predominantly market driven. A valuable resource that Queen Creek provides for the community is an educational guidebook with directions on how to design and develop an ADU or other accessory structures (see Figure 55). The zoning ordinance pertaining to ADUs is relatively complex, but the guidebook is an excellent resource to complement the code language. Queen Creek accommodates their residents with comprehensive resources which could be a valuable asset in shaping Peoria's ADU policy.

Policy background

- **2003:** Detached ADUs introduced and approved by the Town Council.
- **2003:** Accessory Building Electrical Meter requirements added to ordinance.
- **2017:** ADU ordinance amended. The amendment defines ADUs and guest houses separately, but it states that ADUs include guest houses.

SUBMITTAL REQUIREMENTS

1. A **plot plan** is a drawing of the lot showing the following:

- Location of property lines on all sides.
- All existing buildings on the lot, including their dimensions and distances to property lines.
- All proposed additions or structures with their dimensions and distances to property lines.
- Total square footage of the lot, existing buildings and proposed additions.
- All required setbacks.

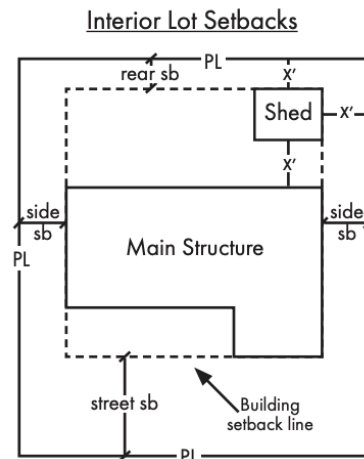


Figure 55 Snapshot from Queen Creek ADU guidebook demonstrating submittal requirements, by Town of Queen Creek

Summary of ADU policy

The Town of Queen Creek was one of the earliest adopters of an ADU policy in the Valley, introducing zoning ordinance amendments as early as 2003. These amendments were originally designed to add flexibility to housing types through detached structures. Over time, the ADU program has become more flexible, so that it can rise to meet certain challenges facing Queen Creek. This also makes the Town's approach a relevant comparison for Peoria. In Queen Creek, low-density single-family homes are estimated to encompass nearly 91% of all homes in the town, compared to the Greater Phoenix metro area with 65%. The predominance of single-family homes has been identified as a component that could hinder the growth and expansion of the community. Consequences of the limited housing opportunities outlined in the Queen Creek General Plan include:

- Employers not moving to Queen Creek due to a lack of housing diversity for its workers
- Densities being too low to support retail development in parts of town
- Potential that many families and young people will be forced to relocate from Queen Creek based on the lack supply and rising costs

These challenges are similar to those faced in Peoria and offer an opportunity to examine how ADU development can help address these challenges.

The Town's original ordinance specifically states that the building must be detached from the primary residence. The current zoning ordinance restricts ADUs from serving as rentals and/or other income-generating uses. ADUs are permitted in all residential zoning districts, as indicated by the code. While kitchen facilities are permitted, the "guesthouse" designation prohibits the ADU from having separate utility metering from the primary residence. Queen Creek developed a guidebook entitled "Guidelines for Building Detached Accessory Structures," which is beneficial in helping the public navigate the ADU process, particularly the design standards. This user-friendly guide assists homeowners and developers by providing definitions, points of contact for the Town, and design guidelines to facilitate ADU construction.



Figure 56 Low density development in Queen Creek, Arizona, by Arizona Homes 411, 2020

Code specifics

ADUs are currently allowed in all existing and new single family residential zones. ADUs must use the same meter as the main house if it is used as an additional living area. The dwelling unit can not be used for any other income-generating purpose.

The accessibility of the code is impacted by its complexity. Without an existing familiarity with zoning language, the ordinance may be difficult to understand. **The guidebook is an excellent resource that interprets the ordinance in a more accessible manner.** The planning staff are also willing to work with homeowners and developers for future production.

Listed below are a selection of elements common to ADU code along with Queen Creek specific requirements:

- Parking Requirements: One off-street parking space
- Rental Limitations: Long-term rentals not permitted
- Short-Term Rentals: Not permitted
- Separate Utilities: Not permitted
- Cooking Facilities: Permitted
- Setbacks: Comply with property's zone
- Maximum Size: Square footage shall not exceed 50% of primary residence
- Design: Strict design components that match compatible with primary structure

Measures of success

The Town does not currently have a method for tracking the success or effectiveness of their ADU ordinance. ADUs fall under the same category as all accessory structures in the ordinance, and the Town estimates that 95% of the accessory structures are non-livable. There are many restrictions on residents developing their own ADU; however, major developers have started to incorporate ADUs in their home-building packages.

Next steps

At this time, any significant amount of ADU construction will rely upon market trends and profitability for developers. While homeowners are able to build their own ADUs, developers will have a large influence in how many ADUs are built in the town in the future. HOAs could also restrict ADU development in the interest of maintaining low-density development. The Town does not identify affordability as a primary goal for their ADU policy at this time. Due to the fact that Queen Creek is not fully developed and still has space to expand in geographic size and population, the Town also does not prioritize infill development or increased density in their community.

The Town does not have specific plans for furthering its ADU program, but is willing to collaborate with developers if they express interest. Because they have worked with developers on how they can include ADUs in their developments, there is a great opportunity to increase their ADU housing stock if the desire grows. The guidebook showcases how residents can lay out pre-approved models, while educating them on the building process and guidelines.

Queen Creek, Arizona barriers and opportunities	
Barriers	Opportunities
High costs of permitting and construction	Pre-approved ADU plans and models
Lack of interest in ADU development	Encourage developers to consider ADUs in new builds
Lack of homeowner knowledge	Education and outreach to residents
Strict design guidelines	Consider more flexibility through iterative process
Rental restrictions	Permit rentals

Figure 57 Perceived barriers and opportunities to ADU development in Queen Creek, Arizona

Key takeaways

After concluding research and analysis of the Town of Queen Creek’s ADU approach, numerous valuable takeaways were identified:

- **A guidebook is a helpful resource for the development of ADUs.** Queen Creek’s guidebook is an effective strategy for supplying information to stakeholders who want to build an ADU. The guidebook is a way of interpreting the zoning ordinance in a language more accessible to the public.
- **Working with developers could be an effective strategy to impact the housing stock.** Housing supply and demand in Queen Creek aligns closely with market trends and private developer strategies. Proactive communication with developers about including ADUs in new projects could help increase the overall housing stock.

Salem, Oregon

At a glance

Population: 174,377

Median Age: 35.9

Median Household Income: \$61,580

Median Monthly Rent: \$1,060

Median Home Value (Owner-occupied): 286,600

Percent Single-Family Units (1-unit, detached): 60.6%

Housing Tenure (Owner/Renter): 56.4%: 43.6%

Source: ACS 2019 (5-year Estimates)

<i>ADU Code accessibility</i>	<i>ADU Code comprehensiveness</i>	<i>Affordability focus</i>	<i>Flexibility of implementation</i>	<i>Supplementary materials</i>
●	●	●	●	●

The primary goal of Salem’s ADU policy is to expand housing options throughout the community. The City states that their ADU policy will: provide a way for multi-generational families to live together on the same lot; help meet Salem’s growing need for more multi-family housing; allow more efficient use of existing infrastructure and land; and provide an opportunity for residents to earn additional income in order to remain in their homes.

Regional context

Salem is a diverse and growing city, as well as Oregon’s capital. It is also the state’s second largest city in terms of population. The city is composed of many small businesses, as well as manufacturing companies. Agriculture also continues to represent a significant part of their economy. Given its capital status, many people relocate to Salem from other cities, making it a big driver of employment for the state.

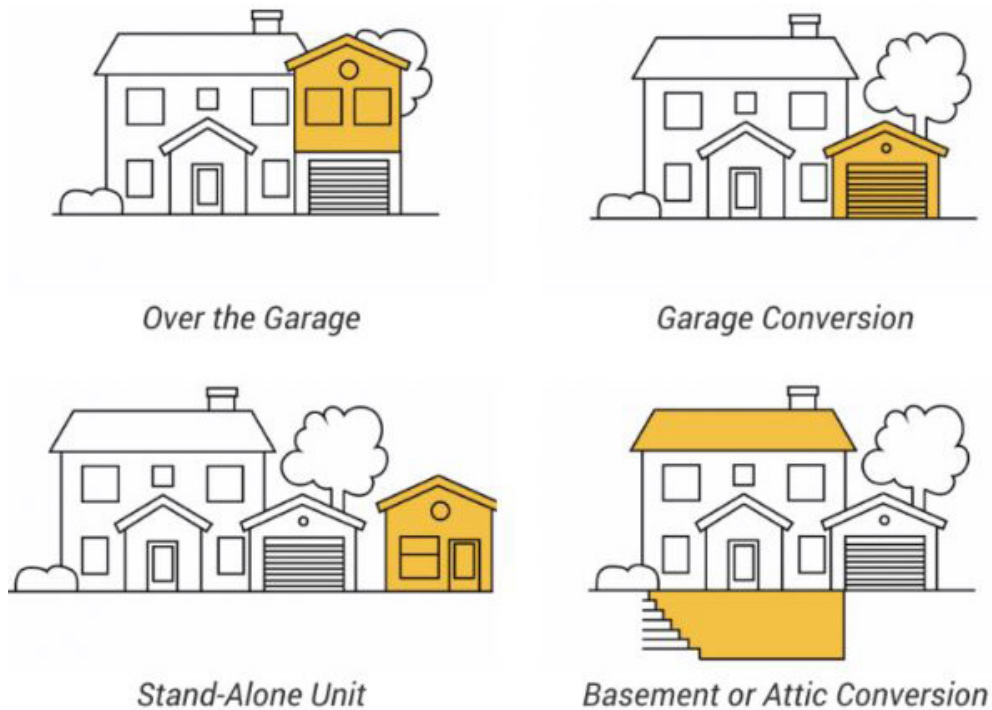


Figure 58 ADU infographic by City of Salem

Summary of ADU policy

Salem is a forward-thinking city and, as such, has been actively engaged in addressing projected trends and concerns related to its housing stock. In February 2014, the City published its Housing Needs Analysis, which analyzed demographic and economic data to project what the city would look like in 20 years. Additionally, Salem analyzed the housing needs based on the population and economic data. During its last Housing Needs Analysis, the City found that there was a need to provide more affordable, mixed, and multi-generational housing choice. In this document, one recommendation to address housing affordability was to allow ADUs in single-family residential areas. In response, the City established a goal to “[d]evelop an Accessory Dwelling Unit (ADU) Ordinance that allows ADUs in appropriate zoning designations” (Housing Need Implementation Strategy, 2014). By February 2017, City staff began developing a plan that would allow ADUs. However, it wasn’t until 2018, when House Bill 4031 was signed into law, that cities within the state of Oregon had to accept ADU application for ADUs inside urban growth boundaries (UGBs).

According to City staff, the inclusion of a parking minimum was identified as the primary concern related to its ADU ordinance. In response to the public's concern, the parking requirement for ADUs was excluded, which has proven to be helpful in ADU development. Additionally, with various revisions to the ADU policy, the City of Salem has found it beneficial to eliminate design standards. Salem does not have design guidelines for single-family homes and other buildings; therefore, it would be inconsistent with other requirements of the City's ordinance to require specific design standards for ADUs. Furthermore, in the interest of preserving ADUs as a strategy for increasing affordable housing in Salem, the City is aware of the threats short-term rentals pose and is engaged in conversations about how to address this issue.

One of the best practices used by Salem is the allowance for flexibility in their ADU policy. Presently, nearly 70% of the city's homes qualify for ADUs. Given the potential for ADUs to become cost prohibitive to build, the City has also enabled homeowners to construct modestly larger units to maximize cost efficiency. ADUs can be up to 900 square feet or 50% of the main house, whichever is less. Additionally, the City also established a mechanism that enables ADU construction to bring additional benefit to the community. Those interested in building an ADU must pay a System Development Charge (SDC), which is used to fund "additional public infrastructure to be constructed to meet demands of the new development" (Site Development Charges, n.d.). However, as of 2020, the City issued a five year waiver for SDCs in order to "update the methodologies used to determine SDCs for parks, transportation, water, wastewater, and stormwater infrastructure" (Accessory Dwelling Units, n.d.).

Policy background

- **2014:** Housing Needs Analysis, and draft Implementation Strategy published
- **2016:** Housing Needs Analysis Work Plan approved; contained Implementing Measure 4.2: Develop an Accessory Dwelling Unit (ADU) Ordinance that allows ADUs in appropriate zoning designations
- **2017:** ADU zoning ordinance established to allow ADUs in all residential zones, most commercial and industrial zones, and the neighborhood center mixed-use zone

Code specifics

The City of Salem’s zoning ordinance for ADUs is “short and sweet.” The ordinance is intended to be quite flexible with less restrictive design standards relative to other cities’ ADU policies. Based on internal research and feedback from the public, the City found that less restrictive design standards coupled with a prohibition on short term rental uses furthered the City’s goal to increase affordable housing within the community.

ADUs are permitted in a variety of zones including residential, commercial, industrial, and mixed-use zones. Additionally, ADUs are exempt from density requirements, design guidelines, requirements to build garages, and parking. However, only one ADU is permitted per lot. ADUs are prohibited from being used as short-term rentals or accessory short-term rentals, and there are some ownership limitations in which ADUs shall not be separated in ownership from the underlying property. Additionally, there are some developmental limitations in which ADUs should not be more than 60% of lot coverage. Detached accessory dwelling units shall be located in the side yard or rear yard and ADUs shall only be allowed in lawfully-built dwelling units that meet building code requirements. Listed below are a selection of elements common to ADU codes along with Salem’s specific requirements:

- **Parking Requirements:** No off-street parking spaces are required for ADUs
- **Rental Limitations:** None
- **Short-Term Rentals:** ADUs prohibited from being used as short-term rentals or accessory short-term rentals
- **Separate Utilities and Cooking facilities:** Requires bathroom and kitchen
- **Maximum Size:** ADUs shall not exceed 900 square feet, or 50 percent of the main building gross area, whichever is less
- **Minimum Building Setbacks**
 - **Abutting Street Setbacks:**
 - Detached ADU on local street minimum: 12 feet
 - Detached ADU on collector or arterial street: minimum 20 feet
 - **Interior Side Setbacks:**
 - For detached ADU: minimum of three feet

- Interior Rear Setbacks:
 - For detached ADU, minimum five feet unless adjacent to an alley, minimum 1 foot setback
- Maximum Height: Detached ADUs shall be no more than 25 feet tall
- Design: ADUs exempt from design requirements

ACCESSORY DWELLING UNITS



Salem is growing, and with that growth, comes a need for more housing.

The City of Salem is considering allowing accessory dwelling units in the city as a way to expand housing choices in Salem. This work will include exploring how to integrate these smaller housing units into the community so that they are compatible with existing neighborhoods in Salem.

Your input is needed to help better understand the potential issues and opportunities that come with allowing accessory dwelling units in Salem.

Definition: What is an accessory dwelling unit?

An accessory dwelling unit (ADU) is a second dwelling unit that is attached to or detached from a main house on a lot. The accessory dwelling unit, commonly known as a granny flat or mother-in-law unit, is smaller than the main house.

Creation: How can accessory dwelling units be created?

- Addition to a house or garage
- Conversion of a garage or portion of an existing house
- Construction of a new building

Benefits: What are the benefits of allowing accessory dwelling units?

- Expands housing choices and provides a type of affordable housing
- Provides a way for multi-generational families to live together on the same lot
- Helps meet Salem’s projected need for more land for multifamily housing
- Allows more efficient use of existing infrastructure and land
- Provides a way for residents to potentially earn additional income to remain in their homes








Figure 59 ADU informative handout with example images, by City of Salem

Measures of success

The City of Salem does not have any specific resource to measure the success of their ADU policy; however, City staff has expressed interest in developing an evaluation practice in the future. The City does have an internal resource to track the number and type of ADUs, but data is not complete. They also expect that ADU development may be addressed in future Housing Needs Analysis reports. Furthermore, the SDCs, applied to developments to fund additional public infrastructure to meet additional density demands, is an innovative opportunity—albeit one that needs careful monitoring and adjustment, as the City has recognized.

Next steps

Salem has no established plans to expand their ADU policy. The primary focus of the City’s planner is tackling the “missing middle” of housing. The City’s current concerns include figuring out what they can do with different types of middle housing, such as duplexes, triplexes, and cottage clusters. A 2019 State law made middle housing more permissible throughout Oregon, facilitating the development of smaller and denser housing overall—beyond just ADUs. Planning staff have identified a few barriers and opportunities regarding the City’s ADU ordinance, which are highlighted in the table below.

Salem, Oregon barriers and opportunities	
<i>Barriers</i>	<i>Opportunities</i>
High costs of permitting and construction	Reduced permit fees
Owner-occupancy requirement	Removal of owner-occupancy requirement
Limited tracking and evaluation process	Potential for future ADU permit tracking and public outreach

Figure 60 Perceived barriers and opportunities to ADU development in Salem, Oregon

Key takeaways

After concluding research and analysis of the City of Salem's ADU approach, numerous valuable takeaways were identified:

- **Zoning ordinance flexibility permits more ADU construction.** Even though Salem's ADU zoning ordinance is relatively new, it remains flexible by offering design standard exemptions, removing additional parking requirements, and permitting ADU construction across a variety of zones. This flexibility has proven to be helpful and efficient in promoting ADU construction.
- **Additional ADU resources are available for public usage.** The City has an ADU webpage, handout, and educational video, which collectively inform the public about the process of building and owning an ADU. Having these resources available to the public facilitates access to crucial information related to ADUs.
- **Open communication between City officials and the public.** Salem has a single City official who is designated to handle community input on development issues and has been an integral part of improving the ADU ordinance.

Santa Cruz, California

At a glance

Population: 64,522

Median Age: 29

Median Household Income: \$77,921

Median Monthly Rent: \$1,889

Median Home Value (Owner-occupied): \$854,200

Percent Single-Family Units (1-unit, detached): 54.7%

Housing Tenure (Owner/Renter): 47%: 53%

Source: ACS 2019 (5-year Estimates)

ADU Code accessibility	ADU Code comprehensiveness	Affordability focus	Flexibility of implementation	Supplementary materials
●	●	●	●	●

The City of Santa Cruz’s approach to ADUs has evolved through multiple iterations, dating back to as early as the 1980s. The City’s ADU code was originally established as a result of the difficulties of traditional land use patterns with a predominance of single-family homes, which exacerbated existing challenges for college students at UCSC trying to find housing. Santa Cruz was one of the first cities in the California region to begin experiencing a housing crisis, which has now impacted much of the state (and beyond). In addition to the pressing demands for student housing, the City was experiencing the limitations of single-family housing for its diverse population. In response, they wanted to explore opportunities to increase affordable housing and residential density. While the City was already on a path towards establishing its ADU policy, the State of California also established a new requirement to include ADUs in its state housing program.

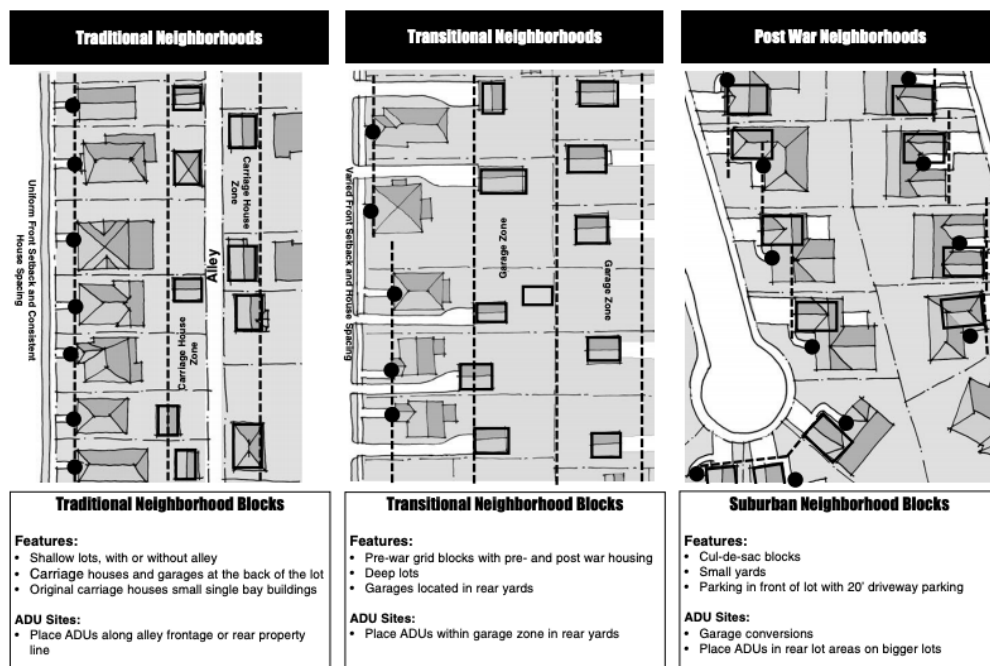


Figure 61 Santa Cruz neighborhood context, by City of Santa Cruz, 2017

Regional context

Santa Cruz is a mid-size city, on the central coast of California, and the largest city in Santa Cruz County. It is located 75 miles south of San Francisco, adjacent to Silicon Valley. The city is home to the University of California Santa Cruz (UCSC), which represents a significant portion of the city’s population and economy. The City’s economy is primarily supported by industries such as government, education, and tourism.

Summary of ADU policy

According to City staff, many challenges remain in their efforts to make ADU construction more flexible and applicable throughout the city. In the early stages of the code, the City had requirements for owner occupancy and affordable contingencies prior to submitting for an ADU building permit. To the City, “affordable” meant renters had to qualify under a specific income bracket and owners had to qualify their ADU through HUD and other State-run programs. This process made it challenging for homeowners to build and legalize their ADUs. In addition, the ADU policy had a number of additional procedural requirements in order to permit these structures. The City also originally required homeowners to have at least one covered parking space on their property dedicated to the ADU, which was also identified as a challenge for homeowners.

Regionally, the California rental market is expensive, which also has implications for ADU construction. As a result, it is understood that homeowners are typically building ADUs as a method to earn additional income (and potentially a mechanism to make homeownership a more viable choice). Early ADUs were, in part, expensive due to the higher building standards that state requirements imposed. California has a green building program requirement for all their structures; within this program, ADUs were required to have a number of other specific features in order to be approved. While that requirement has since been lifted, City staff still expressed concerns about ADU affordability, stating “in order to get the ADUs up to standards, they’re going to have to get more rent out of it to make it worth their while.” Currently, garage conversions and detached ADUs tend to be more common because they are cheaper and easier to obtain approval through the City processes. The City of Santa Cruz regularly evaluates its ADU policy in order to make ADUs more viable. They have invested heavily in providing a variety of resources and guides including manuals, handouts, and summarization of the zoning code in table format. They also created a program to provide booklets with pre-approved ADU plan sets—it is worth noting, City staff did not believe this program contributed to a significant increase in the number of ADUs that were built. During the three years that these resources were available, the City only saw about 12 units built. Other limiting factors included lot size variation, modern plan sets that were not necessarily aligned with more historic neighborhoods, and homeowner desires to modify the plans in ways that invalidated the pre-approved status.



Figure 62 ADU Manual, by City of Santa Cruz, 2017

As of January 2020, ADUs can be built on most residential properties throughout the city. Santa Cruz permits two versions of ADUs, which are currently allowed in nearly all existing new single-family and multi-family residential zones. The permitted ADU types include: a Junior ADU (JADU), which is part of an existing or proposed single-family home; and a more traditional ADU format (e.g., detached). An owner-occupied property with a single-family home can have both one ADU and one JADU.

Santa Cruz’s code is thorough and contains specific guidelines for standard elements of ADUs. In terms of accessibility, the code is considered moderately complex. A familiarity with zoning codes would be helpful, but navigating the standards is not unwieldy. While there are many resources available online, the City sees the opportunity to streamline those materials and the permitting process. Overall, a public user would likely find the requirements easy to understand; the code avoids unnecessary jargon and communicates information through tables and graphics. City staff are available for code questions and clarifications, if needed.

Policy background

- **1984:** ADU Ordinance adopted
- **1985-1994:** Amendments were made to provide clarification and flexibility
- **2003:** Updated zoning code and provided additional program/resources
- **2014:** Zoning amendment to expand path for legalization of ADUs, including:
 - Reduced minimum lot size
 - Eliminated setbacks for existing legal structures
 - Reduced distance between ADU & house
 - Eliminated maximum rear yard lot coverage
 - Standardized 1 parking space for any size ADU
 - Linked ADU to lot size (10% up to 940 sf.)
 - Allowed up to 2 yr. rental with CC approvals
- **2020:** Changes driven larger by California state law: Making a zoning update to expand legalization of ADUs in all residential zones, reduce the limitation of owner-occupancy and parking requirements

Code specifics

The current iteration of Santa Cruz's ADU code was implemented in 2020. Interestingly, ADUs remain under the City's affordable housing provisions, even though ADUs are no longer required to have affordable rents. In an effort to clarify previous versions, the current code is highly detailed, which is consistent with other California municipalities. This has introduced complexity, although Santa Cruz continues to prioritize a straightforward process with widely applicable standards.

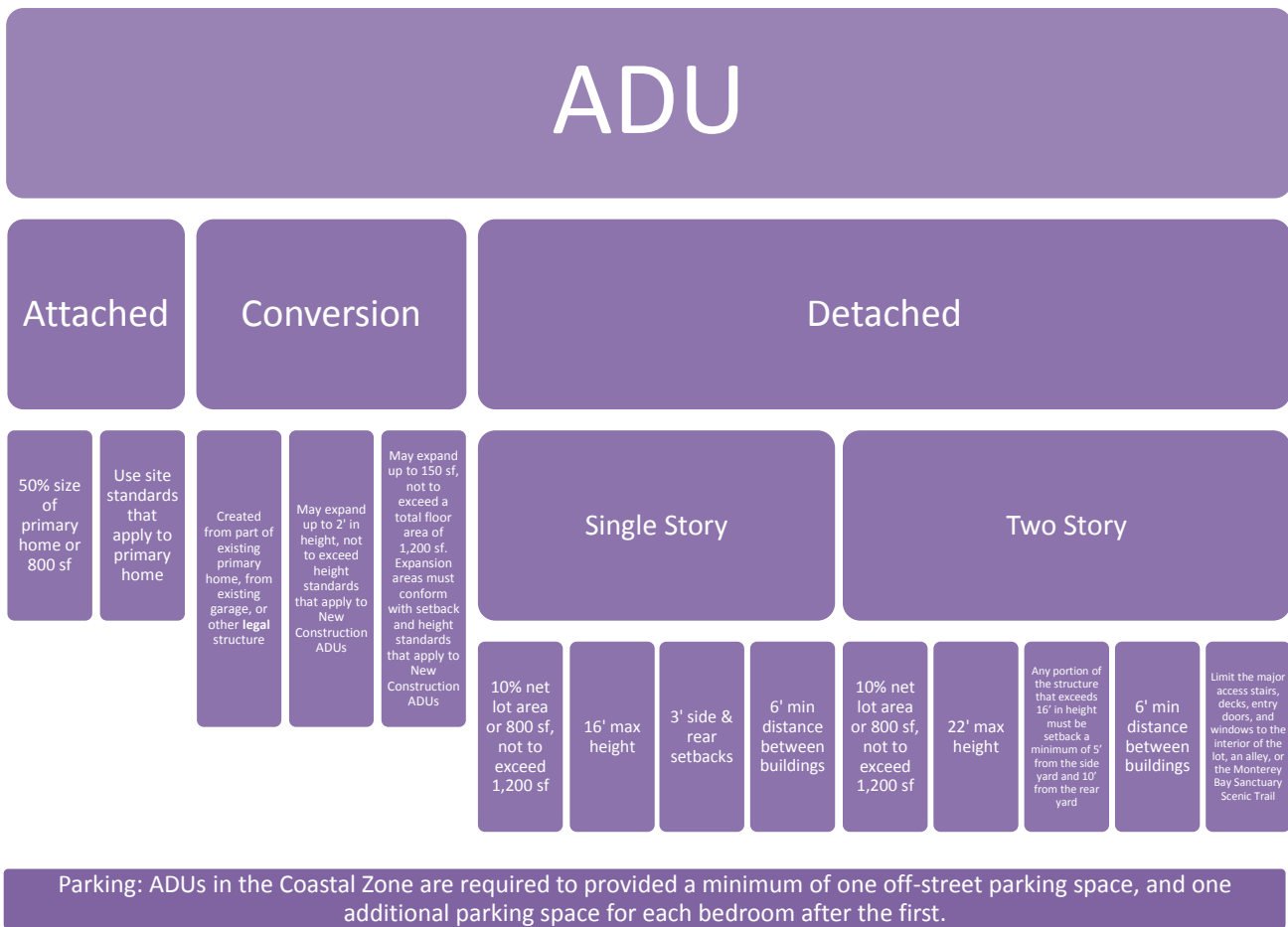


Figure 63 Applicable zoning flowchart, by City of Santa Cruz, n.d.

The City’s code permits several configurations of ADUs, including: conversions, attached, or detached structures. In an effort to incentivize construction, ADUs follow the City’s standard permitting process. There are also several zoning incentives in place, designed to encourage ADU development. This includes a development fee waiver for ADUs that will be rented at affordable rates, as well as several parking-related considerations. Listed below are a selection of elements common to ADU codes along with Santa Cruz’s specific requirements:

- Parking Requirements: None
- Rental Limitations: Long-term rentals required
- Short-Term Rentals: The only exception for short term rental is if a legal ADU property held legal status prior to November 10, 2015, and it was in use as a short-term/vacation rental prior to that date, and for which the owner remits transient occupancy tax in compliance
- Separate Utilities and Cooking Facilities: required

- Maximum Size:
 - Attached new construction: 50% size of primary home or 850 sf
 - Setbacks: Use site standards that apply to primary home
- Minimum Building Setbacks:
 - Detached new construction:
 - Single or Two Story: 10% net lot area or 850 sf, not to exceed 1,200 sf
 - Single story: 16 feet max height
 - Two story: 22 feet max height
 - Setbacks: Three feet side & rear setbacks. 6 ft distance between all existing buildings
 - Any portion of the structure that exceeds 16 feet in height must be setback a minimum of five feet from the side yard and 10 feet from the rear yard
 - Conversion: Created from part of an existing primary home, garage, or other legal structure, may expand up to 150 square feet, not to exceed a total floor area of 1,200 square feet; may expand up to two feet in height, not to exceed height standards that apply to New Construction ADUs; use site standards that apply to primary homes
- Design: Compatible with primary structure

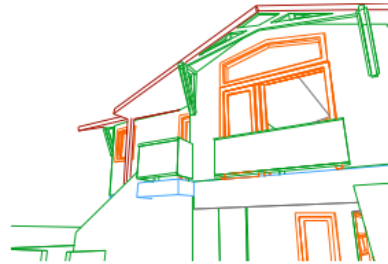
Measures of success

Every year the City provides a housing survey report to the state of California Housing Authority. According to the report, prior to 2020, there were approximately 80 legalized ADUs. State and City laws have since expanded ADU regulations, which has dramatically increased the number of ADUs over prior years—Santa Cruz now claims over 200 permitted and built ADUs. They also have a dedicated planner to assist ADU projects, with the goal of legalizing over 450 ADUs in the next decade. Their position is to assist residents to bring their units up to code or abate cases. To further measure this success, the City of Santa Cruz will continually adjust their ADU program to make it easier to build and permit ADUs.

EXTERIOR PERSPECTIVE



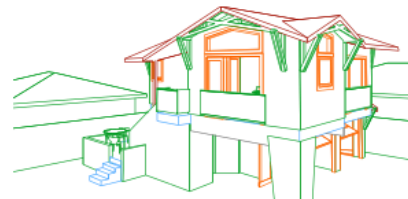
ENTRY VIEW



BACKYARD VIEW



DRIVEWAY VIEW



ADJACENT NEIGHBORS VIEW

Figure 64 Detached ADU over existing garage prototype architecture, by City of Santa Cruz, 2016

Next steps

The City of Santa Cruz acknowledges existing barriers and opportunities for ADUs. Although the City is generally open to increasing density and adding housing types, there is some hesitancy towards ADU development because of construction costs and fluctuating regulations. In the future, Santa Cruz wants to continue to increase flexibility for its ADU policies. In this spirit, they have already begun taking steps to allow ADUs to be built on multi-family properties without an owner-occupancy requirement. City staff believe that continued conversations among City departments and via public education channels could reduce the severity of the struggles to build ADUs. City staff recognize the iterative nature of ADU code and, thus, continue to evaluate the process. Based on conversations with City staff, the following table summarizes existing barriers and potential opportunities for Santa Cruz.

Santa Cruz, California barriers and opportunities	
Barriers	Opportunities
High costs of permitting and construction	Pre-approved ADU plans/models
Limiting short-term rental housing	No parking space requirements
Outdated resources	Education and outreach to residents
Legalizing older structures	No owner-occupancy requirement

Figure 65 Perceived barriers and opportunities to ADU development in Santa Cruz, California

Key takeaways

After concluding research, interview and analysis of Santa Cruz’s ADU approach, numerous valuable takeaways were identified:

- **Owner occupancy requirements may need to be adapted as ADU policy matures.** Santa Cruz initially required property owners to live in either the primary structure or in the ADU, if the owner wanted to rent the other structure. The City has since removed this requirement. Property owners can now rent out both the primary structure and the ADU without living on the property. Owner occupancy requirements provide different benefits at different stages of an ADU policy lifespan. Santa Cruz planning staff expressed the importance of determining the best solution for owner occupancy and owner renting rights and explained that these requirements may change over time to best fit the city’s needs.
- **Pre-approved ADU plans can be an effective tool to encourage ADU construction.** Santa Cruz adopted a series of pre-approved ADU plans to facilitate the permit process for residents who were interested in building an ADU. While the City wasn’t able to discern whether or not this strategy has impacted ADU construction, it is another tool residents can refer to when deciding whether or not to build an ADU. Additionally, having approved plans demonstrates the City’s investment in ADUs as a viable housing option.

Vancouver, Washington

At a glance

Population: 180,556

Median Age: 36.9

Median Household Income: \$75,199

Median Monthly Rent: \$1,219

Median Home Value (Owner-occupied): \$339,800

Percent Single Family Units (1-unit, detached): 49.4%

Housing Tenure (Owner/Renter): 51.7%: 48.3%

Source: ACS 2019 (5-year Estimates)

<i>ADU Code accessibility</i>	<i>ADU Code comprehensiveness</i>	<i>Affordability focus</i>	<i>Flexibility of implementation</i>	<i>Supplementary materials</i>
●	●	◐	●	◐

Vancouver initially adopted its ADU ordinance in 2004. At that time, five to ten ADUs were constructed each year within the city. Between 2016 and 2017, the City established an affordable housing task force to identify specific housing needs of the community. As part of these efforts to address housing affordability, the City began a process to amend its zoning code to allow for easier development of ADUs and to make them a more prevalent housing option for residents within the community. Specifically, these amendments sought to eliminate requirements for owner occupancy types and additional parking spaces, as well as clarifying design ambiguities.



Figure 66 Example of a Vancouver detached ADU, by City of Vancouver

Regional context

Vancouver, Washington is one of the oldest inhabited areas of the Pacific Northwest. Fort Vancouver, which was established in 1825, was the first permanent European settlement in the Northwest region (Vancouver, 2011). Over time, Vancouver continued to develop around the fort and expand outward throughout the nineteenth and twentieth centuries. During the First and Second World Wars, there was rapid, temporary population increases resulting from the arrival of industrial workers. In later years, the construction of Interstate 5 (I-5) in 1965 and I-205 in 1983 accommodated steadier population growth within the City. In the mid 1990s, Cascade Park was annexed into Vancouver, tripling the population of the city (Vancouver, 2011). Today, Vancouver, located across the Columbia River from Portland, Oregon, is approximately 52 square miles in size and home to a population of approximately 180,556 residents. Similar to many other western cities in the United States, Vancouver faces challenges associated with housing affordability, which is described by City staff as a “full-blown affordability crisis.”

Summary of ADU policy

When the City proposed the zoning code amendment that would make ADUs easier to build, they received minimal feedback from community stakeholders. According to City staff, interested parties were generally pleased to see the changes. General concerns regarding the proposed changes largely pertained to financing, maintaining neighborhood character, and the impacts of increased residential density. City staff noted that the code amendment provided protective measures to address these concerns, such as building height limitations and design preservations.

Since the most recent zoning code amendment, the City has experienced an increase in ADU permits: from the previous five to ten a year to 33 permits in 2020. The City has created a frequently asked question (FAQ) handout, available to the public on their website, for residents interested in constructing an ADU. While the number of ADUs within Vancouver is increasing, the demand for such units does not compare to that in Portland. Similarly, challenges associated with increasing construction costs and compliance with specific State building code requirements remains a prominent barrier to constructing ADUs within the City.

Policy background

- **2004:** The City amended its Zoning Code to include an ADU chapter
- **2017:** The City amended its Zoning Code pertaining to ADUs to include updates proposed in partial response to local housing affordability concerns, as well as efforts to increase the variety of housing choices within the community. Key amendments included:
 - Defined Accessory Dwelling Unit to provide information on the range of ADU options
 - Eliminated minimum lot size requirement
 - Increased permitted size of ADUs to be up to 50% of main house, but not more than 800 square feet to provide for more flexibility and easier calculation (note: exception to square footage limit in existing basement conversion ADU)
 - Eliminated minimum size of ADUs (300 square feet) to reflect changes in Washington State Building Code and consumer preferences
 - Reduced maximum building height for ADUs from 25 feet to 20 feet to ensure ADUs be less prominent than the main house
 - Eliminated additional on-site parking requirements
 - Revised design requirements so that ADU is “architecturally compatible” with the principal dwelling rather than “consistent in design and appearance”
 - Eliminated owner occupancy residence requirements

Code specifics

As noted above, the City developed an affordable housing task force to inform subsequent amendments of its ADU code and, therefore, the code has a strong focus on housing affordability. The stated purpose of the City’s zoning code with respect to ADUs is to:

- Provide homeowners with flexibility in establishing separate living quarters within or adjacent to their homes for the purpose of caring for seniors, providing housing for their children or obtaining rental income
- Increase the range of housing choices and the supply of accessible and affordable housing units within the community
- Ensure that the development of ADUs does not cause unanticipated impacts on the character or stability of single-family neighborhoods” (Code Section 20.810.010)

What applications are needed when I submit for an ADU?

If the ADU is a new detached structure, please use the Residential – New Construction application. If the ADU is an addition or remodel of the portion of a structure, please use the Residential – All other application. With both types of applications, also submit the ADU Supplemental Application as well.

Where can I build an ADU?

ADUs are allowed as limited uses in all residential zones (R-2, R-4, R-6, R-9, R-18, R-22, R-30 and R-35) if in compliance with all of the development standards contained in VMC 20.810.030. ADU's are not allowed within non-residential districts or on properties not containing a detached single family dwelling or on properties containing activities requiring a home occupation permit per VMC 20.860.

ADUs are permitted on lots smaller than 4,500 square feet provided they are legally established parcels.

In addition to the principal dwelling, how many ADUs can I build on a single lot?

Only one ADU may be created in conjunction with each single family residence.

Are owners required to live on the property?

No. However, State building code requires fire and sound separation where the ADU is attached and either of the units is not owner-occupied

Figure 67 Examples of Vancouver's ADU FAQ responses, by City of Vancouver, 2017

Vancouver's zoning code is considered highly accessible. Navigating the standards of the zoning code does not require significant familiarity with zoning or building code requirements. Further, the Code avoids unnecessary jargon and communicates information through concise sections. The code is aided by the City's FAQ page, which summarizes pertinent information and provides interactive references and links to applicable sections of the City's zoning code for additional information.

ADUs are permitted as "limited uses" in all residential zoning districts, provided they are in compliance with applicable development standards for that district (see summary below). However, ADUs are not permitted within non-residential zoning districts or in circumstances where: a property does not contain a detached single family dwelling; and/or a property contains activities requiring a home occupation permit (Code Section 20.810.030).

Listed below are a selection of elements common to ADU codes along with Vancouver's specific requirements:

- Parking Requirements: None
- Rental Limitations: Not specified
- Short-Term Rentals: Not specified
- Separate Utilities: Not specified
- Cooking Facilities: Not specified

- Setbacks: Additions to existing structures, or the construction of new detached structures, associated with the establishment of an ADU shall not exceed the allowable lot coverage or encroach into required setbacks as prescribed in the underlying zone. The applicable setbacks shall be the same as those prescribed for the primary structure, not those prescribed for detached accessory structures.

- Minimum Unit Size: The gross floor area of an ADU shall not be less than the requirements of the Washington State Building Code.

- Maximum Unit Size: The gross floor area, calculated from finished wall to finished wall. ADU shall not exceed 800 square feet or 50% of the primary single-family structure, not including garage and/or detached accessory buildings (whichever is less). ADUs created entirely within existing basements may exceed 800 square feet provided they are not larger than the size of the remainder of the overall home.

- Design: Compatible with primary structure. New detached ADUs, or ADUs extending from existing structures shall not comprise more than 50% of total visible facade area of the primary structure and other outbuildings not including the ADU, as seen from the front of the lot. ADUs shall be subject to a maximum height of 25 feet.

The City reviews ADU development requests as a “Type I” procedure, which requires a pre-application conference with City staff and a formal application reviewed by the City’s Planning Official (Code Section 20.210.040). The Type I review process is an administrative review and approval process that does not require any public hearings or discretionary approvals. As part of the development review application, the applicant must submit standard building and site details (e.g., the locations of the primary residence and other accessory structures, parking, setbacks, and specific details about the ADU) (Code Section 20.810.050).

Measures of success

The growing number of ADU permits demonstrate the success of the City's current ADU code. According to City staff, implementation of the City's ADU code is a "long-term play," and the City will continue to monitor the number of ADUs that are constructed each year. Despite the loosening of restrictions related to ADUs, homeowners are still faced with the cost burdens associated with ADU construction (including meeting State building standards).

Next steps

The City of Vancouver's ADU amendments are still relatively new—they were adopted in 2018. Given these recent changes, the City is not currently planning for any immediate or significant changes. One potential opportunity for the future includes developing pre-approved plans or construction drawings for ADUs. However, according to City staff, the demand for ADUs within the City of Vancouver is currently too low to support the resources that would be required to develop such plans. Below is a table summary of the barriers and opportunities for the City of Vancouver.

Vancouver, Washington barriers and opportunities	
Barriers	Opportunities
High costs of permitting and construction	Flexible design and development standard requirements
Challenges of State building standard requirements	No additional parking requirements
Currently limited demand for ADUs	No owner-occupancy requirement
	FAQ website

Figure 68 Perceived barriers and opportunities to ADU development in Vancouver, Washington

Key takeaways

After conclusion research and analysis of the City of Vancouver’s approach to ADUs, the following takeaways were identified:

- **Establishing an ADU code is a “long-term play.”** An ADU code requires an initial investment of time and effort to enact. With time, revisions and additions will need to be made as public input is gathered and ADUs are built throughout the city. The benefits of an ADU ordinance, however, are worthy of the investment when supported by sufficient demand, described below, as they can have positive impacts in many ways.
- **Consider homeowner rights in regards to ADUs.** Individuals and single-family property owners should be provided control and flexibility to generate additional income or address multi-generational housing needs.
- **Understand the demand for ADUs before investing in additional resources.** Before a city begins investing in supplemental materials that aid ADU construction, the demand for ADUs should be observable to balance the amount of time and resources required to publish quality educational and informational resources.

Lakewood, Colorado

At a glance

Population: 155,146

Median Age: 37

Median Household Income: \$66,740

Median Monthly Rent: \$1,361

Median Home Value (Owner-occupied): \$364,800

Percent Single Family Units (1-unit, detached): 49.1%

Housing Tenure (Owner/Renter): 58.3%: 41.7%

Source: ACS 2019 (5-year Estimates)

ADU Code accessibility	ADU Code comprehensiveness	Affordability focus	Flexibility of implementation	Supplementary materials



Figure 69 Lakewood, Colorado residential area

The City of Lakewood’s approach to ADUs has evolved over time. The current policy has been shaped by public concern expressed during a zoning ordinance amendment process, which revealed ADUs as one pathway to providing more affordable housing options. ADUs were formally adopted into the zoning code during a major revision in April 2012. In addition to public input, the Comprehensive Plan and its goals were a major contributing factor to the inclusion of ADUs in the revised zoning code.

Regional context

Lakewood, Colorado is a suburban community located in the Denver Metropolitan Area. It is the fifth largest city in Colorado, located between the foothills of the Rocky Mountains and 10 minutes from the middle of the metro area. The City considers itself a forward-thinking community and a strong regional partner. The city’s population is 156,500 and it consists of approximately 44 square miles (City of Lakewood, 2020). Lakewood has more than 47.4 million square feet of office, commercial and retail space developed across the city, which provides for an active real estate market for leasing and purchasing, as well as a variety of development and redevelopment opportunities within the city.

Summary of ADU policy

Lakewood's typical permitting process for an ADU begins with a review of conformance with zoning requirements and other site standards. Once these items have been reviewed, an ADU may be constructed with application for review and approval of a building permit.

According to City staff, there were many challenges to overcome when implementing its ADU ordinance. In some instances, the City continues grappling with these challenges in an effort to make ADUs more flexible and applicable throughout the community. The most debated issue pertains to the permitted locations for ADUs: currently they are limited to single-family lots with 9,000 or more square feet. In addition, Lakewood struggles with high construction costs, which are not just limited to construction materials. The City has 26 water districts, each with its own fees for the provision of a second water meter to service an ADU. As these fees are quite significant, ADU construction can easily become cost prohibitive.

The City of Lakewood has been proactive in enacting additional and enhanced ADU policies to make ADUs more viable. The City has invested heavily in providing a variety of resources for residents to understand the development processes for a variety of structures and uses. For example, Lakewood has an ADU-specific zoning handout that specifies site requirements, parking, design requirements and more.

Policy background

- **2008:** Complete zoning revision
- **2012:** Major zoning ordinance revision adopted with ADU regulations
- **2016:** Updated Title 17 Zoning Ordinance
- **2017:** ADU Handout Zoning Summary
- **2018:** Memorandum for Lakewood Development Dialogue regarding Housing
- **2019:** Most recent zoning code update

Code specifics

As of 2019, Lakewood defines an ADU as “a habitable dwelling unit added to, created within (attached), or detached from and on the same lot with a single-family dwelling that provides basic requirements for living, sleeping, eating, cooking, and sanitation” (City of Lakewood, 2019). The City does not include ADUs in density calculations for development.

In terms of accessibility, Lakewood’s code is considered moderately complex. A familiarity with zoning codes would be helpful, but navigating the standards is not unwieldy. A public user would likely find the requirements easy to understand. The code avoids unnecessary jargon and communicates information through tables and graphics. City staff are available for code questions and clarifications. The City’s ADU zoning policy allows for one ADU in conjunction with any detached single-family structure, duplex, triplex, townhome, or other housing unit. Listed below are a selection of other elements common to ADU codes along with Lakewood’s specific requirements:

- Parking Requirements: Minimum of one additional parking space, but not more than two parking spaces
- Rental Limitations: Long-term rentals required
- Short-Term Rentals: N/A
- Separate Utilities: Required
- Cooking Facilities: Required
- Maximum Size: Must comply with dimensional standards of primary structure’s zoning
- Setbacks: Dependant on type of ADU
- Maximum Height: 30 feet, for detached ADUs
- Design: Must be similar in appearance to the primary structure



Figure 70 Detached ADU in Lakewood, by West+Main Homes, 2018

Measures of success

Public input and General Plan updates have helped guide the direction of Lakewood's successful ADU policy. According to City planning staff, they do not have a process in place that specifically tracks the number of ADUs built, but the City's existing permitting software has the capability of sorting by project type. A quick search can confirm the number and type of ADU built—opening up possible tracking measures in the future. Further policy adjustments are expected to be made in the future, but for now, the City will continue its current practice.

Next steps

At this time, there are no additional amendments planned for the existing ADU regulations. The City is satisfied with the current regulations and plans to continue monitoring the implementation of its policies throughout the community. The following table summarizes the barriers and opportunities for the City of Lakewood.

Lakewood, Colorado barriers and opportunities	
<i>Barriers</i>	<i>Opportunities</i>
High costs of permitting and construction	Ordinance that allows ADUs
Owner-occupancy requirement	Additional resource handouts
Parking space requirement	Education and outreach to residents

Figure 71 *Perceived barriers and opportunities to ADU development in Lakewood, Colorado*

Key takeaways

After conclusion research and analysis of the City of Lakewood's approach to ADUs, the following takeaways were identified:

- **ADU policy should be a part of wider affordable housing strategies and goals.** ADUs are effective in increasing density while also providing additional affordable housing stock. ADU policy should not be at odds with existing housing strategies but should be fully integrated to ensure desirable outcomes.
- **Public input is crucial for effective ADU policy.** Lakewood relied heavily upon public input and communication with local stakeholders to establish its ADU policies. This led to community buy-in to ADUs and continues to be an effective practice as the City evaluates its progress.

Oceanside, California

At a glance

Population: 176,080

Median Age: 37.7

Median Household Income: \$72,697

Median Monthly Rent: \$1,753

Median Home Value (Owner-occupied): \$492,600

Percent Single-Family Units (1-unit, detached): 54.3%

Housing Tenure (Owner/Renter): 61.8% / 38.2%

Source: ACS 2019 (5-year Estimates)

<i>ADU Code accessibility</i>	<i>ADU Code comprehensiveness</i>	<i>Affordability focus</i>	<i>Flexibility of implementation</i>	<i>Supplementary materials</i>
●	●	●	●	●

The City of Oceanside has allowed ADUs since the 1990s. At the time, ADUs required a conditional use permit and were subject to strict development standards. As a result, few ADUs were built. However, in 2016, the State of California passed legislation to address the housing shortage, including language that promoted ADU construction as a means of expanding housing choice. This new law required jurisdictions to remove overburdensome development regulations and review processes, which translated into a new ADU policy for Oceanside.

Regional context

Oceanside is located in Southern California in North San Diego County. Andrew Jackson Myers founded the city in 1883. Within a few years, it had expanded to include the Bank of Oceanside, grand hotel, a pier, and a wharf company. Today, Oceanside has grown to encompass 43 square-miles. The city lies between San Diego (38 miles) and Los Angeles (83 miles), providing easy access to job centers and attractions. Oceanside is known for its tourist destinations, including beaches, a pier, a harbor, and shops. It also has well established industrial parks, commercial centers, and agriculture areas. Oceanside largely consists of suburban neighborhoods, along with three major commercial corridors. As housing in Oceanside has become more expensive and scarce, affordable housing has become a central issue for the community.



Figure 72 Oceanside, California residential area, by City of Oceanside

Summary of ADU policy

In 2017, the City of Oceanside updated their ADU ordinance to comply with State law, making it easier for its residents to build ADUs on their properties. The amendment process took approximately 6 months. The City pursued additional amendments in 2018 and 2020, intended to further reduce the regulatory barriers and costs associated with ADU's. The City's primary goal with its ADU ordinance is to promote affordable housing and increase the supply of renting housing.

Policy background

- **1990s:** ADU were allowed in Oceanside
- **2017-2018:** The State legislature enacted ADU legislation, with the intent to reduce regulatory barriers and costs, streamline approval, and expand the potential capacity for ADUs in response to California's housing shortage
- **2017 and 2018:** The City Council adopted revised ADU regulations, conforming to the provisions of Government Code Section 65852.2 as mandated by state law
- **2020:** The State legislature enacted new ADU legislation (SB 13, AB 68, and AB 881), in order to further reduce the regulatory barriers and costs and streamline approval of ADUs

Code specifics

Oceanside's ADU policy seeks to provide the opportunity for its residents to live near job-rich areas, while trying to support the increasing demand for housing. In the last decade, the demand for housing has not kept pace with housing supply, which has increased market pressures. At a state level, California seeks to address this housing shortage, in addition to increasing housing diversity to accommodate low-income residents and boosting overall housing supply. The City's most recent ADU ordinance amendments (January 2020) aimed to further reduce the regulatory barriers and costs associated with ADUs. The City currently allows for three different ADU types: Accessory Dwelling Units (ADU), Junior Accessory Dwelling Unit (JADU), and an Efficiency Unit. These ADUs types are allowed in single-family or multifamily zones based on the Government Code Section 65852.2 et seq.

- **Parking Requirements:** One off-street parking space
- **Rental Limitations:** Rental terms must be longer than 30 days
- **Short-Term Rentals:** Short term rentals are not permitted
- **Separate Utilities:** ADUs must comply with water and sewer requirements by the Water Utilities Department; for new attached and detached ADUs, the City may require a new or separate utility connection
- **Cooking Facilities:** ADUs must have an efficient kitchen with cooking facilities and appliances
- **Maximum Size:** 1,000 square-foot ADU (two bedroom or more) or a detached ADU can be up to 1,200 square-feet subject to standard height, lot coverage, and setbacks of the zoning district or an attached ADU not to exceed 50% of the primary dwelling
- **Setbacks:** 4 ft. side and rear setbacks are permitted in any circumstance subject to compliance with all building codes; no lot coverage requirements apply
- **Maximum Height:** 16 feet
- **Design:** The ADU needs to be architecturally similar to the primary dwelling in terms of design, building, roofing materials, colors, and exterior finishes



Figure 73 Detached ADU in Oceanside, by City of Oceanside

Measures of success

The City of Oceanside tracks the number of building permits received in a calendar year. Over the last few years, ADU applications have increased dramatically, possibly due to the City's ordinance amendments that have made it easier for owners to construct them. By January 2017, the City had received 36 permit applications for ADUs; since 2018, the City has received over 200 applications. Oceanside has a dedicated ADU webpage (oceansideadu.com) that provides guidance and resources for the public, with a focus on ADU design and construction ideas. The City's ADU website also includes a video called "Visualizing the Code," which helps the public navigate the ADU zoning requirements.

Next steps

The City is currently working on revising and updating its ADU guide to include frequently asked questions. The goal is to provide additional guidance that helps the public navigate the ADU process and relevant code. The Oceanside Planning Department is also evaluating the success of its ADU program and searching for additional opportunities to improve its resources. Oceanside continues to host a public ADU workshop with a panel of experts that include local architects and ADU builders. Residents are taking interest in building ADUs, especially with the changes in regulations and ordinances making it easier to build them.

Below is a table summary of the barriers and opportunities for the City of Oceanside.

Oceanside, California barriers and opportunities	
Barriers	Opportunities
Navigating state ADU laws, portions of the law are ambiguous and easy to misinterpret	California Department of Housing and Community Development finally prepared an ADU Handbook, to help cities navigate these laws
Difficult to account for all possible scenarios when preparing an ADU ordinance	ADU workshops are available, with housing and architectural experts

Figure 74 Perceived barriers and opportunities to ADU development in Oceanside, California

Key takeaways

After concluding research and analysis of the City of Oceanside’s ADU approach, numerous valuable takeaways were identified:

- **Reduction of setbacks allows more flexibility for ADUs.** Oceanside ADU policies permit smaller properties with setbacks as few as four feet. This demonstrates the need for consistent code evaluation and adaptation for new dimensions for ADUs.
- **Reducing building permit fees and waiving other impact fees allows the public and the City to lower costs.** Residents’ cost savings will only add to the popularity of building an ADU, as well as making the processes easier for them. This is an opportunity for the residents and City officials to both benefit in the end.
- **ADUs should be prioritized near public transit to increase resident accessibility and mobility.** Neighborhoods with strong public transit access are ideal locations for ADU investments. Not only does this help minimize any traffic and parking concerns that may be associated with ADUs, it can also help reduce carbon footprints, minimize transportation costs, and increase demand for multimodal transportation systems.

CHAPTER 7: RECOMMENDATIONS AND CONCLUSIONS

The purpose of this chapter is to synthesize the research presented in previous chapters of the report, in order to identify key recommendations from which the City of Peoria can draw as it considers its ADU policy options. The first section of this chapter will list and summarize these best practices. The second section will then provide a list of final considerations that Peoria can keep in mind as it finalizes its policy.

7.1 Best practices

Based on our case study review of ADU policies across Arizona and the United States, we observed that the development of an ADU code is an iterative process. In crafting an effective policy, it is important to understand that it will take time to create one that works well for Peoria, so expectations must be managed. Regular evaluation of the program is necessary to understand the limitations and opportunities for improvement. For instance, Santa Cruz's (CA) program has been in place for decades, yet is monitored on an ongoing basis for any necessary adjustments. Their ADU policy was originally adopted in the 1980s to account for student housing demand; they have since amended the ordinance to allow more flexibility and clarification throughout its lifespan. Relative to Santa Cruz, Flagstaff's (AZ) ADU program is newer (initially adopted in 2007) and has shown a similar pattern. As a result of ongoing review, they have amended their ordinance to further clarify where ADUs are permitted, as well as adjust maximum size and architectural compatibility requirements (Figure 75).

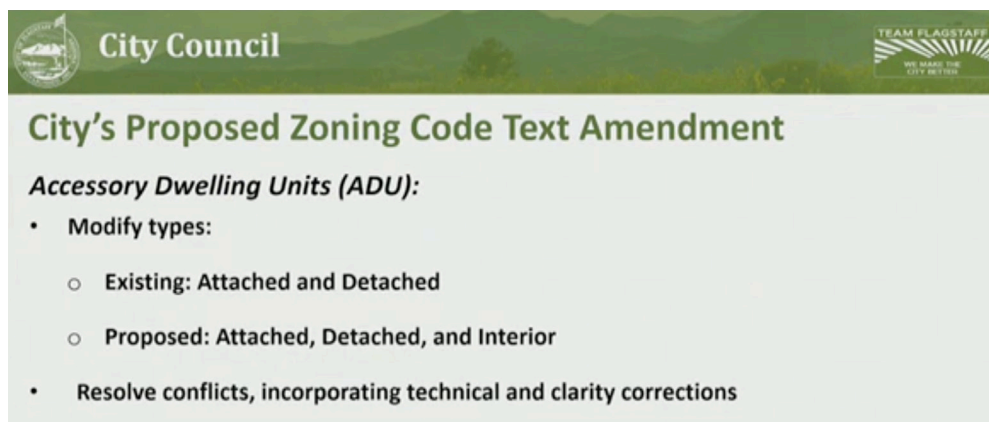


Figure 75 Flagstaff City Council proposed amendments to ADU ordinance, by City of Flagstaff, 2019
Video available at <https://flagstaffaz.new.swagit.com/videos/54033#33>

Have a simple and straightforward code

Simple and straightforward verbiage within the language of the code allows for flexibility, which can, in turn, help facilitate production of ADUs and increase their accessibility to prospective residents. When the City of Surprise, for example, adopted its recent ADU code (2020), they were keen to keep it simple and flexible. The City believes that simple language will not only help to facilitate ADU production, but also allow for future adjustments to its ADU program as circumstances evolve. By contrast, excessive regulatory language inhibits flexibility and can act as a barrier to production, discouraging homeowners and housing developers who might otherwise be willing to develop ADUs on their properties.

Barriers to ADUs in infill development must be addressed

A City should create avenues to enable ADU production on parcels that are already developed. Various barriers relating to costs, financing, and permitting processes can deter homeowners from pursuing ADU projects. For example, development costs (including city fees) largely fall on homeowners, introducing a significant burden that makes the project nonviable; waiving development and permitting fees can go a long way toward motivating more people to pursue ADUs on their lots. The cities of Santa Cruz (CA), Salem (OR), and Oceanside (CA) have all used this strategy to reduce cost burdens for homeowners.

Financing represents a similar barrier: many homeowners do not have funds readily available for development and must pursue short- or long-term financing. However, the process of finding proper financing can be difficult because lenders may have little to no familiarity with ADUs. As banks become more familiar with this unique housing option, they may become more willing to finance them.

Lastly, ADUs may not fit squarely into existing permitting processes. Moreover, adding a stand-alone ADU permitting process could further complicate the overall process. Therefore, ADU permitting and other processes should be streamlined and wrapped into existing procedures to make them easier for both residents and city staff. The City of Flagstaff (AZ) exemplifies this, highlighting the ways process-based changes have played a large role in the workflow of developing ADUs.

Work with developers to guide new, ADU-inclusive development

Suburban homes in Sunbelt regions are increasingly in demand. This trend has been further accelerated by the COVID-19 pandemic, as some households search for larger homes and more open space. As demand increases, it will continue to put a squeeze on housing supply and reduce affordability. While communities seek to resolve the issue, City staff can work with developers to ensure that newly built units are meeting current demands; these new developments may incorporate ADUs into their site plans to help expand housing choice.

There are a number of reasons that new, ADU-inclusive development projects may be a strong strategy for a city like Peoria. In our research, we saw great examples of these types of projects, including Lennar's NEXTGEN homes for multigenerational households in the Greater Phoenix area. Furthermore, entire communities with ADUs can be marketed as "ADU communities." In this context, prospective buyers could have increased familiarity with ADUs as a supplemental housing option, including a better understanding of their potential purpose and value. Relatedly, these "ADU communities" can also offer options that avoid potential confrontations that could arise from ADU development in more established neighborhoods. Lastly, there is a cost argument to be made: ADUs are also less expensive and easier to finance in new construction compared to adding ADUs to existing structures. And, from a broader perspective, ADUs in new construction have the potential to help normalize the tool in other contexts, thereby boosting their reputation for other existing neighborhoods.

Community outreach is crucial

Effective communication, cooperation, and education will be critical as the City of Peoria launches its community-level strategies. By educating the public on the characteristics and benefits of ADUs, the City will be better able to increase community interest and resolve whatever misconceptions the public may have. One significant way the City can do this is by deciding on their goals and vision for the ADU program—and clearly articulating their intentions to the community—from the very beginning. For a successful ADU program to grow, it is crucial that the City build trust and understanding between planners, residents, and any other community stakeholders. Homeowners' associations (HOAs), for example, were not part of the stakeholder engagement on this project, however they are a group that the City should communicate with as potential ADU policies evolve. Students saw evidence of this approach in the case study analysis.

For instance, the planner from Vancouver (WA) discussed the importance of hearing more from the public about what they want to build. Good communication and community outreach will allow planners to more thoroughly understand residents' needs, and will likewise allow residents to develop more informed and accurate perceptions of ADUs.

7.2 Things to keep in mind

Identify the primary purpose of an ADU policy and draft it with this purpose in mind

In our research, housing advocates stressed the importance of identifying the primary goal of an ADU policy as a first step: whatever the intent is, it must be incorporated into the code from the beginning. Having clear and agreed-upon goals for a program will guide the decisions that need to be made (e.g., parking and lot size requirements) when drafting the code. Some case studies also supported this strategy. Flagstaff (AZ), for example, established affordability as a foundational principle for their overall housing strategy. As the community faces rising housing costs due to external demand, Flagstaff's program aims to add more housing units to the supply. This is reflected in their decision to allow ADUs in all residential districts. Additionally, Flagstaff has revised its ADU program multiple times to improve readability. This illustrates the City's desire to make it as easy as possible for residents to build ADUs on their properties.


Supplementary resources are secondary priorities to a straightforward code

As recommended in the stakeholder interviews, supplementary resources—including guidebooks and an FAQ page on the city website—can be very helpful for local residents to understand what they need to know about ADUs, whether they are interested in building one on their property or they simply want to learn more. It is important to note that a City's first priority should be to develop a user-friendly code; supplementary materials are an important, but secondary, concern. If the code is difficult to navigate, it will do little to promote—and may stifle—ADU production.

Supplementary resources develop differently in each community, so it is important to align the approach to the local context. The City of Oceanside (CA) created a webpage that provides ADU resources for the public, including an official video explaining how to build an ADU (see Figure 76). The Town of Queen Creek (AZ) developed a user-friendly

guidebook to help the public navigate the ADU design and construction process. This guidebook provides stakeholders with definitions, contact information for Town officials, and design guidelines to facilitate a smooth process. Supplementary resources such as these are a smart way for the city to inform and connect with the public beyond the language in the code. By actively providing ways for the public to learn more about ADUs and how they can more readily develop one on their own, the city can aid in facilitating production.

Note: The following video was created prior to the adoption of the revised ADU Ordinance on August 19, 2020 and does not reflect current zoning requirements for the construction of an ADU. However, the video will assist Oceanside residents visualize the code and better understand general zoning requirements. Please refer the revised [ADU Ordinance](#) for current code requirements.



Accessory Dwelling Unit (ADU)

- 1 - ADU Ordinance No. 20-OR0507-1 (1,01 MB)
- 2 - ADU Fee Schedule (Effective 9-1-19) (604.3 KB)
- Accessory Dwelling Unit Informational Guide & Facts (542.9 KB)
- ADU Ordinance No. OR0632-1 (Superseded by 2020 ADU Ordinance) (311.7 KB)
- HCD Accessory Dwelling Unit Handbook September 2020 (917.5 KB)

Figure 76 Online supplemental materials pertaining to ADUs, by City of Oceanside

Video available at <https://www.ci.oceanside.ca.us/gov/dev/planning/adu/default.asp>

Short-term rentals are controversial among some stakeholders

It bears repeating that short-term rentals were a major concern among some stakeholders in Peoria (as they are in many other communities). ADUs are the perfect size for short-term rentals, so it can be enticing for homeowners to list them on short-term rental sites (e.g., Airbnb, VRBO). There are concerns that this could invite various nuisances associated with guests, such as added traffic and noise.

Moreover, if new ADUs become short-term rental listings, they are likely not adding to the existing housing stock and will, therefore, do nothing to reach affordability goals. It is worth noting, however, that existing literature does suggest that perceptions may not align with reality—a recent study found that a limited percentage of ADUs (approximately 12%) were used as short-term rentals and most were, in fact, used for permanent housing (see Chapter 3. Literature Review). More research may be needed within the Arizona context, but, in the meantime, it may be fruitful to educate the public on the data available and identify strategies to mitigate potential concerns. For example, while Arizona’s state legislation currently bans localities from prohibiting short-term rentals outright, Peoria could work around this by imposing a requirement for owners to occupy the primary dwelling. This would mean that owners are subject to any possible nuisance complaints, and would therefore find it in their best interest to deter such issues. It is important to note that ADUs can be used as either short-term or long-term rentals, depending on permitted uses and user intentions.

Housing unaffordability is a systemic problem: ADUs are simply one tool in the toolbox

As lack of affordable housing continues to stress markets across the United States, ADUs have been promoted as one of several potential solutions—especially for young and/or elderly residents seeking to age in place. They are also one of many possible answers to the current lack of diversity in Peoria’s housing stock: Beyond detached single-family houses and multi-family apartments, there is significant demand for “missing middle” housing that ADUs will help to fulfill. However, it must be stressed that the current affordability crisis is a systemic problem that extends well beyond Peoria. Across Arizona, and indeed throughout the country, the shortage of affordable land on which to build new homes—be it vacant greenfield land suitable for new development or brownfield land suitable for redevelopment—poses a significant barrier that will be difficult to overcome. Likewise, ADUs alone will not be sufficient to solve the problem: They must be considered as one of several viable “tools in the toolbox,” rather than as a one-size-fits-all solution.

Public acceptance of ADUs may be more difficult in established neighborhoods

ADUs will likely be more difficult to pass in well-established neighborhoods, as the Tempe case study illustrates. Historic districts are especially challenging to implement ADUs, as residents are often keen on retaining their existing neighborhood character. While ADUs do not drastically alter neighborhoods, this concern must be addressed. ADUs can be highlighted as a way to ease market demand on the neighborhood, as well as a way to promote “gentle density”. Both of these methods can help ease concerns regarding neighborhood character. Nonetheless, neighborhood and character design standards are important. Queen Creek’s (AZ) standards, for example, require an ADU to maintain a similar design as the main house. Preserving neighborhood character and design elements will look different in each community, however it will be necessary when devising the code (Figure 77).



Figure 77 Detached ADU that features similar architectural styles as the main structure, which can help preserve neighborhood character in established areas, by First Tuesday

7.3 Conclusion

This report provides the City of Peoria with the necessary insights to guide the development of an effective ADU policy. Our team gathered knowledge from stakeholders, the literature, and other municipalities, which we hope will enable City staff to create a policy that reflects the unique characteristics of the community. This information will assist Peoria in addressing challenges associated with housing, both now and into the future. ADUs are a unique option that can play multiple roles in housing. While we understand that many further discussions are needed and many concerns remain to be addressed, we see that ADUs can be one of many valuable tools for Peoria going forward.

The City of Peoria shows a dedication to sustainable growth, emphasizing economic prosperity and attainable housing solutions for its growing population. In an effort to plan for the future, Peoria seeks to identify feasible and attainable housing solutions to provide more access to Peoria residents. In its effort to tackle affordable housing challenges, the partnership with ASU students has provided much-needed infrastructure for working with Peoria residents in delivering unique solutions for affordable housing.

The report findings demonstrate a community on the verge of transformation and offer an analysis of Peoria's current state while planning for the future of affordable housing through the use of alternative and diversified housing options, such as ADUs. Through methodological analysis of Peoria's demographics and existing housing stock, students have identified existing gaps in the housing system, as well as opportunities for attainable growth.

The recommendations seek to provide the City of Peoria with innovative housing solutions that emphasize collaboration with housing organizations, developers, and residents. Through peer community analysis and focus groups, students identify gaps in attainable housing for the younger generations and suggest investing in support infrastructure to provide resources and opportunities for young buyers. Additionally, students present an innovative solution to diversifying Peoria's housing stock through the construction and policy support of ADUs in existing communities, as well as newly built ones. A theme emerges from both classes: Peoria's approach to affordable housing is an iterative process that includes continuous revision based on feedback from residents and developers and constant monitoring of emerging affordable housing trends and solutions.

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