

	<p><b>Planning and Zoning Commission</b></p> <p><b>STAFF REPORT</b></p>	<p style="text-align: center;">AGENDA</p> <p style="text-align: center;"># _____</p>
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**TO:** CASA GRANDE PLANNING AND ZONING COMMISSION

**FROM:** James Gagliardi, AICP, City Planner  
Joseph Horn, City Planner

**MEETING DATE:** May 2, 2019

**SUBJECT:** Staff briefing to the Planning & Zoning Commission on new single-family rental product.

**OVERVIEW:** The purpose of this briefing is to discuss an emerging trend in the residential rental market known as single-family for-lease units. These developments are also sometimes referred to a “horizontal apartments”. This new type of housing product has been constructed in the Phoenix and Tucson metropolitan areas, and recently there have been a number of inquiries about developing this type of product in Casa Grande. Prior to scheduling a specific application for this new type of development for a Planning Commission hearing, staff wanted to discuss with the Planning Commission various review considerations that are prompted by this product and how it relates to the City Code.

Single-family for-lease units are similar to apartments, where there are multiple dwelling units offered for rent upon one lot forming a complex of rental units. Like apartments, single-family for-lease product often has gated access and amenities such as a pool and club house. Unlike apartments, however, these dwelling units are not contained within multi-family structures. Instead, these units are comprised of a mixture of stand-alone single and two-family dwellings and are predominantly only one story. Since single-family rental product are primarily detached from one another, it provides more privacy than a traditional rental complex. Additionally, single-family for-lease product includes patios and private outdoor living that is typically larger than what you’d find in other multi-family rental communities. These communities also usually offer a limited number of detached garages and carport spaces.

The primary developers of this type of product within the Phoenix and Tucson areas are NexMetro and Christopher Todd Communities. Single-family for-lease product usually average about

8-12 dwelling units per acre and typically include dwellings that are one, two, and three bedrooms. Examples of aerial imagery, photos, and elevations of this product are provided in Exhibit A.

**CITY CODE:** Despite the fact this single-family for-lease units are rented like apartments and are made up of a complex of dwellings on a single lot, the Casa Grande Municipal Code considers this product to be “*single-family dwellings*” and not apartments. The following are various definitions found within 17.12 of the Code that substantiate this:

“*Dwelling, single-family*”, means a building used for residential occupancy by one family.

“*Dwelling, two-family*”, means a building or portion thereof, used for the occupancy by two . . . families living independently of each other, with the units completely separated by a common wall, floor, and or /ceiling.

They’re not considered *multi-family* buildings since they’re comprised of single and duplex units, and since this term is defined in the following way:

“*Dwellings, multiple (multi-family)*”, means a building or portion thereof, use for the occupancy by three or more families living independently of each other, with the units completely separated by a common wall, flor and/or ceiling.

**ZONING:** Specifically within the City Code, there are two zone districts that can accommodate this type of product: The R-2 (multi-family residential) zone and the PAD (Planned Area Development) zone.

- The R-2 zone is a traditional zone district that allows multiple single-family and two-family dwellings on the same lot so long as there is a minimum area of 5,000 square feet per single-family dwelling and 3,000 per square feet per two-family dwelling. Additionally, the R-2 zone requires that there be 500 sq. ft. of outdoor living area provided for each dwelling unit. This outdoor living area can’t be located within the required side or front yards, nor within the driving and parking areas. The R-2 would also impose specific development standards such as a minimum separation of buildings of 20 ft. and adherence to the off-street parking requirement of three spaces per single-family dwelling and 4.5 spaces per duplex. Many of these single family rental developments do not provide this amount of parking and space between buildings. Space between buildings could go toward

meeting the outdoor living area in addition to any fenced outdoor area that is included for the unit, so long as it's not in the side or front setback of the property.

- The PAD zone is a customizable district where matters such as separation between buildings and parking can be customized to be less restrictive than the City Code. As a residential PAD, however, the project would be subject the *2003 PAD Residential Design Standards*. Despite the customization allowed of PAD's, they must follow these standards per 17.40.015 and 17.40.020 R of the City Code. Some of the standards that would be particularly applicable are the following:
  - For every single-family lot or space less than 7,000 sq. ft. in area, an equal number of lots or spaces that are at least 8,000 sq. ft. in area shall be provided. This standard results in an average of 7,000 sq. ft. of lot area per dwelling unit.
  - A minimum of fifteen percent open space shall be provide within single-family residential portion a PAD. Clubhouses, indoor recreation, can't count towards open space. At least fifty percent of open space must include parks, multi-use trails, mike paths, turfed retention areas, tot lots and / or outdoor active of passive recreational improvements.
  - Housing Product requirements, including:
    - A minimum of five floor plans are to be provided, each with three elevations, and five color schemes.
    - Limitations on number of homes in a row with same elevation.
    - A variety of roof colors, shapes or textures, with a requirement for a variation in roof ridge lines.

Due to the flexibility of a PAD zone, this district would likely be more conducive to supporting single-family for-lease product than the R-2 zone. However, both the PAD Residential Design Standards and the Housing Product requirements that apply to PAD's would pose some challenges. For example, the requirement to provide 7,000 sq. ft. of space for every unit, would limit this product to a maximum density of 6.22 dwelling units per acre. Single-family for-lease units tend to be built at a density of 8-12 dwelling units. A density of 12-14 dwelling units per acre are generally acceptable and practical to develop in Casa Grande for apartment complexes, which are less beholden to the above PAD requirements than single-family product. Additionally, apartment complexes are permitted

within the Neighborhoods land use category of the General Plan to be built up to 18 dwelling units per acre. Another challenge are the Housing Product requirements necessitating a minimum of five floor plans, three elevations, and multiple color schemes for a product that typically has a more standardized appearance.

Despite the restrictions found within the 2003 Residential Design Standards, this document also states that exceptions can be requested to any of the standards. City Council may allow departure from these standards under specific scenarios. A request for exception would likely be the most supportable if it can be demonstrated how despite the exception, the development still meets the design and density objectives that the PAD design standards are intended to accomplish. Three such possible scenarios per the PAD Design Standards where an applicant can request an exception are:

- A proposed infill housing development on a parcel of land that is surrounded by established residential neighborhoods.
- An affordable housing project within a defined City redevelopment area may qualify for the exception.
- A development proposal so unique to the City that strict conformance with all of the requirements would be counter-productive to achieving the diversity, creative and sustainability sought in the PAD. Council may alternatively approve the use of some unlisted requirements upon finding that the unlisted requirements will achieve the desired diversity objectives.

The applicant would have to demonstrate how the development meets the overall intent of the PAD Design standards and would have an opportunity to demonstrate that the uniqueness of the product or how additional amenities help offset the imbalance of lot area per unit and the limited offering of floor plans and elevations. Though not all the typical standards can be met, with regard to housing product, matters such as providing multiple elevations, colors, and roof lines for the product are easier to achieve.

**OBSERVATIONS:** Staff visited four single-family rental product communities in Chandler, Gilbert, and Queen Creek. They all happened to be developed by NexMetro Communities. Other rental product in the Valley is offered by Christopher Todd Communities which appears to have some differences, primarily in providing slightly less density and more architecturally-diverse design. During the site visit, staff found that the oldest complex was beginning to appear deteriorated. Personal sheds had been placed in the private back yards that seemed out of place and gave the complex a cluttered,

congested, incongruent appearance. Walls around the backyards were settling and leaning, and there were uneven walkways that had been corrected by adding makeshift wooden ramps. The trash bins were not located in enclosures and the unit's electrical panels were exposed. The community amenities at this location were very stark and utilitarian in appearance. The orientation of these amenities were disconnected and not situated to relate to the dwelling units on the property.

The newest community, however, appeared to reflect better site design by orienting the private backyards of the detached rental units around the common pool area. These backyards had view fencing, as opposed to a solid block wall and there were no tenant-added structures. Better architectural detail was provided around the windows and doors of the dwellings and garages.

One of the newer communities offered a direct connection to a regional trail, a variety of outdoor amenities beyond merely a swimming pool, and there weren't any units that appeared to be at too far of a distance from internal open spaces and parking spaces.

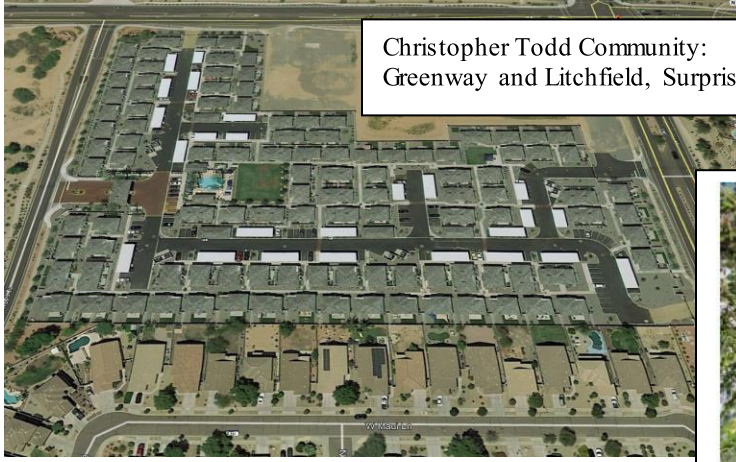
The concern is that without proper management, over time the enclosed private yard spaces will become cluttered with personal storage. Accessibility to available parking spaces is also a potential issue. The Town of Gilbert's parking code requires 1.25 parking spaces per single-bedroom unit and 2.25 parking spaces for units with two or more bedrooms. Staff's concern is that this could result in limited guest parking if there is more than one person in each dwelling who owns a vehicle. Compounding this concern is that a percentage of the required parking was provided via garages. These garages may inadvertently be used for storage and not vehicular parking. The distance from a unit to an available parking space could be lengthened on nights and weekends where more units are occupied and there is a high number of guests, especially if garages are not used to park resident's vehicles. The lack of internal streets/drives that are wide enough to accommodate on-street parking makes the provision of adequate on-site parking a critical design consideration. Queen Creek applied a similar parking requirement as Gilbert, calling for 1.5 spaces per one bedroom units, two spaces for two bedroom units and 2.5 spaces for three bedroom units. This calculation also included garage spaces.

**SUMMARY:** Single-family for-lease product is a new alternative to multi-family development. Because this product is similar to both medium-density apartment complexes and a dense single-family residential subdivision, it is unique in that there are aspects of this product fit into both development

types. This product can fit in the R-2 zone or a PAD zone per the City Code; yet, both districts have particular development standards that pose complications with adequately developing this product per a typical applicant's intentions and density goals. The resulting density of the product is not high in comparison with traditional multi-family apartment developments; but is considered higher than allowed per PAD standards for single-family residential development. These unique challenges are what the developer, staff, and decision makers must consider when reviewing development proposals. Concern about long-term maintenance of this product, especially with regard to potential misuse of the enclosed private outdoor spaces associated with the units, parking, and site design, would need to be addressed through conditions of record associated with the zoning, strong covenants, and code enforcement through both the complex's management and the City. Conversely, another consideration is that this product would potentially be more compatible with abutting single-family development than would a multi-story apartment complex in that each unit is more similar in form and height to single-family neighborhoods.

**Exhibit A** – aeriels and elevations of single-family for-lease product

## Exhibit A-Single-Family For-Lease Product



Christopher Todd Community:  
Greenway and Litchfield, Surprise, AZ





1 BEDROOM

SCHEME 01

2 BEDROOM



1 BEDROOM

SCHEME 02

2 BEDROOM



1 BEDROOM

SCHEME 03

2 BEDROOM

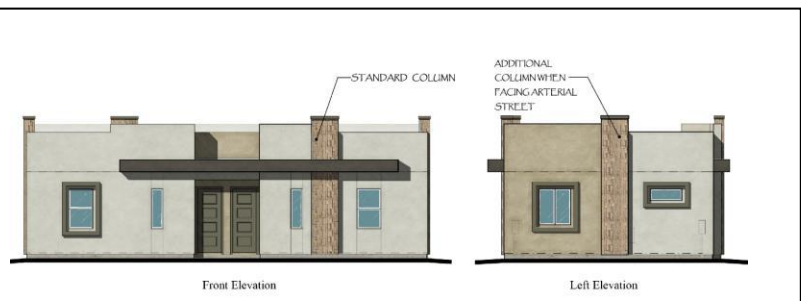


NexMetro Community  
Ocotillo, west of Ellsworth, Queen Creek,  
AZ

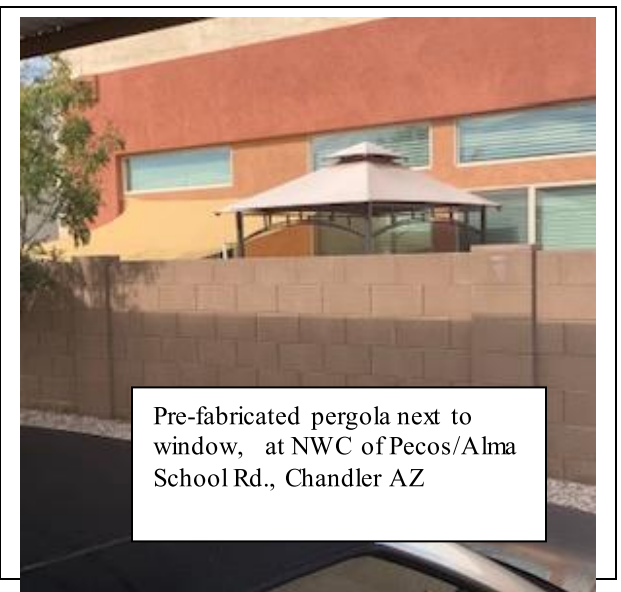


Front Elevation





Storage structure next to window, at NWC of Pecos/Alma School Rd., Chandler AZ



Pre-fabricated pergola next to window, at NWC of Pecos/Alma School Rd., Chandler AZ