



CITY OF SURPRISE
Regular City Council Work Session
16000 North Civic Center Plaza
Surprise, AZ 85374

Tuesday, March 17, 2020 @ 4:00PM

Call To Order

Roll Call

Mayor Hall called to order the Regular City Council Work Session of March 17, 2020 at 4:00 PM at Surprise City Hall Council Chambers, 16000 N Civic Center Plaza, Surprise, Arizona 85374. Also in attendance with Mayor Hall were Vice Mayor Judd, Council Members; Winters, Hayden, Duffy, Sanders and Remley.

Staff Present: City Manager, Michael Frazier; City Attorney, Robert Wingo and City Clerk, Sherry Ann Aguilar.

Pledge of Allegiance

Call To The Public

Regular City Council Work Session Agenda

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

1. Presentation and discussion regarding Chapters 106 and Community Pools of the Land Development Ordinances code update - NO ACTION

[City Planner, Joshua Mike gave a powerpoint presentation regarding this item.](#)

[General discussion took place on stakeholders; issues with design standards, proposed regulations and changes.](#)

[Andrew Yancey called in to the meeting at 4:42 p.m. to comment on this item.](#)

[Mr. Mike summarized several statements to enter into the record on this item.](#)

Andrew Yancey -

Josh “ Thank you for the update and plugging along under the circumstances. I plan to call in to discuss these matters, but I wanted to provide you a few comments in writing. As you know, I am representing Pulte in this matter.

First, we wanted to share some information about the market in Surprise. Maricopa

County has seen the highest increase in homebuilding costs in the nation – the 6.5% increase in 2019 was almost twice the national average. And Surprise outpaces most other jurisdictions within the County for increased costs for homebuilding over the last 5 years. Currently there is generally an under-supply of inventory, and we expect increased demand from the millennial generation in the near future. The millennials have generally held off on buying homes longer than previous generations, but nearly 2/3 say they expect to buy in the next 5 years. One of that generation’s highest priorities is affordability, and they often favor smaller lot sizes even in suburban environments. With these factors in mind, it is important that Surprise ensures a variety of home products are available to make sure to prevent brain drain from the community.

Second, we have significant concerns that the current draft of the LDO has eliminated the PUD tool, and we believe these concerns are shared across the homebuilder community. No matter how well the Code is drafted, it cannot account for each unique piece of land and market conditions. We look forward to working with staff to develop the parameters of a PUD tool, but additional flexibility is necessary for the LDO to be successful and sustain high quality homebuilding in Surprise.

Third, we are concerned about the costs of the community pool requirement – both in upfront costs and sustained HOA fees. We want to make sure that an alternative equivalent process is available to provide flexibility for homebuilders to provide the type of centralized amenities appropriate to the location and market for each project.

Finally, we have concerns about the proposed alley requirement, both because it is not desirable from a consumer standpoint and it eats up additional land that could be used for backyards or open space.

I hope to be able to further discuss these items later today.

Public comments:

Jackson Moll -

Good afternoon Mayor Hall and Council Members:

My name is Jackson Moll. I am the Vice President of Municipal Affairs for the Home Builders Association of Central Arizona (HBACA) and a registered lobbyist with the City of Surprise.

At this afternoon’s work session, Staff will be presenting on the status of the City’s Land Development Ordinance (LDO) update, including feedback from stakeholders. The Home Builders Association of Central Arizona (HBACA) has been actively involved in these stakeholder meetings and was looking forward to being at the work session this afternoon to provide additional details on our position and lingering concerns. Given the current circumstances, these written comments will have to suffice. We are hopeful that as the situation improves, we will have a future opportunity to provide in person feedback.

We are very appreciative of the City’s effort to work with stakeholders to gather feedback. Joshua Mike and others have done a good job summarizing the concerns that we have raised. We are hopeful that when we can resume these stakeholder meetings that we will be able to continue to work through these remaining issues.

The HBACA believes that the City should strive to achieve two goals with this LDO

update. First, the City should ensure that home builders are able to offer a full range of housing products throughout the City from entry-level homes through luxury. As Surprise continues to grow, this will become more and more important to satisfy the housing needs of its residents and employers. Second, the City should seek to minimize the mandated costs on builders to allow them the flexibility to provide the features and amenities that are most desirable to the home buyer. Throughout the home buying process buyers identify those features and amenities within their budget that they most desire. They also identify what they are willing to live with or do without because of budget limitations in order to get those things that they really need. Home builders are in the best position to work with buyers to identify these features their buyers are willing to pay for and what they are not. The City should not substitute its judgment for the home buyer.

As we have worked through the update, we believe a lot of progress has been made on improving the proposed draft, however, there are still issues that remain which must be addressed if Surprise is to have an LDO that is workable for home builders. Below, please find a short list of the more significant remaining issues, including a short summary of the feedback from our members:

(1) Lot dimensions within the various residential zoning districts. Specifically, the City's proposal that the smallest side yard setbacks be 8'. The HBACA and other stakeholders all believe that the City should allow 5'. In addition, we believe the proposed lot coverage limitations are far too small.

- The additional 3' feet on the side yard setback adds approximately \$10,000 to the cost of the home and adds almost no utility or value to most home buyers. The cost increase is attributed to added land cost, additional sidewalk, roadways, sewer lines, water lines, and reduced lot yield. Buyers would rather this money be spent on other features and amenities, including maximizing their livable square footage.

- Market research has demonstrated that buyers value space in the back yard, not the side yard.

- Housing products come in 5' increments so on a 45' wide lot, a builder would typically put a 35' wide product. This will shrink that down to a 30' wide product, reduce the livable square footage, and making the garage more prominent.

- While these setbacks are vital to maintain affordability for entry level homes, these five-foot side yard setbacks are not solely for those price points. These types of products are very desirable for move-up homes. We are seeing these types of products, with these setbacks, in the \$400,000 to \$700,000 price points throughout the Valley.

- Buyers throughout the Valley, particularly millennials, are increasingly looking for very urban products they can afford and don't require maintenance. By requiring the 8' side yard setback, the City will unnecessarily be restricting these types of products within its community. It is vital to the continued success of Surprise that these types of products be allowed.

- Before the City makes a determination on the side yard setback issue (and the residential lot dimensions generally), we would like the opportunity to do some further exploration with staff on these types of products that are currently being offered throughout the Valley.

(2) Requirement that all lots less than 50' wide have alley loaded garages.

- Our observation was that this requirement was largely disfavored at the Planning and Zoning Commission.

- We recognize that as lots get smaller there can be issues with on-street parking and trash pick-up. While these issues do need to be addressed, requiring that an

alley loaded garage is the only way to mitigate these concerns is far too prescriptive.

- This is a very expensive mandate because it effectively doubles the amount of land set aside for streets and the cost to construct those streets.
- Alleys are not generally attractive to home buyers because of their appearance, as well as, safety and privacy issues.
- There are numerous communities in the Valley that have demonstrated that alleys are not necessary for lot sizes less than 50' wide.

(3) Requirement that any subdivision larger than roughly 260 lots or any subdivision with any lots less than 50' wide with a rear yard less than 1,000 sq.ft. would have to build a community swimming pool.

- The City should not mandate a particular feature that a home buyer has to pay for.

- Pools will add significant cost to the price of the home, as well as, add to the monthly HOA dues and assessments. Buyers may or may not want to pay for these amenities and the added cost will price a lot of buyers out of being able to purchase a home.

- We are still compiling the cost estimates, but in general, we are seeing that this mandate will add at a minimum between \$3,000 and \$8,000 to the cost of a home. In addition, larger subdivisions require larger facilities to accommodate the additional people. This means that the per lot costs do not necessarily shrink with additional units. Additional study is required to determine the full extent of the mandate, including land, parking and other related facilities.

- Moreover, it would likely add between \$12 and \$60 to the monthly HOA dues, just to accommodate the maintenance and operation of the pool, depending on the size of the community. This additional cost would likely bring the total HOA dues to well over \$100 per month. This can be devastating to the attractiveness of a community, particularly, for moderate and middle income families.

- Builders conduct extensive study and focus group work to determine the types of amenities that are most attractive to the targeted buyer. Surprise would unnecessarily be limiting the types of amenities offered within its community by requiring a swimming pool.

- Other buyers may want recreation centers, walking trails, dog parks, or green space more than a swimming pool. However, if Surprise adopts this requirement, these other amenities may not be offered to the detriment of the City and its home buyers.

- The requirement that a pool be constructed for any subdivision with a single lot less than 50' wide and a rear yard less than 1,000 sq.ft. could potentially make this mandate very expensive. A 20-lot infill subdivision may meet this threshold which would require the full cost of the pool to be spread out among only 20 home buyers. Plus, a small project (particularly infill) may simply not have the land available without losing too many lots to provide a swimming pool which would render these small projects unachievable.

In addition to these outlined concerns, we have also raised objections to some of the City's general growth principles, no longer allowing the use of PAD/PUD, and the requirements in the chapter on "Traditional Neighborhood Development." However, it is our understanding that today's discussion is limited to a discussion on residential districts and swimming pools. We are happy to provide additional input when appropriate. Finally, we would like to request that the City Council provide direction to staff to continue to work with stakeholders on these issues and do further exploration on the types of products, subdivision designs, and amenities that are being successfully offered through the Valley. Surprise's housing needs and desires will likely evolve over time. We need to make sure that the City's LDO

can accommodate that evolution.

On behalf of all of our members, thank you very much for the opportunity to provide additional feedback on the updated LDO. The City's stakeholder process has worked well so far. We have no reason to believe that given additional time and discussion (once we can reconvene) that we will not be able to work through these remaining issues. Thank you very much to staff for all its work and willingness to engage with the industry. We will be watching the meeting on the City's website and will respond to any questions or concerns, where appropriate. Please also feel free to contact me directly if you have any questions or if there is any additional information we can provide.

Jeff Gunderson -
Good Afternoon Mayor Hall and Council Members.

I wanted to write to you in support of the comments you received today from Jackson Moll at the HBACA(copied for your reference below).

His comments are well thought out and are a compilation of comments he received from myself and my counterparts in the Home Building Industry.

Jose Castillo -
Good Evening Mayor and Council,

Richmond American Homes wants to express our support of the letter you have received from the HBACA in regards to the "LDO" update. We hope we can continue to work together to find solutions that work for both the City and our industries.

Thank you for your time on this matter.

Dave Garcia -
You recently received an email from Jackson Moll, VP Municipal Affairs at HBACA outlining our industry's concerns. We agree with points made in Jackson's email.

In light of the Coronavirus circumstance all of us are dealing with we respectfully request City of Surprise table any action on this matter. The revisions Surprise is considering will have a substantial impact on housing product and families wishing to purchase a new home in the City of Surprise. By deferring any action at this time ensures all stakeholders have ample opportunity to present comments and additional information beyond emails.

Revisions of this magnitude should be properly vetted via written and oral comments.

2. Presentation and discussion on the City's Regional Transportation Plan (RTP) project with the Maricopa Association of Governments (MAG)- NO ACTION

[Assistant Community Development Director, Lloyd Abrams gave a powerpoint presentation on this item.](#)

[Mayor Hall asked for specifics on proposed projects with a color coded map to identify projects and summarized for an easier way to review since there are so many projects.](#)

Executive Session

Adjournment

Council Member Winters made the motion to adjourn the Regular City Council Work Session of March 17, 2020 at 5:47 PM. Council Member Hayden seconded the motion. Seven yes votes, motion carried.

Skip Hall, Mayor

ATTEST:

Sherry Ann Aguilar, City Clerk, MMC

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Work Session of **Tuesday, March 17, 2020.**

Sherry Ann Aguilar, City Clerk, MMC