



Requesting Department:
Development Services

TO: PLANNING AND ZONING COMMISSION

FROM: CHRIS ANARADIAN, DEVELOPMENT SERVICES DIRECTOR

RE: DISCUSSION AND POSSIBLE ACTION ON MAJOR GENERAL PLAN AMENDMENT GP13-026 "Estates at Queen Creek Station", a request by Ralph Pew on behalf of RSF Properties, LLC and RSF Queen Creek Properties, LLC to amend the General Plan Land Use Map for 156 acres at the southeast corner of Ellsworth and Germann Roads from Employment Type A to Low Density Residential (up to 2 dwellings per acre).

DATE: JANUARY 22, 2014

STAFF RECOMMENDATION

Staff recommends that GP13-026 "Estates at Queen Creek Station" be continued until the March 12, 2014 Planning Commission Meeting.

Please see the UPDATED information described in italicized text below.

PROPOSED MOTION

Move to continue GP13-026 "Estates at Queen Creek Station" to the March 12, 2014 Planning Commission meeting.

RELEVANT GENERAL PLAN AND COUNCIL GOALS

General Plan Land Use Element Goals and Policies:

- **Goal 1: Maintain the Town's unique community character**
 - Policy 1a: Protect and promote the Town's history, location, amenities and development potential to develop a unique, attractive, desirable and economically sustainable community.
 - Policy 1f: Ensure that new public and private projects reflect the Town's historic character in their design and appearance.

- **Goal 2: Effectively manage the Town's growth**
 - Policy 2a: Focus the Town's efforts to promote new development and economic development in the areas identified in the Growth Areas Element, the Town

Center and the State land east of Meridian and the area adjacent to the City of Mesa.

- Policy 2b: Coordinate the Town’s efforts with the private sector to provide the additional infrastructure when and where needed to accommodate new development.
- **Goal 3: Develop superior neighborhoods**
 - Policy 3b: Provide a diversity of housing opportunities within the Town ranging from lower density residential areas in the desert foothills and equestrian neighborhoods, to higher density housing in master planned communities in the Town Center and near future shopping and employment areas.
 - Policy 3d: Ensure compatibility between new projects and existing neighborhoods by providing appropriate transitional treatments when:
 - a. New residential subdivisions are adjacent to existing residential areas; and,
 - b. New development contains lots adjacent to an open space, a non-residential land use or an arterial street.
- **Goal 4: Ensure long-term employment and economic stability**
 - Policy 4a: Develop a diverse and robust economic development base to ensure the Town’s long term economic stability.
 - Policy 4e: Partner with the private sector to actively promote development of employment related uses in the Town’s growth areas and adjacent to the Phoenix-Mesa Gateway Airport.

General Plan Growth Areas Element Goals and Policies:

- **Goal 1: Identify and establish Queen Creek growth areas to direct new higher intensity development**
 - Policy 1a: Direct new higher intensity commercial, office and employment uses to the five major Growth Areas identified in the Growth Areas map:
 - a. The Town Center
 - b. The Meridian Road Corridor
 - c. The Regional Commercial Center
 - d. The Germann/Queen Creek Road Corridor; and,
 - e. The Superstition Vistas (State owned property within the Queen Creek Planning Area).
- **Goal 2: Coordinate the timing of construction for new private development with the provision of public services needed to serve such development**
 - Policy 2c: The Town Capital Improvement Program will be used to provide direction on the location, timing and types of new public infrastructure for coordination with the private sector requests.

- **Goal 4: Ensure long-term employment and economic stability**
 - Policy 4a: Develop a diversified and robust economic development base to ensure the Town’s long term financial stability.

Economic Development Element Goals and Policies

- **Goal 1: Enhance the economic wealth of the community**
 - Policy 1d: Grow the retail and service base of the Town, including unique retailers, to enhance the Town’s retail image and expand the sales tax base to reduce sales tax “leakage” to other communities.
- **Goal 2: Cultivate the Town’s Economic Development centers and assets**
 - Policy 2b: Actively promote the Town’s proximity to Phoenix-Mesa Gateway Airport and support new employment growth in the Germann Road/Ellsworth Road area near the airport.
 - Policy 2d: Direct major commercial growth and service projects to the Town’s Meridian Road, Riggs Road, Germann Road transportation corridors and the 802 Freeway.
- **Goal 4: Promote development of the employment sector identified in the Town’s Economic Development Strategic Plan**
 - Policy 4d: Develop a job to population ration for the Town at build-out greater than the Maricopa County average – currently 0.4 jobs per capita.

Queen Creek Town Council 2013-18 Corporate Strategic Plan

- **KRA 5: Financial Management/Internal Services And Sustainability**
 - Goal 1: Maintain long-term financial sustainability for local government operations.
 - Continue with policies and implementation practices that evaluate use and sources of revenues, in particular recurring versus one-time sources of revenue.

SUMMARY

This 156 acre property is located at the southeast corner of Ellsworth and Germann Roads, at the northern entrance to the community. It is currently designated Employment Type A in the General Plan due to its proximity to Phoenix-Mesa Gateway Airport and the State Route 24 Freeway, as part of the Town’s future employment corridor in this location. The applicant has submitted an economic analysis stating development of the property for employment use will not occur for at least 25 years due to amount of land designated for Employment use in the area and has requested the property be redesignated Low Density Residential (up to 2 du/ac) to allow the property to be developed now for a low density residential use.

HISTORY

September 5, 1989:	Town incorporation becomes effective. Property was included in the incorporation and zoned R1-43.
September 2, 2008:	Current General Plan was adopted designating the property Employment Type A.
August 28, 2013:	Staff conducted an Open House to receive public comments on the proposed Major General Plan amendments for 2013.
September 24, 2013:	The applicant conducted a neighborhood meeting to discuss this General Plan amendment.
September 25, 2013:	Staff conducted a second Open House to receive public comments on the proposed Major General Plan amendments for 2013.
October 15, 2013	Planning and Zoning Commission conducts the first Public Hearing on the 2013 proposed Major General Plan amendments.
December 5, 2013	Planning and Zoning Commission conducts the second Public Hearing on the 2013 proposed Major General Plan amendments. The commission voted 5-1 to continue the case for further consideration at a special meeting to be held on January 22, 2014.

PUBLIC OUTREACH

Planning staff conducted community wide Open Houses on August 28, 2013 and September 25, 2013 to present the request to the public. Survey forms were distributed at each meeting to solicit comments from those present.

Information on the request has also been posted on the Town of Queen Creek website, public hearing signs were posted on the property, letters sent to property owners within 1,200 feet of the site, an insert was placed in the Town's November 2013 Utility Bill, and a public hearing notice was advertised in the Gilbert Edition of the Arizona Republic. A summary of the comments received to date is attached.

On October 15, 2013 the Planning and Zoning Commission conducted the first Public Hearing for the Major General Plan amendments proposed for 2013, which included this case. On December 5, 2013 the Commission also held a second Public Hearing, the minutes of which are attached.

In addition to the Town's outreach efforts, the applicant also conducted a neighborhood meeting on September 24, 2013. Copies of the meeting minutes and attendance sheet are attached.

DISCUSSION

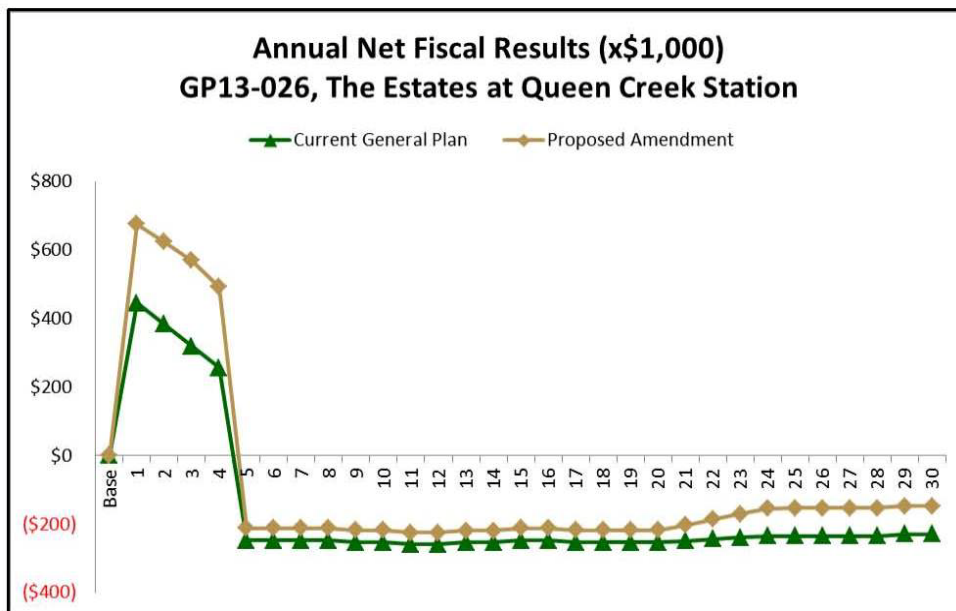
This subject property was included in the Town's incorporation in 1989 and zoned R1-43 at that time. That zoning remains in effect. In 2008, the current General Plan designated the future land use of this subject property as "Employment Type A".

UPDATE:

The long term financial sustainability of the town was a key issue in the development of the current General Plan, and it remains so today. The balance of future employment areas and residential uses is a significant future concern for the Town, from both a financial and livability standpoint. It was for this reason the Town commissioned TischlerBise to study the fiscal sustainability issue as part of this General Plan Amendment review and future update process.

As it pertains to this subject property and request to amend the General Plan land use designation to Low Density Residential (up to 2 dwellings per acre), the key findings in the TischlerBise study are as follows:

Figure 5: Annual Net Results – Development Scenario: GP13-026, Estates at Queen Creek Station



- ***The Town's Draft Fiscal Impact Analysis of General Plan Amendment Applications (dated November 22, 2013), prepared by TischlerBise indicates the project would generate positive initial revenues to the Town due to construction related sales taxes and development impact fees. Both development scenarios generate net deficits on an annual basis after construction is complete. Net deficits for the Current General Plan land use designation are more than the proposed amendment. By year 30, net deficits***

are generated at approximately \$229,000 for the Current General Plan and \$147,000 for the proposed amendment.

Since the Commission’s decision to continue this case to the January 22, 2014 meeting, additional information has been provided from TischlerBise. In addition, MAG (Maricopa County Association of Governments) recently released an updated Fiscal Balance Report (October, 2013 prepared by Applied Economics).

The TischlerBise Part 2 study highlights a major consideration(s) that requires additional staff analysis and communication with the applicant. Staff is considering the implications of land use recommendations as a result of these initial findings that were received from TischlerBise on January 14, 2014. The TischlerBise study identifies the amount of land that should be preserved for “net new” retail, office, and industrial projects as follows:

Figure 1: Summary of Projected 40-Year Market Demand: Square Footage and Estimated Land Area

Land Use	Net New Square Feet*	FAR Range			Net New Land Area Range (Sq. Ft.)			Net New Acres		
		Lower	Mid	Higher	SF at Lower FAR	SF at Mid FAR	SF at Higher FAR	Ac. at Lower FAR	Ac. at Mid FAR	Ac. at Higher FAR
Retail	1,370,000	0.20	0.30	0.40	6,850,000	4,566,667	3,425,000	157	105	79
Office	1,400,000	0.20	0.30	0.40	7,000,000	4,666,667	3,500,000	161	107	80
Industrial	2,380,000	0.10	0.15	0.20	23,800,000	15,866,667	11,900,000	546	364	273
Total	5,150,000				37,650,000	25,100,000	18,825,000	864	576	432

*Source: The Chesapeake Group; TischlerBise

These acreages identified in the study represent the “net new acres” that should be available to bring projects to fruition between now and the Town’s next 40 years. These acreages confirm the findings of previous studies that were conducted prior to the economic downturn by Elliot Pollack (Elliott D. Pollack & Company, “Employment Land Supply/Demand Analysis, Town of Queen Creek, Arizona, November 2004”).

The Town’s Economic Development team is assisting Development Services staff in the process of comparing these proposed “net new” acreages and the existing inventory of retail, office and industrial properties to neighboring communities regarded as having a good mix of land uses, financial sustainability, and a good quality of life in our region. Encouraging commercial and industrial development at the subject property was the goal of the land use designation in our General Plan despite the underlying zoning of the property as R1-43 (Rural Estate District).

ANALYSIS

The preliminary concept plan submitted with the request shows a total of 324 lots on the 156 acres (2.1du/ac) which exceeds the density allowed in the Low Density Residential designation requested (up to 2 du/ac). The lot distribution proposed is as follows:

- 165 - 70'x140' = 9,800 s.f. (51% of total)
- 89 - 90'x140' = 12,600 s.f. (25% of total)
- 78 - 110'x150' = 16,500 s.f. (24% of total)

Surrounding Zoning and Land Uses	
North:	City of Mesa – Light Industrial, business parks and vacant property, zoned LI (Light Industrial)
South:	Employment Type A and Medium-High Density Residential (up to 5 du/ac), zoned R1-43.
West:	Very Low Density Residential (0-1 DU/AC) – Ellsworth Suburban Mini-farms, zoned R1-43
East:	Employment Type B, currently vacant, and zoned R1-43.

Staff has reviewed the traffic, drainage, utility and economic impact studies submitted by the applicant and have concluded:

- The Town’s water and wastewater systems will be adequate to accommodate the anticipated demand from the proposed project, once the appropriate line extensions are completed.
- Ellsworth Road carries a significant traffic volume at this location, resulting in a level of service “F” during peak hours. Germann and Ellsworth Roads would be widened in conjunction with the construction of this project, which could help accommodate traffic, but would not fully address the issue due to the regional nature of the problem. A right turn deceleration lane is also recommended for northbound traffic to enter the property from Ellsworth Road.
- The economic impact study submitted by the applicant states it is likely only 9% of the property will be developed by 2033, due to the supply of other properties designated for employment in the area. It also states the project would require \$20,000 more in Town provided services annually than would be generated in revenues from the project by 2033. Considering sales taxes that would be paid by future residents, however, the analysis states the project is expected to create annual revenue to the Town of \$98,000. The project would also generate \$4.2 million in development impact fees as a result of the new residential development.

This request has been reviewed by the Phoenix-Mesa Gateway Airport Authority and a letter has been submitted indicating this property is located within the AOZ III Land Use overflight designation. Housing is permitted within the AOZ III, subject to public disclosure and noise attenuation requirements.

It should also be noted that the future Abel-Moody 230 kV power line will be adjacent to the south side of this property (see attachment). When this alignment was selected (over the concerns raised by the Town) one of the positive items noted was that it would be located at the dividing line between employment properties to the north, and residential uses to the south, thus providing a land use transition between the two uses. With this proposal, however, the power line would go through the center of a new residential area having homes on both sides of the line.

GENERAL PLAN AMENDMENT FINDING OF FACT

General Plan Amendment Finding of Fact Analysis:

By State law and the Town’s zoning requirements, an applicant is required to demonstrate a “finding of fact” that their proposed project meets certain “tests” to be considered for approval. Nine factors, or findings of fact, established in the Zoning Ordinance, are to be used in evaluating a General Plan amendment request.

Of these nine criteria, the applicant for a General Plan amendment is asked to provide a written response to the first four. The applicant’s proposed findings of fact are contained in the Estates at Queen Creek Station Development Plan Narrative and shown below, along with the staff’s comments on each item.

1. Whether the development pattern contained in the future land use plan provides appropriate optional sites for the uses proposed in the amendment.

Applicant Response - According to the “Queen Creek Future Land Use Plan”, shown as Table 1 of the Town’s General Plan, the Low Density Residential (LDR allows up to 2 du/ac) land use category contains the least amount of acreage for residential development in the Town. Approximately 4% of the Town’s acreage is designated for LDR development. Overall, the mix of residential land uses in the Town indicates that LDR is inadequately provided for and increasing that acreage by 156 acres begins to create more diversification of residential land uses in the Town.

Development patterns for residential land uses north of Ocotillo Road do not provide for any LDR development. Consequently, this specific reference to the approximately 26,500 acres of land in the Town north of Ocotillo Road and the lack of any LDR in that acreage, demonstrates that the current land use pattern inadequately provides optional locations for LDR land uses.

Considering this amendment and its contribution to positive planning techniques and sustainability, affords a unique opportunity for the Town to allow all four residential land use categories along the Ellsworth Road corridor in such a way that creates a harmonious and diversified relationship among these residential land uses.

Staff Comment – The Low Density Residential (up to 1 du/ac) land use classification was proposed as a transitional area between the Very Low Density Residential (up to 1 du/ac) areas in the San Tan foothills and equestrian areas on the south side of the community and the higher density uses near the Town Center. Within the Town’s Planning area there are over 1,900 acres designated for Low Density Residential Use, which would seem sufficient to provide alternative locations within the community for the use proposed by the applicant.

The areas north of the Town Center have been designated for both higher density (Medium Density Residential up to 3 du/ac) and employment uses in recognition of the level of activity found in the area.

2. That the amendment constitutes an overall improvement to the Town of Queen Creek General Plan and not solely for the good or benefit of a particular landowner or owners at a particular point in time.

Applicant Response - The question presented by this finding is whether or not the Amendment is solely for the benefit of the Owner at this point in time. Typically, General Plan Amendments benefit the owner either by enhanced development potential or quicker absorption possibilities for its property. In this Amendment, the Owner is benefitted by having a land use designation that is more economically advantageous to the owner; however, and importantly, the Owner is not the sole beneficiary of the Amendment. The Town benefits from approving this Amendment in the following ways:

A) Retaining the Employment Type A land use designation on this property will ensure that it remains undeveloped in any meaningful way and therefore vacant and unproductive in the foreseeable future. The fiscal impact study submitted with this application estimates that over a 25 year period, only 9% of the site would be built out and productive as Employment Type A uses. The clear benefit to the Town by approving this amendment is to have a high quality; well-designed, executive housing Master Planned Community developed at its principal Gateway entry on Ellsworth Road.

B) While the property could be developed today for a one-acre single family subdivision, the approval of the LDR land use and ultimate development of a 324-lot Master Planned Community would provide a greater annual impact to the Town, and approximately \$2.7 million in one-time impact fees and a greater surge in sales tax through retail spending trends by the residents of The Estates at Queen Creek Station (see fiscal impact study).

C) The net economic benefit to the Town of Employment Type A development on this property would be positive if the entire 156 acres instantaneously developed tomorrow with high occupancies and good-paying jobs. The reality is that the type of development expected under Employment Type A land use designations will not occur on this site in the near future and as indicated by the fiscal impact study, full absorption of such uses on this site will require decades of time and, in the Owner’s opinion, perhaps never fully occur.

D) The Owner, together with Toll Brothers, is committed to developing the property under the existing R1-43 zoning; however, the Owner and Toll believe that the LDR land use category is better for the Town for the following reasons:

i) Approval of the amendment will provide a unique demonstration of how all single family residential land use categories can be developed in close proximity to each other and provide greater diversification.

ii) The Master Planned Community design as conceptually illustrated on the attached "Conceptual Site Plan", which may be refined and improved during the rezoning/PAD process, results in a more aesthetically sustainable community than an unimaginative acre-lot subdivision. The master-planned community will provide entry features, open-space, thematic design and harmonious product elevations thereby creating an executive housing environment at the Gateway entry to the Town. This Master Planned Community, together with the Fulton Homes project to the south, will create a high standard of residential development that will be impressive to residents and visitors in the Town.

iii) A beautiful one-of-a-kind entry feature including signage monumentation for the Town can be created at the southwest and southeast corners of Ellsworth and Germann Roads as part of the LDR Master Planned Community known as The Estates at Queen Creek Station.

Staff comment – The proposed change is intended to permit the applicant's property to be used for a residential purpose. The Town currently has a significant amount of land designated, available and being developed for residential uses of the type proposed by the applicant.

UPDATE: The consideration of the proper balance of Town-wide "net new" retail, retail, office and industrial land uses is currently under review based on the new studies received from TischlerBise and MAG.

3. The degree to which the amendment will impact the community as a whole or a portion of the community by:

a. Significantly altering acceptable existing land use patterns.

Applicant Response - The Amendment does not significantly alter the land use patterns in the area because the property is surrounded by three different residential land uses (VLDR, MDR, and MHDR) and the addition of the LDR land use in this pattern will be consistent and harmonious with existing uses.

Staff Comment – The proposed change would significantly alter the land use designation for the subject property in the General Plan. However, the request is not a significant departure from the current designation of neighboring properties.

UPDATE: *The consideration of the proper balance of Town-wide “net new” retail, retail, office and industrial land uses is currently under review based on the new studies received from TischlerBise and MAG.*

- b. Requiring larger and more expensive improvements to roads, sewer, or water systems than are needed to support the prevailing land uses which, therefore, may negatively impact development of other lands. The Commission and/or Town Council may also consider the degree to which the need for such improvements will be mitigated pursuant to binding commitments by the applicant, public agency, or other sources when the impacts of the uses permitted pursuant to the General Plan Amendment will be felt.**

Applicant Response - As indicated in section 4 of this narrative, the Amendment will not have an adverse impact on the Town’s infrastructure.

Staff Comment – The type and size of the proposed infrastructure improvements would not be greater than required for the current land use.

- c. Adversely impacting existing uses due to increased traffic on existing systems.**

Applicant Response – The Amendment will actually enhance the existing roadway systems in the area by constructing half-street improvements to Ellsworth and Germann Roads. As indicated in the traffic letter submitted with this application, no additional improvements to the Town’s existing roadway systems will be necessitated by this Amendment.

Staff Comment – Staff concurs with the applicant.

- d. Affecting the livability of the area or the health and safety of the residents.**

Applicant Response - The Amendment will not adversely affect the livability of the area or affect the health or safety of the residents. Conversely, the development of the area, coupled with the associated infrastructure improvements, will serve to substantially increase the livability of this area for Queen Creek residents.

Staff Comment – Staff concurs with the applicant.

4. That the amendment is consistent with the overall intent of the General Plan.

Applicant Response - As demonstrated in Section 2 of this narrative, the Amendment is consistent with the overall intent of the General Plan, its vision, goals and policies.

Staff Comment – Since the Town’s first General Plan this area has been designated for future employment use, given its proximity to the Phoenix Mesa Gateway Airport, the employment areas in the City of Mesa and Ellsworth and Germann Roads both being designed as principal arterial streets serving the area.

The remaining five criteria are evaluated by the Planning and Zoning Commission and Town Council when the application is considered:

- 5. Whether there was an error in the original General Plan adopted that the Council failed to take into account then existing facts, projects or trends that were reasonably foreseeable to exist in the future.**
- 6. Whether events subsequent to the General Plan adoption have invalidated the Council’s original premises and finding made upon plan adoption.**
- 7. Whether any or all of the Council’s original premises and findings regarding the General Plan adoption were mistaken.**
- 8. Whether events subsequent to the General Plan adoption have changed the character or condition of the area so as to make the application acceptable.**
- 9. The extent to which the benefits of the Plan amendment outweigh any of the impacts identified in Subsections One (1) through Eight (8) hereto.**

STAFF CONCLUSION

When the General Plan was approved in 2008 this property was designated for future employment use given its location and development potential for non-residential use. This position was stated and reinforced by the General Plan goals and policies described above.

Staff does not believe the applicant has met the Finding of Fact requirement demonstrating this proposed change is consistent with the intent of the General Plan, nor sufficiently demonstrated that the proposed change is in the best interest of the community.

UPDATE:

Our current focus is working with our inter-department staff and consultant team(s) to determine the adequate supply of land for Queen Creek in the area of retail, office, and industrial “net new” development.

ATTACHMENTS

1. Existing General Plan Map
2. Existing classification and proposed change
3. Concept Plan
4. Project Narrative
5. Fiscal Impact Analysis
6. Traffic study
7. Neighborhood Meeting Minutes and sign in sheet
8. Comments received at the Town's Open Houses and other Public Comments
9. Letter from Phoenix-Mesa Gateway Airport
10. Abel-Moody power line location map
11. Applicant October 15 Presentation
12. Special Session Planning & Zoning Commission Minutes December 5, 2013