GILBERT
ARIZONA

4

Planning Commission
Study Session

TO: PLANNING COMMISSION

FROM: ASHLEE MACDONALD, AICP, SENIOR PLANNER am
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THROUGH: AMY TEMES, INTERIM PRINCIPAL PLANNER
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MEETING DATE: SEPTEMBER 5, 2018

SUBJECT: A. GP18-09, NEC WARNER AND RECKER ROADS: REQUEST FOR MAJOR GENERAL PLAN AMENDMENT TO CHANGE THE LAND USE CLASSIFICATION OF APPROX. 124.8 ACRES GENERALLY LOCATED AT THE NORTHEAST CORNER OF RECKER AND WARNER ROADS FROM 28.4 ACRES OF BUSINESS PARK (BP), 87.5 ACRES OF LIGHT INDSUTRIAL (LI) AND 8.9 ACRES OF COMMUNITY COMMERCIAL (CC) TO 15.1 ACRES OF RESIDENTIAL > 8-14 DU/ACRE , 15.3 ACRES OF RESIDENTIAL > 5-8 DU/ACRE , 85.5 ACRES OF RESIDENTIAL > 3.5-5 DU/ACRE AND 8.9 ACRES OF COMMUNITY COMMERCIAL (CC) LAND USE CLASSIFICATIONS.

STRATEGIC INITIATIVE: Community Livability

Approval of this Major General Plan amendment will allow the landowner to develop a residential community.

RECOMMENDED MOTION

No motion requested

APPLICANT/OWNER

Company:	Pew and Lake, LLC		
Name:	W. Ralph Pew	Company:	Recker and Warner LLC
Address:	1744 S. Val Vista Dr Ste 217 Mesa, AZ 85204	Address:	17800 N Perimeter Dr. Ste 210 Scottsdale, AZ 85255
Phone:	480-461-4670	Phone:	480-860-2000
Email:	ralph.pew@pewandlake.com	Email:	timgrant@simaz.com

BACKGROUND/DISCUSSION

History

Date	Description
Feb 3, 2003	Town Council annexed 156.24 acres with case A06-17 (Resolution No. 1793)
October 14, 2004	Town Council approved Z06-68 (Ord. No 1860) rezoning approximately 78.7 acres from Maricopa County Rural -43 to Community Commercial and Business Park and Z07-72 (Ord. No 1861) rezoning approximately 77 acres from Maricopa County Rural – 43 to SF-D and MF/L with a PAD
November 17, 2009	Town Council approved case GP09-04 (Resolution No. 2996) changing the land use designation on 156 acres from Residential > 5-8 DU/Acre, BP, CC, GFC to Residential > 14-25 DU/Acre, CC, BP and LI and Z09-10 (Ordinance No 2261) rezoning 156 acres from SF-D, MF/L, BP and CC to MF/M, BP, CC, and LI with a PAD
June 28, 2012	Town Council approved GP12-02 (Resolution No. 3124) changing the land use designation on approximately 1.04 acres from LI, BP, and R>14-25 DU/Acre to Residential >14-25 DU/Acre and LI and Z12-03 (Ordinance No. 2378) rezoning approximately 34.1 acres from MF/M, BP and LI with a PAD to MF/M, BP and LI with a PAD to reconfigure the site.
July 19, 2012	Design Review Board approved DR12-07 approving the site plan, landscaping, and elevations for North Gateway Apartments (Liv Northgate)
September 17, 2013	Town Council approved a GP13-09 (Resolution No. 3195) and Z13-20 (Ordinance No. 2448) rezoning a portion of the Rockefeller Group North Gateway PAD from BP, LI and CC to BP, LI and CC

Overview

The subject site is 124.8 gross acres located at the northeast corner of Recker and Warner Roads. The applicant is requesting a Major General Plan amendment to change the land use classification of approx. 124.8 acres from 28.4 acres of Business Park (BP), 87.5 acres of Light Industrial (LI) and 8.9 acres of Community Commercial (CC) to 15.1 acres of Residential > 8-14 DU/Acre , 15.3 acres of Residential > 5-8 DU/Acre , 85.5 acres of Residential > 3.5-5 DU/Acre and 8.9 acres of Community Commercial (CC) land use classifications in order to develop a residential master planned community. Staff anticipates that a rezoning application will be submitted to run concurrent with the public hearings for this request.

Surrounding Land Use & Zoning Designations:

	Existing Land Use Classification	**Existing Zoning**	**Existing Use**
North	Community Commercial, Residential > 14-25 Du/Acre and Residential > 2-3.5 Du/Acre	Multi Family/Medium (MF/M) and Single Family-Detached (SF-D) with a PAD	Liv Northgate Multi-family and Elliot Groves at Morrison Ranch single family residential
South	Community Commercial, Residential > 5-8 DU/Acre, Residential > 1-2 DU/Acre	Community Commercial (CC) and Single Family-Detached (SF-D) with a PAD and Maricopa County Airport District – 3 (AD-3)	Recker Road then Charter School, Residential and vacant land
East	Business Park (BP), Light Industrial (LI) and General Commercial (GC)	Business Park (BP), Light Industrial (LI) and General Commercial (GC) with a PAD	Vacant (Morrison Ranch Business Center)
West	Residential > 2-3.5 DU/Acre Residential > 3.5-5 DU/Acre	Single Family – 6 (SF-6) and Single Family – 10 SF-10) with a PAD	Recker Road then Vacant (Lakeview Trails at Morrison Ranch)
Site	Business Park (BP), Light Industrial (LI) and Community Commercial (CC)	Business Park (BP), Light Industrial (LI) and Community Commercial (CC) with a PAD	Vacant

General Plan

The amendment proposes to modify the land use classifications from non-residential land uses to residential land uses on an area greater than 40 acres; as such the proposal qualifies as a major General Plan amendment. State law requires that major amendments to the General Plan be presented and considered by the Town Council at a single public hearing during the calendar year in which the proposed amendment is requested. Applicants must demonstrate the merits of the proposed change as an improvement to or consistent with the General Plan. In October/November, staff anticipates the Planning Commission will provide a recommendation for Town Council consideration.

The site is currently made of up of a combination of Business Park, Light Industrial and Commercial land use designations. The applicant is requesting an amendment to Residential > 8-14 DU/Acre, Residential > 5-8 DU/Acre, Residential > 3.5-5 DU/Acre and Community Commercial (CC) to allow for the development of a residential master planned community.

Land Use	Existing Acres	Proposed Acres	Amount of change
Business Park	28.4	0	-28.4
Light Industrial	87.5	0	-87.5
Community Commercial	8.9	8.9	8.9
Residential > 8-14 DU/Acre	0	15.1	+15.1
Residential > 5-8 DU/Acre	0	15.3	+15.3
Residential > 3.5-5 DU/Acre	0	85.5	+85.5
	124.8	124.8	124.8

A complete zoning application has not yet been submitted for this site, but the proposed General Plan category would support a range of zoning districts including Single Family-Attached (SF-A), Single Family-Detached (SF-D), Single Family – 6(SF-6), Single Family – 7 (SF-7) and Community Commercial (CC). The applicant has included with their submittal a conceptual development plan, but staff would respectfully remind the Commission that this is conceptual in nature only.

The applicant has provided the following points, which are further elaborated upon in the applicant's attached executive summary and narrative, as the rationale for the request:

- This property is an anomaly in the Power Road Growth Area and is inappropriately shown within the boundaries of the Gateway Employment Corridor targeted by the Town's Economic Development Department. Specifically the property a) is one-half mile to a mile west of Power Road and has no Power Road frontage or access, b) is surrounded by Residential uses on three sides and two schools at the intersection of Recker and Warner Roads, and c) is not within the symmetrical alignment of Power Road Growth Area land.
- Lack of Freeway visibility or access to transportation nodes.
- LI and BP uses are incompatible with the existing residential development in the area.
- This property lacks proximity to the kind of utilities that are required for modern industrial development.
- The existing designations have not produced a viable development in nearly a decade.
- The residential development pattern that exists in the area today has created an island upon which BP or LI uses would be inappropriate

The applicant has also prepared a market analysis to support their request; this study has been included in the attachments.

Although the applicant suggests that the subject site is not located within the Power Road Growth Area, the subject site is in fact within this growth area as shown on the adopted General Plan map. Per the General Plan *"The Phoenix-Mesa Gateway Airport, directly to the east, is the catalyst for development within this area. With quick transportation access to the Santan Freeway and the Power Road Corridor, the focus of this Growth Area is industrial and business park employment supported by commercial shopping centers."* The existing zoning and General Plan designations support the vision of this growth area and are consistent and compatible with surrounding land use designations and development patterns.

The applicant asserts that the existing land use classifications are incompatible with the surrounding residential development and that the proposed residential land use designations would be more compatible with the adjoining land uses to the north of Residential > 14-25 DU/Acre and Residential > 2-3.5 DU/Acre. However, the subject site, including the multi family development that exists today was approved and intentionally designed as part of the Rockefeller Group North Gateway PAD (Z09-10 and Z12-03) which included the Business Park and Light Industrial land use designations and zoning districts. The Rockefeller Group North Gateway PAD addressed setback, landscape buffer and landscape planting requirements between the employment and multi family land uses within the PAD and also required a 60' landscape buffer along the northern boundary of the PAD. Staff is of the opinion that considerable thought was put into the Rockefeller Group North Gateway PAD with regards to compatibility of the employment land use and adjacent residential development and would disagree with the applicant's assertion that it is incompatible with the existing residential development.

Staff also finds it important to note that residential development immediately adjacent to the subject site exists only along the northern boundary. The existing Morrison Ranch residential community has provided an approximately 55' buffer along the southern boundary of the site where it adjoins Business Park. Recker and Warner Roads bound the property on the south and west. These existing arterial roadways, once fully constructed will provide considerable separation from residential development with a planned width of 140'. Immediately to the east lies vacant land with Business Park, Light Industrial and General Commercial land use designations.

It is important to note that the applicant's request to modify the land use designation on the subject site would not only significantly reduce employment opportunities within the Power Road Growth Area by reducing the total acreage of Business Park and Light Industrial by 115.9 acres, but a change to residential would further impact the remaining Business Park and Light Industrial land uses to the east. Side and rear setbacks to residential uses in the Light Industrial district are 75 feet, as opposed to a zero foot side and rear setback when adjacent to other employment uses. Similarly, side and rear setbacks for the adjoining employment land uses would increase from zero feet adjacent to an employment use to 25 feet adjacent to a residential use.

Preservation of employment land uses is critical to the long term resiliency and sustainability of the Town. With its proximity to the Santan Loop 202 Freeway, Phoenix-Mesa Gateway Airport and a large employment hub under study within the City of Mesa the subject site remains a valued employment area for the Town. Although the applicant has indicated that efforts to develop this site under the current land use designations have been unsuccessful, this area is just beginning to see employment growth and an amendment at this time would essentially eliminate future job growth in light of the ample residential land that exists and remains undeveloped to date.

PUBLIC NOTIFICATION AND INPUT

A neighborhood meeting was held on May 8, 2018 at 6:00PM at Highland Park Elementary School. Approximately 5 residents attended the meeting. The residents asked questions regarding improvements to Warner Road, increased traffic, expected price of homes, access between the new community and existing. Developer responded they will be required to improve Recker and Warner Roads in front of the property. The developer also indicated they are expecting homes starting in the $250,000s for the condos and the high $300,000s for the single family homes. Finally the developer indicated that they do plan to provide access between the existing Morrison Ranch community to the north and the proposed development.

PROPOSITION 207

An agreement to "Waive Claims for Diminution in Value" pursuant to A.R.S. § 12-1134 was signed by the landowners of the subject site, in conformance with Section 5.201 of the Town of Gilbert Land Development Code. This waiver is located in the case file.

STAFF RECOMMENDATION

A. Staff requests Planning Commission input.

Respectfully submitted,

Ashlee MacDonald

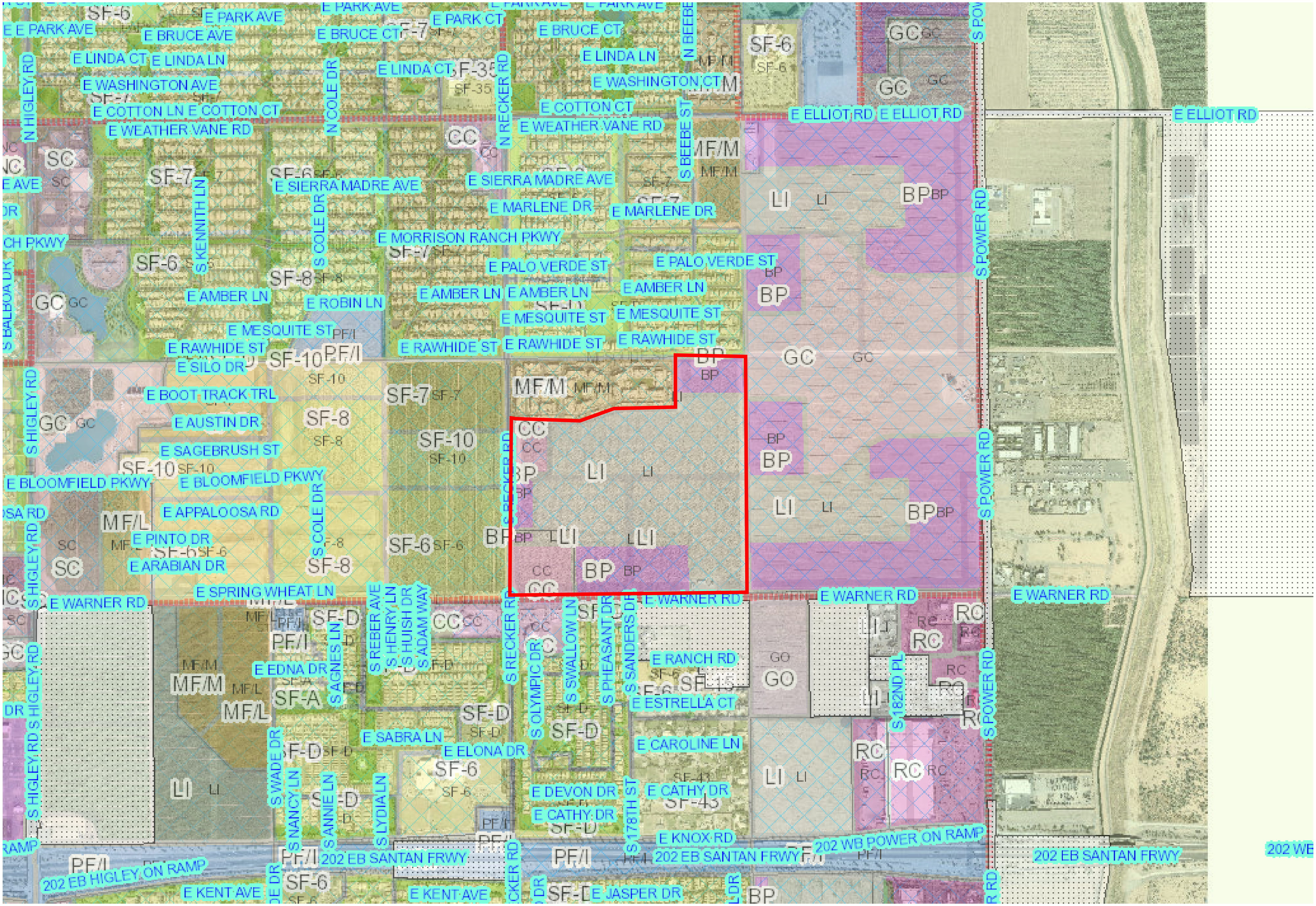
Ashlee MacDonald, AICP
Senior Planner

Attachments and Enclosures:

1) Vicinity Map
2) Aerial Photo
3) Land Use Exhibit
4) Applicant Executive Summary
5) Applicant Narrative
6) Applicant Market Analysis

GP18-09 NEC Warner and Recker Roads
Attachment 1: Vicinity Map
September 5, 2018

GP18-09
NEC Warner and Recker Roads



LVA
an RVi Company

land planning
development entitlements
landscape architecture
120 south ash avenue
tempe, arizona 85281
480.994.0994

WARNER AND RECKER
AERIAL MAP

NORTH
0 200 400 800
GRAPHIC SCALE
1" = 400'

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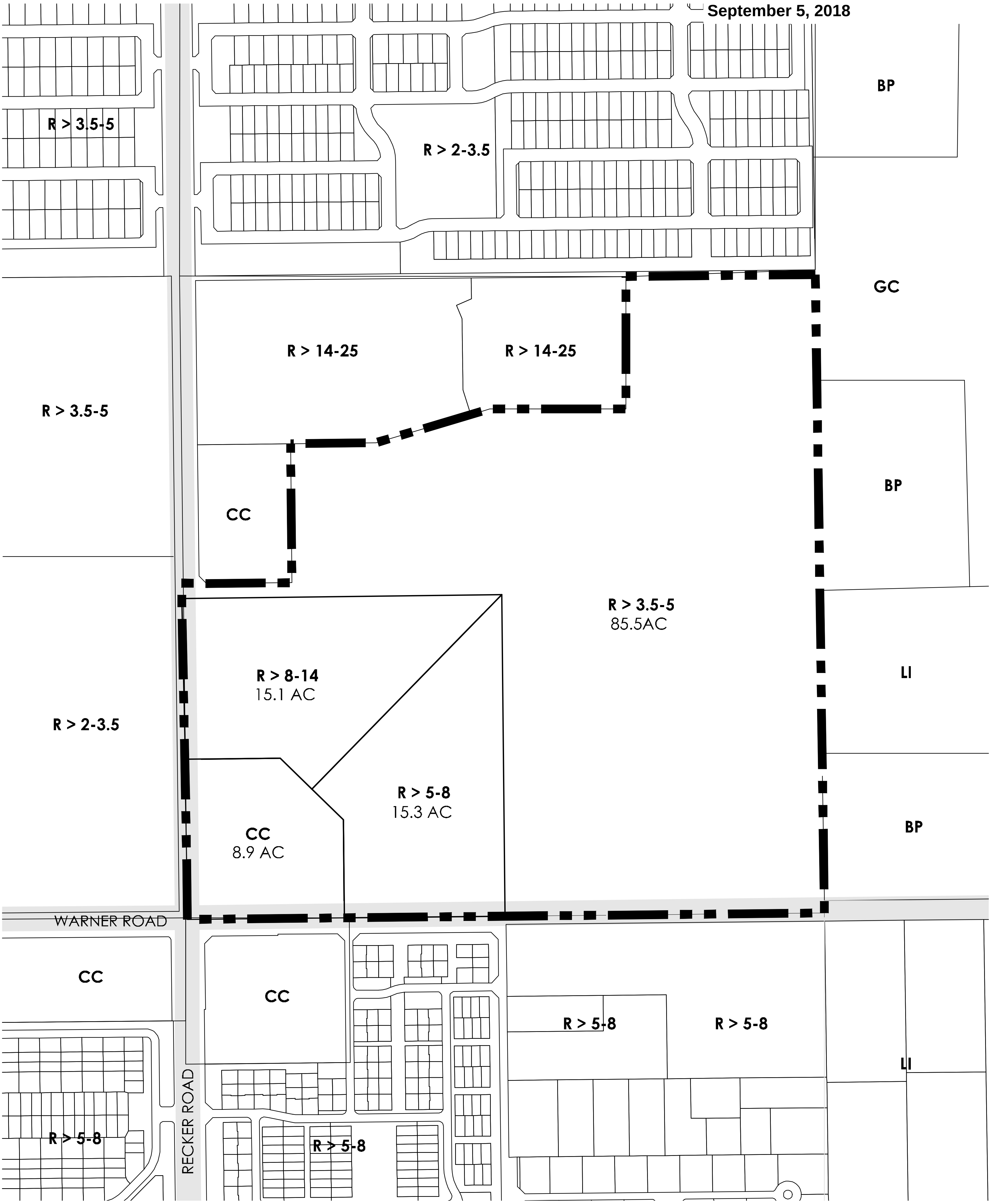
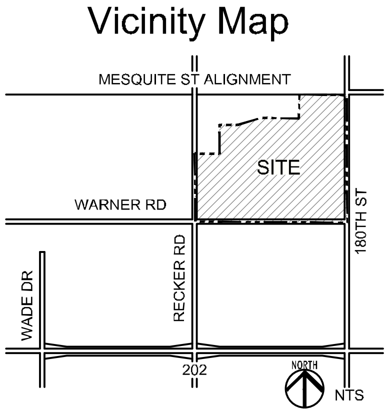


Vicinity Map



Project Data Table

Designation	Existing (Ac)	Proposed (Ac)	Difference (Ac)	Proposed %
LI	87.5 Ac	0 Ac	-87.5 Ac	0%
BP	28.4 Ac	0 Ac	-28.4 Ac	0%
CC	8.9 Ac	8.9 Ac	0 Ac	7.1%
R>8-14	0 Ac	15.1 Ac	+15.1 Ac	12.1%
R>5-8	0 Ac	15.3 Ac	+15.3 Ac	12.3%
R>3.5-5	0 Ac	85.5 Ac	+85.5 Ac	68.5%
Total	124.8 Ac	124.8 Ac		100%

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landscape architecture
120 south ash avenue
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WARNER AND RECKER
PROPOSED GENERAL PLAN

NORTH
0 200 400 800
GRAPHIC SCALE
1" = 400'

18000536 DRAWN BY: PR 05/23/18

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Executive Summary
Project Narrative and Market Study for
PGP-2018-00009; Major General Plan Amendment Request
125 Acres at the NEC Warner & Recker Roads ("the Property")

Project Narrative

The Town's General Plan Amendment application requires an applicant to explain why the current General Plan designation is not suitable. As discussed in the Project Narrative, there are five (5) main reasons why the current General Plan is not suitable and why it is no longer reasonable to expect the Property to develop for Industrial/Employment uses.

1. **The Property is an anomaly in the Power Road Growth Area (PRGA).** While the Property is shown in the Town's General Plan graphic of the PRGA, it is outside the PRGA as described in the actual text of the General Plan. This probably resulted from an unintentional inconsistency between the map and text. Nevertheless, the Property a) is one-half mile to a mile west of Power Road and has no Power Road frontage or access, b) is surrounded by Residential uses on three sides and two schools at the intersection of Recker and Warner Roads, and c) is not within the symmetrical alignment of PRGA land.

2. **The east/west appendage of the Gateway Employment Corridor ("GEC") that is approximately two square miles in size is not effectively an Employment Corridor, as promoted by the Economic Development Department.** Most of the land in the GEC is already built or designated as Residential. Furthermore, other than the anomaly of the Property, the only land available for Industrial/Employment uses in the GEC is 113 acres at the northeast corner of Higley Road and the 202 Freeway. Given the physical separation between this acreage and the Property the vicinity can hardly be considered as any kind of cohesive Employment corridor.

3. **The Property does not have either Freeway visibility or Freeway access.** The intersection of Warner and Recker is 1.5 miles from the Power and Higley Roads freeway access points. It is evident from historical development patterns in the Town that most significant Employment uses in the Town have occurred within one-half mile of the 202 Freeway or the Southern Pacific Railroad tracks. Also, the Property has a disadvantage to other BP and LI properties in that it does not have access to significant arterial roads. For example, Recker Road terminates 2.5 miles north of the Property at Baseline Road and does not connect to the US-60 Freeway. Recker Road terminates 3 miles to the south at Pecos Road and does not connect to the Loop 202 San Tan Freeway. Lastly, Warner Road terminates one-half mile east of the Property at Power Road and does not cross the RWCD canal. This greatly reduces efficient vehicular accessibility for customers and employee commuters to the Property if it were to remain BP and LI.

4. **The adjacency of existing and approved Residential uses on three sides of the Property, along with two schools on the south side of the Warner and Recker intersection makes this site untenable for Industrial/Employment users.** It is important to note that the western property boundary of all the land within the PRGA adjoins land that is either developed or zoned for Residential uses, but no land in the PRGA is surrounded by Residential uses on three sides.

5. **The totality of Industrial/Employment General Plan land uses on the Property was not conceived of or promulgated by the Town.** Rather, the idea to designate all of the Property as Employment Land Uses was the prior owner's effort to attract Industrial/Employment uses to the

Property by creating entitled land poised for Industrial/Employment development. This effort absolutely failed. The owner-initiated Land Use change occurred near the time that the Town was updating the General Plan and consequently this Land Use change was seamlessly incorporated into the Town's General Plan. It has now been a decade of rejection as user after user (more than 60 total) rejected the site for Industrial/Employment.

Market Study

The Market Study urges approval of the Major General Plan Amendment request for the following reasons:

1. A review of historical, current, and forecasted economic data suggests the Town has an excess of land designated for Employment uses, even after considering the community's excellent economic development performance this decade. Currently, the Town's projected jobs-to-population ratio is 1.14 jobs per capita. This figure is arrived at by calculating jobs that would be generated if all of the land currently designated for Employment uses in the Town's General Plan was developed for Employment. Larger economic regions typically demonstrate employment-to-population ratios (as discussed within the report) of approximately 0.5. An employment-heavy community that attracts a proper balance of high wage jobs would typically have a ratio of less than 1.0, with 0.75 being a reasonable target. The market study concludes that the Town's current ratio of 1.14 is unrealistic. Additionally, conversion of the Property to Residential would not have an inimical effect on the Town's job-to-population ratio.

2. Attractive, available and superior alternatives exist for Industrial/Employment uses in the region. Most of these uses are created by their proximity to economic catalysts such as the Loop 202 Freeway, the Phoenix-Mesa Gateway Airport or the availability of substantially superior infrastructure.

3. The prior owner, the Rockefeller Group, presented the site to nearly 60 potential users over the past decade, all of whom rejected the location.

4. The fact that half of the land under consideration for this General Plan Amendment was previously designated as Residential ten years ago suggests that the Town was correct in its original assertion that this land should be Residential.

5. The economic and fiscal impacts to the community will be sizeable from the planned Residential development. Thus far, the Property has generated little benefit to the Town as a vacant parcel. The market has demonstrated that the most realistic way for the Property to contribute to the economic vitality of the Town is for its Land Use designation to be changed to Residential.

Lennar Homes

a Connected, Mixed Density Community at NEC of Warner and Recker Roads Gilbert, Arizona Major General Plan Amendment Narrative May 31, 2018

Submitted by:

Pew & Lake, P.L.C.
Real Estate and Land Use Attorneys

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On behalf of:

LENNAR ARIZONA

Table of Contents

Introduction

Pew & Lake PLC, on behalf of Lennar Corporation and Scottsdale Investment Management, LLC, is pleased to submit this Project Narrative, Conceptual Site Plan and related exhibits in support of a Major General Plan Amendment for a proposed residential master plan and community commercial development on a 124.8 gross acre property at the northeast corner of Warner and Recker Roads in the Town of Gilbert. The property may be identified as Maricopa County Assessor parcel numbers 304-18-009A, 304-18-011F, 304-18-012B and 304-18-010A and is shown on the aerial below.

Entitlement History

1. The entire 156+/- acre property was annexed into the jurisdictional boundaries of the Town of Gilbert pursuant to Resolution No. 1793, adopted on February 3, 2003.

2. In October of 2004, the Town Council approved zoning of the property which established 79 acres of Business Park zoning known as the Beebe Business Park, and 77 acres of Residential>5-8 du/ac zoning as a residential subdivision known as Central Park at Beebe Estates. The residential subdivision contained three different zoning districts: Single Family/Detached, Single Family Detached with PAD, and Multi-Family Low with a PAD.

3. In November of 2009, initiated by and at the request of the then-property owner, the Rockefeller Group, the Town passed a Major General Plan Amendment (GP09-04) and Zoning Ordinance (Z09-10) to reconfigure the 156 acre parcel as shown on the next page. These actions introduced the Light Industrial designation on the property

General Plan Designation				New Zoning Classification
From	Acreage	To	Acreage	
Residential>5-8 du/ac	82	Residential>14-25 du/ac	25	Multi-Family/Medium PAD
Business Park	59	Business Park	35	Business Park PAD
Community Commercial	12	Community Commercial	12	Community Commercial PAD
Golf Course	3	Light Industrial	84	Light Industrial PAD
Total	**156**	**Total**	**156**	

4. In June of 2012, The Town approved a General Plan Amendment (GP12-02) and Zoning Amendment (Z12-03) to reconfigure 34.10 acres of the property. The designations of the property remained the same, but the acreages were adjusted slightly as shown below:

General Plan Designation			
From	Acreage	To	Acreage
Multi-Family/Medium	25.57	Multi-Family/Medium	26.52
Business Park	7.57	Business Park	7.50
Light Industrial	.96	Light Industrial	.08
Total	**34.10**	**Total**	**34.10**

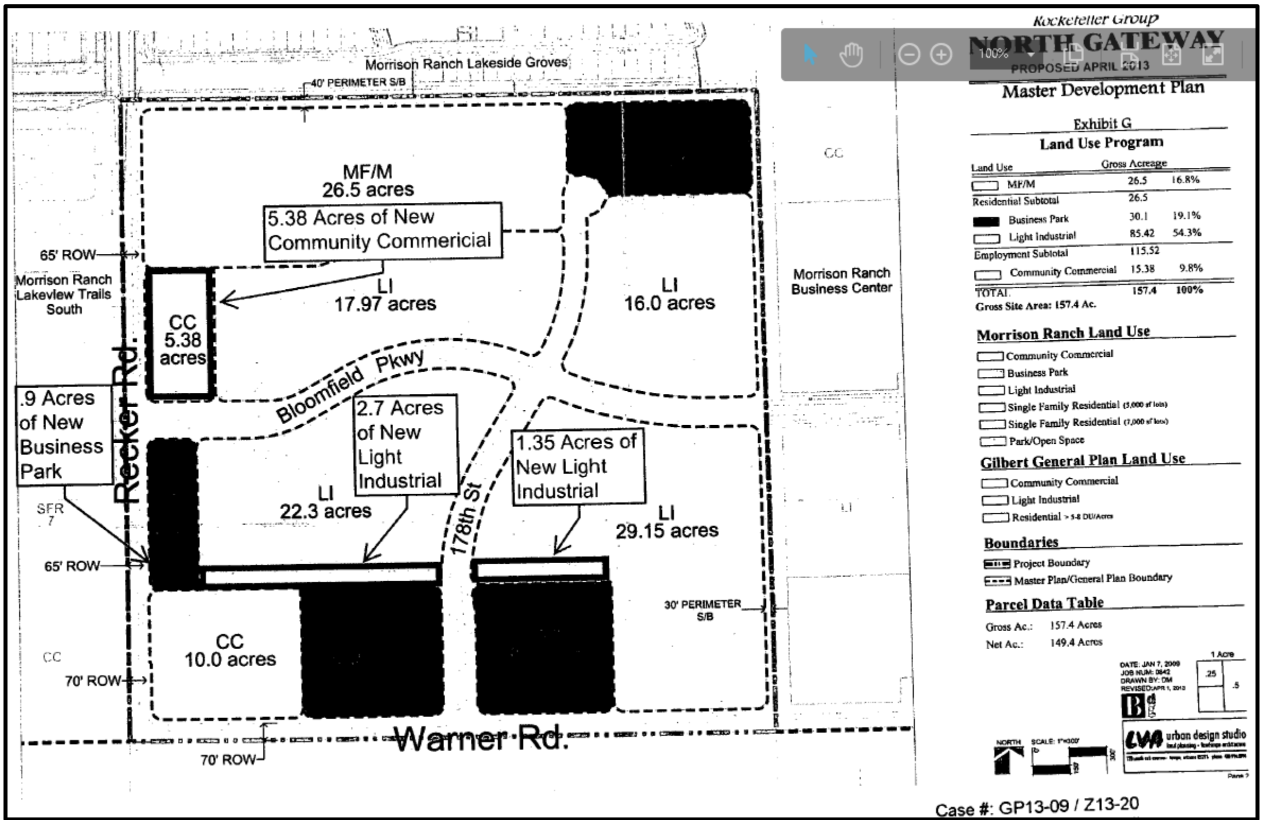
This adjustment was made to accommodate the development of the LivNorthgate Apartment Community.

5. In July of 2012, the Town of Gilbert Design Review Board approved the elevations and floorplans for LivNorthgate apartments.

6. In September of 2013, the Gilbert Town Council passed a Minor General Plan Amendment (Resolution 3195) and Rezoning (Z13-20) to again reconfigure the parcel to reduce the amount of property in the Business Park category, and increase the community commercial and Light Industrial categories in order to accommodate the development of a house of worship.

General Plan Designation			
From	Acreage	To	Acreage
Business Park	6.50	Business Park	.90
Community Commercial	2.20	Community Commercial	5.38
Light Industrial	1.63	Light Industrial	4.05
Total	**10.33**	**Total**	**10.33**

The resulting configuration of the property is shown below and remains in effect today.



Land Use Designation	Acreage	Percentage of Property
Multi-Family (not a part of this application)	26.5	16.8%
Business Park	30.1	19.1%
Light Industrial	85.42	54.3%
Community Commercial	15.38	9.8%
Total	157.4	100.0%

Existing General Plan Designation, Zoning Classifications and Site Conditions

As shown above and on **Exhibits A and B** of this narrative, the site currently contains three different General Plan and Zoning classifications. The Business Park (BP) property is spread out in three distinct areas on the site. The Community Commercial (CC) property is on the arterial corner and the Light Industrial (LI) property comprises the bulk of the development site and is located in the middle, with a small window of frontage on Warner Road.

The site is presently vacant, with the exception on an old farmhouse in the southeast portion of the property. It is unremarkable in its topography.

Relationship to Surrounding Properties

The site is bound on the north by apartments and single family homes in the Morrison Ranch subdivision; on the east by vacant property; on the south by a county island of single family residential and a charter school; and on the west by vacant property that is currently being developed as part of Morrison Ranch single family residential uses. The table on the next page shows the Existing uses, General Plan Designations and Zoning Classifications for surrounding parcels.

	General Plan Designation	Zoning	Existing Use
North	CC, MF/M and R>2-3.5	CC, MF/M, and SF-D	Apartments/Morrison Ranch Single Family
South	CC and R>5-8	CC/SF-D/County	Residential/Charter School
East	BP, LI and GC	BP, LI and GC	Vacant
West	R>2-3.5	SF-6 and SF-10	Vacant
Project Site	BP,LI and CC	BP, LI and CC	Vacant

Request

Our request to the Town of Gilbert will be as follows:

A. A major General Plan Amendment to change the Land Use Designations on 124.8 acres of property as shown on the table below and on **Exhibit C** of this narrative.

Proposed General Plan Changes			
Designation	Existing Acreage	Proposed Acreage	Difference
LI	87.5	0.0	-87.5
BP	28.4	0.0	-28.4
CC	8.9	8.9	No change
R>8-14	0.0	15.1	15.1
R>5-8	0.0	15.3	15.3
R>3.5 - 5	0.0	85.5	85.5
	124.8	124.8	

B. A companion request will be made at a later date to rezone the 124.8 acres of property in a manner that implements the above General Plan designations. Specific details regarding development standards will be included in that submittal, anticipated to be submitted in June 2018.

The Development Plan

Residential

As shown on the Conceptual Site Plan **Exhibit D**, this neighborhood has been designed by the Nation's largest homebuilder as an integrated, connected and pedestrian-oriented, high-tech community featuring a variety of uses, densities, and residential product types. The 105-acre residential development site features six different development parcels with a mix of lot sizes and densities. The focal point of the community is a central round-about traffic element from which all of the development parcels radiate. The round-about not only serves as an attractive focal point within the neighborhood, but also acts as a traffic-calming measure where the main east/west and north/south collector roads meet in the center of the neighborhood like the hub of a wheel. The collector streets in this community will be tree-lined on both sides and contain a landscaped center median. The streetscape throughout the neighborhood will be lush, with special attention given to the selection of trees and shrubs that will provide a maximum canopy with minimal water usage. This design encourages residents to <u>not</u> drive, but walk, eat, mingle and engage with neighbors and other members of the community.

One of the key features of the development plan is the linear open space paseo that connects the residential development parcels to the commercial parcel diagonally through the site. This paseo has been designed to create a pedestrian-oriented commercial center with buildings that are not just oriented toward the street, but also provides an attractive and inviting pedestrian environment for residents within the development as well as surrounding areas. The intent is to provide for outdoor patios and a walkable plaza space that takes advantage of the open space and interconnectivity within the development. The system of pedestrian walkways will connect all of the parcels and will also provide opportunities for connections to the existing multi-family development and Morrison Ranch to the north. This will encourage walkability and other alternative modes of transportation to the commercial center not just from within the community, but the surrounding areas as well. Each residential parcel within the neighborhood will have its own centralized open space amenities that will be programmed to support the community, and feature pathways between them for the benefit of all residents.

Residential home types in the development will include a mixed stacked flat tri-plex condominium; motor-court detached single family homes, and a mix of conventional 50', 55', and 60' wide single family lots. This diversity of home types will provide a wide range of options and lifestyle choices for residents. In total, approximately 560 residential units are proposed.

Lennar is looking forward to developing this community as a neighborhood of Connected Homes. Connected Homes feature Lennar's Everything's Included® collection of home automation products and technology. These Wi-Fi Certified Homes are engineered with wireless access points built right into the home during construction for maximum, uninterrupted Wi-Fi coverage. The homes are also powered by Amazon Alexa and incorporate built-in technology features, such as connected thermostats, e-keys to the front door, lighting, room-filling music with Sonos, and doorbell cameras that are powered by a Samsung SmartThings platform. Amazon supports this partnership with Lennar by sending a service team to each home after move in to set up the devices and ensure everything is working properly.

Additionally, like all other Lennar communities Valleywide, this community we will offer the highly successful and sought after NextGen® Suite within some of the homes. These homes provide both privacy and togetherness and foster independence with help nearby when needed. Lennar is the first home builder to offer a home specifically designed for multigenerational living. NextGen® - The Home Within a Home, offers innovative floorplans to accommodate families without sacrificing their comfort. Families can enjoy cost savings and more opportunities for special family moments.

Commercial

Just under nine acres of property at the arterial corner of Warner and Recker Roads have been retained as Community Commercial. As shown on the Conceptual Site Plan, the buildings in this area will be oriented to take advantage of the connectivity provided by the linear open space paseo. The vision for this corner is to provide a sense of place at the hard corner of the intersection where families can walk from within this community, or any of the other nearby neighborhoods, to enjoy a meal, a cup of coffee or simply gather with friends while children play on the adjacent lawn. Even though the site lacks freeway exposure or access, we are working with multiple seasoned retail developers who will provide a first-class retail experience. Our commercial development partners have already begun marketing the property to tenants who will provide a retail experience consistent with those the Town has come to demand from its expanding retail development.

Major General Plan Amendment Applicability and Evaluation Criteria

Applicability

As previously noted, our request is to change the Land Use designations on this 124.8 acre property from BP, LI and CC to CC, Residential>8-14, Residential>5-8 and Residential>3.5-5.

The Town of Gilbert's General Plan defines a Major General Plan Amendment as "any change of non-residential Land Use Map classification of 40 acres or more." Accordingly, the Major General Plan Amendment process, and subsequent rezoning, are the correct development tools required to implement the desired change on this property.

The Town of Gilbert's General Plan defines the requested Land Use designations as follows:

Business Park (BP) areas are designated for "office and light industrial uses, including high technology and research and development firms. This classification encourages an attractive campus-style environment. Developments within this classification may include employee-oriented, on-site amenities, loft residential and accessory uses allowing for a mixed-use environment."

Light Industrial (LI) areas are designated for "a variety of light industrial uses, including assembly, light manufacturing, warehousing, offices, contractors' yards, laboratories, and research and development firms. Outside storage fully screened from public view is permitted."

Community Commercial (CC) areas "provide the commercial and service needs of residents in the surrounding area. These parcels are typically located along arterials, range in size between five (5) and fifteen (15) acres and a single user or stand-alone building under 50,000 square feet is permitted. Loft residential and mixed-used development is allowed within this zoning category."

General Plan Evaluation

The Town's General Plan Amendment application procedures recommend that the Applicant address the following factors:

A. Why is the current General Plan designation not suitable?

   This property lies <u>outside</u> the Power Road Growth Area. As required by state statute, Gilbert has designated specific growth areas within the Town. These are areas that are "particularly suitable for planned multi-modal transportation and infrastructure expansion and improvements designed to support a planned concentration of a variety of uses, such as residential, office, commercial, tourism and industrial uses." Accordingly, The Gilbert General Plan, adopted in 2012, has designated the Power Road Growth Area (PRGA). The PRGA is defined as those properties "within one-half mile west of Power Road, one-half mile north of Elliot and one-quarter mile north of William's Field Road." The Power Road Growth area is shown on **Exhibit E.** As further explained in the General Plan, "…the Phoenix-Mesa Gateway Airport, directly to the east, is the catalyst for development within this area. With quick transportation access to the Santan Freeway and the Power Road Corridor, the focus of this Growth Area is industrial and business park employment supported by commercial shopping centers." While this property lies adjacent to the Power Road Growth area, it is not actually *within* the growth area. Accordingly, it would be more appropriate to return it to its original residential designation, and allow those properties that are actually within the growth area to be developed in a manner that utilizes and amplifies the growth area's attributes. It is worth noting that the current General Plan was adopted in 2012, after the 2009 Major General Plan Amendment, proposed by the then-property owner, the Rockefeller Group, that introduced light industrial on this property, yet the General Plan did not include this property as part of the Power Road Growth Area. It can be assumed that this was deliberate on the Town's part and that the growth area was intended to capitalize not only on the transportation corridor that exists on Power Road, but also lean on Mesa-Gateway Airport as "the catalyst for development in this area."

Finally, the proposed development site is inappropriately shown within the boundaries of the Gateway Employment Corridor targeted by the Town's Economic Development Department. As shown on the Regional Gateway Employment Overlay, **Exhibit F**, the site is part of the Gateway Employment Area. The Gateway Employment Area is massive and includes all of the Power Road Growth Corridor, with an east/west node limb that extends west nearly four miles between the 202 and Elliott Road. When this corridor is shown on an aerial overlay, provided as **Exhibit G**, it is evident that most of the land in this east/west node has already been developed as residential, or approved for residential development.

Lack of Freeway visibility or access to transportation nodes. Those BP and LI properties in the Town that are not in the Power Road Growth Area are logically located along the frontage of the Loop 202 Freeway or with close proximity to a railroad line as shown on **Exhibit H** of this narrative. Our proposed development site does not benefit from the adjacent freeway visibility demanded by BP or LI users, nor does it benefit from being adjacent to other large industrial or business park users that could serve as a buffer from nearby existing or approved residential on the north, west and south.

LI and BP uses are incompatible with the existing residential development in the area.

When examining the list of allowed uses in the BP and LI zoning districts in the Town's Land Development Code, which implement the Land Use designations, it is apparent that many of the allowed uses would be incompatible with the established residential development to the north and south, and the approved residential development to the west of the subject property. Some of the more objectionable BP and LI uses are: public safety facilities, RV Storage, ambulance services, transportation terminals, satellite stations, large food preparation facilities, maintenance and repair services, fueling facilities, vehicle and equipment sales, animal shelters, dry cleaning plants, wholesale building material sales, crematoriums, marijuana cultivation, vehicle servicing, repair and dealers, manufacturing and assembly facilities of all sizes, vehicle towing yards and wholesale distribution facilities. Additionally, many of these permitted uses are not conducive to the campus-like environment envisioned in the BP designation. Furthermore, the development standards allowed in these zoning districts provide for a building form that is incompatible with surrounding residential uses. The BP district allows for 35 feet in height and requires only a 25 foot separation from residential uses while the LI district allows for 55 feet in height. Similarly, the BP district requires that only 15% of the site be landscaped, and there is no required landscape percentage in the LI district.

The existing designations have not produced a viable development in nearly a decade. According to the previous property owner, three end-users and nearly sixty development companies have passed on the opportunity to develop this property in the near-decade since it has been designated as BP, LI and CC. In part, this is due to it being surrounded on three sides by residential development.

This property lacks proximity to the kind of utilities that are required for modern industrial development. The Urban Land Institute recently published a May, 2018 article in URBANLAND Magazine, entitled *Needs for More Power, Flexibility Driving Markets for Industrial Property.* The article discusses at length, the needs required by today's technology-driven industrial user. Building square footages have increased to, in some case, 500,000 square feet or greater, with internal clear heights of up to 40 feet. These modern warehouses are required to be outfitted as "just in time" facilities. Just in time facilities require sufficient energy to power the modern technology that enables the speedy production and/or distribution of goods. The robotics and other mechanicals in these buildings sometimes require 8,000 to 10,000 amps of power. There are simply not the energy resources in this area to fill the needs of many industrial/technology users. The cost of bringing such utilities to this area precludes high-end technology users from locating at this property.

B. How the proposed change is compatible with adjacent properties and other elements of the General Plan.

As shown on the Existing Regional General Plan Exhibit provided with this narrative as Exhibit I, the properties surrounding this development site are either currently built as residential, or approved for residential development. The creation of this "as-built" environment has created an island upon which BP or LI uses would be inappropriate, as discussed above. The rectangular area shown on the exhibit highlights the fact that all of the properties west of the 180th street alignment for the entire north/south length of the Town, are designated as residential neighborhoods. This exhibit clearly shows this development site, with its BP and LI designations, is an anomaly in this area.

Moreover, when examining the densities of the existing and approved residential communities surrounding the proposed development site, the densities that will be proposed in the companion zoning application for this development are compatible with those established and/or approved neighborhoods.

C. Any unique physical characteristics of the site that present opportunities or constraints for development under the existing designation.

There are no physical characteristics of the site that would pose a development constraint or preclude the development of BP or LI uses on this property.

D. Explanation on the availability of public utilities and services.

As noted in the pre-app comments received from Town staff and included with this submittal, there is an 18" sewer line and 16" water line running down Recker Road. The sewer line on Recker has three 8" sewer stubouts immediately in front of the project site. On Warner Road, there is a 16" water line and a 15" sewer line. Additionally, there are overhead utility lines that will be undergrounded as part of the development of this project. Accordingly, there are adequate utilities in place to serve this proposed community.

E. The proposed fiscal impact of future development based on the evaluation of projected revenue and the additional cost of providing public facilities and services to accommodate projected increases or decreases in population.

The Market Study provided with this application evaluates the potential revenue impacts to the Town that would result if this General Plan Amendment request is approved. The study urges approval of the Major General Plan Amendment request for the following reasons:

1. **A review of historical, current, and forecasted economic data suggests the Town has an excess of employment use land, even after considering the community's excellent economic development performance this decade. Larger economic regions demonstrate employment-to-population ratios (as discussed within the report) of approximately 0.5. A highly performing community that attracts a proper balance of high wage jobs would display a ratio of less than 1.0, with 0.75 being a reasonable target. The Town's projected ratio, by calculating jobs based on the assumed development of all of the land designated for employment uses in the Town's current General Plan going forward, is an estimated 1.14.**

2. **The fact that half of the land was previously designated as residential just ten years ago, and there is an immediate demand for single family product in the region.**

3. **The economic and fiscal impacts to the community will be sizeable from the planned residential development.**

4. **Attractive, available and highly competitive alternatives exist for employment uses in the region including the Mesa-Gateway area.**

5. **The prior owner, the Rockefeller Group, advises that nearly 60 companies have considered the land in recent years and have all rejected the location.**

F. How the proposed amendment affects the ability of the community to sustain the physical and cultural resources, including air quality, water quality, energy, natural and human-made resources necessary to meet demands of present and future residents.

The proposed amendment does not diminish the ability of the Town to sustain its physical and cultural resources. If this proposed amendment is approved, the resulting increase in population in the Town will have a de minimis or immeasurable impact on air or water quality, natural or human-made resources. In 2016, the Town's population was estimated to be 237,133. If this proposed community develops with 560 homes, the anticipated population increase would be 1,213 residents (2.5 individuals per household). This represents a population increase of only .005%. It is also worth noting that the proposed number of dwelling units is comparable to the pre-2009 residential land use designation of the property. At that time, 82 acres were designated in the Residential>5-8 du/ac, which could have yielded 410 to 656 total dwelling units. Our proposed 560 homes falls squarely within this range and does not attempt to increase the density at this location beyond what was previously allowed.

Moreover, the homes that are being proposed in this development, as previously discussed, will be more energy efficient than older homes, and feature home automation that helps reduce the environmental footprint of each owner.

The Town of Gilbert is a beautiful and sustainable community that provides great neighborhoods for its residents. This proposed residential community will not affect the Town of Gilbert's ability to continue to serve as one of the country's best cities in which to live.

Additionally, the applicant has also been asked by Town staff to consider the following questions

A. Did the Town make a mistake when, in 2009, it amended the General Plan to remove the single-family residential and a small portion of golf course designations on the property to introduce the BP and LI categories at this location?

We understand that, in general, the Town has an increasing appetite for attracting more employment development, and that efforts to make that change are generally embraced. Considering the previous owner's development experience and extensive development portfolio, amending the plan in 2009 to remove single-family residential

was a perfectly reasonable thing to do. Since then, however, that same developer has been unsuccessful at securing any industrial users during one of the best economies the Town and larger region have seen in some time. Now that we fully understand all of the limiting and restricting factors that make this property non-competitive in the LL, BP and CC development sector, it is time to adjust to the reality that this property should have been designated for residential purposes years ago and a change in the land use designation for residential purposes now is appropriate.

Public Notification and Input

A neighborhood meeting was held on May 8, 2018 to discuss the proposed amendment. Approximately 5 people attended and the discussion ensued regarding road improvements, potential price points of the homes, whether or not the proposed density is compatible with surrounding areas, and the overall timing of the entitlement and consturction processes.

A neighborhood meeting summary has been provided to the Town with our application materials.

Implementation & Conclusion

The proposed development will be implemented in conformance with the regulations and guidelines contained within the Town of Gilbert Land Development Code, and the Town's Residential Subdivision Design and Development Guidelines. Additionally, this development will be administered and enforced by the Town's Development Services Department. We look forward to working with Town staff during all aspects of development to make our vision for this parcel a reality.

Town of Gilbert General Plan Land Uses

- Residential >1 - 2 DU/Acre
- Residential > 3.5 - 5 DU/Acre
- Residential > 5 - 8 DU/Acre
- Residential > 8 - 14 DU/Acre
- Residential > 14 - 25 DU/Acre
- Community Commercial
- General Commercial
- Regional Commercial
- Business Park
- Public Facility/Institutional
- Light Industrial

Existing Land Use Designation

Community Commercial	8.9	7.1%
Business Park	28.4	22.8%
Light Industrial	87.5	70.1%
Project Boundary TOTAL:	**124.8**	**100%**

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WARNER AND RECKER
EXISTING GENERAL PLAN
Exhibit A

NORTH
0 150 300 600
GRAPHIC SCALE
1" = 300'

18000536 DRAWN BY: PR 04/17/18

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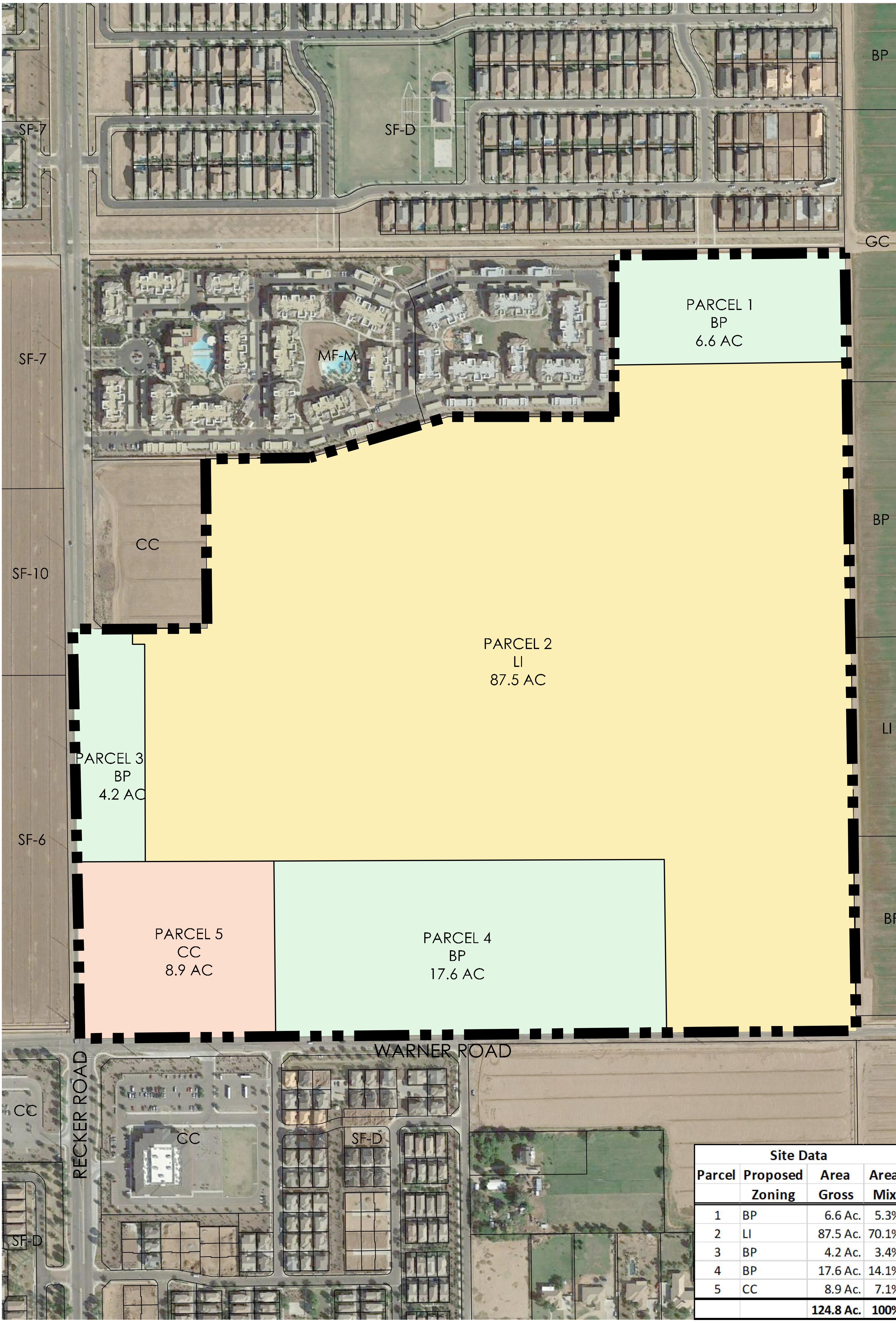

Site Data

Parcel	Proposed Zoning	Area Gross	Area Mix
1	BP	6.6 Ac.	5.3%
2	LI	87.5 Ac.	70.1%
3	BP	4.2 Ac.	3.4%
4	BP	17.6 Ac.	14.1%
5	CC	8.9 Ac.	7.1%
		124.8 Ac.	**100%**

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EXISTING ZONING

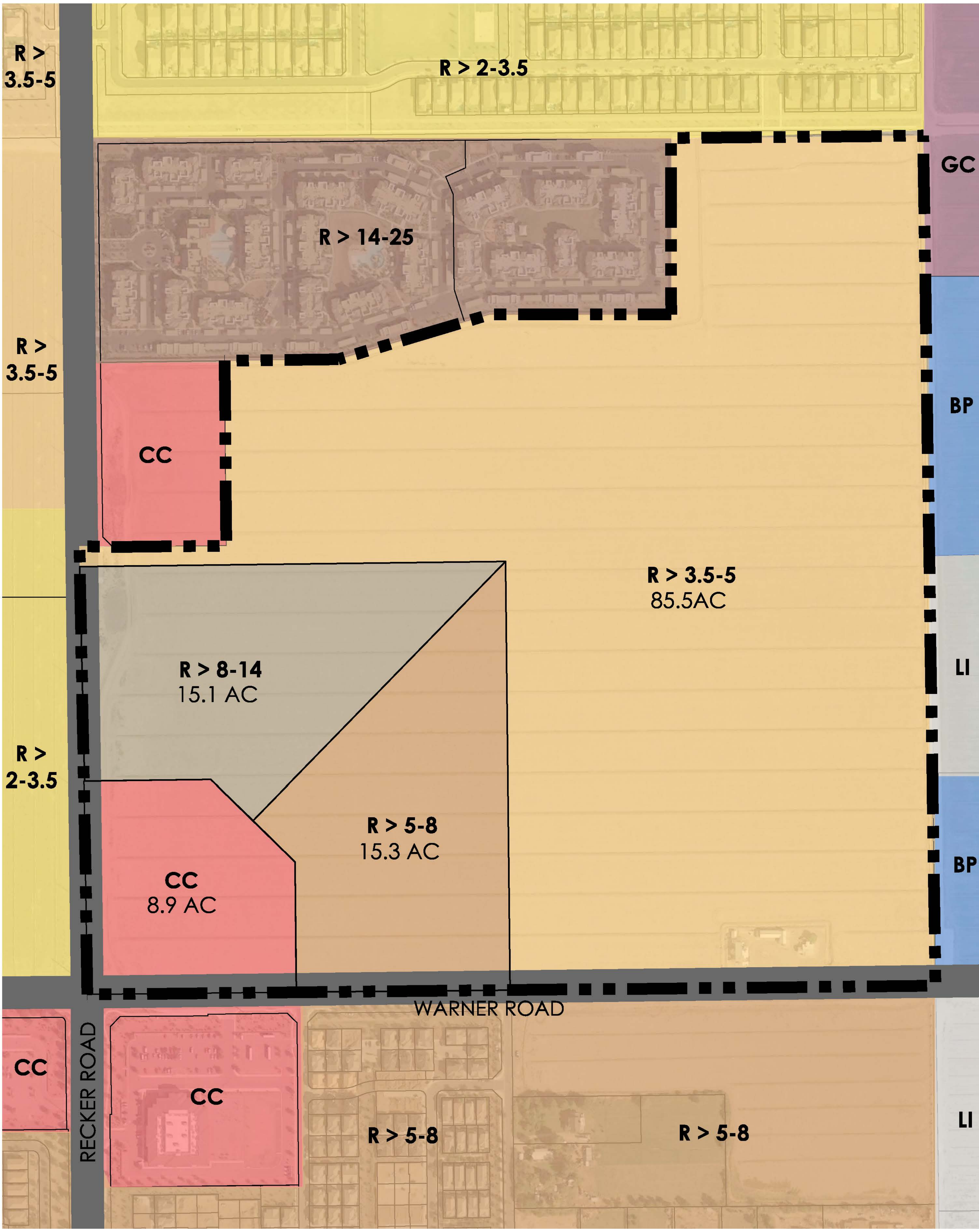
Exhibit B

NORTH

0 150 300 600

GRAPHIC SCALE
1" = 300'

18000536 DRAWN BY: CJ, PR 04/17/18



Town of Gilbert General Plan Land Uses

- Residential >1 - 2 DU/Acre
- Residential > 3.5 - 5 DU/Acre
- Residential > 5 - 8 DU/Acre
- Residential > 8 - 14 DU/Acre
- Residential > 14 - 25 DU/Acre
- Community Commercial
- General Commercial
- Regional Commercial
- Business Park
- Public Facility/Institutional
- Light Industrial

Proposed Amendment Acreage

Residential > 3.5 - DU/Acre	85.5	68.5%
Residential > 5 - 8 DU/Acre	15.3	12.3%
Residential > 8 - 14 DU/Acre	15.1	12.1%
Community Commercial	8.9	7.1%
Project Boundary TOTAL:	**124.8 Ac**	**100%**

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WARNER AND RECKER
PROPOSED GENERAL PLAN
Exhibit C

NORTH
0 150 300 600
GRAPHIC SCALE
1" = 300'

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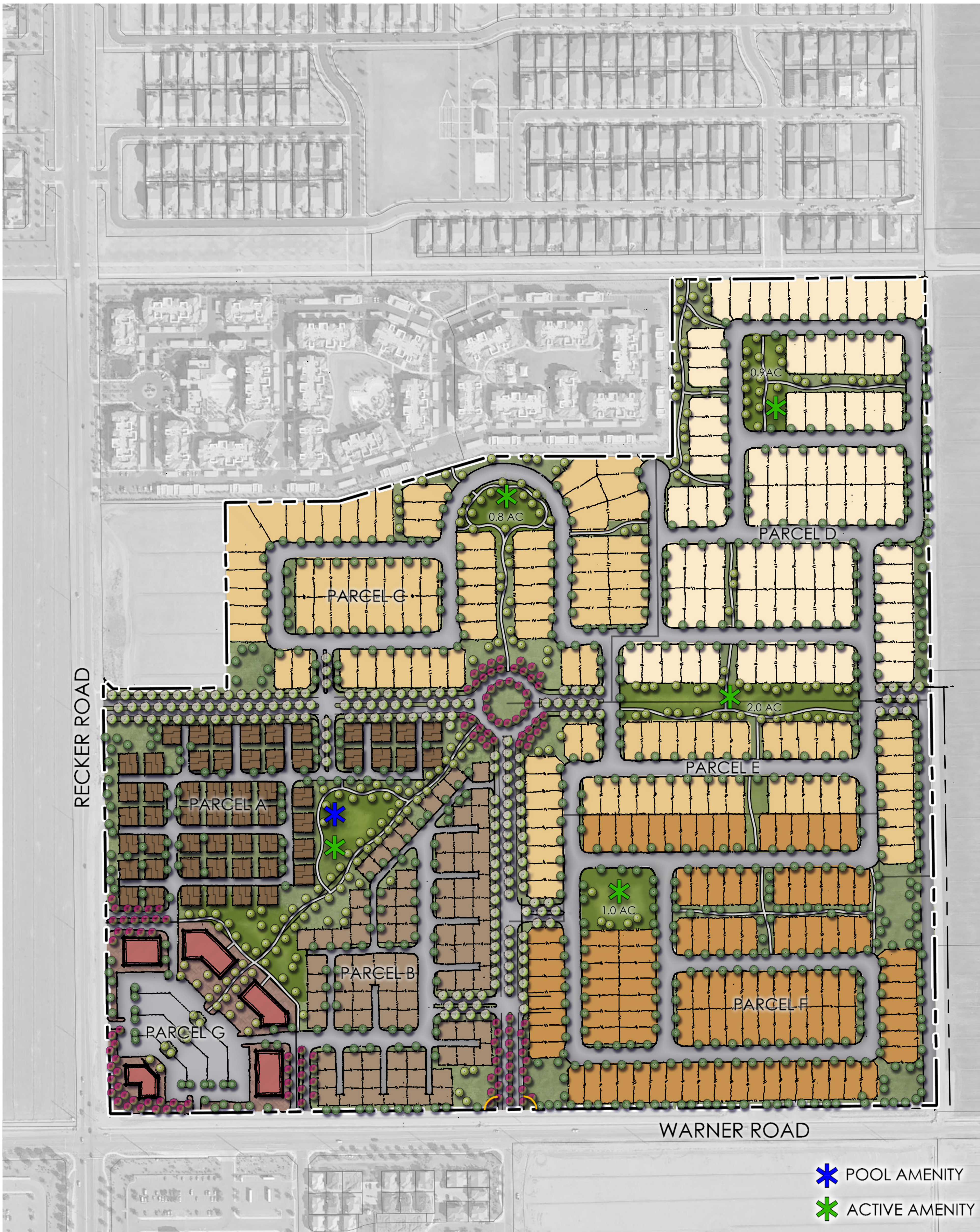

Site Data

Parcel	Use	Proposed Zoning	Gross Area	Net Area	Mix (Area)	Units	Mix (Units)	Gross Density	Net Density
A	Mixed Stack Flat	SF-A	15.1 Ac.	13.0 Ac.	12.1%	165	29.4%	10.9 DU/Ac.	12.7 DU/Ac.
B	Motor Court	SF-D	15.3 Ac.	13.0 Ac.	12.2%	88	15.7%	5.8 DU/Ac.	6.7 DU/Ac.
C	55' x 115'	SF-6	21.3 Ac.	19.5 Ac.	17.1%	71	12.7%	3.3 DU/Ac.	3.6 DU/Ac.
D	60' x 120'	SF-7	24.8 Ac.	24.8 Ac.	19.9%	85	15.2%	3.4 DU/Ac.	3.4 DU/Ac.
E	55' x 115'	SF-6	12.3 Ac.	10.9 Ac.	9.9%	44	7.8%	3.6 DU/Ac.	4.0 DU/Ac.
F	50' x 115'	SF-6	27.1 Ac.	23.8 Ac.	21.7%	108	19.3%	4.0 DU/Ac.	4.5 DU/Ac.
	Residential Totals		**115.9 Ac.**	**105.0 Ac.**	**93%**	**561**	**100.0%**	4.8 DU/Ac.	5.3 DU/Ac.
G	Commercial	CC	8.9 Ac.	7.0 Ac.	7.2%				
	ROW - Misc		0.0 Ac.	12.8 Ac.					
	Total		**124.8 Ac.**	**124.8 Ac.**	100%				

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WARNER AND RECKER

Conceptual Site Plan

Exhibit D

NORTH
0 150 300 600
GRAPHIC SCALE
1" = 300'

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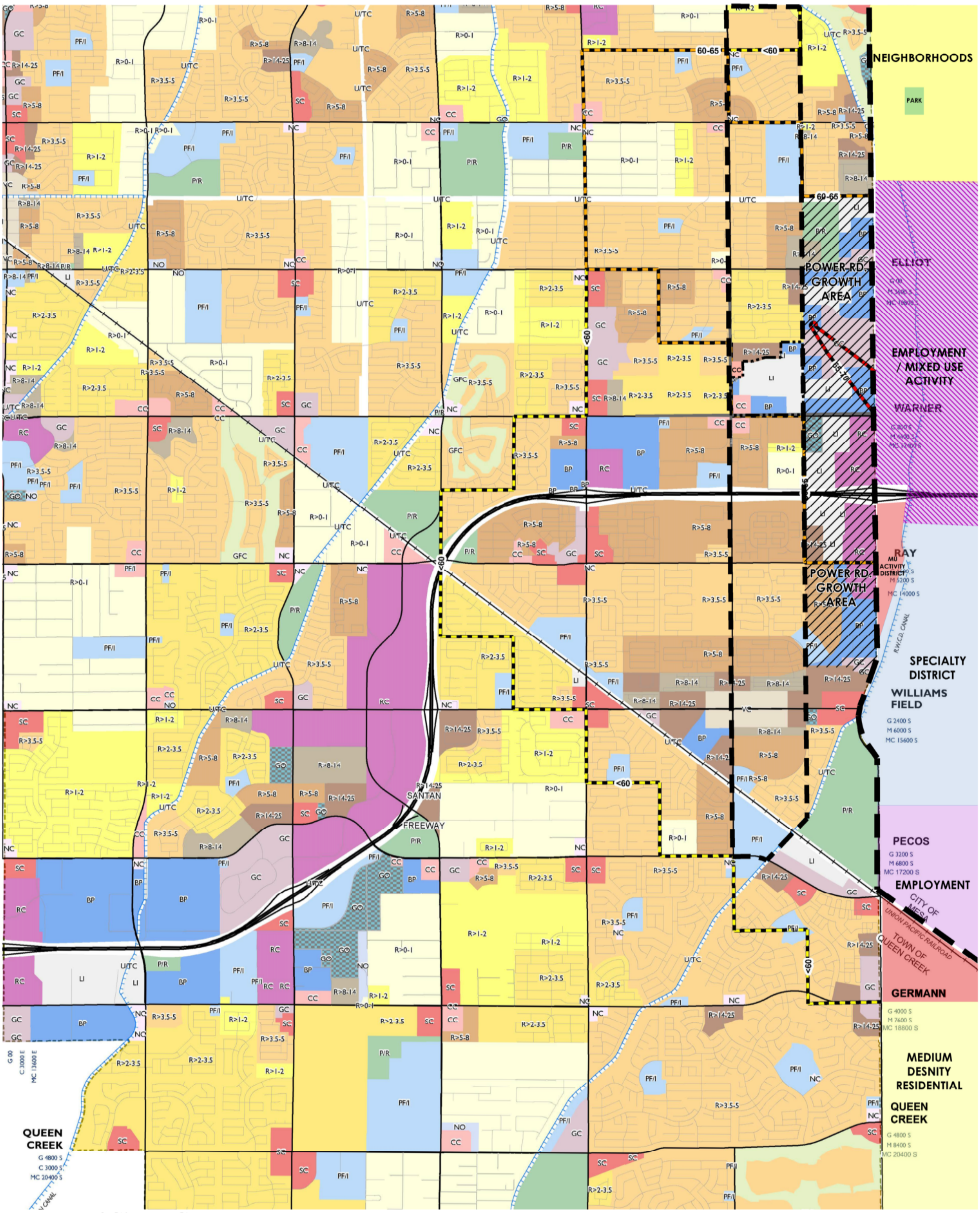

Town of Gilbert General Plan Land Uses

- Residential > 0 - 1 DU/Acre (SF-43,SF-35)
- Residential > 1 - 2 DU/Acre (SF-35,SF-15)
- Residential > 2 - 3.5 DU/Acre (SF-15,SF-10,SF-8,SF-7)
- Residential > 3.5 - 5 DU/Acre (SF-10,SF-8,SF-7,SF-6)
- Residential > 5 - 8 DU/Acre (SF-6,SF-D,SF-A)
- Residential > 8 - 14 DU/Acre (SF-D, SF-A,MF/L)
- Residential > 14 - 25 DU/Acre (MF/M)
- Village Center (VC)
- Community Commercial (CC)
- General Commercial (GC)
- Regional Commercial (RC)
- General Office (GO)
- Business Park (BP)
- Light Industrial (LI)
- Parks/Retention (P/R)
- Public Facility/Institutional (PF/I)
- Shopping Center (SC)

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WARNER AND RECKER
EXISTING REGIONAL GENERAL PLAN

Exhibit E

NORTH

APPROX. SCALE: NTS

18000536 DRAWN BY: PR 03/28/18

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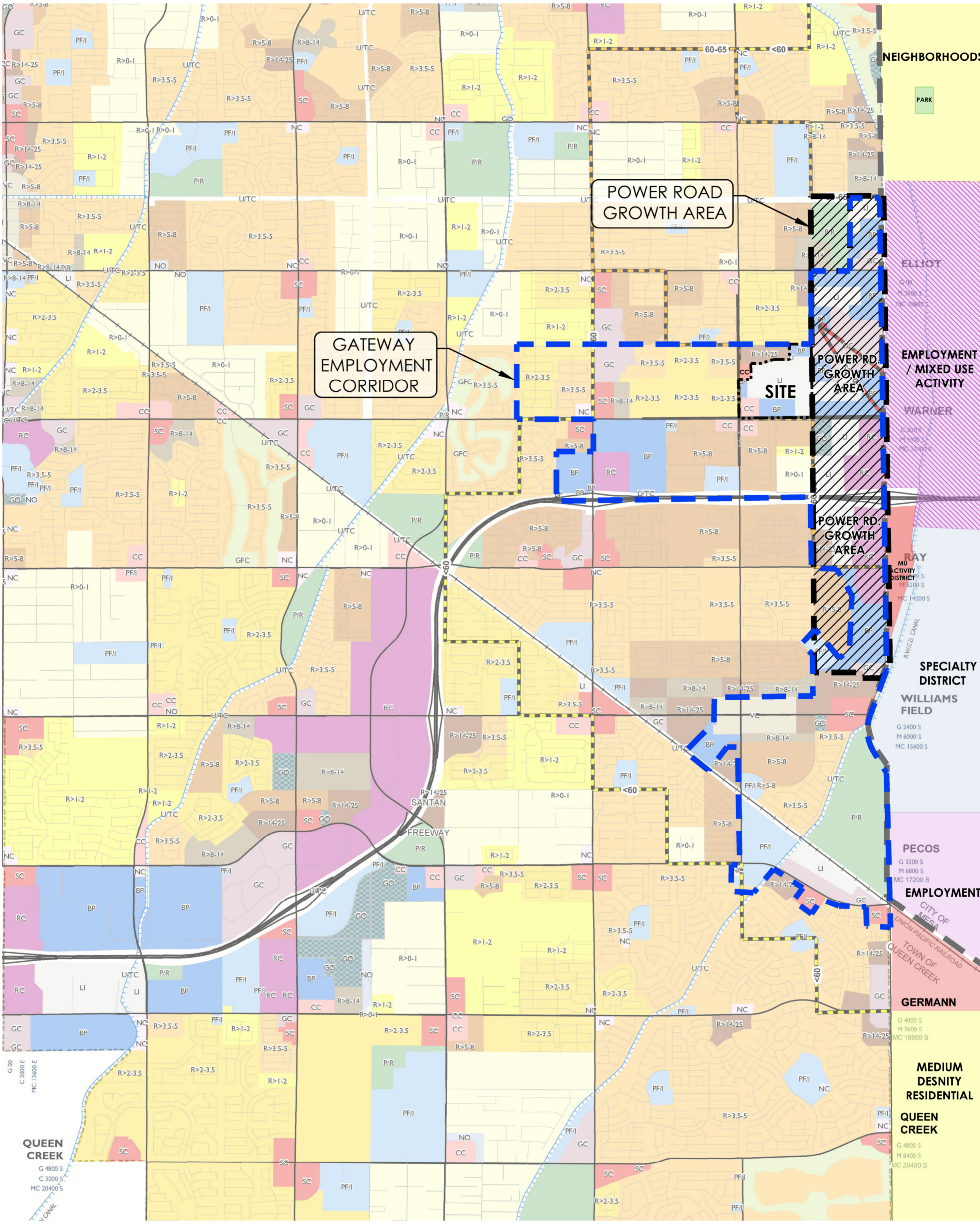

Town of Gilbert General Plan Land Uses

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Exhibit F

NORTH

APPROX. SCALE: NTS

18000536 DRAWN BY: PR 05/24/18

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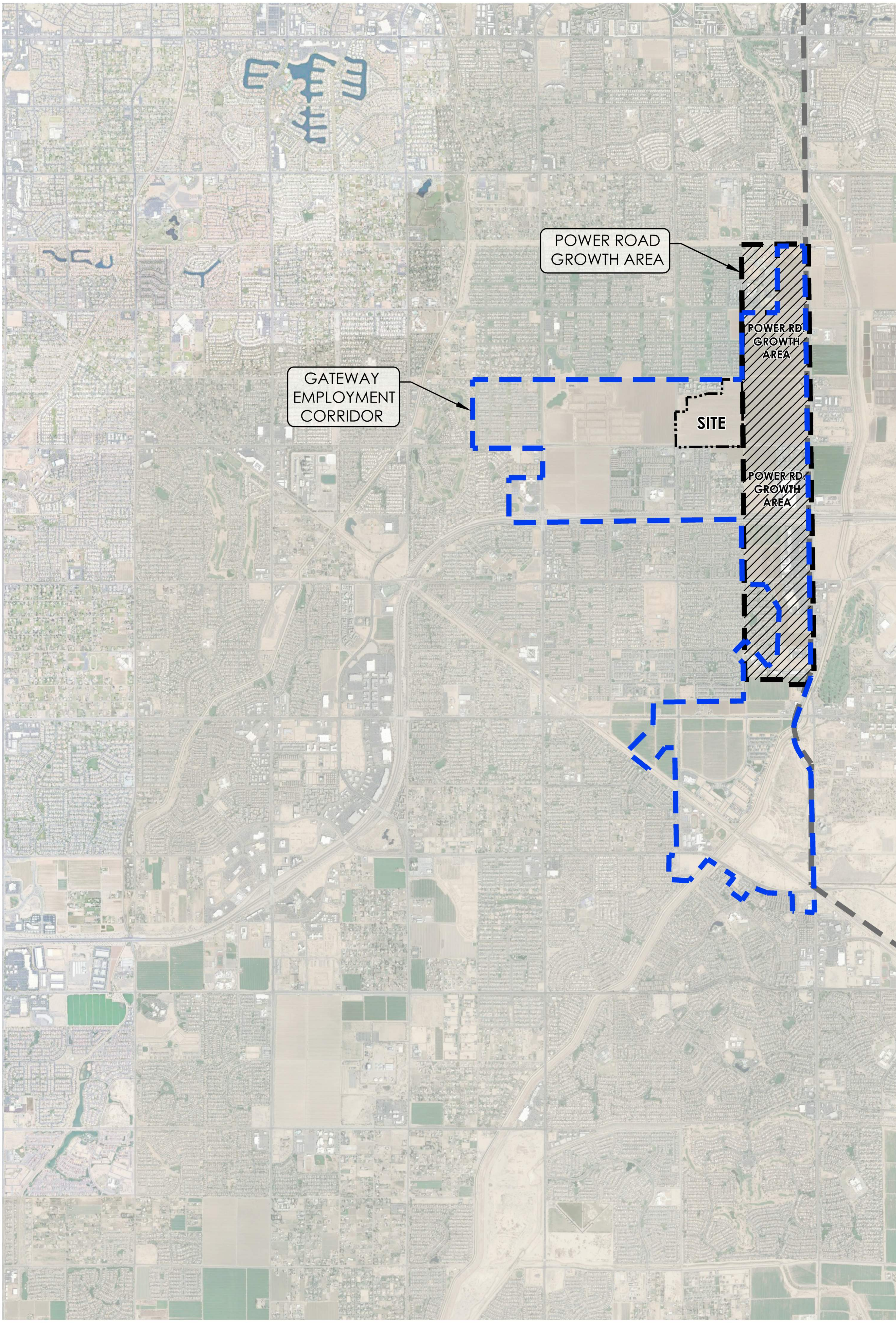

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WARNER AND RECKER

Exhibit G

NORTH

APPROX. SCALE: NTS

18000536 DRAWN BY: PR 05/24/18

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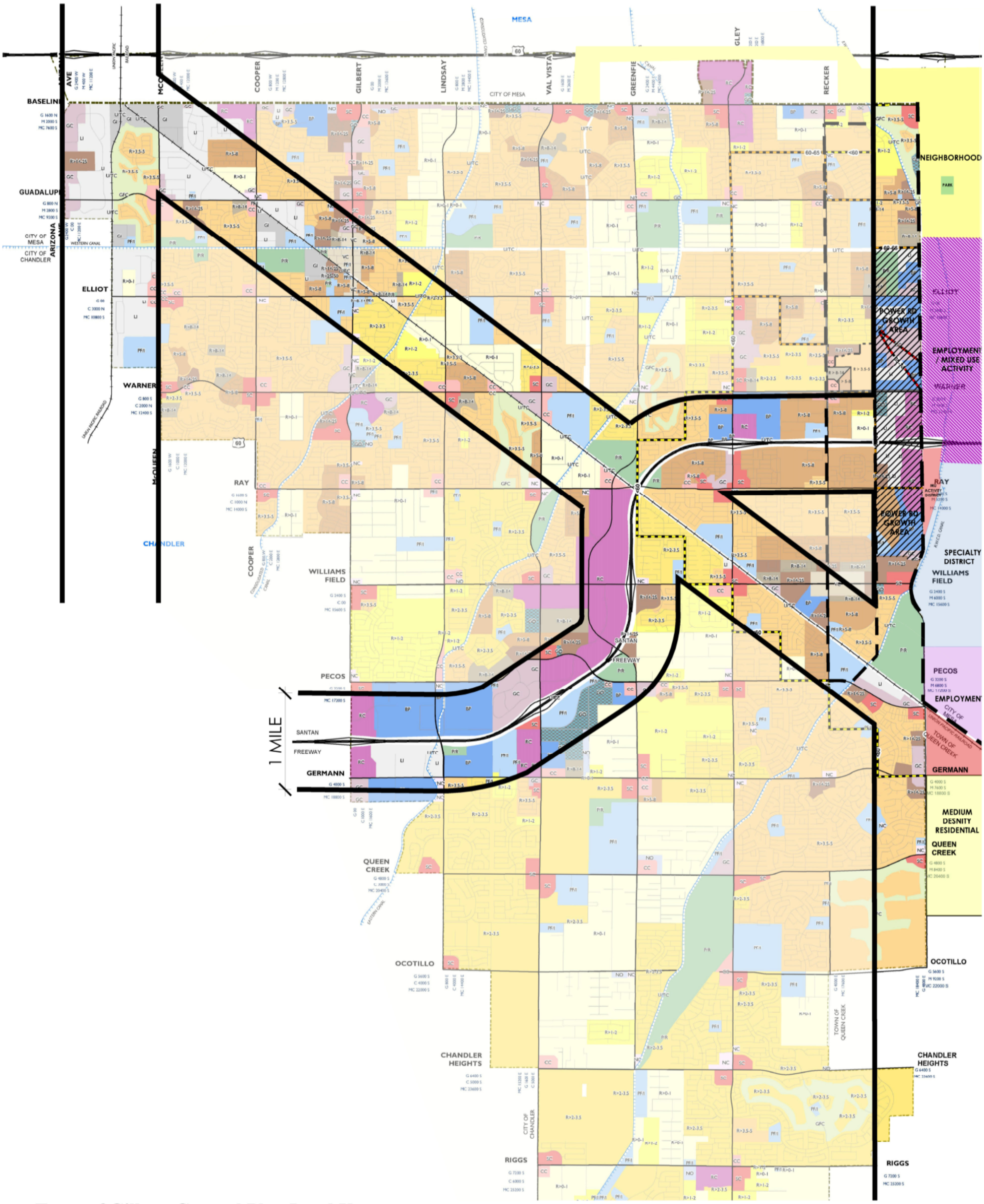

Town of Gilbert General Plan Land Uses

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WARNER AND RECKER

BP/LI CORRIDORS

Exhibit H

NORTH

APPROX. SCALE: NTS

18000536 DRAWN BY: PR 03/28/18

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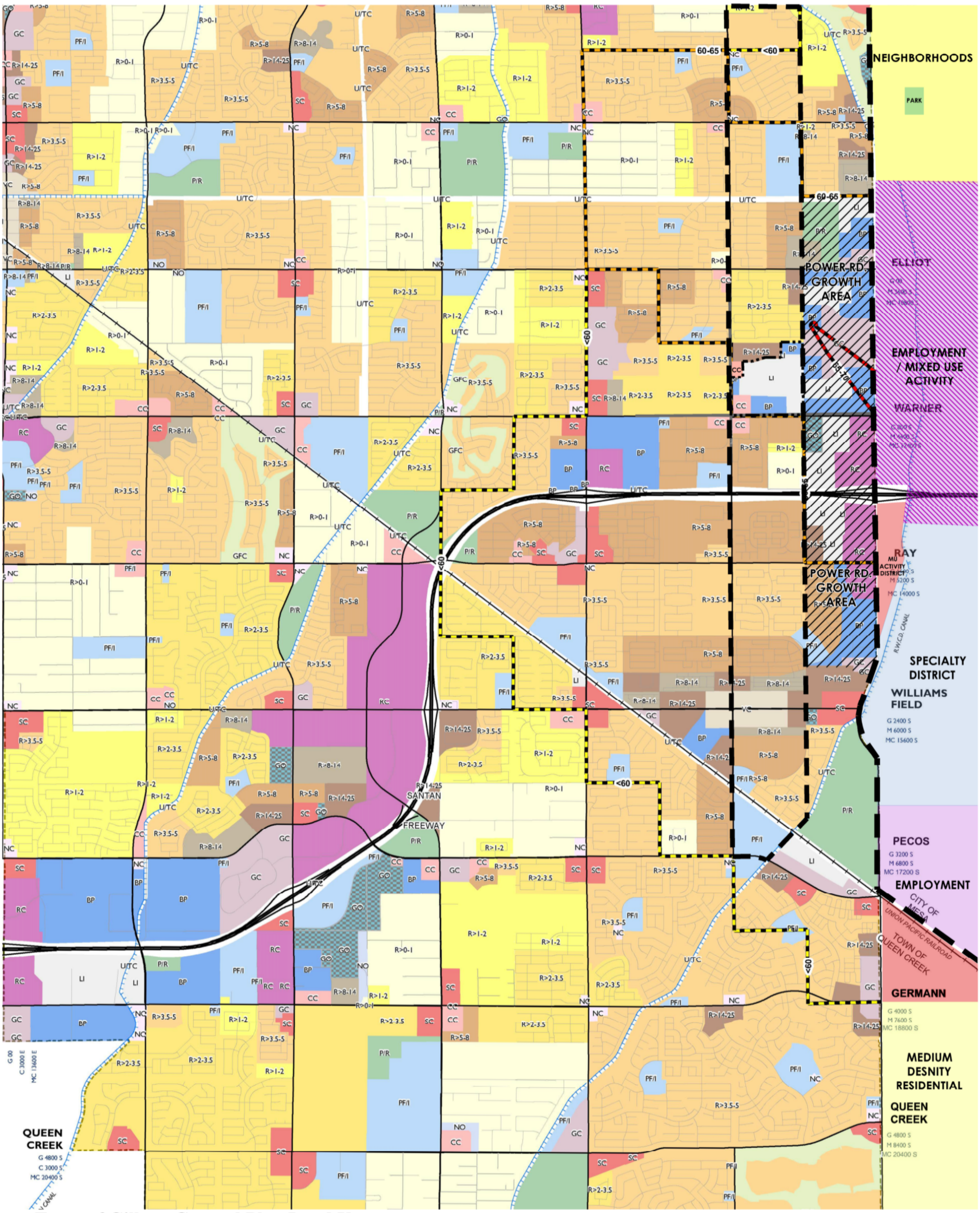

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WARNER AND RECKER
EXISTING REGIONAL GENERAL PLAN
Exhibit I

NORTH
APPROX. SCALE: NTS

18000536 DRAWN BY: PR 03/28/18

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Analysis of Proposed Major General Plan Amendment Town of Gilbert, Arizona

May 31, 2018

Property Owner:
Scottsdale Investment Management, LLC
17800 N. Perimeter Dr., Suite 210
Scottsdale, AZ 85255

Applicant:
Lennar Homes/W. Ralph Pew
Pew & Lake, PLC
1744 South Val Vista Drive, Suite 217
Mesa, AZ 85204

Rounds Consulting Group

Table of Contents

Section 1: Executive Summary

As part of the submittal requirements established by the Town of Gilbert for a Major General Plan Amendment, the applicant requested Rounds Consulting Group, Inc. (RCG) to analyze a proposed general plan amendment related to the use of 124.8 acres within the Town of Gilbert (Town, or Gilbert).

Lennar is proposing to amend the general plan and rezone the 124.8 acre property, located at the northeast corner of Warner and Recker Roads in Gilbert, from its existing general plan designations of Business Park (BP), Community Commercial (CC) and Light Industrial (LI) to various residential designations, while retaining the Community Commercial designation on a small portion of the property.

There are a number of factors for the Town to consider:

1. A review of historical, current, and forecasted economic data suggests the Town has an excess of employment use land, even after considering the community's excellent economic development performance this decade. Larger economic regions post employment to population ratios (as discussed later in this report) of approximately 0.5. A highly performing community that attracts a proper balance of high wage jobs would display a ratio of less than 1.0, with 0.75 being a reasonable target. The Town's implied ratio, going forward, is an estimated 1.14.

2. The land use was previously designated as residential just ten years ago, and there is an immediate demand for infill single family product in the region.

3. The economic and fiscal impacts to the community will be sizeable from the planned residential development.

4. Attractive and available alternatives exist for employment uses in the region including the Mesa-Gateway area.

5. The prior owner, the Rockefeller Group, advises that a number of companies have considered the land in recent years and have all rejected the location.

6. The Mesa Gateway area will be a major competitor for larger scale business locations.

Conclusion: Given the Town's highly weighted employment ratio, and the fact that there is immediate demand for single family use by the current landowner, it is recommended the Town approve the land use amendment.

Section 2: Introduction

Lennar is proposing to amend the General Plan and subsequently rezone the property, located at the northeast corner of Warner and Recker Roads in Gilbert, from its existing General Plan designations of Business Park, Light Industrial and Community Commercial to various residential designations while retaining the commercial designation on the arterial corner. The site is currently bound by single family and apartment homes to the north; vacant property on the east; single family homes, a charter school, and a county island to the south; and vacant property that will be developed into a single family sub-division to the west.

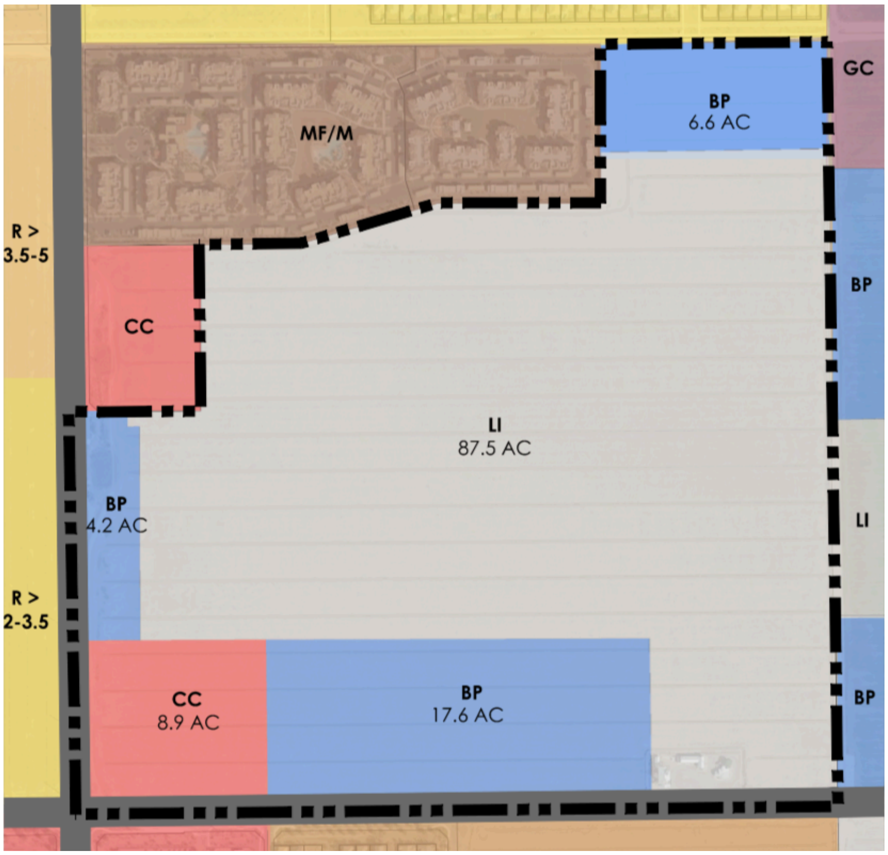
Study Area: NE Corner of Warner and Recker Roads in the Town of Gilbert

Source: Lennar Arizona, Inc.

2.1 General Plan Designation and Zoning Classifications

As shown in the following depiction, the vacant Warner and Recker site is currently zoned and designated as Business Park (BP), Community Commercial (CC), and Light Industrial (LI) property in the General Plan.

Existing General Plan Designation and Zoning Classification



Source: Town of Gilbert General Plan

The requested General Plan Amendment, if approved, will allow for the development of the property as shown in the following depictions.

Proposed General Plan Designation and Zoning Classification

Source: Lennar Arizona, Inc.

Conceptual Site Plan

Source: Lennar Arizona, Inc.

2.2 Study Considerations

The primary consideration relates to the extent that the re-designation of the acreage from employment uses to residential will have an impact on the Town. This consideration requires an analysis of the community's current economic profile and what is projected into the future. The emphasis will be on job creation potential. This potential can then be compared to the acreage for employment uses and whether or not there is a shortage or excess.

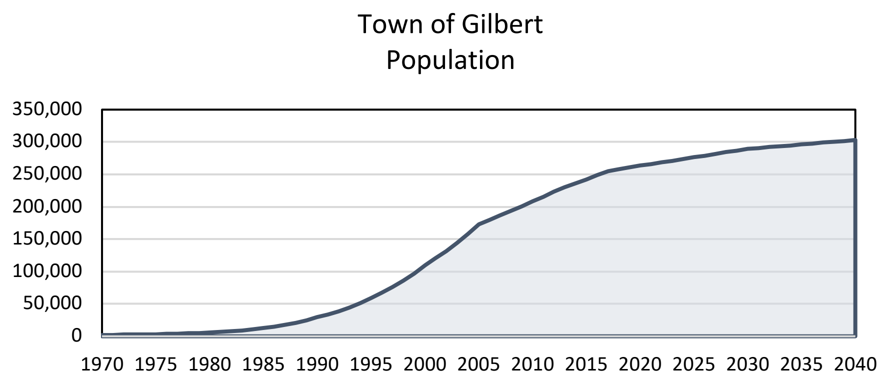
An evaluation is also needed related to the economic and fiscal impacts associated with an immediate use of the property compared to an indeterminant time period within which the land is vacant and non-productive. Final considerations related to uncertainty and general public policy issues similarly need to be addressed.

Section 3: Market Analysis

An economic profile of the Town of Gilbert provides context into the later discussion of efficiently designated land uses. Current and forecasted data is provided for local population and employment counts. Current and historical data is provided for key housing measures and commercial market trends.

3.1 Basic Demographics and Employment Trends

Population: The Town is home to approximately 245,000 residents. Over the past decade the Town has realized considerable growth. Since 2007, the population count has increased 25% according to the Arizona Office of Economic Opportunity. The median age of Gilbert's population is 33.3. By 2040, the Town's population is expected to increase by roughly 19%. This growth will slow as build-out approaches closer to mid-century.



Source: U.S. Census Bureau; Town of Gilbert; Maricopa Association of Governments

The median household size in the Town is 3.15, compared to 2.75 for Maricopa County, indicating a larger than average share of families. The Town's median household income is about $85,600, which is approximately 55% higher than the region's median income.

These basic population and income statistics are utilized in the economic and fiscal impact calculations in Section 4.2. As incomes rise, more spending potential exists and economic impacts advance. Incomes closer to the Town median will still allow for sizeable economic impacts if satisfactory levels of retail exist within the immediate area. Household income approximately equal to the Town median of $85,600 will be sufficient for an average housing product equal to approximately $350,000.

Employment: According to the Maricopa Association of Governments ("MAG"), 91,900 people were employed within the Town as of 2015. By 2040, the number of people employed is expected to reach 143,800. By 2050, the job count is forecasted to be 157,700. The MAG estimates are based on econometric models and a review of community land use plans. Thus, if a community has a relatively high percentage of land designated as employment use the MAG employment forecast will be inflated above normal market conditions.

Since the requested General Plan amendment relates to shifting property from employment use to residential use, additional perspective is needed related to the Town's historical, current, and prospective jobs to population ratios (employment ratio, or ratio). This measure simply divides the number of jobs within a particular area by the population count. This is different than measures of labor market performance that focus on levels of employment in a broader region and are compared to the working age population.

The employment ratio can be used to evaluate an entire economic region, an individual community, or a defined submarket as it relates to land use plans. A qualifier is that enough representative development activity within an area must exist for the ratio to be relevant.

If an area yields a ratio that is relatively low compared to the larger economic region, it is possible that local planning exercises should consider additional employment uses. If a ratio is relatively high, local plans may include excessive acres of employment uses and modifications are in order. The ratio itself is not the sole determinant of these shortages or excesses. Different communities have different economic profiles and opportunities to develop their residential and employment bases. However, a review of common areas over an extended period of time does provide useful information.

Historically, according to MAG, the employment ratio in Maricopa County averages just below 0.50. In 2015 the County-wide ratio was 0.47 and is projected to increase slightly to 0.49 by 2050. In general, the broader economic region can be described with a stabilized ratio of 0.5.

For comparison, in 2015 the ratio was 0.37 within the Town of Gilbert. Moving forward, the ratio is expected to remain below 0.40 until the latter part of the 2020's when it is projected to advance to just above the County average. The smaller submarket area that is within a 5 mile radius of the subject property is projected to follow a similar pattern but with employment growth not significantly accelerating until the 2030's. These statistics follow the historical economic profile of the Town primarily being a residential community until the beginning of this decade when a purposeful shift occurred to encourage a more balanced employment versus residential mix.

Projected Employment Ratios – Existing and Planned Development

	2015	2020	2030	2040	2050
Maricopa County					
Jobs/Pop Ratio	0.47	0.48	0.47	0.47	0.49
Gilbert					
Jobs/Pop Ratio	0.37	0.39	0.44	0.48	0.52
5-Mile Radius					
Jobs/Pop Ratio	0.34	0.35	0.41	0.47	0.56
5-Mile Radius (only Gilbert)					
Jobs/Pop Ratio	0.30	0.32	0.38	0.44	0.51

Source: Maricopa Association of Governments

The employment mix must be further separated into past versus prospective opportunities. Economic opportunities moving forward will be based on current and future economic conditions. This means future economic growth statistics must also be compared to vacant acreage, and not just to already developed properties.

As previously noted, the employment ratio in Maricopa County is stable at approximately 0.5. The Town of Gilbert is an award winning community and has above average opportunities for higher value added business attraction. A reasonable employment ratio for an advancing community such as Gilbert could be as high as 0.75 moving forward (See 3.2 – Development Trends). A review of the MAG projections for the Town identifies that the land use plans would translate into an employment ratio, going forward, of 1.14. The submarket area within a 5-mile radius of the subject property displays an employment ratio of 1.34.

This implies there are opportunities within the Town for additional residential land uses. If maintaining adequate acreage for employment uses is the Town's main concern, then the statistics suggest the amendment would not cause harm.

Projected Employment Ratios – Planned Development

	2015-2020	2020-2030	2030-2040	2040-2050	2015-2050
Maricopa County					
Jobs/Pop Ratio	0.60	0.41	0.49	0.60	0.51
Gilbert					
Jobs/Pop Ratio	0.67	0.96	1.30	3.23	1.14
5-Mile Radius					
Jobs/Pop Ratio	0.49	1.08	1.50	3.56	1.34
5-Mile Radius (only Gilbert)					
Jobs/Pop Ratio	0.61	0.92	1.53	3.61	1.25

Source: Maricopa Association of Governments

As a check to the previous calculations, a fully separate set of data points was reviewed. In this case, U.S. Census Bureau population statistics were used as the denominator in the calculation. The jobs numerator is based on converting vacant employment land uses into development activity. In this separate calculation, the jobs to population ratio for the Town, from 2015 to 2050, would be 0.97.

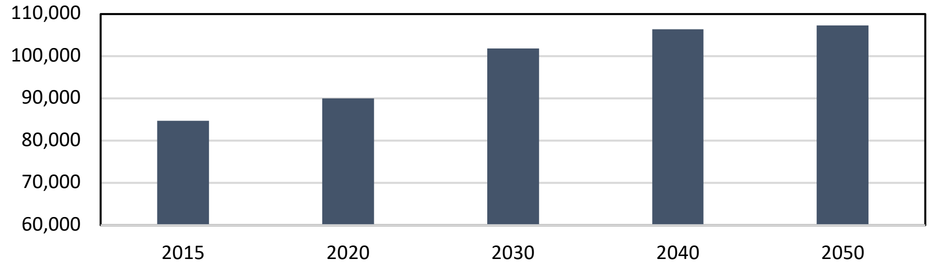
Under both analyses, the acreage designated for employment uses within the Town and submarket appears to be more than necessary. This indicates there are indeed opportunities to allow additional residential development to occur while still maintaining a relatively high employment to residential land use mix.

3.2 Development Trends - Housing

A review of development trends within the Town supports the conclusion that the community will post an above average employment ratio moving forward (0.75) and that thoughtful changes from employment to residential uses may be appropriate throughout the Town and in particular at this location.

Housing: According to MAG, the Town of Gilbert has roughly 84,800 housing units. By 2050, that is expected to increase 26.5% to 107,300 housing units. Approximately 86% of housing units are single family detached homes. The Town has considerably more homeowners than renters. Approximately 72% of occupied housing units were owner-occupied. The median value of the owner-occupied homes was $264,700.

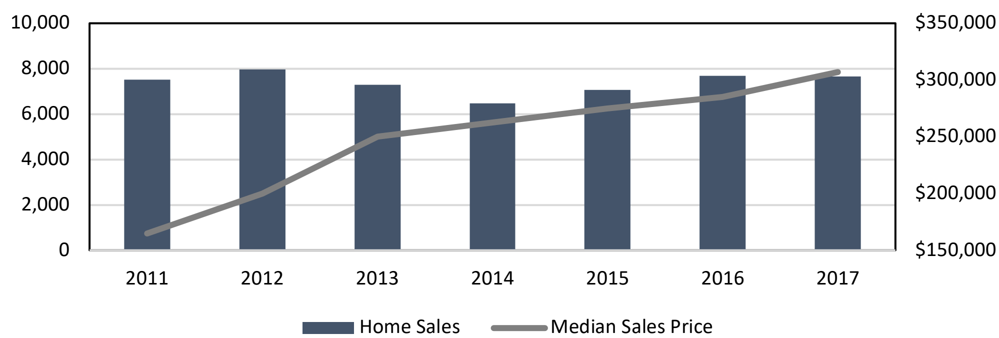
Town of Gilbert
Housing Units



Source: Maricopa Association of Governments

In 2017, housing sales remained relatively flat despite the healthy economy. The median sales price in the Town was $307,000 – up 7.7% during the previous year. The median sales price of a new home was $381,100 compared to $300,000 for normal resales.

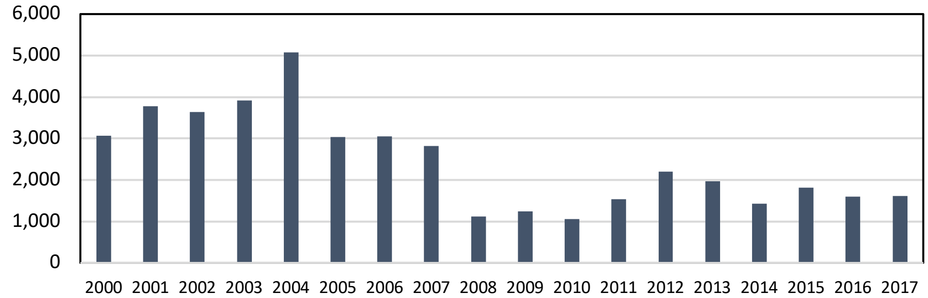
Town of Gilbert
Home Sales



Source: Cromford Report

Permitting of single family homes slowed significantly during the recent downturn. Although permitting has been trending upward, the level remains at about half the pre-recession levels and there is added room for improvement.

Town of Gilbert
Single Family Permits



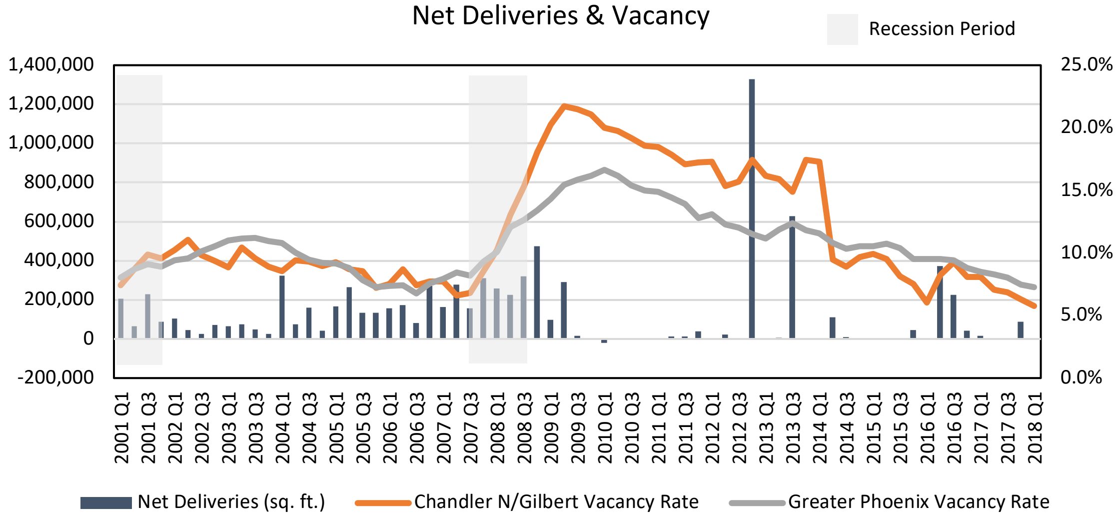
Source: U.S. Census Bureau

The outlook for housing remains positive. An improved economy, backed by low mortgage rates and low inventories, will continue the recent price appreciation. Affordability issues may arise; however, the Town's current economic profile will support modest price increases. Additional housing opportunities can continue to be considered.

3.3 Development Trends – Employment Uses

Industrial: CoStar defines the Gilbert industrial submarket as the Chandler N/Gilbert Industrial Submarket. It includes the Town of Gilbert, segments of north Chandler, and segments of south Mesa (including the Phoenix Mesa Gateway Airport area). The lack of new supply has translated to robust rent growth in recent years. However, rent gains in 2017 slowed substantially from the previous year. This mirrors the Greater Phoenix trend. The asking rent per square foot was at $9.04 in the submarket compared to $7.71 for the region as of the first quarter of 2018.

Industrial
Net Deliveries & Vacancy



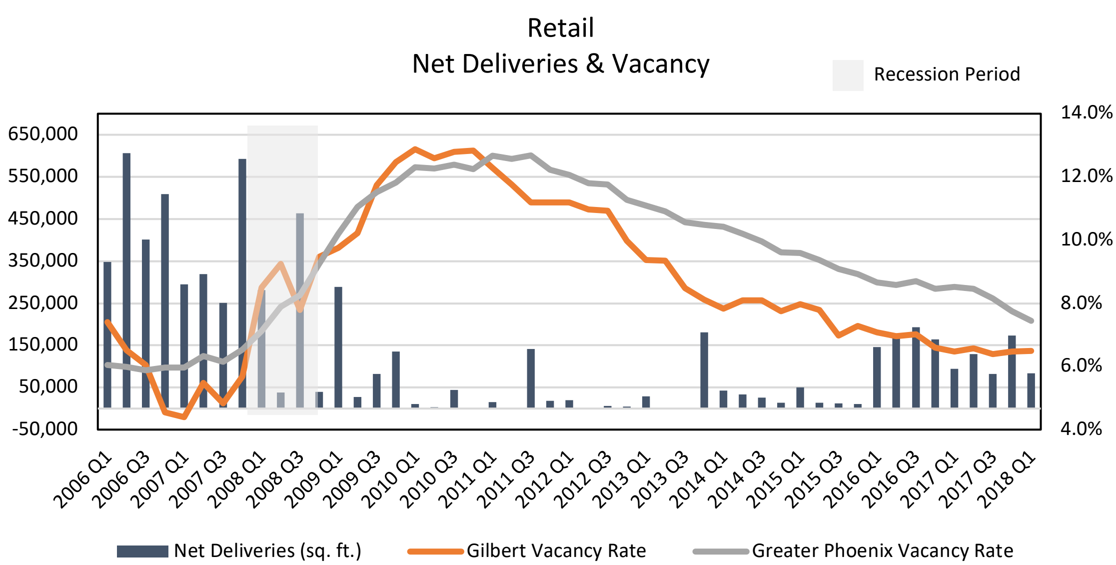
For perspective, inventory, vacancy rates, asking rental rates and construction information for a 1, 3, and 5-mile radius surrounding the Warner and Recker site follows.

Submarket Industrial Activity – As of 2017

	Number of Buildings	Inventory Sq. Ft.	Vacancy Rate	Asking Rent	Deliveries Sq. Ft.	Under Construction Sq. Ft.
1-Mile	5	642,621	-	-	-	-
3-Mile	17	1,002,336	3.0%	-	72,000	450,000
5-Mile	61	1,913,929	4.3%	$8.19	72,000	450,000
Source: CoStar						

Retail: CoStar defines the Gilbert Retail Submarket as the area bound by Houston Avenue to the north, East Hunt Highway to the south, Arizona Avenue to the west, and Power Road to the east. Although there was an increase in construction activity during 2016 and 2017, deliveries have been well below the pre-recession average. Since 2010, about 1.9 million square feet of retail space has been constructed – while 4.3 million square feet was built between 2006 and 2009.

The Gilbert submarket's average asking lease rate ended the first quarter of 2018 at $19.09. This is roughly 40% less than the pre-recession peak. The metro area's average asking rate also remained about 36% below the prerecession peak at $17.83 as of the first quarter of 2018.



Source: CoStar

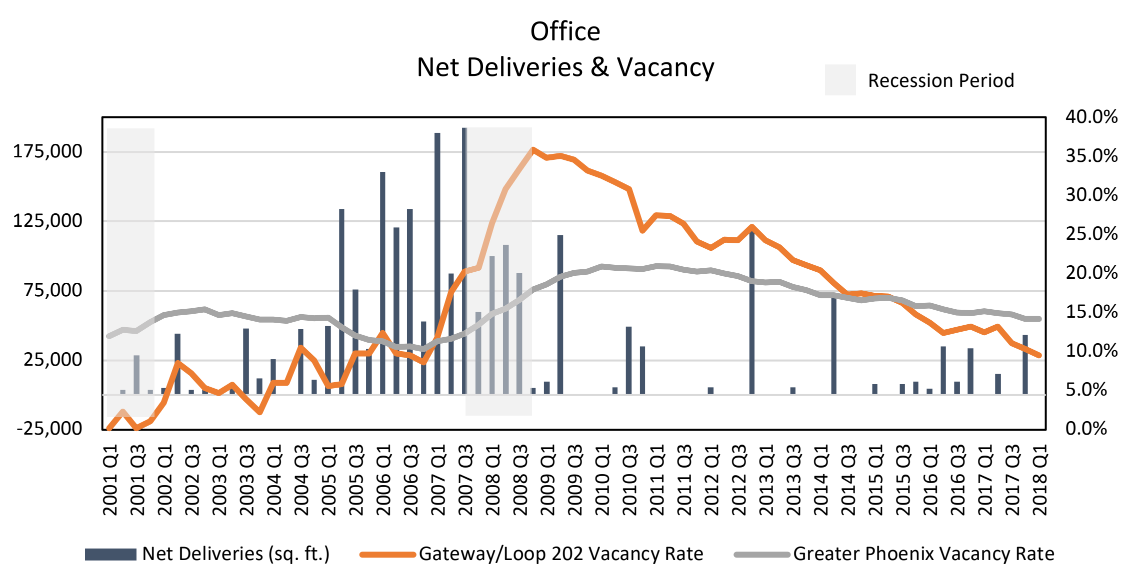
Inventory, vacancy rates, asking rental rates and construction information for a 1, 3, and 5-mile radius surrounding the Warner and Recker site follows.

Submarket Retail Activity – As of 2017

	Number of Buildings	Inventory Sq. Ft.	Vacancy Rate	Asking Rent	Deliveries Sq. Ft.	Under Construction Sq. Ft.
1-Mile	3	26,373	-	-	-	-
3-Mile	125	2,119,324	6.9%	$16.12	67,247	4,675
5-Mile	628	14,214,292	6.0%	$17.19	398,800	101,901
Source: CoStar						

Office: CoStar defines the Gilbert office submarket as the Gateway Airport/Loop 202 Office Submarket. The submarket includes the Town of Gilbert and segments of south Mesa including the Phoenix Gateway Airport area. It is broadly defined as the area between Baseline Road and East Hunt Highway to the north and south, and Lindsay and Schnepf Roads to the west and east. Office activity within the submarket continues to see mixed outcomes. Vacancy rates fell below 10% in the first quarter of 2018 for the first time since the fourth quarter of 2006. As of the first quarter, vacancy rates for the submarket declined to 9.5%. The Greater Phoenix office vacancy rate was 14.1%.

The continued decline in vacancy rates is mainly due to limited new supply of office product. Since 2010, 460,000 square feet of office space has been added to the submarket. In contrast, between 2001 and 2009, roughly 2.0 million square feet of office space was built. According to CoStar, only 49,600 square feet of office is currently under construction and the pipeline remains relatively empty. The average asking lease rate for the Gilbert submarket was $23.43 at the end of the first quarter of 2018. For perspective, the Greater Phoenix asking lease rate was $24.68. While the asking rent was up 3.3% over the year, it still remains 14% below the 2008 peak.



Source: CoStar

Inventory, vacancy rates, asking rental rates and construction information for a 1, 3, and 5-mile radius surrounding the Warner and Recker site follows.

Submarket Office Activity – As of 2017						
	Number of Buildings	Inventory Sq. Ft.	Vacancy Rate	Asking Rent	Deliveries Sq. Ft.	Under Construction Sq. Ft.
1-Mile	5	75,776	2.6%	$15.80	-	-
3-Mile	76	951,948	10.9%	$18.98	-	-
5-Mile	423	4,847,910	10.2%	$19.03	43,354	-
Source: CoStar						

The overall development patterns in the area follow what would be expected in a peaking economy with the exception of single family housing. Housing supply is still lagging demand and additional product opportunities should be explored.

Vacant Land: The employment use development activity, along with long term economic forecasts, can be compared to the supply of vacant land by use type. According to the Town of Gilbert, there are approximately 7,940 acres of vacant land in the community. The detailed breakdown of land uses is provided in the following table. Only 12.4% of all Town residential land use remains vacant.

Town of Gilbert

Available Land

Land Use Code	Total	Vacant	Percent	Land Use Code	Total	Vacant	Percent
Commercial	**3,278.90**	**990.50**	**30.2%**	**Office**	**1,244.70**	**746.50**	**60.0%**
NC (Neighborhood Commercial)	215.90	62.80	29.1%	NO (Neighborhood Office)	59.20	32.40	54.7%
CC (Community Commercial)	392.00	107.90	27.5%	GO (General Office)	262.70	84.60	32.2%
SC (Shopping Center)	745.30	163.10	21.9%	BP (Business Park)	922.80	629.50	68.2%
GC (General Commercial)	710.40	156.50	22.0%				
RC (Regional Commercial)	1,146.90	456.90	39.8%	**Industrial**	**1,412.40**	**516.30**	**36.6%**
VC (Village Center)	68.40	43.30	63.2%	LI (Light Industrial)	1,208.20	511.30	42.3%
				GI (General Industrial)	204.20	5.00	2.5%
Residential	**26,414.30**	**3,270.20**	**12.4%**				
Residential > 0 – 1 DU/Acre	5,655.40	934.90	16.5%	**Other**	**6,081.80**	**2,416.80**	**39.7%**
Residential > 1 – 2 DU/Acre	2,215.40	401.20	18.1%	P/R (Parks/Retention)	1,110.50	710.00	63.9%
Residential > 14 – 25 DU/Acre	614.50	130.70	21.3%	PF/I (Public Facility/Institutional)	2,061.50	647.50	31.4%
Residential > 2 – 3.5 DU/Acre	5,828.60	1,082.20	18.6%	U/TC (Utility/Transp. Corridor)	2,414.70	1,009.00	41.8%
Residential > 3.5 – 5 DU/Acre	9,384.50	283.20	3.0%	GFC (Golf Course)	495.10	50.30	10.2%
Residential > 5 – 8 DU/Acre	2,047.20	223.80	10.9%				
Residential > 8 – 14 DU/Acre	668.70	214.20	32.0%	**TOTAL**	**38,432.10**	**7,940.30**	**20.7%**

Source: Town of Gilbert

Section 4: Economic Modeling

In addition to the analysis of economic forecasts and land use plans, there is value in calculating the economic and fiscal impacts from the various development types that are being considered. In this case, an impact model was created to capture the economic and fiscal benefits from the proposed residential project that also includes some limited retail activities. A second model was created to capture the benefits of the current light industrial and business park designation.

There are qualifiers to this comparison. First, the residential use option has an immediate development opportunity. Construction activity would begin shortly after approval by the Town and construction related revenues would be immediately generated. If a ten year analysis period were used, economic activity would occur in each of the ten years. The employment option may become viable for development next year or in a decade. This is highly speculative. Any short to mid-term analysis will display greater benefits under a use that is of immediate demand. This will favor the residential option.

In this analysis, the proposed residential land use scenario is modeled and statistics are provided over a ten year period. This includes construction impacts as well as enhanced local spending by new area residents. The employment use comparison assumes at least a five year delay development viability. Although, it remains possible that no employment use development occurs at the subject property over the same timeframe. The following narrative explains how these models work and displays the example economic and fiscal impact scenarios.

4.1 Methodology and Assumptions

Impact analyses provide quantifiable methods to estimate the economic and fiscal implications of a particular activity in a given area. Typically, the level of effects resulting from the activity are estimated in terms of output, earnings, employment, and tax revenues. Output captures the broader level of economic activity, or the total value of goods and services produced, in the region similar to how statistics like GDP capture economic volume in individual states and across the country. Earnings simply represents income to employees, and employment is the job count on an annualized basis. The dynamic economic activity is then converted into tax revenues in each of the relevant categories effected.

The economic effects occurring as a direct consequence from the initial activity create additional activity in the economy. This relationship is known as the "multiplier" effect. The basis for multiplier effects is the interdependencies between industries, how one industry impacts other sectors, and the cycle of spending and re-spending within the regional economy. Direct effects are the results of the initial activity being analyzed. For example, this would include the impacts from construction of a manufacturing facility and the employees that later occupy the facility. The multiplier effects, or secondary effects, are measured as either indirect or induced based on their source. Indirect impacts capture additional effects as a result of increased demand in the industries that provide services or products to the direct business or activity under consideration. Induced impacts capture additional effects generated as a result of increased spending in the economy made by the households of both the direct and indirect employees.

Revenues are expressed as either primary or secondary based on their source. Typically, primary revenues can be estimated by definable sources, such as sales taxes generated by construction expenditures;

whereas secondary revenues are generated by the wages, residency and spending of those direct, indirect and induced employees who are supported by the development.

The RCG impact models employ this methodology and uses the input-output model developed by IMPLAN to estimate economic activity and multiplier effects. Applicable local tax rates are then applied to the economic statistics to produce the fiscal impacts (tax revenues).

4.2 Economic and Fiscal Impact of Housing Uses

The following statistics are based on development plans provided by Lennar and industry standards related to construction costs. In total, 561 homes are planned with room for about 77,500 square feet of retail space. Impact summary tables follow the explanatory narrative.

Construction Impact: Construction of these housing units and the retail space would directly support 839 persons earning a combined $52.0 million and generate an economic output of $127.9 million during the construction phase. The indirect and induced effects bring the total number of jobs supported to 1,789. These employees would earn $96.7 million in wages and generate $252.5 million in economic impact.

The Town of Gilbert would collect $1.6 million from construction activity alone. This is directly generated from construction expenditures. Approximately $239,300 is generated by the direct, indirect, and induced jobs supported by construction. In total, Gilbert would collect roughly $1.8 million related to construction activity.

Retail Operations Impact: Once construction is completed, the retail space would support an estimated 91 jobs each year. These employees would earn roughly $3.5 million and generate an economic output of $8.0 million. In total, 139 jobs, $5.8 million in wages, and $14.8 million in economic output would be generated by the commercial operations (includes direct, indirect, and induced impacts).

Each year, the Town would collect an estimated $311,600 from the on-site commercial activity. This is generated from on-site retail sales, taxes levied on utility and leases, property taxes, and state shared revenues. Another $17,500 is generated by the direct, indirect, and induced employees. Annually, the Town would collect an estimated $329,100 from the planned retail activity.

Residential Expenditures Impact: The residents who would occupy the newly constructed housing units would support approximately 291 jobs, $13.8 million in wages, and $37.6 million in economic output.

Gilbert would collect an estimated $189,900 from taxes levied on residential utility use and household spending, property taxes, and state shared revenues. The employees supported by household spending would generate another $37,600 for the Town. In total, approximately $227,500 would be generated for the Town from residential expenditures each year.

Economic Impact Residential/Retail Development			
	Construction	Retail Operations	Residential Expenditures
Direct			
Jobs	839	91	171
Wages	$52,020,100	$3,477,700	$7,915,500
Economic Output	$127,879,800	$7,960,600	$20,759,700
Indirect			
Jobs	484	20	53
Wages	$22,302,500	$986,900	$2,727,500
Economic Output	$60,814,600	$2,975,400	$7,685,600
Induced			
Jobs	467	28	67
Wages	$22,381,200	$1,344,000	$3,199,800
Economic Output	$63,772,500	$3,829,500	$9,117,700
Total			
Jobs	1,789	139	291
Wages	$96,703,700	$5,808,600	$13,842,800
Economic Output	$252,466,900	$14,765,500	$37,563,100

In 2017 dollars. May not sum to total due to rounding.

Source: Rounds Consulting Group, Inc.

Fiscal Impact Residential/Retail Development			
	Construction	Retail Operations	Residential Expenditures
Primary Impact from Operations	$1,568,300	$311,600	$189,900
Construction Sales Tax	$1,557,400	-	-
Utility Sales Tax	-	$2,600	$16,100
Retail Sales Tax	-	$273,400	$39,000
Commercial Lease Tax	-	$20,800	-
Real Property Tax	-	$9,000	$132,800
State Shared Revenues	$10,900	$5,800	$2,000
Secondary Impact from Direct Employees	$118,500	$11,500	$22,600
Employee Spending Sales Tax	$48,300	$4,000	$8,300
Employee Property Tax	$35,100	$3,800	$7,200
State Shared Revenues	$35,100	$3,700	$7,100
Secondary Impact from Indirect & Induced Employees	$120,800	$6,000	$15,000
Employee Spending Sales Tax	$46,500	$2,200	$5,500
Employee Property Tax	$39,700	$2,000	$5,000
State Shared Revenues	$34,600	$1,800	$4,500
Total Fiscal Impact	$1,807,600	$329,100	$227,500

In 2017 dollars. May not sum to total due to rounding.

Source: Rounds Consulting Group, Inc.

The fiscal impact from construction would occur in years 1 and 2. The ongoing fiscal impact from resident spending and retail activities would occur in years 3 through 10. Over the ten year period, these figures sum to $6.3 million.

4.3 Economic and Fiscal Impact of Employment Uses

Using industry standards and the existing land use plan, it is estimated that roughly 1.6 million square feet (an assumed FAR of .29, which may be high) of light industrial, office park, and retail uses could be built at the subject property.

Construction Impact: Construction of this employment space would directly support 750 persons earning a combined $53.7 million and generate an economic output of $120.3 million. Another 611 employees, $32.2 million in wages, and $89.5 million in economic output would be supported by construction activity. In total, an estimated 1,361 jobs, $85.9 million in wages, and $209.8 million in economic output would be generated.

The Town of Gilbert would collect an estimated $1.8 million from construction activity. This is directly generated from construction expenditures. Another $192,500 would be generated by the direct, indirect, and induced jobs supported by construction. In total, Gilbert would collect over $2.0 million from construction activities. This is assumed to occur over years 1 and 2.

Operations Impact: Once construction is completed, the light industrial, office, and retail space would support an estimated 1,543 jobs. These employees would earn roughly $89.7 million and generate an economic output of about $287.4 million. In total, 3,066 jobs, $168.1 million in wages, and $505.7 million in economic output is generated by the commercial operations.

Each year, the Town would collect about $809,500 from the on-site industrial, office, and retail activity. This is generated from on-site retail sales, taxes levied on utility and leases, by property taxes, and State Shared Revenues. Another $412,600 is generated by the direct, indirect, and induced employees. Annually, the Town would collect about $1.2 million from employment use.

Economic Impact
Employment Development

	Construction	Industrial, Office & Retail Operations
Direct		
Jobs	750	1,543
Wages	$53,702,500	$89,665,000
Economic Output	$120,334,000	$287,358,500
Indirect		
Jobs	199	712
Wages	$12,459,700	$39,546,800
Economic Output	$33,196,600	$107,526,500
Induced		
Jobs	412	811
Wages	$19,748,600	$38,890,200
Economic Output	$56,278,900	$110,815,400
Total		
Jobs	1,361	3,066
Wages	$85,910,900	$168,102,000
Economic Output	$209,809,600	$505,700,400

In 2017 dollars. May not sum to total due to rounding.

Source: Rounds Consulting Group, Inc.

Fiscal Impact Employment Development	Construction	Industrial, Office & Retail Operations
Primary Impact from Operations	$1,817,600	$809,500
Construction Sales Tax	$1,805,000	-
Utility Sales Tax	-	$66,100
Retail Sales Tax	-	$298,500
Commercial Lease Tax	-	$217,600
Real Property Tax	-	$222,700
State Shared Revenues	$12,600	$4,600
Secondary Impact from Direct Employees	$112,200	$218,000
Employee Spending Sales Tax	$47,300	$85,300
Employee Property Tax	$31,400	$64,500
State Shared Revenues	$33,500	$68,200
Secondary Impact from Indirect & Induced Employees	$80,300	$194,600
Employee Spending Sales Tax	$31,900	$70,600
Employee Property Tax	$25,500	$63,600
State Shared Revenues	$22,900	$60,400
Total Fiscal Impact	$2,010,100	$1,222,100

In 2017 dollars. May not sum to total due to rounding.

Source: Rounds Consulting Group, Inc.

Using the previous approach, and assuming the employment use option would begin after year five, construction impacts would be realized in years 6 and 7. Ongoing operations impacts would be realized in years 8, 9 and 10. Total Town revenue sums to $5.7 million under this alternative scenario. The scenario where nothing is developed over the full ten year period would obviously sum to zero.

It is difficult to directly compare employment use vs. residential use projects because employers need employees (i.e. residents) and residents need jobs (i.e. employers). Thus, there is overlap between the uses. The ideal situation would be for a community to develop both residential and employment use projects concurrently. This project may allow for the proposed residential use development to proceed while other areas within the Town develop additional employment opportunities for these residents. This would allow the Town to benefit from both the residential and employment economic impacts.