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# Accessory Dwelling Units and HB 2720 in Arizona

ARCHES
ARIZONA RESEARCH CENTER
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**AUTHORS:**
PAUL GEORGE-BLAZEVICH
LESLEY PÉREZ

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## About ARCHES

The **Arizona Research Center for Housing and Economic Solutions (ARCHES)** was funded by the Department of Housing and Urban Development (HUD) grant through its HSI Center of Excellence investment to advance knowledge and evidence-based solutions related to housing challenges focused on Hispanic and other underserved communities in Arizona and the Southwest.

The center is co-located at Arizona State University's (ASU) Morrison Institute for Public Policy and the University of Arizona's (UA) Drachman Institute and includes researchers from Northern Arizona University (NAU) and the University of New Mexico (UNM), all Hispanic Serving Institutions. The center includes over 24 researchers with expertise in housing planning, policy, architecture, geographical sciences, political science, economics, and real estate. It is supported by a community advisory board and community partners, which include **Chicanos Por La Causa**, **Southwest Fair Housing Council**, and **Home Matters to Arizona**. Researchers work directly with community partners and stakeholders across Arizona and the Southwest.

***The center's mission is to become the hub for research addressing housing and its intersections with security, climate, and health for Arizona and the Southwest. The center aims to create connections between research and practice and values place-based research that is community-engaged, evidence-based, and solution-focused.***

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ARCHES-housing@asu.edu

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## Accessory Dwelling Units and HB 2720 in Arizona

Signed into law on May 21st, 2024, Arizona House Bill 2720 requires that Arizona cities with at least 75,000 residents adopt regulations to legalize construction of accessory dwelling units (ADUs) on residential parcels. The bill aims to provide more flexibility for property owners to develop accessory units, eventually increasing housing options and the number of housing units across the state. This bill provides standard regulations for ADUs in Arizona, which requires the affected cities to update their zoning ordinances to comply with the law. Arizona is following other states that have passed statewide ADU legislation. In addition to Arizona, thirteen states have passed ADU legislation that preempts local ADU regulations, including California, Colorado, Oregon, Rhode Island, and Vermont.[1] The purpose of this fact sheet is to provide a summary of the HB 2720 requirements and a comparison with preexisting regulations of the Arizona cities impacted by the legislation.

### IMPACTS OF HB 2720

Cities and states have several reasons for adopting ADU-related codes and regulations. Cities and states considering regulation to encourage ADU development often cite several potential benefits, including:

**ADUs are a tool to grow the housing supply:**

One of the primary goals of standardizing ADU regulations is to increase the housing supply, particularly in already built-out areas. HB 2720, and other similar legislation, seeks to add new housing units incrementally, ultimately expanding the housing supply and moderating housing cost increases.

**ADUs diversify the housing supply:**

Because ADUs can be added to already-developed lots, ADU development can add moderate density in built-out areas without dramatically altering the existing neighborhood form. It is more financially viable to provide infrastructure for dense areas compared to neighborhoods with lower housing unit density.[2] Residents in dense areas typically use fewer environmental resources than those living in low-density areas.[3]

**ADUs can benefit existing property owners:**

ADUs also give existing homeowners more flexibility to adapt their properties to meet changing life circumstances. For example, ADUs, if rented out, can provide homeowners with a new source of income. ADUs can also provide inter-generational housing options. For example, ADUs can allow elderly family members and those with disabilities to live near relatives while maintaining privacy and independence.

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[1] Emily Hamilton and Abigail Houseal, "A Taxonomy of State Accessory Dwelling Unit Laws 2024," Mercatus Center, August 14, 2024, https://www.mercatus.org/research/policy-briefs/taxonomy-state-accessory-dwelling-unit-laws-2024.
[2] Reid H. Ewing, "Characteristics, Causes, and Effects of Sprawl: A Literature Review," in John M. Marzluff, et al., *Urban Ecology*, Boston, MA: Springer, 2008, https://doi.org/10.1007/978-0-387-73412-5_34.
[3] Benjamin Goldstein, Dimitrios Gounaridis, and Joshua P. Newell, "The carbon footprint of household energy use in the United States," *Proceedings of the National Academy of Sciences*, 117(32), 2020, 19122-19130, https://doi.org/10.1073/pnas.1922205117.

## Table 1. Local ADU Regulations Prior to HB 2720 Implementation

| | ADUs allowed in all residential zones? | Rental restriction? | # of ADUs allowed? | Size | Height | Off-Street Parking | Setbacks |
|---|---|---|---|---|---|---|---|
| **REGULATIONS PER HB 2720** | ADUs are allowed in all residential 1zones. | No restrictions against long-term rentals. | Two per lot: one attached and one detached. Third ADU allowed on sites of one acre or more, if one ADU is reserved for affordable housing. | Up to 75% of the size of the primary structure or 1,000 square feet, whichever is less. | Same regulations as a primary home in the same residential zone. | No off-street parking spots are required. | Cities can require a maximum 5-foot setback from side and rear property boundaries. |
| **PHOENIX** | ADUs are allowed in some residential zones. | No restrictions against renting ADUs. | One ADU allowed per parcel. | Maximum of 75% of the square footage of the primary home. Maximum of 1,000 square feet for lots under 10,000 square feet. Maximum of 3,000 square feet or 10% of the lot area (whichever is smaller) for lots over 10,000 square feet. | Maximum height of 15 feet. | No regulations found. | A minimum of 10 feet from a side street and 3 feet from an interior boundary. |
| **TUCSON** | ADUs are allowed in all residential zones. | No restrictions against renting ADUs. | One ADU allowed per parcel. | Minimum of 650 square feet. Maximum of 10% of the lot size or 1,000 square feet, whichever is smaller. | Maximum height of 12 feet. Can be up to the height of the primary home if the primary home is two stories tall. | One off-street parking spot is required. This requirement can be waived if the ADU is within 0.25 mile of transit facilities or bicycle infrastructure. | A minimum of 6 feet or 2/3 the height of the structure. |
| **MESA** | ADUs are allowed in all residential zones. | No restrictions against long-term rentals. | One ADU allowed per parcel. | Maximum of 30% of the square footage of the primary home. Maximum of 50% of the square footage of the primary home within the Town Center Redevelopment Area or within an Infill District. | Maximum height of 8, 10, or 15 feet depending on the location within the parcel. | No off-street parking spots are required. | Same regulations as a primary home in the same residential zone. |
| **CHANDLER** | ADUs are allowed in some residential zones. | No restrictions against long-term rentals. | One ADU allowed per parcel. | Maximum of 30% of the lot size. | Maximum height of 15 feet. | One off-street parking spot is required. | Same regulations as a primary home in the same residential zone. |
| **GILBERT** | ADUs are allowed in some residential zones. | No restrictions against long-term rentals. | One ADU allowed per parcel. | Must be smaller than the primary home. | Cannot exceed the height of the primary home. | One off-street parking spot is required. | A minimum of 30 or 40 feet, depending on the location within the parcel. |
| **GLENDALE** | ADUs are allowed in some residential zones. | No restrictions against long-term rentals. (Owner of the property must live in the primary home on the parcel.) | One ADU allowed per parcel. | Maximum of 50% of the square footage of the primary home. | Maximum height of 16 feet. | No regulations found. | Same regulations as a primary home in the same residential zone. |

Table 1. Local ADU Regulations Prior to HB 2720 Implementation (continued)

| | ADUs allowed in all residential zones? | Rental restriction? | # of ADUs allowed? | Size | Height | Off-Street Parking | Setbacks |
|---|---|---|---|---|---|---|---|
| **SCOTTSDALE*** | No regulations found. | No regulations found. | No regulations found. | No regulations found. | No regulations found. | No regulations found. | No regulations found. |
| **PEORIA** | ADUs are allowed in some residential zones. | No restrictions found. | No regulations found. | No regulations found. | Maximum height of 15 feet. | No regulations found. | Must be equal to or more than the smallest side yard for the primary home on the property. |
| **TEMPE** | ADUs are allowed in some residential zones. | No restrictions against renting ADUs. | One ADU allowed per parcel. | Maximum of 800 square feet. | Maximum height of 15 feet. | No off-street parking spots are required. | A minimum of 3 feet. |
| **SURPRISE** | ADUs are allowed in some residential zones. | No restrictions against renting ADUs. | One ADU allowed per parcel. | Maximum of 50% of the square footage of the primary home. | Maximum height of 9 feet. | One off-street parking spot is required. | A minimum of 5 feet. |
| **GOODYEAR** | ADUs are allowed in some residential zones. | There are restrictions against renting ADUs. | One ADU allowed per parcel. | No regulations found. | Maximum height of 12 feet. | No off-street parking spots are required. | Same regulations as a primary home in the same residential zone. |
| **BUCKEYE** | ADUs are allowed in some residential zones. | No restrictions against renting ADUs. | One ADU allowed per parcel. | No regulations found. | Cannot exceed the height of the primary home. | No off-street parking spots are required. | Same regulations as a primary home in the same residential zone. |
| **YUMA** | ADUs are allowed in some residential zones. | No restrictions against renting ADUs. | One ADU allowed per parcel. | Minimum of 100 square feet. Maximum of 50% of the square footage of the primary home. | Cannot exceed the height of the primary home. | No off-street parking spots are required. | A minimum of 5 feet. |
| **AVONDALE** | ADUs are allowed in some residential zones. | No restrictions against renting ADUs. | No regulations found. | No regulations found. | Maximum height of 15 feet. | No regulations found. | No regulations found. |
| **FLAGSTAFF** | ADUs are allowed in some residential zones. | No restrictions against renting ADUs. | One ADU allowed per parcel. | Maximum of 800 square feet for lots less than one acre. Maximum of 1,000 square feet or 50% of the square footage of the primary home (whichever is greater) for lots greater than one acre. | Maximum height of 24 feet. | No off-street parking spots are required. | A minimum 0 feet of setback when abutting an alley. A minimum of 5 feet of setback when abutting another property. |
| **QUEEN CREEK*** | No regulations found. | No regulations found. | No regulations found. | No regulations found. | No regulations found. | No regulations found. | No regulations found. |

Cities with population greater than 75,000 listed in descending order.
* Unable to confirm pre-HB 2720 ADU regulations with city staff.

## STATE LEGISLATION SUMMARY

Arizona House Bill 2720 regulates the construction and use of accessory dwelling units (ADUs) for Arizona municipalities with more than 75,000 people.[4] The legislation permits ADUs on any lot or parcel where single-family dwelling units are currently allowed. This bill will allow up to two ADUs on a property that is zoned for single-family homes, with one ADU being attached to the home and a second ADU being detached from the home. A third ADU can be built on single-family home parcels if larger than one acre. If owners proceed with building three ADUs, one is required to be a restricted-affordable dwelling unit. ADUs can be up to 75% of the square footage of the primary home on the property or up to a maximum of 1,000 square feet, whichever is less. To comply with the legislation, municipalities cannot require additional off-street parking for ADUs, cannot require setbacks of more than 5 feet for ADUs, must allow the primary home and the ADU to be rented as long-term rentals, and cannot require any sort of preexisting relationship between the owner of the parcel and the occupant of the ADU.[5]

## PURPOSE OF THIS FACT SHEET

The Arizona Research Center for Housing and Economic Solutions (ARCHES) captured data on the preexisting ADU regulations of cities impacted by HB 2720 (cities with more than 75,000 residents). Table 1 summarizes the HB 2720 requirements and the ADU regulations for each city in place before HB 2720 went into effect. Wherever possible, ARCHES researchers verified their interpretations of each city land use code related to ADUs with city planning staff.[6]

## KEY FINDINGS

HB 2720 standardizes ADU regulations in the 16 Arizona cities with more than 75,000 people. A key impact of this statewide legislation is that more ADUs are allowed per parcel than what was previously allowed in most jurisdictions. Most municipalities impacted previously only allowed one ADU per parcel while HB 2720 allows two or three ADUs per parcel, depending on certain conditions. The new legislation removes required off-street parking spots for ADUs; at least four municipalities had previously required designated off-street parking for ADUs. Setback regulations are significantly altered; several jurisdictions had previously required minimum setbacks for ADUs. HB 2720 states that the largest setback a municipality can require is a 5-foot setback. At least 3 municipalities had required greater minimum setbacks before HB 2720. One of the broadest impacts of HB 2720 is the requirement for ADUs to be allowed in all residential zones. Only two cities in Arizona had previously allowed ADUs in all residential zones. Further impacts of HB 2720 are listed below.

- While most cities allowed ADUs in some residential areas before HB 2720, few permitted them in every zone.

[4] State of Arizona, House of Representatives, Senate Engrossed House Bill: accessory dwelling units; requirements, House Bill 2720, 56th Legislature, 2nd Regular Session, 2024, chap. 196, accessed February 11, 2025, https://www.azleg.gov/legtext/56leg/2R/laws/0196.pdf; Arizona Revised Statues § 9-461.18.

[5] While cities HB 2720 prevents cities from instituting long-term rental restrictions on ADUs, other legislation allows cities to impose limits on using ADUs as short-term rentals. For example, under Arizona Revised Statutes § 9-500.39, cities can require that the property owner resides in the primary unit if the ADU is rented as a short-term rental, provided the ADU was built after September 24th, 2024.

[6] ARCHES was unable to confirm pre-HB 2720 ADU regulations in Scottsdale and Queen Creek with city staff in those jurisdictions.

- Before HB 2720, few cities had language regarding rental of ADUs included in their zoning code.
- No city allowed more than one ADU per residential parcel. HB 2720 increases the number of permissible ADUs per lot.
- HB 2720 unifies ADU size regulations across Arizona.
- HB 2720 requires that ADU height limits must match regulations for primary structures. Prior to the state legislation, many cities' height restrictions for ADUs were more restrictive than regulations for primary structures.

**FURTHER ADU POLICY SUGGESTIONS**

In addition to HB 2720, additional local programs could be helpful for property owners who are interested in building ADUs. Several jurisdictions have created a pre-approved selection of ADU building plans that homeowners may choose from for their own project. These plans can be created by local design firms or through public contests. The city can then refer a property owner to the design firm in order to purchase the plan, knowing that the design has already been approved by the city. Model plan libraries can help reduce homeowners' permit fees, save municipal staff time spent reviewing design plans, and provide a financial benefit for local architects and designers.[7] Instituting financial incentives can help residents who want to build an ADU but don't have the capital required to pay for the full cost of the project. To reduce the financial burden, ADU financing programs may pay for the permitting process of ADUs or cover part of the construction cost. Grants or low-cost loans for ADUs may be encouraged or administered by public offices in partnership with local financial institutions. These publicly funded grant programs may only pay for a portion of an ADU project, but they may act as gap-funding that makes an ADU more feasible for a property owner. Loan programs may be set up through partnerships between municipalities and local banks, helping local banks understand the benefits of investing in private ADU projects.

[7] "Casitas in Tucson: Frequently Asked Questions," City of Tucson, accessed June 2025, https://casitas.tucsonaz.gov/pages/c794e3ffcb094be68db4ac9e9b4c005c.

ARCHES-housing@asu.edu
morrisoninstitute.asu.edu/arches