

**Department of Community Planning and Economic Development  
Zoning Code Text Amendment**

**Date:** July 29, 2013

**Initiator of Amendment:** Council Member Schiff

**Date of Introduction at City Council:** June 28, 2013

**Specific Site:** Citywide

**Ward:** Citywide      **Neighborhood Organization:** Citywide

**CPED Staff and Phone:** Jason Wittenberg, (612) 673-2297

**Intent of the Ordinance:** To amend residential density standards

**Appropriate Section(s) of the Zoning Code:** Chapter 527: Planned Unit Development; Chapter 546: Residence Districts; Chapter 547: Office Residence Districts; Chapter 548: Commercial Districts; Chapter 551: Overlay Districts

Chapter 520, Introductory Provisions, was also introduced: However, staff is not recommending changes to this chapter as part of this amendment and recommends that it be returned to the author.

**Background:** An ordinance was introduced by Council Member Schiff to the City Council on June 28, 2013, to reconsider the way in which the city regulates residential density. The City's zoning ordinance has historically placed limits on residential density primarily through a standard that requires a minimum amount of lot area for each residential dwelling unit. For example, an apartment or condominium building in the R5 district must include at least 700 square feet of lot area per residential unit. To determine the number of dwelling units currently allowed on a property, one divides the property's area by the minimum lot area per dwelling unit. Applicable density bonuses may reduce this number, thereby increasing allowed density. Among the zoning districts that allow multi-family residential uses, all except the downtown districts (B4, B4S, B4C, and B4N) include this type of standard. In 2009 the City Council adopted a zoning code text amendment that reduced the minimum lot area requirements—thus increasing the allowed density—in many zoning districts.

The proposed ordinance would eliminate minimum lot area per dwelling unit standards in most zoning districts. The zoning ordinance includes a number of additional tools that would continue to place practical limitations on the number of dwelling units that may be constructed on a given piece of property in most zoning districts, including:

- Minimum off-street parking requirements
- Maximum permitted height
- Maximum floor area ratio
- Minimum size of individual dwelling units (350 sq. ft. for efficiency units; 500 sq. ft. for all other units)
- Required yards/setbacks (primarily in R and OR Districts)

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- Maximum building coverage (R and OR Districts only)

Minimum lot area per dwelling unit standards would be retained in the R3 and R4 Districts. Existing minimum lot area standards and floor-area ratio (FAR) standards are noted below for all districts that allow multi-family residential uses:

<i>Zoning Districts That Allow Multi-Family Residential Uses</i>	<i>Minimum Lot Area Per Dwelling Unit (square feet)</i>	<i>Maximum FAR for Multi-family Residential Uses</i>
R3	1,500	1.0
R4	1,250	1.5
R5	700	2.0
R6	400	3.0
OR1	1,500	1.5
OR2	700	2.5
OR3	300	3.5
C1	700	1.7
C2	700	1.7
C3A	400	2.7
C3S	400	2.7
C4	900	1.7
B4, B4S, B4C, B4N	No minimum	varies
ILOD	900	2.7

**Purpose for the Amendment:**

**What is the reason for the amendment?**

**What problem is the amendment designed to solve?**

**What public purpose will be served by the amendment?**

**What problems might the amendment create?**

The proposed amendment would change the way residential density is regulated in most zoning districts where multi-family uses are allowed. Standards requiring a minimum lot area per dwelling unit would be eliminated in all districts except for the low- and medium-density residence districts. The City Council last amended these standards in 2009. In spite of the flexibility added in 2009, approximately 20 percent of all major residential and mixed-use developments (i.e., those with 10 or more new dwelling units) received variances from these zoning ordinance standards since that time.

This amendment would add flexibility and would eliminate a built-in disincentive to incorporate smaller dwelling units into multi-family developments. Nothing in this amendment would allow additional building height or bulk in any zoning district. Although the amendment may allow for increased density as measured by the number of dwelling units per acre, this measure of density has inherent limitations. For example, a development with R5 zoning on a 70,000 square-foot lot can incorporate 100 dwelling units, prior to considering any applicable density bonuses. This theoretical development might build all two-bedroom units, for a total of 200 bedrooms. Under existing regulations, a developer could not construct the same building with 200 units containing one bedroom each (again, totaling 200 bedrooms).

Thus, while the two comparable buildings might house the same number of people, one development—the one with fewer and larger units—could be constructed under existing regulations while the other could not. While the building with more dwelling units might intuitively generate more apprehension from nearby residents concerned about “density,” it’s worth noting that a building with a higher number of dwelling units would also be required to provide a higher number of off-street parking spaces.

It’s expected that adoption of the amendment would reduce the regulatory burden on those providing additional housing in the city. Further, the amendment would reduce the number of variance and rezoning applications, freeing staff time to focus on issues that address a development’s compatibility with its urban context. A significant percentage of the rezoning applications considered by the City are filed for the sole purpose of increasing permitted density on the properties being rezoned.

There is a growing consensus among planning commissioners and staff that existing density standards may no longer be an important tool for regulating development and that, in some instances, the limitations may conflict with adopted policy objectives. As the City continues to place additional emphasis on quality urban design and ensuring that new development makes a positive contribution to its neighborhood, the specific number of dwelling units incorporated in new buildings has become less important.

The amendment would allow the marketplace to play a greater role in determining the number and size of dwelling units within new development projects. Existing regulations essentially penalize smaller dwelling units. Given ongoing changes to the structure of households in Minneapolis and nationwide, the city’s regulations may not be keeping pace with the type of dwelling units that are increasingly in demand. Between 1960 and 2010, the percentage of one-person households in the United States increased from 13.4 percent to 26.7 percent of all households. In Minneapolis, approximately 43 percent of all households are occupied by one person, compared to approximately 32 percent in Hennepin County as a whole. In some Minneapolis Census tracts, the percentage of households occupied by one person exceeds 65 percent. Among all dwelling units in Minneapolis, there is currently a relatively even distribution between one-bedroom (25.9%), two-bedroom (29.2%), and three-bedroom (26.3%) units.

Most existing density bonuses allow for a 20 percent increase in both the gross floor area and the number of allowed dwelling units in qualifying developments. The amendment would alter existing density bonuses to only allow an increase in the gross floor area. Because the number of dwelling units will not be subject to a specific limitation, the bonus to increase the number of allowed dwelling units would no longer be a meaningful incentive. In order to avoid the potential for higher-density developments in the two medium-density residence districts, staff is proposing to retain existing density standards (i.e., minimum lot area per dwelling unit) in the R3 and R4 districts while retaining bonuses that are applicable to those districts.

As noted in the background section of this report, the zoning ordinance would retain a number of tools that place practical limitations the number of dwelling units that can be constructed on a given piece of property, including:

- Minimum off-street parking requirements
- Maximum permitted height
- Maximum floor area ratio (FAR)
- Minimum size of individual dwelling units (350 sq. ft. for efficiency units; 500 sq. ft. for all other units)

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- Required yards/setbacks (primarily in R and OR Districts)
- Maximum building coverage (R and OR Districts only)

No changes are proposed to maximum permitted FAR—except to establish a maximum FAR for cluster developments. With a greater reliance on FAR as a tool for regulating residential intensity, the City might find that this amendment will create a need to revisit maximum FAR standards in the future, either to add flexibility or become more restrictive. It's possible that, with no specific limit on the maximum number of dwelling units, developers may seek to maximize allowed FAR to a greater extent. At this time, staff finds that the maximum FAR standards are appropriate in each zoning district.

It should be noted that existing large buildings, which may be nonconforming as to current maximum floor area and height standards, could accommodate a larger number of dwelling units under this amendment provided those units are able to meet their minimum off-street parking requirement as well as the minimum size of individual dwelling units. It should also be noted that staff has faced questions about reducing or eliminating the zoning code's minimum size of individual dwelling units. Those regulations were not part of the subject matter introduction for this amendment and changes to dwelling unit size are not proposed at this time.

Staff is proposing to establish a maximum floor-area ratio (FAR) for cluster developments in the residence and office residence districts. In these districts, cluster developments are limited to 2½ stories in height. To reinforce the fact that cluster developments are intended for lower-intensity uses and townhouse developments, staff proposes an FAR equivalent to the standard for single-family dwellings.

Staff is not proposing to amend the overall minimum lot size needed in order to construct a residential development. In most cases, 5,000 square feet of lot area is required for a residential development project.

**Timeliness:**

**Is the amendment timely?**

**Is the amendment consistent with practices in surrounding areas?**

**Are there consequences in denying this amendment?**

The amendment is timely given the high number of variances being granted from minimum lot area per dwelling unit standards. City planning commissioners have asked that staff bring this amendment forward as soon as possible. Architects with experience designing multi-family developments in Minneapolis have long-advocated for a different way of regulating density. Recent development proposals have demonstrated that existing regulations may act as an unnecessary barrier to development projects that are compatible with their surroundings. Some neighborhoods, particularly near the University of Minnesota, have specifically advocated for construction of smaller dwelling units and have found that existing regulations conflict with this objective.

Peer cities use several different standards to regulate multi-family residential density. This proposed amendment would align closely with practices in St. Paul, where there are no minimum lot area per dwelling unit standards in the business districts or in three of the four traditional neighborhood districts. St. Paul's ordinance retains minimum lot area standards in the residential zoning districts.

Practices in other selected cities:

- Seattle: Most multi-family districts have no density limits.
- Portland: Limits on density in lower-intensity residential districts, but no limits in higher-intensity districts. No minimum lot area per dwelling unit standards in commercial districts.
- Denver: No minimum lot area per dwelling unit standards
- Milwaukee: Has minimum lot area per dwelling unit standards
- Pittsburgh: Has minimum lot area per dwelling unit standards
- Austin, TX: Has density standards
- Louisville: Maximum dwelling units per acre standards in residence districts

If the amendment is denied, the city's zoning ordinance will continue to perpetuate a disincentive to construct smaller dwelling units. It's expected that the City would continue to receive a significant number of rezoning and variance requests in order to increase permitted density in many new development projects.

### **Comprehensive Plan:**

#### **How will this amendment implement the Comprehensive Plan?**

The cities comprehensive plan includes strong policies favoring growth, particularly in and along land use features such as Growth Centers, Transit Station Areas, Community Corridors, and Commercial Corridors.

The comprehensive plan notes that, "By increasing the housing stock and retaining and attracting residents, the city establishes a foundation for a strong and vibrant future. Increased population has a number of positive effects. New households can:

- stabilize and support the city's commercial districts;
- provide a basis for a strengthened transit system;
- contribute to safer streets; and improve the tax base, which keeps schools and libraries open, and supports city services"

The following general land use policies of the *Minneapolis Plan for Sustainable Growth* apply:

**Land Use Policy 1.1: Establish land use regulations to achieve the highest possible development standards, enhance the environment, protect public health, support a vital mix of land uses, and promote flexible approaches to carry out the comprehensive plan.**

**Land Use Policy 1.4: Develop and maintain strong and successful commercial and mixed use areas with a wide range of character and functions to serve the needs of current and future users.**

**Land Use Policy 1.5: Promote growth and encourage overall city vitality by directing new commercial and mixed use development to designated corridors and districts.**

**Land Use Policy 1.8: Preserve the stability and diversity of the city's neighborhoods while allowing for increased density in order to attract and retain long-term residents and businesses.**

**Land Use Policy 1.13: Support high density development near transit stations in ways that encourage transit use and contribute to interesting and vibrant places.**

**Housing Policy 3.1: Grow by increasing the supply of housing.**

**Housing Policy 3.3: Increase housing that is affordable to low and moderate income households.**

**Economic Development Policy 4.1: Support private sector growth to maintain a healthy, diverse economy.**

The proposed amendment is consistent with the policies of the comprehensive plan. The amendment creates additional flexibility to respond to the market for dwelling units of various sizes.

The comprehensive plan refers to areas where low-, medium- and high-density development is appropriate. While this amendment takes a new approach to residential density, without specific numeric limits, the city's zoning map will continue to include higher density/higher intensity districts in appropriate locations to align with adopted policy objectives. In general, permitted floor-area ratios increase with higher density districts. See the table in the background section of this report. Of course, more dwelling units (and more bedrooms) can be incorporated into buildings with more floor area. In this way, districts that allow greater floor area will allow greater density as well, consistent with the comprehensive plan. As noted above, this amendment does not authorize larger or taller buildings. Therefore, while the amendment may allow a greater number of *dwelling units* per acre in some districts, the amendment will not necessarily lead to greater number of *people* per acre.

In order to avoid the potential for higher density development in areas where the comprehensive plan calls for low- and medium-density development, staff proposes to retain existing density standards in the R3 and R4 districts.

## **RECOMMENDATIONS:**

### **Recommendation of the Department of Community Planning and Economic Development:**

The Department of Community Planning and Economic Development recommends that the City Planning Commission and City Council adopt the above findings and **approve** the zoning code text amendment, amending chapters 527, 546, 547, 548, and 551. Staff further recommends that Chapter 520 be **returned** to the author.

## **Attachments:**

1. Information regarding major housing projects approved since 2008
2. Ordinance amending Chapter 527: Planned Unit Development.

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3. Ordinance amending Chapter 546, Residence Districts.
4. Ordinance amending Chapter 547, Office Residence Districts.
5. Ordinance amending Chapter 548, Commercial Districts.
6. Ordinance amending Chapter 551, Overlay Districts.