

Subject City regulation of residential development

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Overview

This bill includes many requirements relating to city regulation of residential development. The bill would create three new sections of the Minnesota Statutes, focused on requirements for multifamily residential developments, middle housing, and aesthetic mandates.

Summary

Section	Description
1	<p>[462.3571] Multifamily residential developments. Provides requirements and limitations on city regulations related to multifamily residential developments. Articulates certain city administrative procedures relating to such developments.</p> <p>Subd. 1. Definitions. Defines the following terms for the purposes of the section: "affordable housing development," "city," "residential unit," and "structure."</p> <p>Subd. 2. Multifamily residential developments. Provides that multifamily residential developments are a permitted use in any commercial zoning district. Such developments could not be constructed on a lot zoned for a single-family home unless otherwise provided by law, rule, or ordinance.</p> <p>Also provides that a multifamily residential development may be mixed use so long as at least 50 percent of the square footage of the development is dedicated to residential use.</p> <p>Subd. 3. Compliance with comprehensive plan; zoning. Requires approval of a multifamily residential development by a city if it is consistent with the comprehensive plan on the date of submission and complies with the requirements of this section and all state and municipal standards.</p> <p>Subd. 4. Applicable zoning standards. Prohibits a city from imposing more restrictive standards on a multifamily residential development than those that</p>

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apply to property zoned for the current use of the parcel. Also provides limitations on city requirements for height and setbacks for multifamily residential developments.

Subd. 5. Parking requirements limited. Prohibits a city from requiring more than one off-street parking space per residential unit.

Subd. 6. Affordable housing development; height requirements. Authorizes an affordable housing development to exceed both a maximum height requirement and a maximum floor area ratio limitation within certain parameters in a manner that will produce the tallest development with the most number of affordable housing units.

Subd. 7. Administrative review process. Requires a city to establish an administrative review process for building permit applications for multifamily housing development projects, based on the application's conformity with the city's comprehensive plan, other applicable zoning requirements, and state law. Approval based on certain contingencies is not permitted.

An application denial must be in writing, with an explanation of the denial and how the application can be amended for future approval. An application may be resubmitted after receiving a denial.

A public hearing must not occur as part of the administrative review process unless required by state or federal law. Approval of the city council or a subcommittee thereof is not required for approval of an application.

An application must be approved or disapproved within 60 days of receipt by the city of the application. Failure of a city to approve or disapprove an application within 60 days is an approval of the application. The city may not request an extension for review of the application from the applicant.

A city may request that an applicant incorporate certain design elements into the development that go beyond the criteria in state law and city official controls, but an applicant is not required to do so.

Subd. 8. Local funds. Prohibits a city from imposing requirements on a multifamily housing development that are more restrictive than the requirements in this section if the development is funded in whole, or in part, with local funds or is located in a tax increment financing district or other special district created by the city.

Effective January 1, 2025.

Section	Description
2	<p>[462.3575] City minimum residential densities and associated requirements. Provides requirements for residential dwelling units on residential lots in cities. Articulates certain city administrative procedures relating to such developments.</p> <p>Subd. 1. Definitions. Defines the following terms for purposes of the section: "accessory dwelling unit," "affordable housing," "all-electric and efficient home," "city," "cottage housing," "courtyard apartment," "duplex," "fiveplex," "fourplex," "lot," "major transit stop," "metropolitan area," "middle housing," "residential dwelling unit," "single-family detached home," "sixplex," "stacked flat," "townhouse," and "triplex."</p> <p>Subd. 2. Middle housing types permitted. Requires all cities in the metropolitan area and any city outside of the metropolitan area with a population of 10,000 or more to authorize at least six types of middle housing other than single-family detached homes to be built on residential lots in the city to achieve the density requirements in this section.</p> <p>Subd. 3. Cities of the first class; required residential densities. Requires a city of the first class to permit the development of at least four or six residential dwelling units on any residential lot, depending on the distance from a major transit stop. If certain criteria are met relating to the development of all-electric and efficient homes and affordable housing on a lot, density requirements are increased.</p> <p>Subd. 4. Greater Minnesota small cities; required residential densities. Provides that a city with a population of less than 10,000 that is located outside of the metropolitan area must permit the development of at least two residential dwelling units on any residential lot.</p> <p>Subd. 5. Other cities; required residential densities. Requires a city that is not addressed in subdivision 3 or 4 to permit the development of at least two or four residential dwelling units on any residential lot, depending on the distance from a major transit stop. If certain criteria are met relating to the development of all-electric and efficient homes and affordable housing on a lot, density requirements are increased.</p> <p>Subd. 6. Municipal standards. Requires that any standards, performance conditions, or requirements imposed by a city for residential dwelling units permitted under the density requirement subdivisions must directly relate to protecting public health, safety, and general welfare.</p> <p>Prohibits a city from using official controls to prohibit the application of this section.</p>

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Subd. 7. Commercial district designation. Requires a city with a population of 10,000 or more that does not have a major transit stop within the boundaries of the city to designate the boundaries of at least one commercial district in the city adjacent to residential property that is to be treated as a major transit stop for the purposes of determining density requirements.

Subd. 8. Accessory dwelling units authorized. Provides that an accessory dwelling unit may be built on any residential lot in a city so long as the accessory dwelling unit is built in conformance with the Minnesota State Building Code.

A city may permit more than one accessory dwelling unit to be built on a residential lot.

An accessory dwelling unit qualifies as a residential dwelling for purposes of meeting the density requirements in this section.

Subd. 9. Minimum lot size permitted. Authorizes a city to require a minimum lot size to which the density requirements apply. Parameters for minimum lot sizes are articulated by middle housing type and city size. The minimum lot size requirements do not apply to a city located outside of the metropolitan area with a population of less than 10,000.

Subd. 10. City official controls; limitations. Provides the types of city controls that may be established for buildings. Prohibits city official controls from imposing certain requirements and creating practical difficulties in the placement of residential units on any lot.

Requires city official controls establishing maximum square footage, gross floor area, or other size standards for residential dwelling units to be increased by at least ten percent per single-family unit built on a lot where multiple single-family units will be developed. Authorizes a city to not adjust a height standard for such single-family units.

Requires a city to reduce a setback standard by at least one foot for an all-electric and efficient home.

Subd. 11. Parking requirements limited. Prohibits or limits required off-street parking spaces imposed by a city depending on the distance of a residential dwelling unit from a major transit stop.

Subd. 12. Affordable housing; replacement required. Authorizes demolition of affordable housing on a residential lot for the construction of middle housing only if the development will create at least as many affordable housing units as exist in the structure to be demolished.

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Subd. 13. Subdivision of lots permitted; administrative review process established. Requires a city to allow a residential lot to which the density requirements of this section apply to be subdivided in a manner that allows all units to be built on the property to be single-family detached homes. Clarifies that a residential lot created from this subdivision process that is smaller than a minimum lot size required under subdivision 9 is not subject to the stated density requirements. Provides that a subdivision application is to be treated in accordance with the administrative design review process under subdivision 14.

Subd. 14. Administrative design review process established. Requires a city to establish an administrative design review process for building permits for middle housing development projects and subdivision applications. An application must be approved or denied based on the application's alignment with the city's comprehensive plan and other applicable zoning requirements. The administrative review process shall not involve a public hearing unless one is required by state or federal law or the project affects a lot located in a historic district. A public hearing may be held for requests for variances from city zoning requirements.

An application must be approved or disapproved within 60 days of receipt by the city of a completed application. If the city fails to approve or disapprove an application within 60 days, the application is approved.

Requires a city to specify in writing all requirements for an application to be considered complete and the written requirements must accompany each application.

Authorizes an applicant to direct a city in writing to toll the 60-day review period for an application or begin to run the 60-day review period after it was tolled. A city must not charge a fee to the applicant for such a request.

Subd. 15. Model ordinance. Requires the commissioner of the Minnesota Housing Finance Agency to develop and publish a model ordinance for adoption by cities that addresses the requirements of this section on or before December 31, 2024. A city must adopt the model ordinance or implement an alternative density plan on or before July 1, 2025.

The Minnesota Housing Finance Agency must convene an advisory group of stakeholders to provide information during the development of the model ordinance.

Subd. 16. Alternative density plans. Authorizes a city to develop an alternative density plan and submit the plan to the commissioner of the Minnesota Housing Finance Agency for approval. The city must demonstrate that the alternative

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density plan will result in an equal or greater amount of middle housing production that would occur with the adoption of the model ordinance. The commissioner must approve or disapprove an alternative density plan within 120 days of receipt.

Subd. 17. Exception. Clarifies that this section does not authorize a residential dwelling unit that is prohibited by state or federal law or related ordinance that protects floodplains, areas of critical concern, wild and scenic rivers, or that otherwise restricts residential dwelling units to protect the environment or scenic areas.

Subd. 18. State Building Code; State Fire Code. Clarifies that this section does not modify any requirement of the State Building Code or State Fire Code.

Effective July 1, 2025, except that subdivisions 1, 15, and 16 are effective July 1, 2024, and subdivisions 4 and 5 are effective July 1, 2026.

3 **[462.3576] Limitation on aesthetic mandates for cities.**

Prohibits any city from conditioning approval of a residential building permit, subdivision development, or planned unit development on features related to square footage, aesthetics, design elements, and common property.

Effective July 1, 2024.



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