



CITY OF SAINT PAUL

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DATE: July 9, 2013

TO: Comprehensive Planning Committee

FROM: Sarah Zorn

RE: **Central Corridor/TN Zoning Study Follow Up: Accessory Dwelling Units and Density Bonuses**

Introduction

The Central Corridor/Traditional Neighborhood Zoning Study Follow Up study considers provisions for accessory dwelling units (ADU) and density bonuses to encourage affordable housing and sustainable development. We would like to spend the July 9th meeting discussing the background for the study, the logic behind the proposed ordinance language, and release the study for public hearing in September.

Background

The direction for the study came out of the Central Corridor/Traditional Neighborhood (CCTN) Zoning Study that began in 2010 and was adopted on April 20, 2011. The CCTN study resulted in the rezoning of hundreds of parcels along the Green Line to ensure consistency with adopted city plans. In addition, the study resulted in the creation of the T4 Traditional Neighborhood zoning district, a high density, mixed use district, intended for use in fixed rail corridors. The majority of the property included in the study area was rezoned to T2, T3 or T4 Traditional Neighborhood or IR Light Industrial Restricted.

During the course of the CCTN study there was significant interest in including measures for affordable housing and ways to ensure that a mixture of incomes and housing types remained and were expanded upon in the corridor. Staff recommended the use of accessory dwelling units (a concept that has been included in the most recent Comprehensive Plan and more recently the *Central Corridor Development Strategy*, adopted in 2010) and density bonuses as tools to add to the housing mix in the corridor and exchange density for the inclusion of affordable units. The resolution adopting the CCTN study recommendations (Ordinance #11-27) directed further study of the use of accessory dwelling units, density bonuses and regulations around liner retail. Staff worked with a consultant to research the topics and come up with recommendations as a starting point for discussion. After reviewing the consultant report and discussion with Councilmembers, it was determined that there was no interest in pursuing requirements for liner retail at this time.

Accessory Dwelling Units

Accessory dwelling units (ADUs) are a tool that can be used to produce and maintain affordable housing options that may appeal to residents looking to downsize but stay in the neighborhood, generate some additional income or create life cycle housing options for family members. In 2004, city-wide ADU provisions were proposed alongside the creation of the Traditional Neighborhood zoning districts. The ADU provisions were removed by the City Council in response to public testimony, particularly from residents in areas where large lots would have allowed for ADUs, such as along Summit Avenue and Mississippi River Boulevard, and the City Council asked for additional study. The concept of and interest in ADUs has since been included in the Housing and Transportation Chapters of the Comprehensive Plan and adopted city plans covering the Green Line corridor. ADUs can be used as a means to achieve infill housing goals^a, particularly in an area with improved transportation, increasing density and housing investment.

From the perspective of a low or moderate-income person, ADUs can provide an alternative to renting an apartment in a multifamily building or buying (or renting) a single family home (both of which can be cost prohibitive). An ADU would give a renter direct access to privately-owned green space, a benefit typically associated with homeownership. Owner-occupancy in one unit (either the ADU or the principal structure) would support family-oriented housing options. In addition, the income from an ADU would provide existing homeowners some insurance against the anticipated increase in property taxes from rising home values.^b

Key recommendations of the proposed ordinance include:

- Size would be a minimum of 300 and a maximum of 800 square feet.
- Requiring that one unit be owner-occupied, evidenced by a deed restriction.
- Limiting the use of ADUs to lots that are at least 5,000 square feet and within ½ mile of University Avenue; only one principal dwelling unit and one accessory unit would be permitted on a property.
- The parking requirement would be the number of spaces required by the principal dwelling unit.

Density Bonuses

Density bonuses are a tool that allows a developer to build additional units or square footage in exchange for a public benefit. A report from the consultant suggested that bonuses are most effective when they focus on specific goals, are limited to only a few priority items and are simple to adhere to and administer. The use of several potential bonus items including affordable housing, structured parking, historic preservation, open space, and green building standards were explored. Proposed new bonuses to encourage affordable housing and sustainable development satisfy larger goals and policy objectives, and are based on public hearing testimony from the CCTN study.

The use of an affordable housing bonus item is in line with the goals of the Big Picture Project, which is an attempt to study the distribution of affordable housing along the Green Line and advocate for

^a Housing policy 2.17 in the Housing Chapter of the Comprehensive Plan calls for a zoning study to explore the use of ADUs in existing neighborhoods. Policy 2.3 in the Transportation Chapter calls for creative infill housing in transit corridors in order to increase transit-supportive density and housing choices; ADUs are listed as one type of infill housing.

^b Language taken from the Central Corridor Accessory Dwelling Units Study proposal – HUD Community Challenge Grant application. The application was made in 2010/2011 and was not accepted.

additional resources to further affordable housing construction/preservation, policies and goals in both Saint Paul and Minneapolis. The use of an affordable housing density bonus is one way of getting closer to the stated targets.

Giving a bonus for achieving a specified green building standard is one way to further the goals of the Energy Innovation Corridor and the city's Sustainable Building Policy.

Until the LRT line is up and running and the market improves, it is unlikely that bonus densities will be used. Market conditions need to be such that exceeding the maximum permitted density is desirable and profitable. To date, this has not been the case along University Avenue. Indeed, projects have struggled to meet the 1.0 FAR minimum; elsewhere in the city, projects have struggled to meet the 0.5 FAR minimum in Traditional Neighborhood zones. However, it can be argued that although bonuses may not be used today, it is best to establish them now because it may be more difficult to establish them in the future when the perception may be that the city is "taking" density through downzoning or placing a limit on previously unlimited FAR.

Key recommendations of the ordinance include:

- Affordable housing bonuses range from 15%-25% depending on income level (higher bonus is available for provision of units for lower income levels).
- Affordability period would be a minimum of 15 years.
- Sustainable development bonus of 20% would be available for projects that meet or exceed the requirements in the Sustainable Building Policy.

If you have questions before the committee meeting on July 9th, please feel free to contact Sarah Zorn (651-266-6570 or Sarah.Zorn@ci.stpaul.mn.us).

Attachments:

- Draft zoning text amendments
- Density bonus illustrations (meant to illustrate the use of bonuses in the T2 and T4 districts and on two projects currently in the development pipeline: Hamline Station and 2700 University)