



**CITY OF SAINT PAUL**  
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To: Comprehensive and Neighborhood Planning Committee  
From: Emma Siegworth, Josh Williams, Menaka Mohan, Luis Pereira  
RE: 1-4 Unit Infill Housing Zoning Study: Scoping

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### Summary

In 2018, the City Council passed Resolution 18-1204<sup>1</sup> that stated the need to create and preserve affordable housing, address disparities in housing, and create infrastructure to stabilize housing for all in Saint Paul (attached). Amongst a number of other initiatives, the resolution called for Planning staff and the Planning Commission to study the definition of family as it pertains to the zoning code and occupancy limits, as well as the potential for allowing 3- and 4-plex dwellings in currently single-family zoning districts located in Neighborhood Nodes and/or along transit corridors. The purpose of this memo is to provide background on the latter study, and to elicit feedback on both the scope and key issues that the study will address. The study is taking place at the same time as the aforementioned study of the definition of family, a broad zoning study looking at reduced parking requirements, and as the City Council considers potential changes to RM multifamily zoning districts. These studies will collectively further Comprehensive Plan 2040 policy goals to support environmentally and economically efficient, resilient land use development, offer opportunities for density in areas of high existing or planned transit capacity, and increase housing choices for residents of all income levels. The Housing Chapter calls for strong neighborhoods that support lifelong housing needs by supporting broadened housing choice and the development of missing middle housing types, including duplexes, triplexes, town homes, and small-scale multi-family. This study aims to analyze the potential for these housing types.

### Context

The City of Saint Paul currently faces—along with many other places—a critical housing shortage. Rental vacancy rates are at 3.1 percent as of the fourth quarter of 2019, well below 5%, which is generally regarded as full occupancy for well-functioning rental markets.<sup>2</sup> In addition, large numbers of households are struggling with housing costs: 36% are paying more than 30% of monthly income for housing (considered “cost-burdened”), and 17% are paying more than 50% (considered “severely cost-burdened”).<sup>3</sup> At the same time, Metropolitan Council forecasts have Saint Paul’s population growing by 29,100 people and 12,700 households by 2040.

While there are many factors involved, the housing shortage may be exacerbated by the way in which the City, primarily through zoning, regulates where and what type of housing is permitted. Saint Paul’s zoning code is “Euclidian” in nature, meaning it separates differing land uses into distinct zoning districts. Since the adoption of the current zoning code in 1975, this has included the separation of detached single-family housing from duplexes, triplexes, and other forms of multifamily housing (prior

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<sup>1</sup> Resolution can be found here: <https://stpaul.legistar.com/LegislationDetail.aspx?ID=3551114&GUID=EA5C348E-C176-482B-9BF0-28AA59BC63D5&Options=ID|Text|&Search=18-1204>.

<sup>2</sup> Marquette Advisors Apartment Trends report for the Twin Cities Metro Area.

<sup>3</sup> 2011-2015 Comprehensive Housing Affordability Strategy (CHAS) data.

to 1975, duplexes were allowed citywide). While the zoning code has been regularly amended since that time—including the introduction of traditional neighborhood mixed-use zoning—it has still largely reflected a decision to keep exclusive single-family districts intact. Of Saint Paul’s land area, 67% is zoned residential, and 72% of this (or 48% of the city’s total land area) is zoned exclusively for detached, single-family homes.

### Preliminary Analysis and Scope

Staff have conducted a preliminary analysis and have identified a number of ways in which lots currently zoned only for single family housing could be amended to accommodate 3- and 4-unit dwellings and duplexes, in the zoning code. In addition to changes to use tables and zoning district designations (including potential new districts), reductions in minimum lot area and lot width per unit are the most likely regulatory levers. Reduction in minimum parking requirements could also help to accommodate 2-, 3-, or 4-unit dwellings on typical infill residential lots where structured parking is physically infeasible and cost-prohibitive. Based on the structure of the zoning code and the variation in lot sizes and built form across the city, staff recommends that the zoning study should also look at the potential for non-traditional single-family development, including cluster, cottage, and courtyard developments.

The study could also provide analysis of a variety of options for geographically-applied zoning changes or updates, including proximity to Neighborhood Nodes and transit stops or routes. Some analysis of what falls within a given Neighborhood Node may be required, as well as potentially some assumptions regarding station locations or exact routes for future transit corridors.<sup>4</sup> Beyond spatial/geographic targeting, staff can analyze the potential impacts of these zoning changes in larger areas, or citywide. Staff is requesting CNPC input on spatial parameters for the study.

### Issues and Discussion

In addition to questions of scoping, staff is seeking CNPC input on key policy questions that need to be considered in eventually developing staff recommendations for consideration by the committee and full Planning Commission.

- Household Sizes and Housing Stock:** Much of the housing stock in Saint Paul was built to accommodate larger households than is typical today. In 1960, when Saint Paul was fully developed, the average household size in the U.S. was 3.3 people. It fell continuously until 2010, when it was about 2.5 people per household. Since 2010, it has grown slightly to an estimated 2.6 people per household in 2018, increasing for the first time since records began in the 18<sup>th</sup> century.<sup>5</sup> How does household size and occupancy patterns influence how we think about zoning for 2-4plex housing development?

**Fig. 1. Average Household Sizes**

2018 American Community Survey 5 year estimate

|                               | <u>2018</u> |
|-------------------------------|-------------|
| Owner-occupied - Saint Paul   | 2.76        |
| Owner-occupied - USA          | 2.7         |
| Renter-occupied - Saint Paul  | 2.44        |
| Renter-occupied - USA         | 2.51        |
| <hr/>                         |             |
| Total households - Saint Paul | 2.6         |
| Total households - USA        | 2.63        |

- Impacts on Homeownership Opportunities and Community Wealth:** Homeownership, and particularly ownership of a detached single-family home, is important to many people and is considered part of the “American Dream.” The benefits of homeownership are even codified in the federal tax code through the income tax deduction for mortgage interest payments. Homeownership is also for many a key, or even the primary way, to building personal and household generational wealth. At the same time, Saint Paul is a majority renter city (50.2% of occupied housing units are renter occupied)<sup>6</sup> and rental housing provides shelter for families and individuals where homeownership may be out of reach. Does removing a zoning barrier to

<sup>4</sup> Forty-two of 72 Neighborhood Nodes in the 2040 Comprehensive Plan have adopted small area plans or master plans that apply. Nine additional nodes have such plans soon to be in development (Hillcrest Master Plan; Rush Line Station Area Plans).

<sup>5</sup> PEW Research Center (<https://www.pewresearch.org/fact-tank/2019/10/01/the-number-of-people-in-the-average-u-s-household-is-going-up-for-the-first-time-in-over-160-years/>).

<sup>6</sup> 2018 American Community Survey 5-Year Estimates.

creating potentially more units of housing necessarily lead to decreased owner-occupancy and reduced homeownership opportunities, putting homeownership further out of financial reach for modest-income Saint Paul households, particularly in higher-demand locations such as those close to transit, schools, jobs, and/or commercial corridors? Does it remove a barrier to creating new, more affordable homeownership opportunities such as owner-occupied, condominium, and/or cooperatively-owned 2-4plexes and/or more affordable single-family detached opportunities on land held in common?<sup>7</sup> Does it remove a barrier for addressing the racial homeownership gap in Minnesota and Saint Paul, or could it further exacerbate homeownership disparities for households of color in Saint Paul? How should these concerns be balanced?

- **Financial Equity:** To the extent that allowing 2-, 3-, or 4-unit dwellings in areas currently zoned only for single-family homes generates wealth, who benefits from the wealth built, i.e., how is this wealth distributed? How may this wealth generation vary by neighborhood? At what point is an actual financial incentive created for conversion of an owner-occupied structure to entirely rental units (for non-occupying investors) – is there a distinction to be made in zoning between duplexes, and three- and fourplexes on these dimensions?
- **Affordability:** How important is affordability, and is there a threshold of units that exists above which the City should ensure that at least some new housing to be created is affordable?
- **Markets and Neighborhoods:** A change in zoning as described does not compel a change in land use; it simply removes a barrier. While current market conditions may highlight the need for a zoning study—or in this case may even be explicitly part of the reason for undertaking a study, zoning studies are about the long-term. For example, it is only now, years after zoning changes at Selby and Snelling and along Snelling near University that market conditions are driving new investment that is shaped by that zoning. It is critical for us to try to understand market dynamics and how in the near- and long-term they may drive changes in use (i.e., conversions from single-family to 2-, 3-, or 4-unit dwellings, at the scale of a property, block, and neighborhood). What might this mean for neighborhoods?
- **Building Types:** A potential change in zoning could also inform building types and forms. More units of housing on a lot – depending on lot size – could also offer flexibility in building form. Two, three, or four units does not necessarily mean a taller building. Courtyard homes and twinhomes could also be housing types that staff, the Commission, and community could explore. Should staff also explore different building types or site layouts that could accommodate more units? (i.e. cluster developments such as cottage/courtyard or other nontraditional forms of single-family development, twinhomes with zero lot line, condos, etc.)?
- **Community Engagement Strategies:** We are in unprecedented times and as such our department is thinking about new techniques that allow for socially distanced engagement (digital technology) as well as pop-ups. Are there other platforms or ideas Commissioners are aware of that allowed for robust community participation (in small or large groups)?

### Requested Action

Staff is requesting a discussion of the scope of the zoning study and the key policy questions outlined above. The discussion will inform how staff proceed with the zoning study and eventual development of recommendations for zoning amendments.

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<sup>7</sup> While not very common in Minnesota, housing cooperatives (e.g. for artists, seniors, students, or modest income families) are an alternative ownership model.