

HOUSING FIRST

MINNESOTASM

To: Glen Markegard, Planning Manager, City of Bloomington
From: Nick Erickson, Senior Director of Housing Policy, Housing First Minnesota
Date: April 24, 2023
Subject: Potential Financial Impacts of Bloomington Zoning Amendments

SUMMARY

Thank you for the opportunity to provide an overview of the potential financial Impacts of the City of Bloomington's proposed zoning amendments (the Proposal). As requested, this memo contains estimated potential financial impacts to the proposal as outlined in your April 14 email.

Relative to the city's current zoning controls and exclusive of land costs, the adoption of the Proposal would allow for decreased construction costs for one- and two-family buildings in the city:

- **Single-Family: Estimated Cost Savings of \$49,122.50 Per Unit.** An itemized analysis can be found on page 2.
 - **Two-Family: Up To \$42,077.50 (Duplex) and Up To \$42,627.50 (Twin Home).** An itemized analysis can be found on page 3.

NOTES

Cost estimates for redevelopment and renovation projects at the per-lot or per-unit scale, as the city has proposed, are more dependent on factors relating to both the existing structure and the final, new project than what is seen in greenfield developments or a larger scale redevelopment opportunities. As such, we have attempted to keep these estimates as general as possible. This analysis denotes the individual impact for each item at the "per unit" level.

This cost analysis compares the City's current minimum standards to the Proposal's minimum standards. Items that may impact and/or alter the final cost of a project include, but are not limited to:

- Individual design, feature and aesthetic choices made by the property owner, or required by the city.
- A property's existing features, such as buildings, driveways, trees, etc., which may potentially need to be removed during any development project.
- Variables such as subcontractor labor and material prices and permits outside the Proposal's scope.
- Unknown issues which may arise during the development process.
- While both considered two-family dwellings, "Twin Home" (also known as a *two-unit townhouse*) and "duplexes" (Two-Family Dwellings) are distinct (see enclosed attachment). The shared utilities of a duplex results in a lower cost savings than a twin home.
- Cost per square foot calculation is based on living room/bedroom/hall construction. This does differ from the t whole home \$240 per square foot cost, including kitchen and bathrooms,

Land and Lot Note: Redevelopment opportunities that include lot splits with an existing structure on both sections will likely see the total cost of the acquisition of the pre-split lot and the site clearing/pre-

construction costs be allocated across both final units on a proportional basis by their size, generally, equally. If a portion of a lot can be split free of an existing home, the cost of the land will be value of the new, second lot will be determined by the seller and the buyer, plus all applicable redevelopment costs. Generally, a smaller lot will result in lower lot costs relative to a larger lot requirement.

FINANCIAL ANALYSIS

In consultation with local builder and remodeler firms who are experienced in this smaller scale of construction, we have prepared a list of financial impacts for both single-family and two-family homes.

Single-Family: Est. Savings of Up To \$49,122.50, Relative To Current Zoning Controls (Excludes Land)

Standard	Existing	Proposed	Financial Impacts
Minimum Site Size <i>(Single-Family)</i>	11,000 sq. ft. (internal) 15,000 sq. ft. (corner)	7,800 sq. ft. (internal) 11,050 sq. ft. (corner)	See "Land and Lot Note" on page 1
Minimum Site Width <i>(Single-Family)</i>	80 feet (internal); 120 feet (corner); or 80% of area median, whichever is greater in the R-1, RS-1 and R1-A Districts	60 feet (internal); 100 feet (corner); or 80% of area median, whichever is greater in the RS-1 and R1-A Districts.	See "Land and Lot Note" on page 1
Minimum Unit Size <i>(Single-Family)</i>	1,040 sq. ft. in R-1 and RS-1 District 1,700 sq. ft. in R-1A District	No minimum outside building code requirements per room (City estimates 400 sq ft reduction)	\$40,000, for 400 sq. feet Per Sq. Foot: \$100
Minimum Off-Street Parking <i>(Single-Family)</i>	4 spaces per unit, 2 of which per unit must be in a garage	2 spaces per unit, 1 of which per unit must be in a garage	\$7,562.50 per unit Garage: \$6,500 Driveway: \$1,062.50
Minimum Front or Side Setback Adjacent to Street <i>(Single-Family)</i>	30 feet or prevailing setback not to exceed 65 feet when adjacent to homes built on or before 10/7/1974	30 feet in R-1 District 30 feet or prevailing setback not to exceed 65 feet when adjacent to homes built on or before 10/7/1974 in RS-1 and R1-A Districts	\$1,100 per unit for utilities (driveway added above)
Impervious Surface Limit <i>(Single-Family)</i>	35% of site area	35% of site area by right. For lots under 11,000 sq. ft. up to 45% with tree planting and stormwater enhancements	This provision includes aspects that both increase and decrease costs. The net effect can vary widely from lot to lot depending on the specific proposal.
Process lot splits resulting in two or fewer lots	Planning Commission and City Council Review	City Council Review	\$920 (1 new unit build) \$460 per unit (2 new units, used for total)

Two-Family: Est. Savings Relative To Current Zoning Controls (Excludes Land)

- Duplex: Up To \$42,077.50
- Twin Home: Up To \$ \$42,627.50

Standard	Existing	Proposed	Financial Impacts
Minimum Site Size <i>(Two-Family)</i>	15,000 sq. ft. (internal) 18,000 sq. ft. (corner)	13,000 sq. ft. (internal) 16,250 sq. ft. (corner)	See "Land and Lot Note" on page 1
Minimum Site Width <i>(Two-Family)</i>	100 feet (internal); 120 feet (corner), or 80% of area median, whichever is greater in the R-1, RS-1 and R1-A Districts	80 feet (internal); 100 feet (corner), or 80% of area median, whichever is greater in the RS-1 and R1-A Districts.	See "Land and Lot Note" on page 1
Minimum Unit Size <i>(Two-Family)</i>	960 sq. ft.	No minimum outside building code requirements per room (City estimates 320 sq ft reduction)	\$32,000, for 320 sq. feet (Per Unit) <i>Per Sq. Foot: \$100</i>
Minimum Off-Street Parking <i>(Two-Family)</i>	4 spaces per unit, 2 of which per unit must be in a garage	2 spaces per unit, 1 of which per unit must be in a garage	\$7,562.50 per unit <i>Garage: \$6,500 Driveway: \$1,062.5</i>
Minimum Front or Side Setback Adjacent to Street <i>(Two-Family)</i>	50 feet or prevailing setback not to exceed 65 feet when adjacent to homes built on or before 10/7/1974	30 feet in R-1 District 30 feet or prevailing setback not to exceed 65 feet when adjacent to homes built on or before 10/7/1974 in RS-1 and R1-A Districts	\$1,100 per Twin Home Unit \$550 per Duplex unit <i>See page 1 note on two-family dwellings.</i>
Approval Process for Groupings of Two-Family Dwellings	Rezoning as Planned Development approved by the City Council	Conditional Use Permit approved by the Planning Commission subject to appeal	\$3,930 per permit \$1,965 per unit

CONCLUSION

As presented, the Proposal includes several provisions that directly reduce housing costs in Bloomington.

Thank you for the opportunity to provide a financial analysis on the Proposal. Please feel free to contact me directly with any question you may have. I can be reached at (651) 697-7586 or at nick@housingfirstmn.org

Enclosure:

- Two-Family Dwelling, Two-Unit Townhouse And Townhouse Buildings And The 2020 Minnesota Residential Code (Minnesota Department of Labor and Industry)

TWO-FAMILY DWELLING, TWO-UNIT TOWNHOUSE and TOWNHOUSE BUILDINGS and the 2020 MINNESOTA RESIDENTIAL CODE

Minnesota Department of Labor and Industry

DEFINITIONS

A **two-family dwelling (IRC-2 occupancy)** is:

- A building containing two separate dwelling units.
- The separation between units is either horizontal or vertical.
- Both units are on one lot.
- Sometimes referred to as “duplexes.”

A **townhouse (IRC-3 occupancy)** is:

- A single-family dwelling unit constructed in a group of two or more attached dwelling units.
- Each unit is a separate building and extends from the foundation to the roof with open space on at least two sides of each unit.
- Each unit is provided with separate building service utilities required by other chapters of the State Building Code.
- A two-unit townhouse is sometimes referred to as a “twin-home.”

DISTINCTION

The primary differences between a two-family dwelling and a two-unit townhouse or twin-home:

- **Property** – A two-unit townhouse or twin-home is typically located on two separate individual lots with a property line running between them whereas both units of a two-family dwelling, or “duplex,” are located on the same single lot.
- **Separation** – A two-unit townhouse must be separated from the foundation to the roof by a double wall (two one-hour walls, see exceptions below). The separation between units in a two-family dwelling can be provided by single one-hour fire-resistance-rated assembly that is horizontal or vertical.
- **Services** – Since each townhouse unit is a separate building, each townhouse unit must be supplied with separate utilities. Units classified as townhouses must be supplied by separate electrical services. Townhouses also have similar requirements for separate water and sewer services .

FIRE SPRINKLERS

- Two-family dwellings and two-unit townhouses do not require the installation of an automatic fire sprinkler system.
- Buildings having three or more attached townhouse dwelling units are required to be equipped with automatic fire sprinkler systems.
- One-and two-family dwellings and two-unit townhouses may require automatic fire sprinkler systems when containing a facility required to be licensed or registered by the state of Minnesota.

GENERAL BUILDING CODE REQUIREMENTS

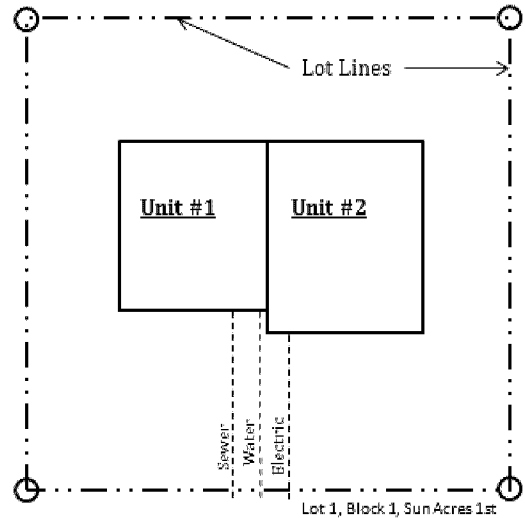
- The Minnesota State Building Code is the standard of construction for Minnesota (Minnesota Statute 326B.121). The 2020 Minnesota Residential Code adopts the 2018 International Residential Code (2018 IRC). View the 2020 Minnesota Residential Code at <https://codes.iccsafe.org/content/document/1581>.

TWO-FAMILY DWELLING

CASE #PL2022-221



Separation – The separation between units in a two-family dwelling can be constructed as a single one-hour fire-resistance-rated assembly, either horizontal or vertical.



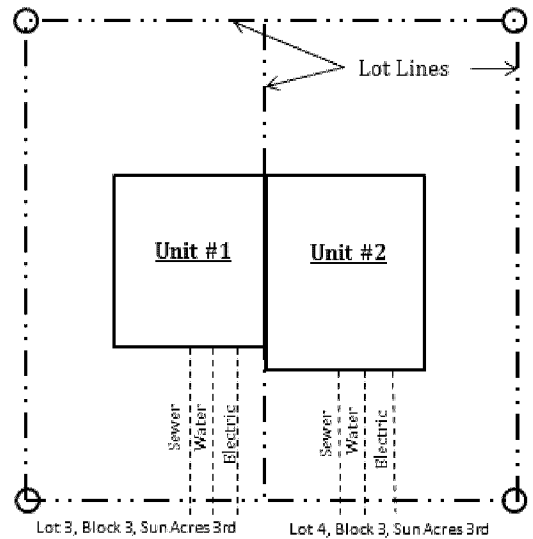
TWO-UNIT TOWNHOUSE



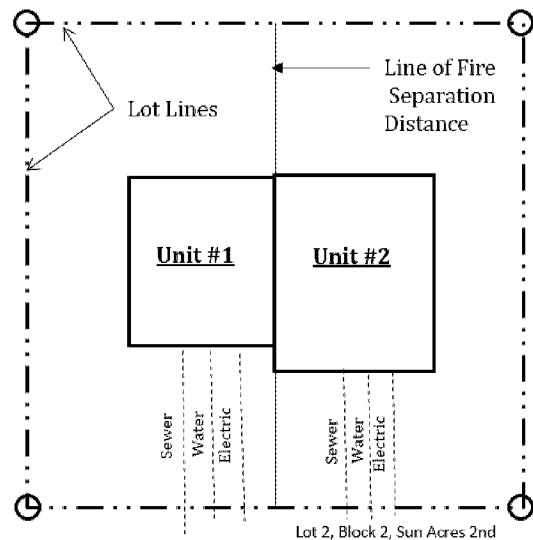
Separation – A two-unit townhouse building can be constructed with an individual lot for each dwelling unit or several two-unit townhouse buildings can be placed on a single lot depending if the townhouse is intended for individual ownership or as rental dwellings.

The separation between the townhouses is the same whether there is a lot line or a line of fire separation distance. Fire-separation between townhouses requires a double wall (two one-hour walls) or a common two-hour wall. A common one-hour separation wall is only permitted in a two-unit attached townhouse building equipped with an automatic fire sprinkler system. Common one-hour or two-hour separation walls must be constructed without plumbing, mechanical equipment, ducts or vents in the cavity of the common wall.

Two-unit townhouse - individual lots



Two-unit townhouse – single lot



THREE-UNIT TOWNHOUSE BUILDINGS

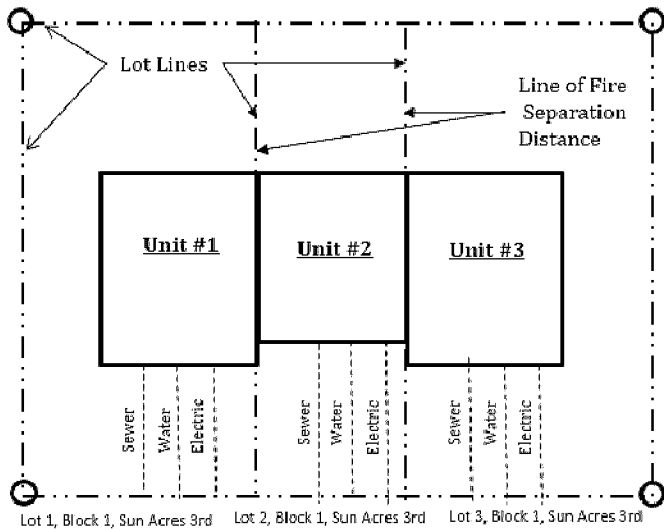
CASE #PL2022-221



Separation – A three-unit or more townhouse building can be constructed with an individual lot for each dwelling unit or several townhouse buildings placed on one lot depending if the townhouse is intended for individual ownership or as rental dwellings.

The separation construction between the townhouses remains the same whether using a lot line or a line of fire separation distance. Fire-separation between townhouses requires a double wall (two one-hour walls); a common two-hour wall; or a common one-hour wall. A common one-hour separation wall is permitted since three or more attached townhouses must be equipped with automatic fire sprinkler systems. Common one-hour or two-hour separation walls must be constructed without plumbing, mechanical equipment, ducts or vents in the cavity of the common wall.

Three-unit townhouse - individual lots



Three-unit townhouse - single lot

