

GENERAL INFORMATION

Applicant: City of Bloomington
Location: Citywide
Request: Study Item – Co-Living/Single Room Occupancy (SRO) Standards Part II

CHRONOLOGY

Planning Commission	06/20/2024	Part I study item held (Case #PL2024-40)
HRA Board	06/25/2024	Part I study item held
City Council	07/15/2024	Part I study item held
Planning Commission/HRA Board	12/17/2024	Study item scheduled
City Council	01/27/2025	Study item anticipated

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PROPOSAL

Staff is presenting a second round of discussion about co-living standards. Staff has advanced an initial draft of concept changes to the City Code for feedback and discussion. Building off this draft, key remaining questions will be presented that could inform a final version of an ordinance to be considered at subsequent public hearings. More information about the next potential steps are provided in a subsequent section of the staff report.

BACKGROUND

Initial study item discussions were held on the topic of single room occupancy (SRO) developments with the Planning Commission, HRA Board, and City Council in June and July of 2024 (Case #PL2024-40). As part of these sessions, general consensus was reached to advance conceptual Code changes related to the following topics or standards:

- Family definition/dwelling occupancy limits amendments;
- Affirm that Co-Living is permitted at low density residential sites subject to occupancy limits;
- Creation of Co-Living use for larger SRO type development; and
- Creation of Co-Living use standards.

The meeting minutes from these study item discussions are attached to the staff report for reference. Staff utilized the feedback from these discussions to draft conceptual Code changes, which can be viewed in Exhibit A attached to the staff report.

ANALYSIS

Staff has made substantial progress on a draft ordinance, shown in Exhibit A. The key elements of the draft ordinance are as follows:

Definitions

Staff made several changes to definitions. First, the definition of “Family” was changed by replacing the existing with a new definition that allows for up to six people with minor children in their care living in a dwelling unit. Staff compared family definitions from nine cities around the metro area. This definition came from the City of St. Paul, who had previously changed their definition after an extensive study was completed in 2020 on the potential effects of the change. There are multiple potential benefits to changing this definition. These potential benefits include:

- Bloomington adopting a more expansive conception of what constitutes a family or household, which is supported from an equity perspective; and
- Increasing the availability and utilization of housing.

It should be noted that staff will continue to execute property maintenance inspection activities, as well as conduct routine inspections as part of the City’s Rental Housing Program. These activities are run by the City’s Environmental Health Division in the Community Development Department.

Second, staff created definitions for “Co-Living Unit” and “Co-Living Development”. These definitions were created based on examples from 18 cities around the country, including suburbs surrounding Chicago, Philadelphia, Washington D.C., Seattle, and Portland, which are regions with higher rates of co-living or SRO development. The common thread between the definitions of these

communities is that a co-living unit at the least contains a bedroom but may or may not also include a private bathroom and/or kitchen. Lastly, staff edited the definition for “Congregate Living Facility” to specifically exclude co-living developments so that there were not overlapping definitions. While co-living could be considered a form of congregate living, exclusion is necessary for the purposes of not having use standards for congregate living facilities be applicable to co-living developments. More work is needed to resolve potential confusion between these use types. In addition, staff is still refining the definition of Co-Living to ensure that it is clearly differentiated from multi-family dwelling. Given different performance standards applicable to these two uses, it is important that the difference is clear and durable from a legal perspective.

Use Tables

There are two proposed co-living use types. One of the proposed uses is “co-living within a single- or two- family dwelling”. This use will be permitted in R-1, RS-1, and R-4, zoning districts where single- or two-family dwellings are currently permitted. As a reminder, informal co-living is already allowed within a single- or two-family dwelling through a typical roommate arrangement. The Environmental Health Division has been aware of rental properties being rented to up to four separate occupants, as roommates, through individual leases. Adding a “co-living within single- and two-family dwellings” as a permitted use is intended to be a formal affirmation and continuation of this existing allowance, subject to occupancy requirements of a dwelling.

The other use is “co-living development”. This use is permitted in higher density residential and mixed-use zoning districts, including R-4, RM-12, RM-24, RM-50, RM-100, B-4, C-2, C-3, C-4, and C-5. These districts are where multi-family housing is currently permitted. It should be noted that co-living in a commercial zoning district would need to comply with City Code standards for residential uses in commercial zoning districts (see § 21.302.02). These standards require developments to maintain a minimum amount of nonresidential floor area (expressed in floor area ratio – FAR), effectively requiring these projects to be mixed use.

Parking Requirements

Parking requirements for co-living developments are proposed to be 0.5 spaces per one co-living unit. Staff arrived at this figure based both on parking requirements of other researched communities and similar development types sourced in the Parking Generation Manual issued by the Institute of Transportation Engineers (ITE). Requiring 0.5 spaces per co-living unit would be on the more restrictive side of the range of communities researched. Without doing more extensive research for each community profiled, it is difficult to determine how they compare from a parking demand standpoint. Factors including but not limited to the level of transit service, amount of dedicated bike/ped infrastructure, and macro travel behavior data can all inform a use-based parking requirement. It should be noted that staff is not recommending an enclosed parking requirement per unit for co-living. Multi-family dwellings are required to have one enclosed space per dwelling. Given that co-living developments are viewed as a tool to deliver opportunities for housing that is more affordable and offer shorter leases than multi-family, staff would not recommend requiring

enclosed parking. Such a requirement would significantly increase development costs for this housing type and make conversion of office or hotel sites to co-living more difficult.

Parking requirements for co-living within a single- or two- family dwelling is the same as existing parking requirements at single- and two-family dwellings. These housing types are required to have two spaces per dwelling, one of which must be enclosed or in a garage. This approach is similar to the parking requirement for accessory dwelling units (ADUs), which simply requires that the associated single-family dwelling comply with City Code. In addition to baseline parking requirements, it should be noted that the City has maximum allowances for motor vehicles parked outside of a garage at a residence – four cars. This standard is found in § 12.03(29), and can effectively manage potential nuisance characteristics at these sites.

Use Standards

Many use standards included in the draft ordinance are similar in structure and intent to the multiple-family residential use standards (see § 21.302.09). Basic use standards applicable to all co-living scenarios include the following:

- Building Code compliance;
- Compliance with other zoning standards, such as parking, landscaping, height, etc.; and
- Storm water management requirements.

Newly created standards include dedicated bicycle parking at a rate of one space per four co-living units and a dwelling conversion calculation, with three co-living units being equivalent to one dwelling. This dwelling conversion provision is necessary to calculate both the proposed residential density of a development as it relates to the minimum and maximum density requirements of multi-family residential zoning districts (see § 21.301.01(c)) and open space requirements, which fluctuate on a per dwelling basis by zoning district. The conversion rate of one dwelling equal three co-living units was derived from a comparable community that had a conversion rate of one dwelling = four co-living units. Planning staff feel that one dwelling = three co-living units is more in line with Bloomington Zoning requirements. Density requirements for co-living units within single- and two-family dwellings will be based upon maximum occupancy standards set by the revised definition of family (six people per dwelling).

Other use standards not included in Exhibit A include design standards for co-living developments, minimum floor area per unit, minimum common area per unit, and storage space. Design standards for co-living development would make them subject to the same standards as multiple-family residential. Regarding minimum floor area per unit or minimum common area, some cities do include minimum floor area requirements. Staff has seen minimum floor areas as low as 70 square feet per co-living unit. Creating minimum square footage requirements for units and common areas may help alleviate some concerns about density. Additional reviews with Building and Inspections and Fire Prevention staff is also needed. Regarding storage space, staff does not recommend establishing storage requirements for co-living development. Leases for these housing types tend to be shorter (typically six to nine months based on one development's experience in the Twin Cities)

than multi-family dwellings. Staff will seek guidance on additional use standards not currently included in Exhibit A.

Opportunity Housing Ordinance (OHO) Updates

Changes to the Opportunity Housing Ordinance were minimal. Staff recommends that co-living developments be subject to the City's baseline affordability requirements and should receive OHO incentives where applicable. Examples of incentives that are not applicable include parking, enclosed parking, and storage. Several sections required editing based on the differentiation between a dwelling and a co-living unit. This distinction was added to include co-living units as a potential recipient of OHO's incentives.

Additional Updates Needed

Additional updates to the City Code will be needed to properly integrate the new co-living use and associated standards. Most specifically, multiple provisions within Chapter 14, Article VIII: Rental Housing Code will need to be amended to integrate co-living use definitions and establish rental licensing requirements. These updates will be included in a subsequent version of the concept code changes anticipated to be presented to the City Council on 01/27/2025. Staff will evaluate for the full City Code to determine if any other miscellaneous amendments are needed.

OUTREACH

Project outreach and notification activities have included the following to date:

- E-Subscribe Group Notification
- Let's Talk Bloomington Page – Staff has utilized this page for ongoing updates.
- Meetings/contacts with interested parties
- Interested party E-mail list

RECOMMENDATION

No formal action is required. Staff is seeking general feedback about recommended Code changes related to SRO and Co-Living uses, as shown in Exhibit A. As part of a staff presentation, staff will specifically ask for guidance about the following topics:

Questions for Boards/Commissions/City Council

- Are the proposed parking requirements in Exhibit A too high? Too low? Similar question for bicycle parking requirements – Too high? Too low?
- Should co-living developments be subject to design standards equivalent to multiple-family residential buildings?
- Should use standards include minimum floor area per unit?

- Should use standards include minimum common space per unit?

NEXT STEPS

Following the study session with the Planning Commission and HRA Board, staff anticipates conducting a study session with the City Council at the end of January 2025. Staff will present guidance from the Planning Commission and HRA Board in the form of a revised concept ordinance. If the City Council gives authorization to proceed, staff will schedule public hearings on a subsequent ordinance, which would likely occur in March and April of 2025.