

## GENERAL INFORMATION

Request: Ordinance establishing a definition of co-living unit and co-living development and standards for each; removing congregate living facility and boarding house uses from the use table; and modifying the definition of family in the City's zoning ordinance, thereby amending Chapters 9, 14, and 21 of the City Code.

## CHRONOLOGY

Planning Commission	06/20/2024	Part I study item held ( <u>Case #PL2024-40</u> )
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	Part II study item held ( <u>Case #PL2024-225</u> )
City Council	01/27/2025	Part II study item held
Planning Commission	03/27/2025	Public hearing scheduled
HRA Board	04/08/2025	Informational item anticipated
Council	04/28/2025	Public hearing anticipated

## STAFF CONTACT

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## PROPOSAL

Staff is presenting proposed co-living ordinance changes. To ensure a collaborative and deliberative process, staff consulted with the Planning Commission, Housing and Redevelopment Authority (HRA) Board and City Council several times over the course of the past year. This ordinance was developed from feedback from those meetings and will now advance to public hearings at the

Planning Commission and City Council, as well as an informational meeting with the HRA Board. The ordinance includes proposed changes to the City's Housing Opportunity and Preservation Ordinance (Chapter 9), Rental Housing Code (Chapter 14, Article VIII), and Zoning Code (Chapter 21) to integrate the new co-living development use and associated standards.

## **BACKGROUND**

Bloomington has recently had great success adding new rental units in the 60 percent and 50 percent Area Median Income (AMI) thresholds. Providing new units in the 30 percent AMI threshold has been difficult given the large financial costs involved in bridging the gap between construction costs and rents. One of the most effective nonfinancial tools available to cities to encourage deeply affordable units is co-living, which can function as important transitional housing along the housing continuum for a variety of residents.

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 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 a co-living use for larger co-living type development; and
- Creation of co-living use standards.

A second round of study sessions were held in December 2024 and January 2025 (Case #PL2024-225). As part of these sessions, general consensus was reached to advance a final draft of Code changes related to the following topics:

- Minimum parking requirements for vehicles and bicycles;
- Building design standards;
- Minimum floor area per unit requirements; and
- Minimum common space per unit requirements.

The meeting minutes from these study item discussions are attached to the staff report for reference. Staff utilized the feedback from these discussions to work on the final ordinance. Since the completion of the second round of study sessions, staff has made additional progress on reconciling confusion between various group-oriented housing types in the Zoning Code, including boarding house, congregate living facility, and residential care facilities. The resolution of these use conflicts is reflected in the final version of the ordinance with the intent of reducing potential confusion and complexity.

## ANALYSIS

Staff has developed a final ordinance for review and approval, as attached to the staff report. The key elements of the ordinance are as follows:

### 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, as co-living development are proposed to be subject to different standards in these areas in comparison to multi-family residential dwellings. 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.

### Rental Housing Code Updates

Additional updates were needed to the City Code to properly integrate the new co-living use and associated standards into Rental Housing provisions (Chapter 14 Article VIII: Rental Housing Code), including license requirements, which are administered by the City Clerk's office and Environmental Health Division. Co-living units were added to section § 14.570, discussing the requirements for rental housing licensing. Additionally, definitions for "co-living development" and "co-living unit" were added, along with edits to the "group housing" and "residential care facility" definition to better align with Zoning Code definitions.

### Use Tables

The ordinance adds "co-living development" as a use. 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. Finally, staff added co-living development as a permitted use in the CX-2 zoning district and as a conditional use in the TI and FD-2 zoning districts, also matching allowances for multiple-family residential in those districts.

Other changes to use tables include removing congregate living facility as a use. To minimize confusion, moving forward congregate living facilities will either be considered residential care facilities or co-living developments depending on whether or not residents are able to live independently. Co-living developments will join residential care facilities under the header "Group Housing" in the use tables.

### Parking Requirements

Parking requirements for co-living developments are proposed to be 0.5 space 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/pedestrian infrastructure, and macro travel behavior data can all inform a use-based parking requirement. Should the proposed standard be adopted, staff would continue to monitor how the proposed standard performs in the future in comparison to realized parking demand.

It should be noted that the ordinance does not include 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 are more affordable and offer shorter leases than multi-family, staff does 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 in many cases. Based on conversations at Planning Commission and City Council meetings, the consensus was to allow the market to guide requirements, starting with 0.5 spaces per unit and adjusting as needed.

Staff also deleted congregate living facilities from the parking requirement tables, as this is no longer a use in the Zoning Code, as discussed in the use tables and use standards sections of the staff report.

### Use Standards

After conversations with the Environmental Health Division and Legal Department, staff decided the use “congregate living facility” is duplicative and no longer needed in the Zoning Code. Therefore, co-living standards were moved into the previously named “Congregate Living Facilities” use standards section. Moving forward, the Zoning Code will have two uses that fall under group housing—co-living developments and residential care facilities. Staff believes this will remove confusion between the many uses that previously fell under the congregate living umbrella. The differentiation between these two uses will now depend on whether care or services are provided (residential care facility) or not (co-living development). To support these changes, the definition of residential care facility was updated, as discussed in the definition section below.

Co-living use standards included in the 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 compliance with the following:

- All applicable Building Code and Fire Code requirements;
- Zoning performance standards, including parking, landscaping, height, etc.; and
- Stormwater management requirements.

Newly created standards include dedicated bicycle parking at a rate of one space per four co-living units and a dwelling unit conversion calculation, with three co-living units being equivalent to one dwelling. This dwelling unit 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 multifamily residential zoning districts (see § 21.301.01(c)) and open space requirements, which fluctuate on a per dwelling unit basis by base zoning district. The general consensus from previous study item discussions was to include a minimum co-living unit size of 70 square feet of private living space, which is the minimum size required for occupancy of one person according to the Building Code. A market driven approach was favored when thinking about potential changes that may need to take place.

The Planning Commission and City Council also generally favored a market driven approach to design standards and minimum common space per unit. Staff did include a minimum of one kitchen per floor in a co-living development, so that all residents have adequate access to an accessible kitchen. Otherwise, the ordinance is silent on specific standards related to these topics.

### Definitions

Staff is proposing several changes to definitions within the Zoning Code.

First, staff compared definitions for “Family” from nine cities around the metro area. The proposed definition is based on work 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 benefits to the City of Bloomington changing this definition, which include:

- 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.

The ordinance proposes the following “Family” definition: “Six (6) or fewer adults, or any number of adults who are all related to each other by blood, marriage, guardianship, or domestic partnership recognized under Minnesota law, together with minor children in their care, living in a single dwelling unit.” After discussion with the Environmental Health Division and Legal Department, staff believes this definition sets forth the most benefits to improving residential occupancy requirements. This definition is more expansive, allowing for both up to six unrelated adults and any number of adults that are legally related under Minnesota Law, as well as minor children in their care. Conformance with the occupancy limits specified in the Minnesota State Building Code is also required in all circumstances. The State Building Code requires minimum area (square-footage) for sleeping, living, and cooking areas. The definition also allows multi-generational families with more than six adults to share a dwelling when in compliance with Building Code. One

downside of this definition is that it still retains ties to legal family relationships under Minnesota Law. However, increasing the number of unrelated adults who can reside together up to six, along with minor children in their care, can support most households that are not legally related under Minnesota Law.

It should be noted that staff will continue to execute property maintenance inspection activities, as well as conduct routine inspections of housing units 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 on behalf of the City Clerk/Licensing office.

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 development. The common thread between the definitions of these communities is that a co-living unit at minimum contains a private living space but may or may not also include a private bathroom. Co-living units have access to a shared kitchen and do not have cooking facilities (stove or oven) within the private living space. This definition has been modified slightly based on discussions with the HRA Board, Planning Commission and City Council.

Lastly, staff deleted the definition for "Congregate Living Facility", as this will no longer be a use in the Zoning Code. Some aspects of congregate living facilities have been added to the definition of "Residential Care Facility", including what uses residential care does not include and information about State license requirements. Other miscellaneous changes to definitions related to congregate living include removing congregate care facilities from the "Hotel or Motel" definition and deleting the definition for "Boarding House", as there are no existing boarding houses in the city or allowances for boarding houses to exist in the future.

## **OUTREACH**

### **Outreach/Notification**

- Newspaper Notice (10-day notice – 03/13/25 Sun Current)
- Public Hearing Notice Online
- E-Subscribe Group Notification
- [Let's Talk Bloomington online engagement page](#)
- Meetings with Interested Groups

## **RECOMMENDATION**

Staff recommends approval of the Co-Living Ordinance through the following motion:

I move to recommend the City Council adopt an ordinance establishing a definition of co-living unit and co-living development and standards for each; removing congregate living facility and boarding

house uses from the use table; and modifying the definition of family in the City's zoning ordinance, thereby amending Chapters 9, 14, and 21 of the City Code.