

accommodations under the ADA (Americans with Disabilities Act) and Fair Housing Act. The proposal would create a formal process to grant waivers to zoning or other regulations in the city code. Currently an applicant seeking reasonable accommodation for their disability would have to apply for a variance, which is an imperfect tool to evaluate these requests.

Key points from this discussion were that variances are related to the land as opposed to reasonable accommodation would be associated with the person. Reasonable accommodation and reasonable modifications would both be covered by this new process. The reasonable accommodation process could be approved administratively, as opposed to the longer variance process subject to public notice and hearing requirements. Assistant Attorney Kevin Toskey stated that the reason to add this process was that the standards for variances are not the same as the standards for reasonable accommodations. The reasonable accommodation process would apply to private property as well as City-owned property. Overall, the Commissioners were in support of pursuing this sub-project.

A five-minute recess was called prior to discussion of the next item.

ACTIONS OF THE COMMISSION:

N/A

ITEM 4 9:10 p.m.

APPLICANT: City of Bloomington

REQUEST: Single Room Occupancy (SRO) and Co-living Housing Standards

Senior Planner Nick Johnson presented about single room occupancy standards, also referred to as cohousing or co-living. He gave the definition of co-living which includes single rooms rented out individually with shared kitchens and common areas. Bathrooms could be either individual or shared. Since the bedrooms are rented as individual units, co-living would be much more affordable for residents. Johnson noted that new co-living developments have more amenities than comparable projects in the past. The scale of differing co-living projects can vary. Johnson stated that this study was focused on housing without services, not to include assisted living and the like.

Johnson outlined some local examples of co-living projects including a project in St Paul that was a smaller scale duplex that was set up with six individual bedrooms within each wing, for a total of 12 co-living units. Another example was a multi-family apartment that included ten co-living units. The last example was of a hotel conversion in Minneapolis, which raised the topic of use conversion of hotel or office to residential use.

Reasons to consider allowing co-living in Bloomington included combatting social isolation for the aging population, opportunities to convert vacant office buildings, helping the issue of housing affordability and homelessness without City subsidy,

providing student housing, and the proximity to the airport which could raise demand for co-living units.

Johnson discussed existing regulations for co-living in Bloomington. Currently co-living projects would be seen as a congregate living facility. The problem is that this category is too broad with many other subcategories within it. Dormitory, a similar but not equivalent use, is limited to being associated with schools. Currently congregate living is allowed in R-4, RM-12, RM-24, RM-50, RM-100, TI, and FD-2. Congregate living is not allowed in commercial districts. Dormitories are only allowed in R-1 as a conditional use.

Johnson said the regulations on residential occupancy were important to address in the study. Currently each dwelling may be occupied by a maximum of one family/functional family or no more than four unrelated individuals. Johnson noted this could be revised to increase the occupancy allowance and include non-traditional families to support equity. He outlined regulations associated with co-living conversion projects as well. He noted that hotel and office conversions were studied in 2022.

Johnson gave a timeline for the project that included another study session with the HRA Board on June 25, 2024, and a tentative City Council study session on July 1, 2024. After the study sessions, an ordinance would be drafted, with future study sessions (if requested) and hearings in late 2024. Johnson posed some discussion questions for the Commission.

The Commission discussed the question of whether the City should enable more and larger co-living developments. Commissioner Albrecht said yes because the market will determine what actually is built. Acting Chair Koktan generally agreed, but expressed hesitation on loss of hotel and office space. Commissioner Curry said increasing population could help the office vacancies as well. He agreed with Commissioner Albrecht that the market would address the issue. He expressed concerns that four roommates are bound legally together under a lease and are better organized, but residents of one-bedroom units would not have the same relationship with their lease. Commissioner Goltzman said that co-living could be good for multigenerational households. Although there is potential for conflicts, she felt it could be a good way of combatting social isolation. Johnson noted the market is coming up with ways to match roommates with one another. Overall, the Commission was in favor of enabling more and larger co-living projects.

The Commission was asked whether the Code should be clarified to address whether co-living units are allowed in existing residential dwellings. Commissioner Isse asked how co-living this would interact with short term rental regulations. Johnson said co-living tenancy would be a long-term lease (30 days or longer).

The Commission was asked if occupancy limitations for unrelated adults should be increased. Johnson said that currently St. Paul allows for up to six adults and minor children in their care per dwelling as opposed to Bloomington where the limit is four adults unless related by blood. Commissioner Curry asked if this would apply to single

family units or larger scale projects. Johnson responded that it would include any dwelling in the City. Commissioners Koktan, Albrecht, and Goltzman were in favor of increasing occupancy to six adults per unit. Commissioner Curry was inclined to keep the limit at four, especially for single- or two-family residential units. Commissioner Isse raised the question of the possibility of co-living units being operated as short-term rentals in violation of City Code.

The Commission was asked whether a distinct use category should be made for larger co-living. Acting Chair Koktan was in favor of creating the use category to be able to apply use specific standards to future co-living developments.

The Commission discussed whether the City should allow for co-living conversions from hotel and office uses, and if co-living should be allowed in commercial zones. Commissioner Albrecht said yes, but the City can allow it and see if there is demand for these conversions. She also said it could add more utilization of surface parking spaces that are normally empty at night by adding residents. Commissioner Goltzman recommended co-living be conditional in commercial zones so the impacts can be evaluated. Acting Chair Koktan was sensitive to protecting office space, but overall was supportive of allowing co-living in commercial districts.

The Commission discussed how co-living regulations would be aligned with the Opportunity Housing Ordinance (OHO). Commissioner Curry noted a selling point of the policy was that co-living projects do not require subsidy. Johnson stated that OHO incentives are not direct financial support, such as parking requirement reductions. Commissioner Albrecht raised the idea of exempting co-living projects from the OHO's fee in lieu requirement.

The commission was in favor of reviewing any proposed ordinance in a study session once more before a public hearing is scheduled.

This item moves to a study session in a June 25th HRA Board meeting and a July 1st study session with the City Council.

ACTIONS OF THE COMMISSION:

N/A

ITEM 5 10:22 p.m.

APPLICANT: City of Bloomington

REQUEST: Consider approval of draft 5/23/24 Planning Commission meeting synopsis

ACTIONS OF THE COMMISSION:



Housing And Redevelopment Authority Meeting
Tuesday, June 25, 2024
Council Chambers
Bloomington Civic Plaza
1800 W. Old Shakopee Rd.
Bloomington, MN 55431
6:00 P.M.

CALL TO ORDER

Chair Vicki Hoogheem called the HRA Board meeting to order at 6:00 p.m.

HRA Commissioners Present: Chair V. Hoogheem, Commissioner R. Wooten, B. Doblinger, J. Mueller, S. Isse, J. Carter, and C. Moua

Staff Present: Anna Salvador, Interim HRA Administrator
Melissa Manderschied, City Attorney
Ong Thao, Program Specialist I
Kaitlin Frost, Program Specialist II
Nick Johnson, Senior Planner

APPROVAL OF AGENDA

Item 2.1
Approval of June 25, 2024,
Agenda

M/Wooten, S/Mueller, and all present HRA Commissioners voting aye, motion to approve the June 25, 2024, agenda. Agenda approved. Motion passed 7-0.

APPROVAL OF MINUTES

Item 3.1
June 11, 2024, HRA Board
Meeting Minutes

M/Mueller, S/Doblinger, and all present HRA Commissioners voting aye, motion to approve June 11, 2024, HRA Board Meeting Minutes. Motion passed 6-0.

Commissioner Carter abstained from voting due to absence.

NEW BUSINESS

Item 5.1
Introduction of Program
Specialist II - Kaitlin Frost

Kaitlin Frost introduced herself as the new Program Specialist II-Residential Development Services.

DISCUSSION ITEMS

Item 6.1
Update on Single Room
Occupancy (SRO) Study
(Planning Commission
Work Plan Item)

Senior Planner, Nick Johnson, reported that the 2024 Planning Commission Work Plan includes a project studying existing City Code standards applicable to single room occupancy (SRO) or co-living development. SROs are viewed as a potential tool to expand housing opportunities for that it can be more affordable and provide greater variety of housing type. Planning Division staff has completed the initial research and analysis phase of the project and will be presenting the initial findings to the Planning Commission (06/20/2024) and City Council (tentatively 07/01/2024). The Planning Commission and City Council can provide guidance about potential City Code amendments to standards currently applicable to SROs. The staff report that was prepared for the 06/20/2024 Planning Commission meeting can be downloaded from the portal project page (Case #PL2024-40). A Let's Talk Bloomington project engagement page has also been set up for this study and will remain an ongoing source of information.

The City of Bloomington review of SROs follows a broader study completed by Hennepin County about the subject. The County assembled a project task force to issue a report about SRO housing. The Hennepin County SRO Task Force Report, issued in 2021, provided cities with recommendations about how to support and approach SROs or co-living developments.

The report also outlined the value and benefits of SROs within the housing continuum. The recommendations of the report informed some of the policy questions staff identified as part of their evaluation of the existing City Code standards.

Wooten commented he is definitely for incorporating some kind of co-living. He asked how would governance policies related to rules and qualifications and tax implications be applied. These individuals who are occupying this space are occupying it as a single unit and therefore, how would utilities and amenities expenses be applied.

Johnson responded he doesn't want to pin too much evidence on one anecdotal conversation he had but based on the conversation he had with the person involved in the arena, they had stated that they have developed new models of interviewing prospective tenants. They would include existing residents in either an informal interview or a conversation. They had emphasized with Johnson that the limitations or challenge of that is obviously having to abide by fair housing regulations. On the tax implications, the City of Minneapolis, when they developed some of their standards, one of them has to have affiliation with a nonprofit. Some entity involved in this is geared towards combating homelessness. Saint Paul is considering establishing a 4D tax designation but Johnson does not know a lot about it. In order to further incentivize these types of uses, more favorable tax treatment would need to be given to co-housing that can meet certain affordability requirements without subsidy. He's less familiar on how utilities and amenities would be applied.

Wooten asked if most of these developments are geared at single individuals versus families. Johnson responded frankly it would be for anyone that meets the occupancy requirement. One of the challenges of our occupancy is if one individual became partnered with another adult and not in the legal fashion as specified in our definition, that would potentially increase the dwelling unit from being in compliance with their occupancy requirements to out of compliance. Johnson can foresee certain developments being geared more towards individual without children, but certainly there could be environments where that would work out just fine.

Wooten mentioned there's programming from the state call Scattered Site Housing, where that type of housing is interjected in regular community and individuals in the program has their rent subsidized and paid for. He asked will this be taken into consideration relative to a co-living versus in an SRO situation.

Salvador responded under our current rental assistance program, which is our housing choice voucher program, this type of use wouldn't be applicable to that program because each individual voucher holder or household would have to have their own separate access to the unit. We are waiting to hear from the state on the state rental assistance program and there's significantly more flexibility under that program. There could be a discussion how rent assistance could be provided through that program in the future.

Wooten stated this year the legislature has said that the 30% rule comes into effect for individuals who have SSI as part of their income based, therefore, they're reportedly going to be able to go into regular units that are not a PHA unit using 30% of their income and having the rent subsidized. Under that rule or legislation would they then qualify.

Salvador responded this is something she is not familiar with but can look into it and provide a little bit more information.

Isse commented this is a very good idea and has been done in other states. It makes sense

with the increase in housing need. If the rental assistance or the benefits could still be woven into this, or more ideal, maybe done through some type of incentives for these developers. Isse is in support of this and liked the fact that Johnson mentioned about social isolation. She has heard of coed living spaces where you have older adults and students keep each other company. She thinks this is something that brings the community together.

Hoogheem asked if ADUs or tiny living is something that can be integrated into this as well. She recalled reading an article about a senior home that had all these vacancies and college students moving in and the differences it made within the senior living. She agrees that this is something Bloomington should explore more, especially with our aged community. She also piggybacked on what Wooten said and wanted to make sure we're protecting all parties as much as we can, understanding we do have to abide to fair housing. She commends the city for taking this on and expressed it should be allowed in commercial zoning districts as well.

Isse added this gives access to higher end or luxury amenities that lower income people don't usually get. It makes a huge difference and creates more equality.

Moua asked how many developers or partners we currently have that are interested in this project and what is the financial viability to support this kind of project.

Johnson stated this housing type is fairly new to this market so there isn't a good local example. He doesn't think there are a lot of local developers that are doing this quite yet. Conversations with some developers are bullish that it's going to move in this direction eventually, but that will tie directly to the ability for people to pay rent. The challenge would be that building and fire codes do change over time and can make conversion to residential uses difficult.

Mueller asked what kind of outdoor green space would be a requirement to build in this project. Are there any identifiable properties within the city of Bloomington that can be considered.

Johnson reported as far as use standards go, multifamily has a common open space requirement and the easiest thing to do is to apply the same metrics as multifamily to co-living. There are no properties identified in Bloomington at this time. On the topic of tiny homes, Johnson noted that there was a missing middle housing bill that paused the work and it will come back as another topic to include cottage courts and other ADUs.

Moua asked what is the demand for these units, how quickly are they being used, filled, turned over, and how long are people staying. Johnson stated he will aim to try and get some information on it.

Carter commented it would be interesting to know what the average rental cost for these units and how that compares to your typical one-bedroom apartment in Bloomington. She sees these types of living spaces as opportunities for young people who are struggling to afford market rate rents in the city but want to stay here and save for a future home.

Johnson added one subset of people that this use might be most appealing to is recent college graduates. It is also for people who may want to save their funds for travel or other things and this is another tool in the housing toolbox that cities can offer to give people options.

Wooten asked if there were projects or space available and are we looking at the first

example being a conversion or a build out. Johnson responded if he was to guess in Bloomington it would be a residential-to-residential conversion. With the right office building, if got at the right price it could be done.

Hoogheem commented there is a high need in housing for college students and could see this being a good use for it. We want to keep our college students local.

Johnson informed that the next step is to go to the City Council for a study session. Depending on the direction receive from City Council, Planning will begin drafting city code amendments to execute some of these changes. A drafted ordinance will be brought back in a study session and then get into public hearings late fall or early winter this year.

Item 6.2
HRA Board Policy and
Issue Update

Hoogheem amended agenda to include HRA Board policy and issue update. She commented that the HRA Administrator position has been posted and wanted to provide transparency that she has been asked to be on the second interview panel and would like to make a recommendation to ask Commissioner Wooten to join and is open for discussion.

Salvador provided timeline of first round interview to be in mid-July and second round interviews towards end of July.

No other questions or discussions.

ADJOURNMENT

M/Moua, S/Doblinger, and all present HRA Commissioners voting aye, motion to adjourn the Tuesday June 25, 2024, HRA Board Meeting at 6:59 pm. Motion passed 7-0.

Ong Thao, HRA Meeting Minute Secretary

4. HEARINGS, RESOLUTIONS, AND ORDINANCES

- 4.1 Public Hearing: Ordinance to Construct a Veterans Memorial on Civic Plaza**
- City Manager gave a brief overview of the amended and restated MOU (Memorandum of Understanding) for Bloomington Veteran's Memorial (Item 3.12 on this meeting's agenda). The amended MOU reflected a relocation of the site and budget a. The site of memorial will be at Civic Plaza towards the East parking lot.
- The funding source for this project will be from legislative support in the amount of \$350,000; contributions from the City's Strategic Priority funds for \$250,000; and fundraising efforts that include sale of dog tag sales estimated between \$100,00-200,000. The project cost and expenses include site survey, planning and design; construction; and ongoing cost for records and maintenance.
- Lowman inquired about the City's budget and if it allows for this contribution considering all the items coming forward.
- Public hearing opened. Tim Engstrom with the American Legion Post 550 spoke about his support for this memorial.
- Motion by CM Carter, seconded by CM Dallessandro to close the public hearing. Motion carried 7-0.
- Motion by CM Carter, seconded by CM Dallessandro to approve **Ordinance No. 2024-15**, AN ORDINANCE AMENDING CHAPTER 5 OF THE CITY CODE RELATED TO A MEMORIAL FOR VETERANS ON CITY PROPERTY. Motion carried 7-0.
- 4.2 Resolution for Budget Adjustment to Transfer Strategic Priorities Funds for the Veterans Memorial Project**
- Motion by CM Dallessandro , seconded by CM Carter to approve **Resolution No. 2024-148**, a Resolution making alterations to the approved budget, transferring \$275,000 from the 4200 Strategic Priorities Fund to the 2650 Veterans Memorial Special Revenue Fund in order to fund the Veterans Memorial Project. Motion carried 7-0.
- #### 5. ORGANIZATIONAL BUSINESS
- 5.1 Study Item - Admin/Streamlined Development Approvals Study**
- City staff examined City Codes to identify possible changes that could shorten the review time, cost, or difficulty associated with some development application approvals under current procedures. Nick Johnson, Senior Planner, presented streamlined development study for discussion and feedback.
- 5.2 Study Item - Single Room Occupancy (SRO) or Co-Living Standards**
- Nick Johnson, Senior Planner, presented the results of the study of single room occupancy (SRO - bedrooms that are rented as individual units) and co-living housing types and associated standards, for discussion and feedback. The study focused on housing without services. Background of SROs, existing regulations, policy questions and actions, affordability, and next steps were discussed.
- Questions and feedback were given by the Mayor and Council Members.
- 5.3 City Council Policy/Issue Updates**
- Mayor Busse summarized the City Council Listening Session held at 5:45 p.m. *Secretary's note: see 7/15/2024 Listening Session minutes for full summary.*