

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 (<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
City Council	01/27/2025	Study item scheduled

STAFF CONTACT

Emily Hestbech, Planner
Phone: (952) 563-4507
E-mail: ehestbech@bloomingtonmn.gov

Nick Johnson, Planning Supervisor
Phone: (952) 563-8925
E-mail: nmjohnson@bloomingtonmn.gov

PROPOSAL

Staff is presenting a second round of discussion about co-living/single-room occupancy (SRO) 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

Bloomington has recently had great success adding new rental units in the 60% and 50% AMI bands. Providing new units in the 30% AMI band has been difficult given the large financial costs involved in bridging the gap between construction costs and rents. One of the most effective non-financial tools available to cities to encourage deeply affordable units is co-living, which can function as important transitional housing along the housing continuum.

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 is proposing several changes to definitions within the Zoning Code. Regarding the definition of family, staff compared definitions from nine cities around the metro area. The two options for a revised family definition are based on work completed by 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.

Staff will present two potential options for a revised definition of “Family” as follows:

Family Definition Option #1 – Staff Recommended

“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 housekeeping unit.”

After discussion with internal City staff from the Environmental Health Division and Legal Department, staff believes this definition presents the most benefits to improving residential occupancy requirements. Pros and cons of this definition include the following:

- **Pros** – This definition is more expansive, allowing both for 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. Under either scenario, conformance with the occupancy limits specified in the Minnesota State Building Code is required. The State Building Code requires minimum area (square-footage) for sleeping, living, and cooking areas for example depending on the number of persons residing in the space. One benefit of Option #1 is that the definition allows for multi-generational families with more than 6 adults to share a dwelling.
- **Cons** – One downside of Option #1 is that it still retains ties to legal family relation 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.

Family Definition Option #2

“Six (6) or fewer adults, together with minor children in their care, living as a single housekeeping unit.”

- **Pro** – This definition is straightforward, clear, and removes any mention of defining a family by blood, etc., which is more inclusive of a wider spectrum of households.
- **Con** – One downside of this definition is that a family may contain more than six adults, especially if it is a multi-generational household.

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.

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 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 since the concurrent Planning Commission and HRA Board meeting that was held on December 17, 2024.

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, which typically do not have services and staffing on-site. More work is needed to resolve potential confusion between multiple use types. In addition, staff may continue to refine 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

Originally, staff was proposing the use “co-living within a single- or two- family dwelling” be added to the Code in zoning districts where single- and two-family dwellings are permitted. Since co-living is already allowed within a single- or two-family dwelling through a typical roommate arrangement, Staff has decided to remove this callout from the draft ordinance. Although the change was intended to be a formal affirmation of the existing allowance, Staff believes it will add confusion and unnecessary language about regulations that are already required in the Code, such as requiring that dwellings meet occupancy requirements. It should be noted that the use “Room or dwelling rental – 30 days or greater” is already an established use in the Use Tables (§ 21.209). Adding a new use of co-living within a single- or two-family dwelling would be duplicative..

Staff is proposing to add the use “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. 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.

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 roommates 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 base 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). The Planning Commission and HRA Board also recommended 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. One alternative approach to consider would be establishing a minimum size that would allow occupancy of two persons at minimum, which would be 120 square feet.

Other use standards not included in Exhibit A that have been considered include design standards for co-living developments, 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 common area, such a standard may help alleviate some concerns about density and minimum amenities for residents. Planning Commission and HRA Board generally favored a market driven approach to this standard. Additional review 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.

Rental Housing Code Updates

Additional updates to the City Code are needed 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. These changes are included in Exhibit A. Staff will evaluate 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

PLANNING COMMISSION AND HRA BOARD DISCUSSION

A study session was held on December 17th, 2024 to discuss the questions listed below. The table outlines the discussion topic, Commissioner/Board member comments, and staff feedback on the topics.

Discussion Topic	Commissioner Responses	Staff Feedback
Parking requirements for vehicles and bicycles	• Safer to start at a higher requirement and then decrease – start at 1.0 spaces per unit rather than 0.5 (general consensus from commissioners) • Development might not be in locations that do not have good transit service —need more parking spots available in these cases • How will single/two family parking be effected? • Bicycle parking: offer incentives through OHO for more indoor or outdoor bike parking	• Rarely does multi-family actually have to meet the base requirements for parking because of OHO incentives. OHO incentives would not be appropriate for Co-living developments unless the parking requirements are established at a higher level • Single/two family parking will not be changed—this is regulated by Chapter 12, nuisance provisions, with allowance of four cars outside of the garage
Design standards	• Design standards should be required so buildings do not stand out from other housing developments (3 commissioners in favor) • Design standards should not be required—lack of standards would make development more financially feasible and more likely to happen (1 commissioner in favor)	
Minimum floor area per unit	• There should be no minimums because people need affordable housing (1 commissioner) • Allow for flexibility on minimum floor area – allow market and developers to decide what size they need (2 commissioners)	• Staff thinks minimum floor area size should allow for two occupants (120 sq ft)
Minimum common space per unit	• Let the market decide on minimum common space per unit – more challenges for developers if there are more regulations (3 commissioners)	• Public Health did not have data when asked

	City should regulate specific sizes to improve user experience – ask Public Health for their thoughts (1 commissioner)	
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RECOMMENDATION

No formal action is required. To assist in finalizing an ordinance to bring to public hearing, 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:

Discussion Questions for City Council

- Which definition of family is preferred – Option #1 (staff recommended) or Option #2?
- 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

If the City Council gives authorization to proceed, staff will finalize the draft ordinance and schedule public hearings, which likely could occur in March and April of 2025 depending on staff capacity.