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S.F. No. 3964 – City minimum residential densities and associated requirements establishment

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Section 1 [462.3575] adds a new section to the planning and zoning chapter of the statutes relating to city minimum residential densities. The section is effective July 1, 2025, except for subdivisions 1, 14, and 15, which are effective July 1, 2024.

Subdivision 1 defines terms for the new section, including accessory dwelling unit, affordable housing, all-electric and efficient home, city, cottage housing, courtyard apartment, duplex, fiveplex, fourplex, lot, major transit stop, middle housing, residential dwelling unit, single-family detached home, sixplex, townhouse, and triplex.

Subd. 2 requires a city to authorize at least six types of middle housing, other than single-family, to be built on residential lots to achieve density requirements.

Subd. 3 requires cities of the first class to permit (1) at least four residential dwelling units on any residential lot that is more than one-half mile from a major transit stop unless it meets one of the criteria listed, and (2) at least six residential dwelling units on any residential lot that is one-half mile or less from a major transit stop unless it meets one of the criteria listed. In both cases, where one of the criteria is met, the number of residential units allowed is raised.

Subd. 4 requires a city of the second, third, or fourth class to permit the development of (1) at least two residential dwelling units on any residential lot that is more than one-half mile from a major transit stop, unless one of the listed criteria is met, and (2) at least four residential dwelling units on any residential lot that is one-half mile or less from a major transit stop, unless one of the criteria listed is met. In both cases, where one of the criteria is met, the number of residential units allowed is raised.

Subd. 5 limits the standards, performance conditions, or requirements a city may impose for residential dwelling units permitted under subdivisions 3 and 4 to only those directly related to protecting public health, safety, and general welfare.

Subd. 6 provides that a city that does not have a major transit stop must designate the boundaries of at least one commercial district in the city that is adjacent to a residential property. For the purposes of subdivisions 3 and 4, the identified commercial district must be treated as a major transit stop.

Subd. 7 allows an accessory dwelling unit on any residential lot, regardless of lot size, street frontage, and connectivity between the accessory dwelling unit and primary dwelling.

Subd. 8 allows a city to specify minimum lot sizes for the density requirements in subdivisions 3 and 4, with some limitations. A minimum lot size for a city of the first class must not be greater than 2,500 or 1,200 square feet, depending on the type of middle housing. A minimum lot size for a city of the second, third, or fourth class must not be greater than 4,000 or 1,200 square feet, depending on the type of middle housing.

Subd. 9 specifies the limitations of city official controls that establish the permitted size, scale, or form of a building. Cities may only impose limitations on building heights, yard or setbacks, maximum lot coverage, impervious surface area, lot widths, lot areas, and number of residential units per lot.

Subd. 10 prohibits a city from requiring off-street parking for a residential dwelling unit that is one-half mile or less from a major transit stop and may not require more than one off-street parking space for a residential unit more than one-half mile from a major transit stop.

Subd. 11 allows existing affordable housing to be demolished or remodeled for middle housing only if the development will create at least as many affordable housing units as exist now.

Subd. 12 requires a city to permit a residential lot to be subdivided when the density requirements of subdivisions 3 and 4 apply.

Subd. 13 requires a city to establish an administrative design review process for building permits for middle housing developments and subdivision applications under subdivision 12.

Subd. 14 requires the Minnesota Housing Finance Agency (MHFA) to develop and publish a model ordinance for adoption by cities. The MHFA must convene an advisory group of stakeholders to develop the model ordinance.

Subd. 15 allows a city to develop an alternative density plan and submit the plan to the MHFA for approval. The commissioner may approve the plan only if the city demonstrates that the plan will result in an equal or greater amount of middle housing production and is given 120 days to approve or deny a plan.

Subd. 16 states that the section does not apply to a parcel located in a floodplain.

Subd. 17 states that the section does not modify any requirements in the State Building Code or State Fire Code.

Section 2 [462.3576] sets limitations on aesthetic mandates for residential buildings and is effective July 1, 2024.