

Community Development Committee

For the Metropolitan Council meeting of June 8, 2016

Subject: City of Minneapolis Very High Density Comprehensive Plan Amendment, Review File No. 20348-10

Proposed Action

That the Metropolitan Council:

1. Adopt the attached review record and allow the City of Minneapolis to place the *Very High Density* comprehensive plan amendment (CPA) into effect.
2. Find that the CPA does not change the City's forecasts, but advise the City that the amendment creates additional capacity for residential development within the amendment area, and that adjustments to TAZ-level forecasts may be warranted with the next decennial comprehensive plan update due in 2018.
3. Advise the City that further comprehensive plan amendments will be necessary if projects in excess of 200 dwelling units per acre (du/acre) are proposed in the Wells Fargo/Hospitals Growth Center, due to a lack of local policy direction for such locations as well as the potential for long-term wastewater system capacity issues in this area.
4. Advise the City that land use decisions should fully comply with adopted small area plans and with future Minnesota Department of Natural Resources Rules for the Mississippi River Critical Area, which are currently in the public review and comment period.

Summary of Committee Discussion/Questions

Michael Larson, Senior Planner, presented an overview of the proposed amendment and staff's analysis of conformance with regional systems and consistency with regional policy. Council Member Letofsky expressed her support of the amendment. There were no other comments or questions.

The Community Development Committee unanimously recommended approval of the proposed action at its meeting on June 6, 2016.

Community Development Committee

Meeting date: June 6, 2016

For the Metropolitan Council meeting of June 8, 2016

Subject: City of Minneapolis Very High Density Comprehensive Plan Amendment, Review File No. 20348-10

District(s), Member(s): District 6, Gail Dorfman
District 7, Gary Cunningham
District 8, Cara Letofsky

Policy/Legal Reference: Metropolitan Land Planning Act (Minn. Stat. § 473.175)

Staff Prepared/Presented: Michael Larson, AICP, Senior Planner, Local Planning Assistance (651-602-1407)

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council:

1. Adopt the attached review record and allow the City of Minneapolis to place the *Very High Density* comprehensive plan amendment (CPA) into effect.
2. Find that the CPA does not change the City's forecasts, but advise the City that the amendment creates additional capacity for residential development within the amendment area, and that adjustments to TAZ-level forecasts may be warranted with the next decennial comprehensive plan update due in 2018.
3. Advise the City that further comprehensive plan amendments will be necessary if projects in excess of 200 dwelling units per acre (du/acre) are proposed in the Wells Fargo/Hospitals Growth Center, due to a lack of local policy direction for such locations as well as the potential for long-term wastewater system capacity issues in this area.
4. Advise the City that land use decisions should fully comply with adopted small area plans and with future Minnesota Department of Natural Resources Rules for the Mississippi River Critical Area, which are currently in the public review and comment period.

Background

The Council reviewed the City's Comprehensive Plan Update (Business Item 2009-244, Review File No. 20348-1) on July 22, 2009. This is the ninth amendment since the review of the Update.

The amendment proposes to amend the local comprehensive plan by increasing the allowable maximum residential density in the City's Growth Centers and adjacent Activity Centers from 200 dwelling units per acre (du/ac) to 800 du/acre, provided that projects at these higher densities are consistent with adopted small area plans. Growth Centers include Downtown Minneapolis, the University of Minnesota, Bassett Creek Valley, and Wells Fargo/Hospitals. Activity Centers affected by this amendment include Cedar Riverside, Dinkytown, East Hennepin, Mill District, Stadium Village, and Warehouse District. Each of these Activity Centers fall completely within and/or are adjacent to the Growth Centers. Applicable land uses include areas guided for Mixed Use and Urban Residential. Several small area plans provide additional guidance for the

different neighborhoods on areas most appropriate in those neighborhoods for the highest densities as well as areas not suitable for these higher densities.

This Business Item was first presented at committee on May 16, 2016. The Community Development Committee did not take action due to lack of a quorum.

Rationale

The proposed amendment conforms to regional system plans, is consistent with Council policies, and is compatible with the plans of other local communities and school districts.

Funding

None.

Known Support / Opposition

There is no known opposition.

Review Record

City of Minneapolis Very High Density Comprehensive Plan Amendment

Review File No. 20348-10, Council Business Item No. 2016-99

BACKGROUND

The City of Minneapolis is approximately 57.4 square miles, located in Hennepin County. It is bordered by the cities of St. Paul, Lauderdale, and St. Anthony Village to the east; Robbinsdale, Golden Valley, St. Louis Park, and Edina to the west; Brooklyn Center, Fridley, and Columbia Heights to the north; and Richfield and Fort Snelling to the south.

Consistent with the policies adopted by the Council in June 2014 (Business Item 2014-143) regarding review of local comprehensive plans, this amendment is being reviewed under *Thrive MSP 2040* and its policy plans.

Thrive MSP 2040 identifies the City as an Urban Center community. The Metropolitan Council forecasts that between its estimate for 2014 and 2040, the City will grow from 411,273 to 459,200 people, and from 175,119 to 204,000 households. The Metropolitan Council also forecasts that between 2010 and 2040, the City's employment will increase from 281,732 to 350,000 jobs.

The Council reviewed the City's Update (Business Item 2009-244, Review File No. 20348-1) on July 22, 2009. This is the ninth amendment since the review of the Update.

This Business Item was first presented at committee on May 16, 2016. The Community Development Committee did not take action due to lack of a quorum.

REQUEST SUMMARY

The amendment proposes to amend the local comprehensive plan by increasing the allowable maximum residential density in the City's Growth Centers and adjacent Activity Centers from 200 du/ac to 800 du/ac, provided that projects at these higher densities are consistent with adopted small area plans. Growth Centers include Downtown Minneapolis, the University of Minnesota, Bassett Creek Valley, and Wells Fargo/Hospitals. The affected Activity Centers include Cedar Riverside, Dinkytown, East Hennepin, Mill District, Stadium Village, and Warehouse District. Each of these Activity Centers fall completely within and/or are adjacent to the four Growth Centers identified in the City's plan. Applicable land uses include areas guided for Mixed Use and Urban Residential. Several small area plans for the different neighborhoods provide additional guidance on areas most appropriate in those neighborhoods for the highest densities as well as areas not suitable for these higher densities.

OVERVIEW

Conformance with Regional Systems

The amendment conforms to the Regional System Plans for Parks, Transportation (including Aviation), and Wastewater, with no substantial impact on, or departure from, these plans.

Consistency with Council Policies

The amendment is consistent with the *Thrive MSP 2040*, with the *Housing Policy Plan*, with water resources management, and is consistent with Council forecasts.

Compatibility with Plans of Adjacent Jurisdictions The amendment will not have an impact on adjacent communities, school districts, or watershed districts, and is compatible with the plans of those districts.

PREVIOUS COUNCIL ACTIONS

- The Council acted on the City's Update on May 26, 2010 (Review File No. 20348-1, Business Item 2009-244).
- The Council administratively approved the City's *North Loop Small Area Plan* CPA on April 13, 2011 (Review File No. 20348-2).
- The Council administratively approved the City's *Lowry Avenue Strategic Plan* CPA on April 13, 2011 (Review File No. 20348-3).
- The Council administratively approved the City's *Central Corridor LRT Transit Station Areas* CPA on August 16, 2011 (Review File No. 20585-4).
- The Council approved the City's *Nicollet Island East Bank Neighborhood Small Area Plan* CPA on June 10, 2015 (Review File No. 20348-5).
- The Council administratively approved the City's *Linden Hills Small Area Plan* CPA on May 22, 2015 (Review File No. 20348-6).
- The Council administratively approved the City's *Loring Park Neighborhood Master Plan* CPA on May 22, 2015 (Review File No. 20348-7).
- The Council approved the City's *Marcy-Holmes Neighborhood Master Plan* CPA on October 14, 2015 (Review File No. 20348-8).
- The Council approved the City's *Stadium Village / University Avenue Station Area Plan* CPA on October 14, 2015 (Review File No. 20348-9).

ISSUES

- I. Does the amendment conform to the regional system plans?
- II. Is the amendment consistent with *Thrive MSP 2040* and other Council policies?
- III. Does the amendment change the City's forecasts?
- IV. Is the amendment compatible with the plans of adjacent local governmental units and affected jurisdictions?

ISSUES ANALYSIS AND FINDINGS

Conformance with Regional Systems

The amendment conforms to the regional system plan for Regional Parks, Transportation, and Wastewater, with no substantial impact on, or departure from, these system plans. Additional review comments for Regional Parks, Transportation, and Wastewater are included below.

Regional Parks

Reviewer: Jan Youngquist (651-602-1029)

The amendment conforms to the *2040 Regional Parks Policy Plan* (RPPP). The Downtown, University of Minnesota, and Bassett Creek Valley Growth Centers are near or adjacent to Central Mississippi Riverfront Regional Park, Mississippi Gorge Regional Park, and the Luce Line Regional Trail, respectively. These regional parks system facilities are owned and operated by the Minneapolis Park

and Recreation Board and are governed by the RPPP. Council staff recommends that the City take into consideration the potential impacts to the regional parks system when evaluating specific projects that are very high density and in close proximity to these regional parks and trails.

Transportation

Reviewer: Russ Owen (651-602-1724), Steve Mahowald (612-349-7775)

The proposed amendment conforms to the *2040 Transportation Policy Plan (TPP)*. The amendment addresses regional policy related to density and diversification of job concentrations and nodes along transportation corridors. The *TPP* establishes both minimum and target densities for areas near fixed or dedicated rights-of-way transit as well as for bus rapid transit and high frequency bus corridors. The areas affected by this amendment include each of these modes, either service that is in operation or part of the Current Revenue Scenario for future transitways. The amendment provides opportunities for new development in excess of 200 du/acre further, which conforms to the minimum targeted densities of 50 du/acre for fixed or dedicated-guideway transitways.

Wastewater

Reviewer: Roger Janzig (651-602-1119)

Council staff reviewed data provided by the City on recent and potential development projects in the Growth Centers and Activity Centers addressed by the amendment, as well as the guidance provided by small area plans and candidate future development sites. The primary concern evaluated by Council staff is whether the metropolitan wastewater system has adequate planned capacity to accommodate this new level of density over time. This review also considers the fact that the City is not requesting a forecast increase. After evaluating the proposed increases in density in the specific locations, Council staff determined that the Metropolitan Disposal System has adequate capacity for additional density for projects in the areas addressed by the amendment.

Although the Wells Fargo/Hospitals Growth Center is part of the geographic scope of the amendment, supporting material indicates that there is neither policy support (in the form of a small area plan) nor market interest for development in excess of 200 du/acre. Furthermore, the City staff has not identified candidate sites where future high density residential development might occur. Due to concerns with potential wastewater system capacity for very high density projects within the Wells Fargo/Hospitals Growth Center, the City should further amend its comprehensive plan if opportunities arise for projects that exceed 200 du/acre in this area. As with the City's standard practice of providing policy clarification through small area plans, the City should amend or replace current applicable small area plans with any new planning efforts.

Consistency with Council Policy

The amendment is consistent with Council policies for forecasts, land use, housing, sub-surface sewage treatment systems, and water supply. Additional review comments regarding consistency with forecasts, land use, housing, and water resources policies are detailed below.

Forecasts

Reviewer: Todd Graham (651-602-1322)

The forecast-related content of the amendment is consistent with Council policy. However, Council staff find that capacity for additional residential development within transportation analysis zones (TAZs) is potentially higher in the Growth Centers and Activity Centers that are part of the amendment. A draft set of TAZ forecasts for 2040 had been prepared by the Council and was recently reviewed by City staff. Further adjustments to TAZs may be warranted with the next decennial comprehensive plan update.

Land Use

Reviewer: Michael Larson (651-602-1407)

Thrive MSP 2040 designates Minneapolis as an Urban Center community. The amendment is consistent with *Thrive MSP 2040* policies for Urban Center communities, which directs communities to accommodate forecasted growth at an overall residential density of at least 20 units per acre and to target higher densities in locations with convenient access to transportation corridors and with adequate sewer capacity.

Amendment Purpose and Approach

The City has recently experienced significant demand for high density residential development. These areas include Downtown Minneapolis, the East Hennepin area, Dinkytown, and the University of Minnesota. In several cases, the City has approved residential development projects in excess of the current limit in its comprehensive plan, which is 200 du/acre. The City wishes to correct this inconsistency and ensure that local policy supports these development opportunities.

Recent development activity in the City that has exceeded 200 dwelling units per acre are in response to one or more market conditions that include: 1) demand for smaller units, which increases residential density; 2) demand for retrofitting of existing buildings for residential use; 3) demand for development in the core of downtown on small sites; and 4) demand for housing in certain locations where economies of scale make reinforced-concrete and steel construction cost-effective. In addition to recent development projects, there are several projects in concept stages of development that would exceed this current limit.

The amendment does not propose changes to guiding land use per se, but increases the allowable density in certain areas and under certain conditions. In addition to guiding land use, the City identifies land use “features.” These features are geographic overlays that provide additional guidance, primarily on matters such as intensity and appropriate mix of uses. Policy features include Growth Centers and Activity Centers, which are areas of the City that are guided for the highest densities and largest mix of uses.

The amendment proposes to increase the density limit from 200 du/ acre to 800 du/acre in Growth Centers and the following adjacent Activity Centers, provided that locations and projects are consistent with adopted small area plans:

- Growth Centers
 - Downtown Minneapolis
 - University of Minnesota
 - Bassett Creek Valley
 - Wells Fargo/Hospitals
- Applicable (Adjacent) Activity Centers
 - Cedar Riverside
 - Dinkytown
 - East Hennepin
 - Mill District (wholly within Downtown Minneapolis)
 - Stadium Village
 - Warehouse District (wholly within Downtown Minneapolis)
 - Loring Park (see discussion immediately below)

The Council should note that the City did not specify the Loring Park Activity Center as part of the amendment. However, the boundary of the Loring Park Activity Center falls completely within downtown Minneapolis, which is addressed by this amendment. Furthermore, the Metropolitan Council allowed the City to place the Loring Park Neighborhood Master Plan comprehensive plan amendment into effect on May 22, 2015 (Review File No. 20348-7). This action included the establishment of the Loring Park Activity Center boundary. In conversations with the City, Council staff established that the exclusion of the Loring Park Activity Center was an oversight. Consequently, this review presumes that Loring Park Activity Center is established policy that is not superseded by the current amendment.

The amendment stipulates that densities up to 800 du/acre area may be allowed provided that projects are consistent with adopted small area plans. These plans include the following, which have been incorporated by reference into the City's comprehensive plan:

- Downtown Minneapolis Growth Center Small Area Plans
 - Nicollet Island East Bank Neighborhood Small Area Plan
 - Loring Park Neighborhood Master Plan
 - North Loop Small Area Plan
 - Downtown East/North Loop Master Plan
 - Elliot Park Neighborhood Master Plan
 - Historic Mills District Master Plan
- University of Minnesota Growth Center Small Area Plans
 - Marcy-Holmes Neighborhood Master Plan
 - Stadium Village University Avenue Station Area Plan
 - Cedar Riverside Small Area Plan
 - Bassett Creek Valley Growth Center
 - Bassett Creek Valley Master Plan
- Wells Fargo/Hospitals Growth Center Small Area Plans
 - Phillips West Master Land Use Plan
 - Midtown Minneapolis Land Use and Development Plan

Regional Land Use Analysis

The potential land use impact of the amendment is a significant regional concern given the scale of the density change. It conforms and is consistent with regional system plans and land use policy related to density and diversification of job concentrations and nodes along transportation corridors. However, land use analysis is necessary to ensure that the potential scale of change can be supported by the regional wastewater system, with no potential adverse impacts related to capacity. Council staff worked with City staff to conduct a land use analysis that considered the following:

- Applicability of guiding land use: Land uses guided by the City as Mixed Use or Urban Residential are candidate locations for the highest densities. Other land uses, such as Park or Industrial, are not.
- Small area plan guidance: Small area plans provide clarity on areas where the highest densities are appropriate and where they are not, such as established lower density neighborhoods or

historic districts. Small area plans typically include detailed guidance on appropriate building height and bulk, which place practical limitations on achieving densities over 200 units per acre.

- Candidate development sites: Most of the area covered by the amendment are developed and unlikely to be redeveloped. City staff identified sites where additional high density projects might be likely. City staff are aware of likely sites based on conversations with developers and property owners as well as knowledge on how market demand varies by location.
- Recent and prospective development data: Council staff worked with the City to identify recent trends in development by identifying project characteristics including parcel size and unit count. This provided an indication of the nature and extent of demand for projects that exceed or greatly exceed 200 du/acre.

Figure 3 identifies the geographic extent of the amendment and applicable land uses within these areas. This map excludes areas without guiding land uses supportive of residential development (such as areas guided for Industrial and Public/Institutional). It also excludes areas where small area plans would not provide policy support for densities greater than 200 du/acre. Figure 3 also identifies locations of recent development greater than 200 du/acre, as well as prospective projects. Finally, Figure 3 also includes sites that the City has identified as likely candidates for future development. Table 1 provides a breakdown of the acreage of these acres.

Table 1. Amendment Area Land Use

	Acreage
Growth Center/Activity Centers	3,245
Affected Area with Applicable Land Uses	530
Candidate Development Sites	77

Council staff also worked with the City to review and analyze characteristics of recent development as well as prospective development, in order to gauge the potential impact of higher density ranges. City staff provided information on projects within the last five years that have been constructed, are under construction, have received city approvals, or are in preliminary stages. As shown in Table 2, among the 44 projects that have been completed or under construction within the last five years, 10 exceed 200 du/acre. The highest density project is the 4Marq project. This project is in the heart of the downtown core with 262 units on a site less than ½ acre, resulting in a net density of 720 du/acre. However, the overall density of recent projects in the amendment area is 120 du/acre. Of 19 projects that are in preliminary stages of development, seven exceed 200 du/acre. The overall density of these projects is 153 du/acre.

Table 2. Recent and Potential Development Projects in Amendment Area (2011-present)

	# of Total Projects	# of Project > 200 du/acre	Average Project Density	Overall Density	Average Unit Count	Total Acreage
Completed or Under Construction	44	10	172	120	165	61
Approved, Preliminary, or Conceptual	19	7	206	153	237	28

It is clear that there is market demand for projects with densities in the range of 200 to 800 du/acre. However, projects that exceed 200 du/acre are limited in number, with most falling within the lower end of that range. With this amendment, and with the decennial update to its comprehensive plan due in 2018, the City will have an opportunity to refine and explore how this market opportunity will present itself and refine guiding land use and policy as needed.

Housing

Reviewer: Tara Beard (651-602-1051)

The proposed amendment is consistent with the Council's policy for housing. The proposed amendment increases allowable density in Growth Centers and adjacent Activity Centers as described in the Land Use review above. This increase has the potential to support additional opportunities to develop affordable and life-cycle housing. Therefore, the proposed amendment improves opportunities for the City to address its affordable housing need for 2011-2020 of 4,200 units and its lifecycle housing goal of 4200 to 9300 units by the year 2020.

Water Resources

Reviewer: Jim Larsen (651-602-1159)

The proposed amendment is consistent with the Council's *2040 Water Resources Policy Plan*. Higher density projects do not necessarily create additional stormwater runoff issues when compared with existing density limits in the City's plan. Compatibility with Mississippi River Corridor Critical Area (MRCCA) building height limitations, however, will place practical limitations on the ability to achieve these higher densities in the affected areas. At a minimum, the Historic Mill District, Nicollet Island East Bank, and North Loop Areas include lands which would be subject to the Minnesota Department of Natural Resources (DNR) rules for the MRCCA. Council staff recommends the City fully comply with the future with DNR MRCCA Rules, which are currently in the public review and comment period.

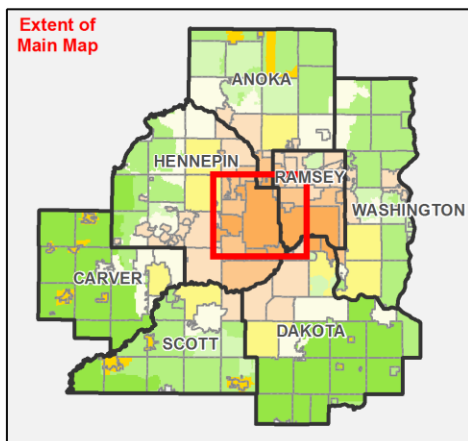
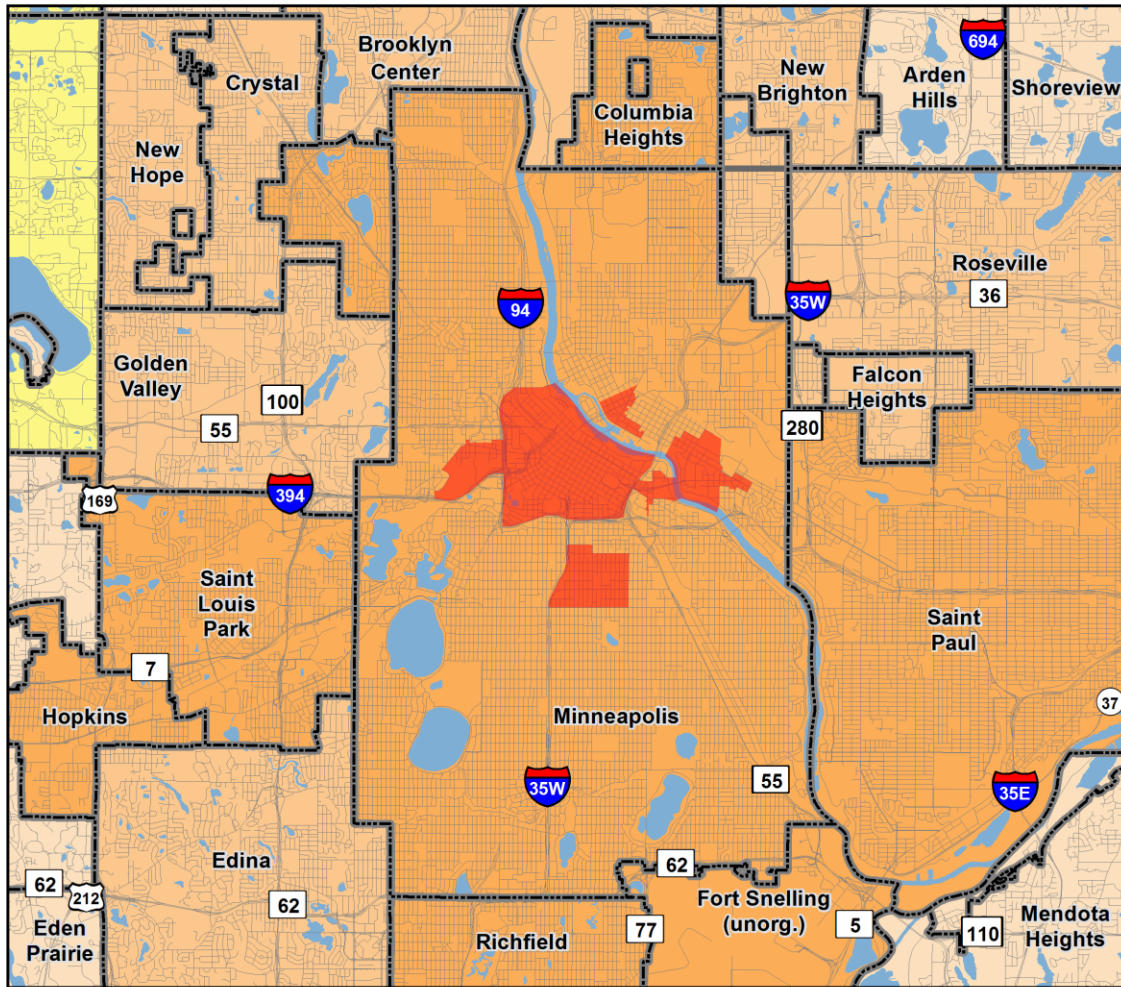
Compatibility with Plans of Adjacent Governmental Units and Plans of Affected Special Districts and School Districts

The proposed amendment is compatible with the plans of adjacent jurisdictions. No compatibility issues with plans of adjacent governmental units and plans of affected special districts and school districts were identified.

ATTACHMENTS

- Figure 1: Location Map Showing Community Designations
- Figure 2: Location Map Showing Regional Systems
- Figure 3: Land Use Guiding and Analysis

Figure 1: Location Map Showing Community Designations

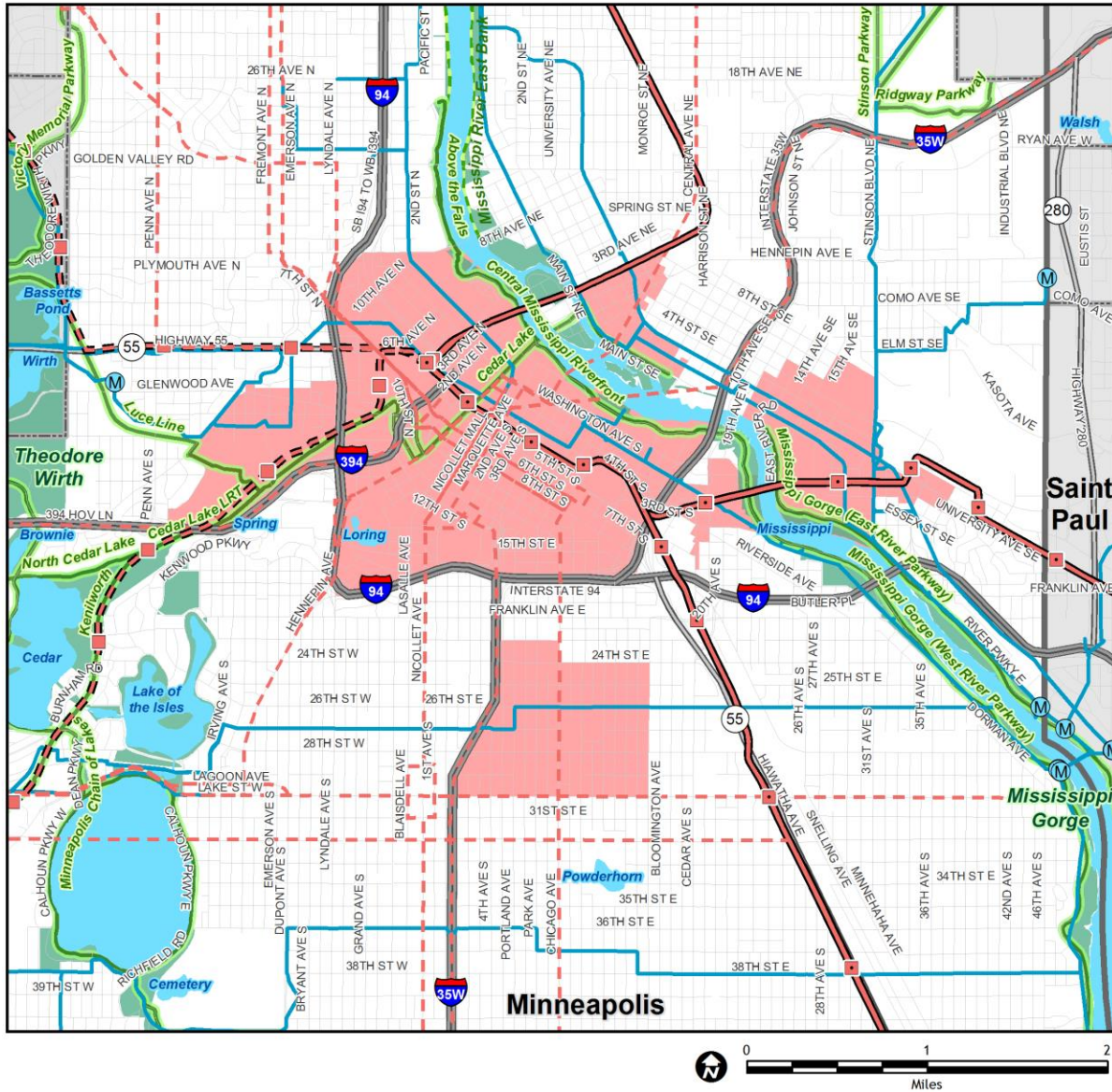


ThriveMSP 2040 Community Designations

- Agricultural
- Rural Residential
- Diversified Rural
- Rural Center
- Emerging Suburban Edge
- Suburban Edge
- Suburban
- Urban
- Urban Center

— Ncompass Street Centerlines

Figure 2: Location Map Showing Regional Systems



Regional Systems

Wastewater Treatment

- Meters
- Lift Stations
- MCES Interceptors
- MCES Treatment Plants

Regional Highway System

- Interstates
- US Highways
- State Highways
- County Roads

Regional Transitways

- Existing, Fixed Guideway
- Proposed, Fixed Guideway
- Existing, Bus Rapid Transit
- Proposed, Bus Rapid Transit
- Existing Fixed Guideway Stations
- Planned Fixed Guideway Stations

Recreation Open Space

- Park Reserves
- Regional Parks
- Special Recreation Features
- Existing Regional Trails
- Planned Regional Trails
- Very High Density CPA Areas
- Ncompass Street Centerlines

Figure 3: Land Use Guiding and Analysis

