

ZONING CODE TEXT AMENDMENT SUMMARY

<i>Initiator:</i>	Council Member Gordon
<i>Introduction Date:</i>	September 25, 2013
<i>Prepared By:</i>	Kimberly Holien , Senior Planner, (612) 673-2402
<i>Specific Site:</i>	N/A
<i>Ward:</i>	Citywide
<i>Neighborhood:</i>	Citywide
<i>Intent:</i>	To allow more flexibility regarding the size of commercial uses in certain zoning districts.

APPLICABLE SECTION(S) OF THE ZONING CODE

- Chapter 520 relating to Introductory Provisions
- Chapter 527 related to Planned Unit Development
- Chapter 536 relating to Specific Development Standards
- Chapter 547 relating to Office Residence Districts
- Chapter 548 relating to Commercial Districts
- Chapter 549 relating to Downtown Districts
- Chapter 550 relating to Industrial Districts
- Chapter 551 relating to Overlay Districts

BACKGROUND

An ordinance was introduced to the City Council on September 25, 2013, to allow more flexibility regarding the size of commercial uses in certain zoning districts. Two additional chapters for this amendment were introduced on September 25, 2015. Affected chapters are those listed above. This ordinance was introduced by Council Member Gordon. The amendment is intended to allow flexibility in regulations governing limited production and processing uses and the size of commercial uses generally.

This amendment looks at those size limitations specifically for commercial uses in the Office Residence and Commercial districts. Under the current regulations, the maximum size of a commercial use in the C1 and C3A districts ranges from 4,000 to 8,000 square feet depending on the design of the site and building. The maximum size of a commercial use in the C2 district is more generous, at 30,000 square feet.

The regulations for neighborhood serving retail sales and service uses in the Office Residence district are even more restrictive than the C1 and C3A districts. Such uses are first allowed in the OR2 district, provided they are no more than 2,000 square feet in area and are located on the ground floor of a building that is at least two stories and at least 20,000 square feet in area. A maximum of two such uses

is allowed per zoning lot. Limited production and processing is currently a conditional use in all commercial districts and the use is limited to 1,200 square feet of production and processing space.

The proposed amendment would increase the allowed size of commercial uses in the CI, Neighborhood Commercial and C3A, Community Activity Center districts. Specifically, the amendment proposes the following changes in the commercial districts:

- CI, Neighborhood Commercial district:
 - Increase the maximum size of a single commercial use from 4,000 square feet to 5,000 square feet.
 - Where there is no parking located between the principal structure and the street, increase the maximum size of a single commercial use from 6,000 square feet to 7,500 square feet.
 - Where there is no parking located between the principal structure and the street and the structure in which the use is located is at least two stories, increase the maximum size of a single commercial use from 8,000 square feet to 10,000 square feet.
- C3A, Community Activity Center district:
 - Increase the maximum size of a single commercial use from 4,000 square feet to 5,000 square feet.
 - Where there is no parking located between the principal structure and the street, increase the maximum size of a single commercial use from 6,000 square feet to 10,000 square feet.
 - Where there is no parking located between the principal structure and the street and the structure in which the use is located is at least two stories, increase the maximum size of a single commercial use from 8,000 square feet to 15,000 square feet.
 - Create a third bonus category for large mixed use buildings. If all of the above apply and the commercial use is located in a mixed use building that is at least 100,000 square feet in area, the maximum size of a single commercial use shall be increased to 20,000 square feet.

The proposed amendment would also overhaul the regulations for limited production and processing by defining the use, increasing the maximum allowed size to 5,000 square feet, and creating specific development standards. The amendment will also make limited production and processing a permitted use in all commercial districts. The zoning code currently requires the main entrance of a limited production and processing use to open to a retail or office component equal to not less than 15 percent of the floor area of the use. This provision will be maintained as a specific development standard.

Lastly, the amendment proposes the following changes to the Office Residence Districts:

- Expands the list of uses that are classified as neighborhood serving retail sales and service uses.
- Increases the maximum size of a neighborhood serving retail sales and service use from 2,000 square feet to 4,000 square feet and eliminates the 30-seat maximum for coffee shops and restaurants.
- Eliminates the maximum of two neighborhood serving retail sales and service uses per zoning lot.
- Eliminates the requirement that neighborhood serving retail sales and service uses be in a building that is a minimum of 20,000 square feet. They will still need to be on the ground floor of a mixed use building that is at least two stories.

PURPOSE

What is the reason for the amendment?

The policy intent of the regulations that limit the size of commercial uses is to reinforce the traditional pattern of smaller-scale commercial uses found along Community Corridors, and in Neighborhood Commercial Nodes and Activity Centers. Larger-scale uses correlate with zoning districts that are more often found on Commercial Corridors and designated Major Retail Centers. Staff has been processing a significant number of variance requests to increase the size of certain commercial uses due to changing market demands and need for a variety of commercial goods and services incorporated into new developments and other commercial sites. The amendment will increase the maximum size allowance for commercial uses in the Office Residence, CI and C3A districts and add flexibility to the regulations for limited production and processing uses.

What problem is the amendment designed to solve?

The amendment is intended to streamline the development review process by cutting back on the number of variances requests related to commercial sizes. Since 2004, staff has processed approximately 18 variances to increase the maximum size of a commercial use in the CI and C3A districts. Of those, 17 of the 18 were approved. Since 2004, approximately seven variances have been processed to increase the size of a neighborhood serving retail sales and service use in the Office Residence districts and all of said variances were approved. The regulations for neighborhood serving retail uses in the Office Residence districts include a number of performance standards in addition to the size limitation that make the OR2, High Density Office Residence District a difficult fit for most projects. The proposed amendment would make OR2 zoning a more viable option for mixed-use buildings with small-scale, neighborhood-serving uses.

Limited production and processing is currently a conditional use in all commercial districts and the use is limited to 1,200 square feet of production and processing space. Staff has been processing a fairly significant number of applications for limited production and processing uses a well in recent years. Since 2011, approximately nine variances have been processed to increase the size of a limited production and processing use beyond 1,200 square feet. All nine variances were approved with the largest space being 24,500 square feet in area. In addition, all of the conditional use permit requests for limited production and processing uses have been approved. The amendment is also proposing to make limited production and processing a permitted use in all commercial districts, further streamlining the process and allowing additional opportunities for small-scale production uses.

What public purpose will be served by the amendment?

The amendment is intended to allow flexibility regarding the size of commercial uses in certain zoning districts and make additional modifications to the Office Residence District regulations and limited production and processing regulations. Increasing flexibility in these regulations benefits the public by streamlining the development process and allowing for appropriately-sized commercial uses. The amendment will make it easier for new commercial uses and limited production and processing uses to establish themselves in the City.

The text amendment will also support City goals of being a hub of economic activity, innovation and supportive of entrepreneurs. It is anticipated that jobs would be created if the text amendment is passed. In addition, allowing for more flexibility with limited production and processing uses will continue the artisanal food and beverage production trend, as most of the conditional use permits for

limited production and processing have been for food and beverage production uses. In recent years, entrepreneurs have opened small-scale establishments throughout the City that create cured meats, chocolate, beer, spirits, honey and other food and beverage products. This has helped fill commercial storefronts and provided uniqueness to Minneapolis.

What problems might the amendment create?

The amendment is not expected to create any problems. The sizes of commercial uses will still be regulated by zoning district with clear distinctions between the commercial districts and the office residence districts. For the limited production and processing changes, these uses will now have specific development standards and performance standards such as odor, noise and air emissions will still be regulated by Chapter 535 of the Zoning Code, relating to Regulations of General Applicability. The proposed specific development standards for limited production and processing are currently found in Chapter 548 of the zoning code. A high number of uses that are classified as limited production and processing and other general commercial uses will also require a business license, which adds another layer of oversight and review.

TIMELINESS

Is the amendment timely?

The amendment is timely given the number of applications that have been coming before staff to vary the size of commercial uses and limited production and processing uses. As detailed above, staff has processed a total of 34 variance applications to increase the size of individual commercial uses or limited production and processing uses. Of those 34 applications, 33 have been approved. The City has seen a significant number of applications for limited production and processing uses in recent years, specifically related to food and beverage production. In addition to increasing size allowances, the proposed amendment clarifies the requirements for limited production and processing uses to be consistent with staff practice and streamlines the development process for these entrepreneurial ventures.

Is the amendment consistent with practices in surrounding areas?

Staff conducted research on the allowed size of commercial uses in nearby cities and in peer cities nationwide. In terms of overall size of commercial uses, peer cities vary widely in their regulations. The City of Seattle, Washington, allows commercial uses in their lowest-intensity neighborhood commercial district to go up to 10,000 square feet in gross floor area. The other commercial districts in Seattle allow individual uses that range from 25,000 to 45,000 square feet. The City of Portland, Oregon allows commercial uses in their neighborhood commercial district to be up 5,000 square feet in area. The maximum size increases to 10,000 square feet in the higher-intensity commercial zones. The commercial districts where auto-oriented development is allowed do not have a maximum size limitation.

In terms of limited production and processing, the City of Saint Paul, MN, allows limited production and processing in various zoning districts. A conditional use permit is required if the use is over 15,000 square feet. The City of Madison, Wisconsin, allows limited production and processing with a conditional use permit in their Commercial Corridor Transitional, Commercial Center and Downtown Commercial districts with no maximum size. The City of Portland, Oregon allows manufacturing and production in commercial districts with a conditional use permit provided they are not larger than 10,000 square feet. Said uses are limited to 5,000 square feet in neighborhood commercial districts. Other cities such as Philadelphia, Pennsylvania, and Atlanta, Georgia, have made recent steps to allow for more small-scale, clean industrial uses to be located in commercial districts.

Are there consequences in denying this amendment?

If the amendment is denied, staff will likely continue to see variance requests to allow larger commercial uses and limited production and processing uses. As previously noted, nearly all of such variance requests in recent years have been approved. Additionally, every conditional use permit for limited production and processing has been approved with few conditions. Denying the amendment for the Office Residence Districts would maintain the current condition in which the OR2 zoning district in particular is a difficult fit for most projects.

COMPREHENSIVE PLAN

The amendment will implement the following applicable policies of [The Minneapolis Plan for Sustainable Growth](#):

Land Use Policy 1.4: Develop and maintain strong and successful commercial and mixed use areas with a wide range of character and functions to serve the needs of current and future users.

- 1.4.1 Support a variety of commercial districts and corridors of varying size, intensity of development, mix of uses, and market served.
- 1.4.2 Promote standards that help make commercial districts and corridors desirable, viable, and distinctly urban, including: diversity of activity, safety for pedestrians, access to desirable goods and amenities, attractive streetscape elements, density and variety of uses to encourage walking, and architectural elements to add interest at the pedestrian level.
- 1.4.3 Continue to implement land use controls applicable to all uses and structures located in commercial districts and corridors, including but not limited to maximum occupancy standards, hours open to the public, truck parking, provisions for increasing the maximum height of structures, lot dimension requirements, density bonuses, yard requirements, and enclosed building requirements.

Policy 4.1: Support private sector growth to maintain a healthy, diverse economy.

- 4.1.5 Continue to streamline City development review, permitting and licensing to make it easier to develop property in the City of Minneapolis.

Policy 4.2: Promote business start-ups, retention and expansion to bolster the existing economic base.

- 4.2.5 Encourage small business opportunities, such as appropriate home occupations and business incubators, in order to promote individual entrepreneurs and business formation.

The proposed amendment will allow flexibility in the allowed sizes of commercial uses, introduce flexibility into the standards for neighborhood serving retail uses in the Office Residence Districts, and overhaul regulations for limited production and processing uses. These changes will further an ongoing effort to streamline the development review process. The amendment will also create more viable small business opportunities, as a lot of the limited production and processing uses the City has seen in recent years are small, entrepreneurial ventures.

RECOMMENDATIONS

The Department of Community Planning and Economic Development recommends that the City Planning Commission and City Council adopt staff findings to amend Title 20 of the Minneapolis Code of Ordinances, amending Chapters 520, 527, 536, 547, 548, and 549 relating to Introductory Provisions,

Planned Unit Development, Specific Development Standards, Office Residence Districts, Commercial Districts and Downtown Districts, as follows:

A. Text amendment.

Recommended motion: **Approve** the text amendment to allow more flexibility regarding the size of commercial uses in certain zoning districts. **Return** chapters 550 and 551.

ATTACHMENTS

1. Ordinance amending Chapter 520, Introductory Provisions
2. Ordinance amending Chapter 527, Planned Unit Development
3. Ordinance amending Chapter 536, Specific Development Standards
4. Ordinance amending Chapter 547, Office Residence Districts
5. Ordinance amending Chapter 548, Commercial Districts
6. Ordinance amending Chapter 549, Downtown Districts