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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4010

02/19/2024 Authored by Kozlowski, Howard, Agbaje, Hollins, Wolgamott and others
The bill was read for the first time and referred to the Committee on Housing Finance and Policy
04/02/2024 Adoption of Report: Amended and re-referred to the Committee on State and Local Government Finance and Policy
04/15/2024 Adoption of Report: Placed on the General Register as Amended
Pursuant to Joint Rule 2.03, re-referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act
1.2 relating to local government; establishing requirements for multifamily residential
1.3 developments in cities; proposing coding for new law in Minnesota Statutes,
1.4 chapter 462.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. 462.3571 MULTIFAMILY RESIDENTIAL DEVELOPMENTS.

1.7 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.8 the meanings given.

1.9 (b) "Affordable housing development" means a multifamily residential development in
1.10 which:

1.11 (1) at least 20 percent of the residential units are for households whose incomes do not
1.12 exceed 50 percent of the greater of the statewide or area median income; or

1.13 (2) at least 40 percent of the residential units are for households whose incomes do not
1.14 exceed 60 percent of the greater of the statewide or area median income.

1.15 The deed or declaration for an affordable residential unit must also contain a restrictive
1.16 covenant requiring the property to remain affordable housing for at least 30 years.

1.17 (c) "Blighted area" has the meaning under section 469.002, subdivision 11.

1.18 (d) "City" means a home rule charter or statutory city.

1.19 (e) "Commercial use" means the use of land or buildings, in whole or in part, for the
1.20 sale, lease, rental, or trade of products, goods, and services.

2.1 (f) "Major transit stop" means a stop or station for a guideway or busway, as the terms
2.2 are defined in section 473.4485, subdivision 1.

2.3 (g) "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

2.4 (h) "Multifamily residential development" means a single residential building with at
2.5 least 13 units or a mixed-use building with commercial use on the ground floor and at least
2.6 half of the usable square footage is for residential use.

2.7 (i) "Structure" means anything constructed or installed for residential or commercial use
2.8 that requires a location on a parcel of land. Structure does not include nonconformities.

2.9 Subd. 2. **Multifamily residential developments.** (a) Subject to compliance with all
2.10 municipal zoning standards, multifamily residential developments shall be a permitted use
2.11 in any zoning district that allows for a commercial use, except for:

2.12 (1) industrial zoning districts where a commercial use is not allowed; or

2.13 (2) industrial zoning districts that are located in environmental justice areas.

2.14 (b) A multifamily residential development may not be constructed on a lot zoned for a
2.15 single-family detached home unless otherwise authorized by law, rule, or ordinance.

2.16 (c) A city may require a conditional use permit for a multifamily residential development
2.17 only if the specific circumstances of the development raise concerns related to the public
2.18 health, safety, and general welfare.

2.19 (d) A city may establish municipal controls or ordinances to require that:

2.20 (1) multifamily residential developments constructed under this section that replace
2.21 existing commercial or industrial structures be mixed use and include at least the same
2.22 square footage of commercial space as the previous structure; and

2.23 (2) multifamily residential developments constructed under this section in undeveloped
2.24 commercial areas be mixed use.

2.25 Subd. 3. **Applicable zoning standards.** (a) A multifamily residential development must
2.26 comply with any standards, performance conditions, or requirements, including the adequacy
2.27 of existing public infrastructure, imposed by a city to promote the public health, safety, and
2.28 general welfare.

2.29 (b) A city must not impose a height requirement on a multifamily residential development
2.30 that is less than the following:

2.31 (1) in a city of the first class, 75 feet;

3.1 (2) in a city of the second class, 45 feet;

3.2 (3) in a city of the third class in the metropolitan area, 45 feet; or

3.3 (4) in a city of the third class outside of the metropolitan area, 35 feet.

3.4 (c) A city must not impose a setback requirement on a multifamily residential
3.5 development that is greater than the smallest required minimum setback distance of any
3.6 other structure in the same zoning district of the parcel on which the development will be
3.7 built.

3.8 (d) A city may impose a height or setback requirement that is different from the
3.9 requirements in this subdivision if such requirements would result in a multifamily residential
3.10 development that would substantially vary in compatibility and scale with surrounding
3.11 properties.

3.12 (e) This subdivision does not apply to a city of the fourth class.

3.13 Subd. 4. **Parking requirements limited.** A city may not require more than one off-street
3.14 parking space per residential unit in a multifamily residential development constructed
3.15 under this section within one-quarter mile of a major transit stop, except that additional
3.16 disability parking spaces may be required to meet the requirements of the Americans with
3.17 Disabilities Act.

3.18 Subd. 5. **Affordable housing development; height and mass requirements.** An
3.19 affordable housing development must be permitted to exceed one or more maximum
3.20 dimensional standards imposed by city official zoning controls as a zoning density bonus.
3.21 A zoning density bonus offered by a city for an affordable housing development may include
3.22 one or more of the following dimensional standards above the maximum base zoning
3.23 regulations:

3.24 (1) a building height increase of at least 35 feet;

3.25 (2) an increased floor area ratio;

3.26 (3) an increased number of units per acre;

3.27 (4) an increased total number of units;

3.28 (5) a higher percentage of lot coverage; or

3.29 (6) other dimensional standards that increase building size by at least 30 percent more
3.30 than what is allowed for market-rate multifamily residential developments.

4.1 Subd. 6. **Administrative review process.** (a) Notwithstanding any law, rule, or ordinance
4.2 to the contrary, a city must establish an administrative review process subject to the
4.3 procedures in section 15.99 for a multifamily residential development meeting the
4.4 requirements of this section.

4.5 (b) An application reviewed through an administrative review process or other process
4.6 may not be approved contingent on factors other than the protection of the public health,
4.7 safety, and welfare or for the purpose of increasing the supply of affordable housing; the
4.8 completion of a study; or the development being a part of a planned unit development if
4.9 the multifamily residential development complies with this section.

4.10 Subd. 7. **Exceptions.** (a) Nothing in this section authorizes a multifamily residential
4.11 development that is prohibited by state or federal law or rule, or is prohibited under an
4.12 ordinance adopted pursuant to such a state or federal law or rule, that protects floodplains,
4.13 areas of critical or historic concern, wild and scenic rivers, shore land, or that otherwise
4.14 restrict residential units to protect and preserve the public health, the environment, or scenic
4.15 areas.

4.16 (b) A multifamily residential development may not be inconsistent with approved plans
4.17 under chapter 103B.

4.18 **EFFECTIVE DATE.** This section is effective June 1, 2025.