

CITY OF MINNEAPOLIS PLANNING DEPARTMENT
DOWNTOWN EAST / NORTH LOOP MASTER PLAN

Chapter Six Local Regulatory Framework

Chapter Six takes up the issue of what is needed in order to facilitate the kinds of development called for in the Project Area. More specifically, the chapter considers how the City's primary regulatory tool for guiding new development – the Zoning Code – could be adapted or modified in order to remove existing barriers to the vision contemplated. Likewise, the chapter also considers what sort of incentives might be added to encourage the kinds of private development and public infrastructure that has been recommended for the Project Area in previous chapters. The goal is to ensure that the master plan is able to be implemented and that it will stand the test of time; that the myriad of recommendations, both large and small, will not be lost because the regulatory framework is incompatible with the policy intentions.

CHAPTER SUMMARY

Chapter Six begins by reviewing the basic zoning categories found within the Project Area and evaluating how well each one is suited to accommodating the kinds of change needed to forge Complete Communities. This analysis is followed by a series of proposals and recommendations for how the Zoning Code should be modified in order to help the development community overcome the inherent challenges, especially as they relate to specific development precincts within the Project Area. Finally, the chapter considers enhancements to the city's regulatory framework that would help to ensure that improvements to the city's infrastructure and construction of public amenities proceed in pace with new building development.

Once the market analysis, land use analysis and urban design plan were completed, it was necessary to fully analyze the regulatory framework governing the project area in order to identify existing gaps and what sort of enhancements could be made.

The chief component of any city's regulatory framework is zoning. Zoning shapes cities through the regulation of building size, population density, and land use. It is the primary tool for carrying out

planning policy and regulating physical growth through the development process. It establishes built form controls through height and setback regulations and separates incompatible land uses. Put simply, zoning is at the very heart of planning because it is through local zoning ordinances that the goals, objectives, and policies of comprehensive planning are implemented. For this reason it is critical that local zoning ordinances are in conformance with the substance of comprehensive planning for the Project Area.

In order to implement the key recommendations of the *Downtown East/North Loop Master Plan*, changes are required to the existing Zoning Code. In order to understand the kind and scope of change recommended, it is first necessary to review – as background – the existing zoning regulations for the Project Area.

EXISTING DOWNTOWN ZONING DISTRICT DESIGNATIONS

The City of Minneapolis Zoning Code currently provides regulations for implementing planning policies contained in The Minneapolis Plan and the Minneapolis Downtown 2010 Plan. It establishes a variety of different districts in the city that delineate base zoning classifications as well as overlay districts which are applicable within selected areas (see Figure 6.1 page 109).

Primary Zoning Districts are established throughout the entire city and provide regulations that specify the parameters for permitted uses, lot dimension requirements, building bulk requirements, yard requirements, density bonuses, and other performance standards. The Downtown Districts provide similar regulation, but they are specific to a particular set of areas of the city within the Central Business District (CBD). Currently, those areas of the CBD that are not governed by the Downtown Districts are governed by the Primary Zoning Districts that extend across and throughout the rest of the City.

LEGEND

- R1-R2B: RESIDENTIAL DISTRICT
- R3-R6: RESIDENTIAL DISTRICT
- OR1-OR3: OFFICE / RESIDENTIAL
- C1: COMMERCIAL DISTRICT
- C2-C3S: COMMERCIAL DISTRICT
- C4: COMMERCIAL DISTRICT
- I1: LIGHT INDUSTRIAL DISTRICT
- I2: MEDIUM INDUSTRIAL DISTRICT
- I3: GENERAL INDUSTRIAL DISTRICT
- B4: DOWNTOWN BUSINESS DISTRICT
- B4S: DOWNTOWN SERVICE DISTRICT
- B4C: DOWNTOWN COMMERCIAL DISTRICT
- PROJECT AREA BOUNDARY

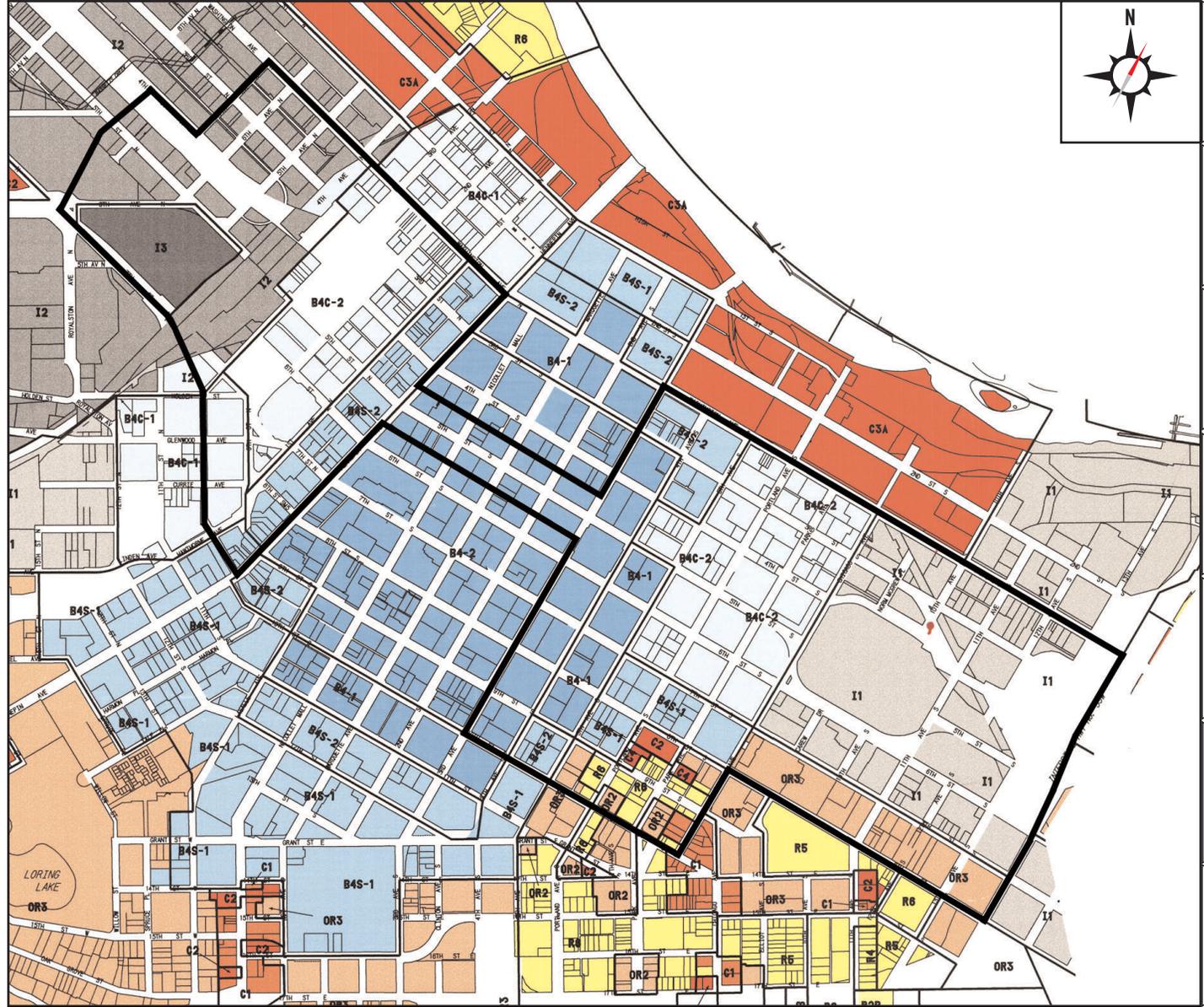


Figure 6.1 Map of Existing Zoning Districts in Downtown Minneapolis

Existing Downtown Districts

There are currently three Downtown district designations: The Downtown Business District (B4); The Downtown Service District (B4S); and the Downtown Commercial District (B4C), (see Figure 6.1, page 109). In general, Downtown districts are not subject to minimum yard requirements unless they are in close proximity to residence and office-residence districts.

Existing Downtown Business District (B4)

The B4 Downtown Business District (more commonly referred to as “The Downtown Core”) is the area intended for the highest density retail and office uses within Downtown Minneapolis. The B4 district is subdivided into two sub-districts B4-1 and B4-2 which allow for building floor area ratios (FAR) of eight (8) and sixteen (16) respectively. The B4-1 sub-district surrounds portions of the northern, eastern, and southern edges of the B4-2 district. The lower FAR allows for a transition in building heights from the higher intensity center of the Core out toward the surrounding, lower density parts of downtown.

Inherent Challenges: While there are several underdeveloped blocks within the existing Core (particularly north of South 5th Street and south of Washington Avenue South), the market analysis conducted for this project indicates that redevelopment of those blocks alone would not provide enough space to accommodate the amount of commercial office space forecast over the next twenty years.

Proposed Solution: The boundaries of the existing B4-Downtown Business District should be expanded to include nine additional city blocks directly adjacent to the northeastern portion of the existing Core. Specifically, the new boundary of this district would stretch to Washington Avenue on the north and to Portland Avenue on the east (see Figure 6.2).

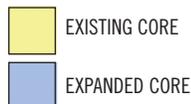
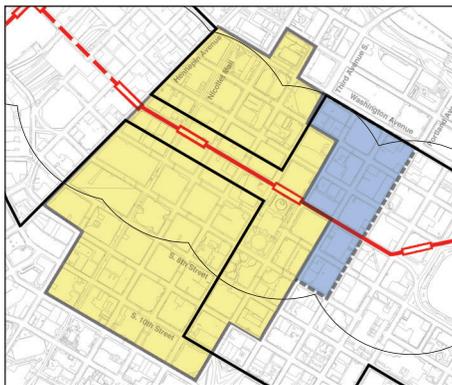


Figure 6.2
Map of Downtown Core Expansion

This particular area is proposed for expansion for four reasons. First, these blocks are all within easy walking distance of two proposed LRT stations, Government Station and Downtown East. Second, a significant portion of this expansion area is comprised of full block or nearly full block surface parking lots. Because less demolition is required, theoretically these blocks would be easier to develop more quickly thereby accommodating new growth while ridding the city of several unsightly surface parking lots. Third, new development in this area would help to forge a more consistently built-out environment that bridges the existing core with new development emerging north of Washington Avenue in the Historic Mills District. Finally, and perhaps most importantly, expansion of the Downtown Core in a northeast direction halts encroachment of high-intensity uses into the Elliot Park neighborhood, thereby allowing that neighborhood to seek development that will encourage – rather than undermine – continued progress toward the goals called for in the Elliot Park Master Plan.

As depicted in Chapters Four and Five, a significant linear parkway – one-quarter block wide – would run on the east side of these blocks, from Washington Avenue to South 7th Street along Portland Avenue. This linear park would form a visual and perceptual demarcation line between the high-intensity Downtown Core and new medium intensity mixed use development in Washington Village.

In addition, the City should consider a mandatory street-level retail requirement in the Zoning Code for designated retail streets, whereby a minimum percentage of ground floor retail space will be considered mandatory – rather than voluntary – in all future commercial office projects.

Existing Downtown Service District (B4S)

The B4S Downtown Service District is intended to provide an environment for a wide range of retail and office facilities that support those uses in the Downtown Core, particularly the provision of

goods and services not allowed in the B4 zone. This district also encourages residential uses and hotels.

Building massing in the B4S zone is currently achieved through the use of maximum floor area ratios and in some cases minimum lot dimensions and yard requirements – in other words, traditional development standards. There are two sub-districts: The B4S-1 sub-district has a maximum FAR of 8.0 for hotels and dwellings and 4.0 for all other uses. The B4S-2 sub-district has a maximum FAR of 8.0 for all structures. Between 1.0 and 6.0 floor area ratio premiums are permitted through application in B4S for provision of the following: Outdoor urban open space, indoor urban open space, interior through-block connections, skyway connections, inclusion of a transit facility, street level retail uses, inclusion of a freight loading terminal, public art, sidewalk widening to at least 15 feet, and preservation of historic structures.

In general, downtown districts are not subject to minimum yard requirements unless they are in close proximity to residence and office-residence districts.

Inherent Challenges: While the B4S district encourages residential uses, multiple-family dwellings are not permitted as-of-right, but through a Conditional Use Permit (CUP). Thus, developers of mixed-use buildings containing residential uses or higher density residential housing must go through an additional development application process that developers of commercial projects are currently exempt from. From a developer's perspective, this additional step adds an additional risk. Taken alone the CUP is not an insurmountable obstacle and oftentimes it is not the make-or-break component of a project. However, because developers face a whole host of other risks, the elimination of each unknown helps – in this case whether a CUP is uncontested and ultimately granted through the City's approval process.

In order to create Complete Communities it is important for each development precinct to enhance or establish a strong neighbor-

hood identity that gives it a sense of place. One of the best ways to achieve this is to create a “family” of buildings that are similar to one another in height, massing, and density. Obviously, within this family of buildings, each one could and should differ in architectural styling from the others in the neighborhood. But this is not currently possible because different lot sizes dictate that different building heights will result with the use of FAR as a control.

Potential Solutions: In an effort to realize the vision of creating Complete Communities within the portion of the Project Area currently designated as the Downtown Service District (B4S), the following modifications would be required:

- Because the intent of the B4S zone does not currently envision the emergence of downtown residential neighborhoods, the purpose statement for this district needs to be strengthened so that it is more in keeping with the planning and development goals set forth for the Project Area. In the Zoning Code, revise section 549.430 “Purpose” to strengthen the intent of the zoning to include residential uses and create downtown neighborhoods;
- The overall effect of eliminating the CUP for multiple-family dwellings – in areas where City policy specifically supports such development – is to help developers implement the City's vision. In the Zoning Code, remove the requirement for a CUP for residential uses. This would occur through modifying Table 549-1 “Principal Uses in the Downtown Districts” to show that cluster development and multiple-family dwellings of five (5) units or more are permitted;
- In order to create a strong identity for the new neighborhood-based development precincts envisioned in Downtown East and the North Loop, built form controls that utilize defined heights, setbacks and step-backs should be developed and applied to office, residential, light industrial or any mix of these uses. Adoption of built form controls would allow for

new development to be compatible with adjacent buildings in terms of character and scale and would help each precinct to achieve its own distinct identity. If the existing B4S zoning is to be maintained, then revisions would be necessary to two sections of the existing code to introduce new built form controls: Chapter 549.100 Lot Dimensions and Building Bulk Requirements and Chapter 549.120 Yard Requirements. It is important to note however, that it might be administratively difficult to do this under the existing B4S districts because this zoning category also exists in other areas of Downtown beyond the Project Area.

Existing Downtown Commercial District (B4C)

The purpose of the B4C Downtown Commercial District is to provide for primarily commercial uses (retail, office, business services) and limited industrial uses. Building massing in the B4C zone is currently achieved through the use of maximum floor area ratios and, in some cases, minimum lot dimensions and yard requirements – in other words, traditional development standards. There are two sub-districts: B4C-1, which has a maximum FAR of 4.0; and B4C-2, which has a maximum FAR of 8.0 for all structures. The Master Plan contemplates floor area ratios of between 2.0 and 8.0 in the development precincts within Downtown East and the North Loop. Therefore, existing FARs in the B4C-2 zone would allow for all types of structures to be built to a maximum floor area ratio of 8.0.

Floor area ratio premiums are permitted, through application in B4C, of between 1.0 and 2.0, generally, for provision of the following: Mixed use residential of at least ten percent of gross floor area, interior through-block connections, incorporation of a transit facility, street level retail uses, freight loading terminal, public art, sidewalk widening to at least 15 feet, and historic preservation. In general, downtown districts are not subject to minimum yard requirements unless they are in close proximity to residence and office residence districts.

Inherent Challenges: Like the Downtown Service District (B4S), the existing Downtown Commercial District (B4C) does not encourage residential development. However, upon a review of permitted uses, there are no differences between B4C and B4S in this regard – both allow cluster development or multiple-family of five units or more through conditional use permit only. Because residential uses are not encouraged within this zone *per se*, the conditional use permit process might place more conditions on this type of development in the B4C district than it would in the B4S district (see above).

In spite of not encouraging residential development *per se*, a floor area ratio premium of 2.0 is possible in B4C for mixed use residential of at least ten percent of the gross floor area of the project. Thus, in order to build a project in this district that includes residential uses, an additional application costing \$1,000 must be made.

Potential Solutions: The B4C designation should be retained only in those precincts that are intended to remain primarily commercial in character. For example, the six-block area that is generally south and west of the Metrodome should retain its B4C designation because these blocks should be developed with commercial or institutional uses. Residential uses are not recommended in this area of transition between HCMC, the Downtown Core, and the more residentially based, mixed-use neighborhoods to the north. Likewise, the blocks immediately west of First Avenue North in the city's entertainment district (the west side of the West Hennepin Precinct) are currently zoned B4C. This designation is not problematic for existing buildings in the district. If new infill development is primarily defined by commercial uses, this designation should not be problematic. However, if such infill development was to include a greater proportion of residential uses, maintaining this designation should be re-evaluated.

Existing Industrial Districts

As described in the Zoning Code, Industrial districts “are established to provide locations for industrial land uses engaged in

production, processing, assembly, manufacturing, packaging, wholesaling, warehousing or distribution of goods and materials”. As large portions of the Project Area are currently zoned Industrial – primarily I1 in Downtown East, and I2 in the North Loop – these districts are analyzed for possible revision as a means to implement the vision set forth in this master plan.

The Light Industrial District (I1) is established to “provide clean, attractive locations for low impact and technology-based light industrial use, research and development.” The Zoning Code stipulates that “all business activity be conducted within a completely enclosed building,” The exceptions to this are outdoor dining and limited outdoor sales and display.

The Medium Industrial District (I2) is established “to provide locations for medium industrial uses... which have the potential to provide greater amounts of noise, odor, vibration, glare or other objectionable influences than allowed in the I1 District.” As with I1 zoning, this district permits limited outdoor dining, outdoor sales and display. Similarly, it does not encourage housing.

The General Industrial District (I3) is established to “provide locations for high impact and outdoor general industrial uses and other specific uses likely to have a substantial adverse effect on the environment or on surrounding properties.” The only portion of the Project Area that is designated I3 is the Hennepin Energy Resource Center located directly west of the ballpark site along North 5th Street. There is not provision within the I3 zoning designation for housing.

Inherent Challenges: There is no reference in the Zoning Code for a residential component within the description for the I1, I2, or I3 districts. However, the Industrial Living Overlay District allows for residential development in selected areas of the I-1 and I-2 industrial districts throughout the City, most notably in the North Loop and Downtown East (see “Overlay Districts” below).

Potential Solutions: While the Industrial Living Overlay District (IL) allows for residential development in the otherwise industrial-zoned portions of Downtown East and the North Loop, neither the primary zoning nor the overlay zoning are tailored to the purpose of creating the sort of diverse mixed-use neighborhoods envisioned herein. The City might “enhance” these existing zoning categories to shoe-horn a diversity of additional uses into these districts, but that will not necessarily reduce risk and complexity for developers who are intent on helping the City realize its vision of mixed-use development in these precincts. The general inclination towards residential uses being considered an exception within these districts suggests that the continued use of, or revision to, industrial districts within the Project Area would provide little benefit to the realization of the Master Plan. Certainly, the current I-2 designation that covers a vast portion of the North Loop works decidedly against the vision for establishing Complete Communities on that side of Downtown.

Instead, those portions of the Project Area that are currently zoned as industrial should be rezoned with a new designation that embraces the concept of true mixed-use development and encourages uses that create vibrant neighborhood streets (see Creating New Mixed-Use Zoning Districts, below).

Existing Overlay Districts

There are three overlay districts that cover all or part of the Project Area and play an important role in how development is regulated within the Project Area. These overlay districts are the Pedestrian Overlay District (PO); The Downtown Parking Overlay District (DP); and The Industrial Living Overlay District (IL). There are two other existing overlay districts that exist within small portions of the Project Area: The Nicollet Mall Overlay District (NM) and the Downtown Housing Overlay District (B4H). As they currently exist, neither of these two districts pose a challenge for realizing the vision for the master plan.

Industrial Living Overlay District (IL)

The Industrial Living Overlay District (IL), sometimes referred to as the “ILOD,” is intended for the rehabilitation and reuse of existing industrial structures, and to provide for limited residential and retail uses in I1 and I2 Industrial Districts. It currently allows construction of new dwelling units through a Conditional Use Permit (CUP) for single family, two family and cluster developments to a maximum height of 2.5 stories or 35 feet, whichever is less. There are no specific provisions for multiple-family developments in this district.

It is not recommended that the IL Industrial Living Overlay District be used to implement the objectives of this master plan. It would be better to encourage implementation of these objectives through revising the designation for the primary zoning districts so that they more easily accommodate the kind and mix of uses sought. Revising the base zoning would eliminate the need for an overlay district, thus eliminating an important hurdle for developer’s seeking to implement the vision called for within this plan.

Downtown Parking Overlay District (DP)

The Downtown Parking Overlay District is intended to protect and preserve the unique character of downtown “by restricting the establishment or expansion of surface parking lots” within the CBD. It is also intended to ensure that significant buildings – especially those that still have a useful life – are not speeded toward the wrecking ball for the purpose of being held as surface parking lots in speculation for potential new development. More specifically, the overlay district prohibits the creation or expansion of commercial parking lots, or the conversion of an accessory parking lot to commercial parking lot. (A CUP can be sought for a modest amount of surface parking which is accessory to a primary use).

The entire Project Area is within the physical boundaries of the

Downtown Parking Overlay District.

Provided it is enforced by the City, the Downtown Parking Overlay District is an effective tool for discouraging uses that lessen the sense of place within Downtown, particularly in the neighborhoods that are on the periphery of the Downtown Core. As it exists, the overlay does little beyond its purpose of “damage control.”

The City should consider whether the overlay district should be expanded in order to limit CUPs for accessory parking lots and variances concerning the number of spaces in those lots.

More importantly, it is incumbent upon the City to explore more potent ways to provide incentive for property owners to redevelop existing surface lots. For instance, serious consideration should be given to nullifying or “zeroing out” the parking requirement for commercial uses on infill development sites less than one-quarter block in size, particularly if they are located in close proximity to existing public structured parking facilities.

Pedestrian Overlay District (PO)

The Pedestrian Overlay District is intended to preserve and enhance the pedestrian character of existing, designated commercial areas throughout the city. The Pedestrian Overlay District designation includes four key features. First, a prohibition of drive-through restaurants, freestanding fast food restaurants, auto service uses, and transportation uses is in place for this district. Second, within the district, there is a requirement for building placement is intended to reinforce the street wall. For any building within the district, there is a maximum setback of eight (8) feet from the front yard for the first floor of any building, and at least one principal entrance must face a public street. Third, 40-percent of the first floor of any building façade requires window area. Fourth, front yard parking is prohibited. Additional regulations exist within the Pedestrian Overlay District for specific areas of the City.

Though many of the same provisions of the Pedestrian Overlay District are enforced through major site plan review, no portion of the Project Area is currently designated as a PO.

The Pedestrian Overlay District is crafted in such a way as to enforce regulations that are general to the district as a whole, but specific to specially designated neighborhoods within the City. For this reason, it makes sense to amend the PO district to include additional regulations for specific portions of the Project Area, in order to achieve particular objectives related to transit-oriented development and building Complete Communities. More specifically, additions to the Pedestrian Overlay District within the Project Area should be developed around each LRT station and at each neighborhood retail node (see Figure 4.4, page 38).

MIXED-USE ZONING IN DOWNTOWN MINNEAPOLIS

As mentioned above, the Downtown Core and the areas immediately surrounding it are regulated by a series of discreet zoning districts that are specifically tailored to the concerns and opportunities related to downtown development. “Downtown development” is considered a type and intensity of development not intended to occur any other place within city limits. For the most part, these districts serve that intended purpose quite well.

It is important to note, however, that not all of the CBD is included within the Downtown Districts. Generally speaking, those areas within the CBD (the area within the freeway loop) that are not covered by or regulated under the Downtown Districts are generally either residential or industrial in nature. In the past, the scale and intensity of development in many such areas has been deemed to be more akin to those neighborhoods across the city that are not within the CBD. The challenge for developing Complete Communities in Downtown East and the North Loop is that the scale and intensity envisioned does not fall neatly into either of the existing sets of zoning districts. That being the case, it is best for the City to create and adopt a new set of zoning dis-

tricts that address the unique issues inherent in developing and enhancing the subset of neighborhoods that are neither in the Core nor in “the rest of the City.” Special consideration is needed because although these neighborhoods are, in many respects, similar to any other city neighborhood, in many other ways they are quite different from any other neighborhood in the city precisely because they are located in such close proximity to the Downtown Core.

In an effort to address the challenges inherent in single-use zoning, some cities are implementing a new regulatory tool by designating “mixed-use zones” to allow for a broad range of land uses within a given geographic area. In many cases, this is done in parts of the city that are considered transitional, particularly in those areas around transit stations. They provide for a variety of housing types intermingled with offices, supportive retail, open space, and on-site structured parking. In addition to allowing for a range of primary uses – particularly within a single structure – mixed-use zones often incorporate coordinated design standards and site planning in order to facilitate high density, active, urban environments.

Clear objectives must be established when using mixed-use development. In Downtown Minneapolis, a mixed use zoning designation should be formally adopted and incorporated into the Zoning Code in order to allow for new opportunities to create mixed-use neighborhoods within the Project Area, and to eliminate unnecessary barriers for developers seeking to help speed along this plan’s Vision . The suggested name for this new zoning designation is the B4M Downtown Mixed-Use District, as represented on the Map of Proposed Zoning Districts (see Figure 6.3, page 117).

The B4M Downtown Mixed Use District would have the following characteristics:

- *Permitted uses:* As-of-right permissions for all types of residential dwelling uses, commercial uses (including both office

and retail), educational facilities, cultural and recreational facilities, and parks.

- *Prohibited uses:* Drive-through retail establishments of any kind as well as medium and general industrial uses will be prohibited.
- *Maximum height:* Height limitations will be set for principal structures located in the B4M zone. Recommended height limitations are based on three categories – low (L), medium (M) or high (H) – each of which is integrated into the Recommended Land Use Plan (see Figure 4.3, page 37). These height limitations would serve to distinguish three proposed B4M Downtown Mixed Use Districts: whereas B4-1 would be low; B4-2 would be exclusively medium; and B4-3 would be high.
- *Minimum heights:* In order to achieve the desired scale of development and to discourage under-utilization of development potential, minimum building heights are recommended as part of the built form controls: recommended height minimums are based on three categories – low (L), medium (M) or high – each of which is integrated into the recommended Land Use Plan (see Figure 4.3, page 37).
- *Yard requirements:* In general, required front yards will be minimal (10 feet or less) in order to encourage buildings to be built to the sidewalk. Front yards can be eliminated if this area is used for sidewalk widening or urban open space. Required side yards will be kept to a minimum with opportunities to increase for providing through-block connections.
- *Parking requirements:* All new projects will require off-street parking in on-site structured ramps. Above-ground ramps must be lined with active uses per design and site plan standards specifically developed for this district. The on-site parking requirement will be waived for specifically identified infill development sites – those that are less than one-quarter

block in size. Infill development sites will be required to address parking through shared use agreements with neighboring ramps.

Three subdistricts should be designated within the new B4M zone:

B4M-1: The B4M-1 designation defines a district with areas specifically designated for low-intensity mixed-use development. Low intensity development has a minimum height of two floors and a maximum height of four floors. The only B4M-1 subdistrict proposed in the Project Area is located within the Elliot Park West precinct. It is intended to allow for infill development that is compatible in scale with the existing low-intensity development that characterizes the South 9th Street Historic District. Specifically, this area includes the blocks that lie within the area north of South 10th Street, east of Fifth Avenue South, west of Chicago Avenue and Centennial Place, and south of a line that runs parallel to and midway between South 8th Street and South 9th Street. (see Figures 4.1 Development Precincts and 6.3: Proposed Zoning Districts).

B4M-2: The B4M-2 designation defines a district specifically designated for medium-intensity, mixed-use development. Medium-intensity development has a minimum height of five floors and a maximum height of thirteen floors. In Downtown East, a B4M-2 subdistrict is proposed for the Washington East Precinct, the Washington Village Precinct, and most of the Elliot Park East Precinct. In the North Loop, a B4M-2 subdistrict is proposed for the Warehouse West Precinct and the Freeway West Precinct (see Figures 4.1 Development Precincts and 6.3: Proposed Zoning Districts).

B4M-3: The B4M-3 designation defines a district specifically designated for high-intensity mixed-use development. High-intensity development has a minimum height of fourteen floors. There is no maximum height for high-intensity development. In Downtown East, a B4M-3 subdistrict is proposed for two blocks in the Elliot

LEGEND

-  HIAWATHA LRT (UNDER CONSTRUCTION)
-  TRANSIT STATIONS
-  PROPOSED RAIL TRANSIT LINES
-  1/4 MILE RADIUS TO LRT STATION
- PROPOSED DISTRICTS / CATEGORIES**
- MIXED-USE**
-  B4M-1 DOWNTOWN MIXED-USE DISTRICT (L): LOW INTENSITY
-  B4M-2 DOWNTOWN MIXED-USE DISTRICT (M) MEDIUM INTENSITY
-  B4M-3 DOWNTOWN MIXED-USE DISTRICT (H) HIGH INTENSITY
- EXISTING DISTRICTS / CATEGORIES**
- DOWNTOWN**
-  B4-2 DOWNTOWN BUSINESS DISTRICT
- INDUSTRIAL**
-  I1 LIGHT INDUSTRIAL DISTRICT (L)
-  I2 MEDIUM INDUSTRIAL DISTRICT (M)
-  I3 GENERAL INDUSTRIAL DISTRICT (H)
- OFFICE/RESIDENTIAL**
-  OR3 INSTITUTIONAL OFFICE RESIDENCE DISTRICT

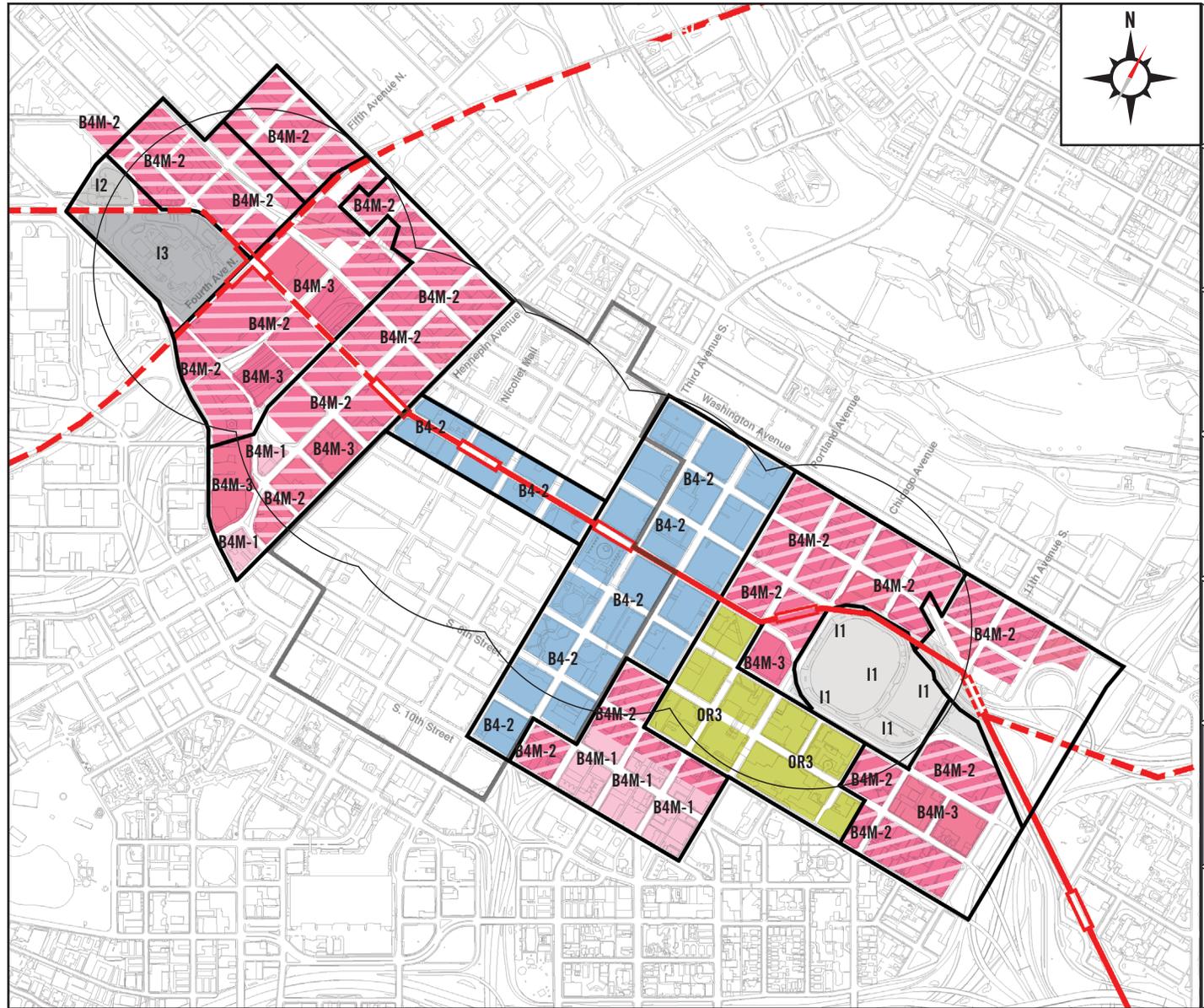


Figure 6.3 Map of Proposed Zoning Districts

Park East precinct. In the North Loop, a B4M-3 subdistrict is proposed for the air rights development district over most of “The Cut.”

To better understand the implications of all three proposed zoning sub-districts, the reader should cross-reference the Recommended Land Use Plan (see Figure 4.3, page 37) and the Proposed Zoning District Map (see Figure 6.3, page 117).

ENHANCEMENTS TO THE DOWNTOWN REGULATORY FRAMEWORK

Reinvestment in Downtown East and the North Loop needs to be encouraged through as much flexibility and diversity of choices as possible. For this reason, it is appropriate that the Project Area be treated in a different manner than the rest of downtown Minneapolis. The regulatory approach to Downtown East and North Loop is based on the philosophy that built form controls and performance standards can allow for a wide range of land uses to occur “as-of-right” while controlling impacts on surrounding uses through the new proposed B4M Downtown Mixed Use District. This will allow for a more dynamic development market – one that is not hindered by a predetermined land use pattern that often necessitates rezoning in order to get a project built.

A suite of four inter-related enhancements to the City’s regulatory framework – each of which should be incorporated into the Zoning Code – are proposed in order ensure the successful and timely development of mixed-use Complete Communities within the Project Area. These enhancements are intended to support new development within the proposed Mixed-Use Development Districts as well as in the existing zoning districts. Because these enhancements are mutually supportive of one another, they should be established and incorporated in an inter-connected way in order to be most effective. These enhancements include As-of-Right Approvals, Built Form Controls, Density Incentives, and Selected Fee System Modifications.

“As-of-Right” Zoning

As-of-Right zoning allows for development to occur within an established geographic area through an agreed upon framework that already has been subject to public scrutiny. With As-of-Right zoning, a developer is allowed to build any structure as long as the approving department is satisfied that the structure complies with the local zoning code and the relevant building code. In cases where this is implemented, the Zoning Code is amended to include a checklist of very specific performance standards that must be met without exception. If each and every requirement is met, a project receives administrative approval. No action is required by the local planning commission or city council. Public hearings are not held for such projects. The public process related to the creation of such a checklist sets the standards up front, and it is the only opportunity for public review. With As-Of-Right zoning, the developer would need only to file plans and pay the appropriate fees. Once administrative approval is granted, they would be allowed to begin construction upon issuance of a building permit.

As-of-Right zoning assumes that the community’s specific goals and policies are already reflected in ordinance provisions, and that they have been developed with prior, inclusive public input. The permit process is not the place for the public to revisit development standards / guidelines because of the time penalty this puts upon developers. Only those development projects that do not fit in with the vision of an area would be required to go through some sort of major zoning modification and public hearing. There is no need to subject all developments to prolonged public review – each of which raises highly specific issues, and the resolution of which often undermines and distorts the original vision for the area.

As-of-Right zoning in a mixed use district provides a predictable, consistent process for the City and developers alike, because it keeps the question of land use open, while maintaining control

over site planning and building design through performance standards. From the local government standpoint, the advantage is that the City has a stronger degree of control over the built form of downtown buildings as well as the way they are integrated into the public realm. From the developer's standpoint, the advantage to this approach for the Project Area is that it removes the need to apply for a Conditional Use Permit to incorporate higher density residential uses. Because the politics of what is and is not permissible is dealt with up front when the standards for the district are written and approved, the level of risk faced by developers is lessened and the attractiveness of doing business in Downtown East and North Loop is improved.

Expedited Development Review: In order to further encourage development on specific "springboard" sites within Downtown East and North Loop, an Expedited Development Review process might be considered for parcels within the Project Area. This would entitle an applicant to be placed on a priority list for project review, as established by the Planning Director. The applicant would be required to submit a complete application in order to be placed on the list.

The City of New York Zoning Resolution allows As-of-Right development. This method is also used in certain districts of the City of Toronto, in order to encourage reinvestment. The City of Vancouver, Washington, has an Expedited Development Review process for mixed-use developments.

Built Form Controls

In order to help a strong identity emerge for each of the new neighborhood-based development precincts contemplated by the Master Plan, traditional development standards and density restrictions may be less useful than built form controls. Built form controls should be contemplated to address two sets of issues simultaneously:

Standards for Architectural Building Design: The City should develop and introduce new standards for architectural building design that more clearly define design considerations such as built form envelope, building heights, setbacks, and step-backs. Such standards should be specifically developed and applied in order to allow for flexibility in, and mixing of, different uses within a given building, complex or neighborhood. Such controls will ensure that each new building is compatible with adjacent buildings in terms of character and scale while simultaneously ensuring that each new project helps to achieve – rather than undermine – a distinct character for each precinct. Standards should be developed on either a block-by-block or a neighborhood-wide basis.

Standards for Urban Design: The City should prepare and adopt formal urban design standards for use in evaluating specific site plan review applications for new development within the Project Area. The aim of such standards should be to achieve high quality design for the public realm and for private development. Standards would be based on and incorporate the proposals defined in Chapter Five: Urban Design Plan.

Built form controls could be implemented and administered in two different ways:

Absolute Design Standards: In order to ensure a baseline for the kind and quality of development that takes place within the Project Area (or a subset of the Project Area), absolute design standards should be developed and adopted to protect the City's goals, community desires, and to help developers manage risk. Absolute standards are an opportunity to jointly define exactly what is expected by and from each party in the design and development process, so that once market conditions are right for developers, they can proceed as expeditiously as possible. By negotiating what is considered crucial to a development project before design is initiated, potential hurdles are eliminated, thus smoothing the way for developers who put a project together based on the already agreed upon absolutes.

Performance-Based Design Standards: Some municipalities use performance-based systems, where developers receive points for incorporating a range of different design elements in a development project. Each different design element has previously been assigned a point value. A minimum number of points must be achieved in order to receive development approval. This sort of system gives developers options concerning which design recommendations they wish to emphasize. Neighborhoods and the City can prioritize their goals based on how many points are assigned to each design element

Ideally, a combination of absolute standards and performance-based standards would be appropriate tools for achieving both design compatibility and developer flexibility.

Merging Community and Developer Interests

The community design review process would encourage up front community participation and discussion in setting the quality standards for new development within a geographically defined area regardless of when that development might occur. Developers and the public should be encouraged to engage one another in the collaborative creation of standards. The intent is to cooperatively agree upon the level of quality sought for development in the Project Area before developers run the risk of becoming ensnarled in a politicized approval process; one which has the potential to become overly complicated for a specific project. In other words, for most projects the community discussion need not occur each and every time a project comes through the approval process.

Because the design review process takes place “outside of” the review for each and every project, it is easier to agree upon commonly-held objectives for the entire neighborhood, rather than just one site within it. Once standards are agreed upon and adopted, developers can alleviate their risk by choosing to conform with the design standards before they put pencil to paper. Those who meet the agreed upon standards can proceed without an individual pub-

lic hearing for their project. Formal community input will not be solicited after the fact. The trade-off for downtown neighborhoods is that once agreed upon standards are in place, reinvestment will likely proceed at a quicker pace, and in a manner that is more in line with neighborhood goals because developers know and understand what the community wants before packaging a deal.

Incentive Zoning

Incentive zoning is used to encourage developers to provide specific community benefits in exchange for developer bonuses. Community benefits often include provision for such things as affordable housing, senior housing, day care centers, parks, public plazas, and open space. Provision of such benefits is directly tied to developer bonuses such as permissions to build more intensive development than what is otherwise permitted in the Zoning Code. The purpose of incentive zoning is to further community objectives while maintaining consistent planning policy for a given area.

Different incentives can be awarded based on the development goals for specifically designated zoning districts, provided that they are formally incorporated into the City’s Zoning Code and associated maps. Minneapolis currently offers two kinds of zoning incentives: Floor Area Ratio (FAR) Premiums, and Transfer Development Rights.

Floor Area Ratio Premiums, Density Bonusing, and Density Minimums:

The City currently has the potential to achieve certain urban design goals through a formalized set of FAR premiums (sometimes known as “density bonuses”) that are available for projects within the Downtown Business Districts. These premiums are specifically calibrated to encourage developers to include particular kinds of public realm improvements within the scope of an individual development project. Each premium is specifically defined in terms of what it must include or how it must be incor-

porated. Furthermore, each type of premium is then assigned a value based on the specific Downtown District into which it will be incorporated. For example, incorporating street level retail into a project in the B4S districts allows the developer an FAR bonus of 1.0 while incorporating street level retail into a project in the B4-2 districts allows the developer an FAR bonus of 2.0. Employing such premiums is intended to simultaneously achieve urban design enhancements while encouraging higher density development within the heart of the City.

The major drawback to FAR premiums and density bonuses, however, is that there are no guarantees that the benefits will be provided because developer participation is voluntary. Therefore this sort of tool as it exists does not ensure that developers will put together projects with either the density or the enhancements desired by the City. Developers may choose to forego the opportunity to utilize premiums and intensify land uses if they perceive there is too much risk in using this tool either because the market is soft or the City has too many other potential obstacles in the regulatory framework and process. In short, the benefits to the developer must offer sufficient motivation for them to participate.

Minimum Densities: In many cities, downtown residential development is often constructed at much lower densities than what is permitted in the local zoning code. This is especially problematic because a city's most valuable land is not developed to a level where that land achieves its maximum tax capacity. Over the course of a generation, the long-term results of underdevelopment can be devastating for a city.

Relatively high FARs are proposed for the Project Area based on the expectation that all on-site parking requirements be met by construction of internal parking structures, (preferably underground) and that most development projects will cover as much building site area as possible. (A minimum of 80% site coverage should be assumed on all building sites). Proposed FARs are as follows:

- Expanded Downtown Core: A continuation of B4-2 Zoning, with its prescribed FAR of 16.0;
- Downtown East: A range of FARs, running from a low of 2.0 to a high of 6.0 depending upon specific sites;
- North Loop: A suggested FAR of 6.0 to 11.0, to coincide with the dense mid-rise range of development represented by the historic warehouses with the area.

Simply zoning for higher densities does not guarantee that the intended densities will be built. Thus, additional measures may be necessary to achieve the desired levels of development.

One way to augment density bonuses or FAR premiums is to adopt minimum densities for specific districts or parcels. Such a system would still include FAR premiums, but it would also be designed to ensure that valuable land – particularly land that is in close proximity to transit stations – will not be under-developed. In other words, the City may have to be patient and wait for the right kind and scale of development in order to maximize the long-term benefits to the tax rolls. For instance, in order to achieve transit-supportive densities and thereby ensure the long term viability of rail transit in Downtown Minneapolis, it will be important for the City to consider the appropriate level of balance by adopting a range of minimum and maximum densities strategically based on a parcel's location.

Smaller lots (such as infill lots that are less than one-quarter block in size) should be exempt from the minimum on-site parking requirements because it is often impossible for minimum densities to be achieved on these lots. In addition, a review of City subdivision regulations should also be undertaken in order to ensure that establishing minimum densities does not unnecessarily cause developments to be above the threshold lot number for short plat subdivisions. It may be necessary to increase this number in order to facilitate development.

Transfer of Development Rights

The Minneapolis Zoning Code currently includes a provision for transfer of development rights for the specific purpose of “promoting the preservation and rehabilitation” of historic structures or resources. This incentive allows developers and property owners to transfer the excess allowable floor area from the “sending” site that has the historic structure to a “receiving” site where some other development is contemplated. This sort of zoning device provides a sellable benefit to property owners of historic structures while simultaneously providing a stopgap to demolition of historic buildings, particularly when the property development market is strong.

This incentive has been in place in Minneapolis for only a few years, and for this reason it has not been utilized a great deal. The City should maintain the availability of this incentive within the Zoning Code and encourage its further use. The City should also explore ways to encourage greater use of this incentive by exploring how it might be expanded to accommodate a greater set of circumstances.

As mentioned previously, traditional development standards and density restrictions may be less useful than built-form controls for new development in much of the Project Area. Built-form controls and density minimums may be a more effective way to foster the creation of new and rehabilitated neighborhoods, each of which has a strong identity. Still, zoning incentives such as FAR Premiums and Transfer Development Rights should be retained, as they are likely to continue to be highly useful in particular circumstances. Ideally, built form controls and density minimums would be added to the Code for particular zoning districts (particularly the proposed mixed-use zoning district), but they would be calibrated with the existing zoning incentives in the Code.

Selected Fee System Modifications

The City should consider crafting a palette of fee-based mechanisms for ensuring the ability to construct and maintain infra-

structure that benefits all downtown property owners (as well as residents, workers, and visitors). Two particular fee-based mechanisms should be explored: Development Impact Fees and a Fee-in-Lieu System, both of which are described below:

Development Impact Fees: It is recommended that the City adopt development impact fees targeted toward specific infrastructure that benefits all properties and raises not only the sense of place – but also the value of downtown properties by virtue of being provided and maintained. Such impact fees are levied on developers at such time when a project is approved by the City on a per-unit or per-square foot basis. Development impact fees are often used to fund benefits such as increased park land, enhanced transit, or shared parking.

It is recommended that the City adopt a parkland acquisition and development fee to be levied on all new private development projects in the Project Area. This fee would be based on a given dollar amount-per-square foot for commercial projects and another given dollar amount-per-dwelling unit for residential projects. (Fees could be set upon minimum standards which would be expressed in acres/1,000 residents for the new communities within Downtown East and North Loop.) The collected fees would be used for the express purpose of capital funding for acquisition and improvements of parkland. A further study would be required to determine the appropriate impact fees. Only that portion of the parkland capital costs attributable to new growth should be charged to new development. In recognition that such a development impact fee might place an additional burden of cost on downtown development, the City should pursue discussions with regional government related to this issue. A strong central city serves regional interests and parkland is essential to providing an attractive business and living environment in downtown Minneapolis.

Fee-in-Lieu System: A Fee-in-Lieu system can be used as an option for meeting on-site parking obligations. The developer may choose to either: 1) provide the required number of parking spaces on site

or 2) pay into a special City fund that will be used to provide City off-street parking (or upgrade existing City parking at another downtown location). The fee-in-lieu would be established on a dollar-per-square-foot or dollar-per-parking-stall basis. For instance, the City of Kirkland, Washington uses a price tag of \$6,000/stall.

Ideally, these mechanisms would be crafted to offer developers options for how they choose to satisfy requirements related to making contributions toward downtown improvements. The obvious concern the city needs to keep in mind is that high impact fees could discourage new development in the first place. Incorporation of these fees should be balanced with the potential elimination or re-calibration of other zoning application fees. For instance, if residential development was designated as an allowable use in places where a Conditional Use Permit is currently required, the fee for the CUP would be lost to the City but would be considered a benefit to developers. The City might compensate, however, by replacing some or all of the resources derived from the proceeds of CUPs through impact fees. In short, the City should consider how it might recalibrate the existing fee system for zoning applications in order to reduce hurdles for developers, while ensuring that it can provide and sustain the sort of infrastructure and public realm improvements that will help to maintain a healthy economy and a healthy sense of place within the Project Area.

Policies for Modifying the City's Regulatory Framework

- *The City should expand the B42 Downtown Business District to include those blocks identified as Downtown Core Expansion in the Recommended Land Use Plan (See Figure 4.3, page 37). Maintain incentive bonusing and FAR premiums as a developer tool in the existing and expanded B4-2 Downtown Business District. The use of incentive bonusing and FAR premiums should be extended to the Air Rights Development District over "The Cut."*
- *The City should create and adopt a new B4M Downtown Mixed Use District in order to facilitate the development of Complete Communities in Downtown East and North Loop. Through the use of As-Of-Right approvals and built form controls that focus on heights, setbacks, and step-backs, a distinct physical character can emerge in each of the new precincts located within the B4M-1, B4M-2, and B4M-3 districts. A mixed-use district does not currently exist in the City; creating one would provide the ability for the development community to respond quickly in terms of changing real estate market conditions. The focus of the neighborhood*

becomes less on prescribed uses and more on the quality of the built environment and the public realm.

- *Prepare and adopt Standards for Architectural Building Design to establish the general principles for siting and massing of buildings. For example, building envelopes should be stepped back from front property lines above three or four stories to allow for preservation sunlight and views.*
- *Prepare and adopt urban design guidelines for the public realm to establish the general principles for streetscape and landscape improvements and the establishment of open spaces. Formally adopt these urban design guidelines to incorporate a performance-based checklist where a minimum number of points would be required for site plan approval by the City.*
- *The City should consider enhancing their current package of zoning incentives in a way that encourages flexibility for developers while securing critical improvements to the public realm.*
- *The City should establish and adopt development impact fees based upon a square footage assessment*

for commercial spaces and the number of units for residential and lodging developments to further enhance the City's ability to provide transit, parking, and parks.

- *Permit uses that foster mixed-use retail/commercial/residential development.*
- *Reduce front lot line building setbacks to enhance the pedestrian experience.*
- *Establish minimum gross floor area (GFA) and minimum lot coverage.*
- *Establish standards for parking maximums, rather than the parking minimums that are currently in place.*
- *Develop reduced parking requirements for buildings within the Downtown East and North Loop portions of the Project Area for (a) conversions of existing buildings, and (b) new buildings within reasonable walking distance of the Hiawatha LRT, bus rapid transit or commuter rail.*
- *Eliminate the parking requirements for infill development projects on sites that are less than one-quarter block in size.*

- *A minimum height or density requirement should be considered for the B4M Downtown Mixed Use Districts. It is recommended that if developers wished to build to the maximum height in B4M Districts then 50% of the floor area beyond the minimum height would have to be dedicated to residential development.*
- *Separate checklists for Built Form Controls may be necessary in the proposed B4M-1, B4M-2, and B4M-3 districts due to the different scale, character, and designation status of buildings within the three proposed districts.*