



PLANNING COMMISSION  
DATE: 11/13/13  
AGENDA ITEM: 5A – BUSINESS ITEM  
CASE # 2013-036

ITEM: Rural Area Development Analysis and Discussion – Further Review  
SUBMITTED BY: Kyle Klatt, Community Development Director  
REVIEWED BY: Nick Johnson, City Planner

### **SUMMARY AND ACTION REQUESTED:**

The Planning Commission is being asked to continue its discussion from its October 28, 2013 meeting concerning the City's rural development areas. The Commission is specifically asked to further review the RAD-ALT land use category and to conduct an analysis of the potential to expand the use of Residential Estates zoning in the future. Staff is therefore seeking a recommendation from the Commission on the following:

1. Whether or not to continue guiding areas in the RAD-ALT land use category as part of the City's Future Land Use Map; and
2. Whether or not the City should pursue Comprehensive Plan and zoning amendments that would either expand the use of the Residential Estates land use category or revise the rural development standards in some other manner in order to allow additional development opportunities on parcels less than 40 acres.

The first inquiry may be acted upon with an amendment to the City's Future Land Use Map in the Comprehensive Plan while the latter issue will require further review and discussion by the Planning Commission should the Commission want to pursue such changes.

### **GENERAL INFORMATION**

*Applicant:* City-initiated action for discussion  
*Request:* Continue previous review and discussion of land use plans and policies concerning Rural Development Areas  
*History:* The City revised its Comprehensive Plan for rural areas in the early-mid 1990's to allow for open space developments. The amendments from this time period limited the use of the Residential Estates as a future land use and instead encouraged any future development of land to be consistent with the City's open space regulations. The RAD-2 category was added to the Plan in 2005 in response to Met Council growth directives.  
*Deadline for Action:* None  
*Applicable Regulations:* Comprehensive Plan – Chapter III: Land Use Plan  
Zoning Ordinance – Article 9: Rural District Standards

## REVIEW AND ANALYSIS

After considering the history of the City's rural development areas and reviewing recent population projections with Staff, the Planning Commission is being asked to further discuss two aspects of this discussion from its October 28, 2013 meeting as described above. Rather than repeating the information presented at the last meeting, Staff has attached the previous Staff report for further review and discussion by the Commission. The two questions that are now being carried forward for further discussion include the future application of the RAD-ALT land use category and the potential for additional development opportunities within smaller parcels in the City's rural areas.

## RAD-ALT LAND USE CATEGORY

The City of Lake Elmo currently guides 157 acres in the RAD-ALT land use category, which corresponds to roughly 314 units of housing. The three areas that have been assigned this designation include the following parcels:

PIN	Owner	Area (acres)
16.029.21.24.0002	3M Company	96
15.029.21.31.0001	Irvin Friedrich	24
25.029.21.44.0001	Terry Emerson	37

The 3M and Emerson properties were changed to the RAD-ALT category as part of the 2005 Comprehensive Plan amendment, while the Friedrich parcel was changed to this category as part of a stand-alone amendment approved by the City in 2010. There were no corresponding reductions or revisions elsewhere in the code with the 2010 amendment, and at that time, the City found that the affected area was small enough that it would not significantly alter any of City's household projections. The Council has previously discussed the idea of implementing a development rights transfer program in order to allow transfers of density between RAD and RAD-ALT development sites, but has not taken any action since 2010 to create such a program.

As the Planning Commission considers the future status of the RAD-ALT land use category, Staff would like to point out the following:

- To date, there have been no developments approved in the City's RAD-ALT areas, and only one proposal for RAD-ALT development has been brought forward at a conceptual level.
- The concept plan noted above was for a 52-unit senior living and farm-based preschool proposal that is no longer a valid development application. The time limit for the submission of a preliminary plan for the site has expired. No new development plans for this property have come forward, although the former applicant has approached Staff recently to discuss an alternative concept plan.
- The Friedrich family does not support any changes to the future land use for their property that would lower the current density of the site.
- As part of its discussions with the Met Council concerning the recently released preliminary population and household forecasts for Lake Elmo, the City will be seeking reductions in these numbers when the forecast is finalized. As presented in Staff's previous report to the City Council, the proposed reductions would allow the City to lower the number of

households that are expected in rural development areas. Should the Met Council accept these numbers, the RAD-ALT category would not be needed to meet the old forecasts. The City may decide to keep this land use classification for other reasons (i.e. to encourage a wider mix of uses in rural development areas).

During previous discussions concerning the RAD-ALT district and based on the City's review of previous open space projects, the following questions and concerns have been raised

- The RAD-ALT category allows for 2 units of housing per acre, which is a density that is much closer to an urban or suburban form of development than a rural type of development. For comparison purposes, the single family areas within the future Lennar development are slightly under 3 units per acre on a net density basis, while the Carriage Station subdivision was platted to meet a density of 2 units per acre.
- The use of well and septic systems in RAD-ALT areas presents challenges for developers because there is so little area to work with once the homes, roads, and other infrastructure is taken into consideration. While more homes mean a more reasonable allocation of costs for shared systems, more users also require a much larger and more costly system as well.
- The Planning Commission has previously discussed the potential to serve RAD-ALT areas with public sanitary sewer. Given the relatively small differences in density between RAD-ALT and the low density urban areas, it might be better to simply guide these sites for sewer residential densities if the City wants to support more development outside of the existing sewer service area boundaries.
- Some of the areas that are guided for RAD-ALT development are located adjacent to general RAD areas or other existing lower density residential neighborhoods. The compatibility between these areas has been a concern for the neighbors surrounding the Friedrich property.
- There is also the question of whether or not it is truly feasible to develop a project under the RAD-ALT ordinance given the current requirement to preserve half of a site as open space. Acknowledging the downturn in the economy that has affected the housing market since the late 2000's, there have been no RAD-ALT projects approved by the City (and only one that even made it to a concept stage) in the last eight years.

Staff is recommending that the Planning Commission further review and discuss the City's RAD-ALT land use classification at its next meeting and provide direction to Staff should any the Comprehensive Plan changes be deemed necessary by the Commission. The options that should be considered by the City include the following:

- 1) Eliminate the RAD-ALT land use category from the Comprehensive Plan and change all areas presently guided in this manner to RAD.
- 2) Eliminate some of the RAD-ALT areas and leave only those areas as RAD-ALT that the Planning Commission believes should be guided in this manner.
- 3) Wait to make any changes to the RAD and RAD-ALT land use classifications until after the Met Council has finalized the City's 2014 forecast. This action is expected to occur sometime in the spring of 2014.

- 4) Do not take any action at this time to make changes to the Comprehensive Plan.
- 5) Expand the areas that are guided for RAD-ALT in the Comprehensive Plan or move the current areas guided for such density to other parcels.
- 6) Consider revisions to the RAD-ALT land use in order to address concerns regarding compatibility between uses.
- 7) Consider other revisions to the RAD-ALT land use to either expand the uses allowed within these areas or to further revise the regulations to promote certain types of activities (i.e. to allow certain types of housing or only low traffic-generating activities).

Of these options, Staff is recommending that the Planning Commission follow number (3) and take this issue up as part of a broader Comprehensive Plan discussion once the 2014 forecast is finalized. In the meantime, the Commission should be aware that taking this course of action would allow developments to come forward under the present guidelines, but any such projects would be subject to new public hearings and would require review by the Planning Commission. Staff does not recommend a moratorium on RAD-ALT development because the MOU between the City and Met Council is still in effect. The City should continue to work towards implementation of the current plan as long as the MOU remains in effect.

## **GENERAL RURAL DEVELOPMENT REGULATIONS**

One of the Commission's discussion items from the last meeting also included the City's rural development areas in general, and in particular, how to best plan for the future use of parcels that are under 40 acres in size. The City's current open space ordinance allows for OP developments on parcels that are 40 acres or more in size, but would only allow such development on smaller parcels through an exception process. In practice there have only been a few OP developments that have been created on properties with less than 40 acres. Under current zoning regulations, parcels that are less than 40 acres and zoned RR – Rural Residential could be split into lots no smaller than 10 acres, while parcels zoned A – Agriculture could not be further subdivided.

The Commission may also want to further discuss the RED (Residential Estates) land use category to assess whether or not this land use could be expanded into new areas in order to provide alternative development options on smaller parcels. At present, the City's Comprehensive Plan does not identify any new areas for RED development outside of existing developments or areas that were planned for such land use prior to the 2005 land use plan. The Staff comments below concerning residential development on smaller rural parcels take into account an expansion of the RED classification.

In order to provide the Planning Commission with a better perspective on the remaining undeveloped land in the City's rural development areas, Staff will be bringing a report with a summary of the lot sizes in these areas for discussion at the meeting.

Some facts that should be considered by the Commission as it discusses this item include the following:

- There have been around 20 OP developments approved and constructed over the past 20 years in Lake Elmo. Some of these developments have been recognized nationally for best practices in conservation-based subdivisions.

- There have been no new OP developments approved by the City within since 2007. This is due partly to the downturn in the economy.
- At present, there are roughly 40-50 vacant lots available within OP developments. This number continues to drop by 20-30 lots each year, meaning the current supply of OP lots will last no more than 2 years without additional subdivisions coming forward.
- The City has seen several large lot subdivision created in the last several years (10 acre lots) that have removed land from potential development under OP regulations.
- Staff has observed a fairly healthy market for lots within RS – Rural Single Family areas, and periodically older, existing homes are razed to make way for new, larger structures within these areas. The significant number of lake-frontage lots in the Tri-Lakes area will continue to be a factor in the demand for redevelopment of existing lots.
- The City has made recent agreements to extend public sewer service into a small rural single family area on the west side of Lake Olson and has agreed to extend sewer into at least one open space development outside of the Village. Staff expects pressure to provide sewer service to the Tri-Lakes area and to open space developments that are located close to the urban service areas will be one of the more important land use decisions that should be addressed in the next major Comprehensive Plan update.
- The City has rejected proposals in the past to split land in RAD areas into parcels less than 10 acres. Staff has found that it is very difficult for potential applicants to meet all of the City's variance criterion for these types of and use applications.

Should the Planning Commission and City Council decide to pursue changes to the minimum lot sizes allowed in rural development areas or to expand the use of the Residential Estates land use to new developments, Staff would like to offer the following as general comments:

- Maintaining an adequate amount of road frontage for every platted lot will be very problematic for most parcels that are less than 40 acres in size. The City does allow one parcel to be split without road frontage in rural development areas, but this often leads to situations in which a driveway is either shared by two parties or a driveway easement crosses someone else's land. This type of situation may be acceptable when there are over 20 acres to work with, but could become problematic on smaller lots.
- The cost of servicing developments with lots that are larger than  $\frac{1}{4}$  to  $\frac{1}{2}$  of an acre in size is much higher than in developments with smaller and/or clustered lots. Even in situations in which sewer and water are installed on an each individual lot, the City must still provide roads, storm water improvements, fire protection, and other services that are now spread across a greater area.
- As lots become smaller, it is more difficult to find suitable area for adequate on-site septic systems. Smaller lots also provide less land that could be used to address failing systems.
- The platting of lots less than 10 acres in size would eliminate large areas of open space that are protected by the current minimum lot area requirements. One of the foremost goals in the

City Comprehensive Plan is the preservation and open space and rural character. The platting of lots of less than ten acres in size may not help the City achieve these objectives.

- Further subdivision of lots in rural areas into parcels of 2 to 5 acres in size would create an environment in these areas that is much more suburban than rural in character. With additional homes the City can expect to see additional traffic, more buildings, fewer agricultural parcels, and less vegetation than presently exists in these areas.

Because the Planning Commission has only recently completed its work on major Comprehensive Plan amendments for the City's future sewer service areas, the Commission may want to consider looking at options for updating the Comprehensive Plan and ordinances concerning rural development areas. Staff would recommend that any such work, if the Planning Commission finds that the City should study this issue further, be considered as part of the work plan for 2014.

To help the Planning Commission with its discussion on this topic, Staff has developed the following options that could be considered for further study:

- 1) Revise the Zoning Ordinance to allow OP developments on parcels of less than 40 acres in size. At one time the minimum lot size for an OP project was 20 acres; however, this provision was changed in order to encourage the preservation of larger open space areas throughout the City. The previous Staff analysis that was shared with the Planning Commission noted that this course of action would be needed in order to meet the City's 2030 growth forecasts. A revised 2040 forecast would greatly reduce the need to change the current OP ordinance minimum lot area requirement.
- 2) Change the minimum lot areas requirements in the City's A and RR zoning districts to allow smaller parcels to be created in these areas. For example, the City could reduce the minimum lot area in RR zones to 5 acres and A zones to 20 acres. A change in the minimum lot area may require the City to reconsider how it manages road frontage and lot ratio requirements in these zoning districts.
- 3) Expand the use of the Residential Estates classification to areas that are not currently guided for this type of density. Consistent with the Staff comments above, the City's RED developments have a much different look and feel than the City's OP developments, even though the OP developments allow for more homes. The Planning Commission should take this into consideration if it would like to pursue this type of land use change.
- 4) Create a new land use category that would allow for limited development of parcels less than 40 acres in size while still adhering to the basic principles for an open space development. A new land use category could potentially allow for clustering of development on smaller lots provided the undeveloped portions of a site are either protected or retained under common ownership. Staff suggests that a new category should only be created if it can meet certain expectations, for instance, allowing for efficient delivery of public services, preserving open spaces, maintaining the City's rural character, providing environmental protection, reducing storm water impacts, etc. Staff is planning on doing some additional research into how a new land use category could be created prior to the Planning Commission meeting and will share some additional information with the Commission on this concept at the meeting.
- 5) Other options or alternatives as recommended by the Planning Commission.

Because any of the options noted above will require a fair amount of time and effort to implement, Staff is recommending that the Commission conduct a general review of these options at the meeting and give Staff some general direction as to one or more specific options that are chosen for further study and analysis. At this time, Staff does not have a specific recommendation for action on any of these alternatives.

#### **RECCOMENDATION:**

Staff is recommending that the Planning Commission review the RAD-ALT options as listed in the above report, but that the Commission not take any action to amend the City's Comprehensive Plan for the rural development areas (including RAD and RAD-ALT land use classifications) until after the Met Council 2014 regional forecast is finalizes.

Staff further recommends that the Commission provide Staff with direction on which, if any, of the general rural development options should be pursued in the future.

#### **ATTACHMENTS:**

1. Staff Report – 10/28/13 Planning Commission Meeting
2. Rural Zoning District Standards
3. OP Zoning Regulations
4. OP-2 Zoning Regulations
5. Lake Elmo Future Land Use Map (Map 3-3)

#### **ORDER OF BUSINESS:**

- Introduction .....Community Development Director
- Report by Staff.....Community Development Director
- Questions from the Commission ..... Chair & Commission Members
- Public Comments .....Chair
- Discussion by the Commission ..... Chair & Commission Members
- Action by the Commission..... Chair & Commission Members