



PLANNING COMMISSION  
DATE: 10/27/14  
AGENDA ITEM: 5A – BUSINESS ITEM  
CASE # 2013-036

ITEM: Rural Area Development Analysis and Discussion – Presentation of “Rural Area Inventory and Analysis” Report

SUBMITTED BY: Kyle Klatt, Community Development Director

REVIEWED BY: Casey Riley, Planning Intern

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

At its September 22, 2014 meeting, the Planning Commission reviewed a draft report prepared by Staff that inventoried lots in the City’s rural development areas, including a quantitative analysis of the various residential developments within these areas. This information was prepared to assist the Planning Commission with its ongoing discussion concerning growth and development issues with the City’s rural (unsewered) areas. Staff has since completed additional work on this report, and would like to present and review the latest version of the document with the Planning Commission.

At earlier meetings this year, the Commission received a broader overview of rural development issues from Staff, which included discussions concerning the status of the RAD-ALT land use category and the potential expansion of residential estates zoning in the community. More recently, the City Council, based on a recommendation from the Planning Commission, voted to remove the RAD-ALT land use category from the Comprehensive Plan. At this time, Staff would like to seek further direction from the Commission on the latter issue of the residential estates land use category, and superficially, whether or not the Commission would like to reconsider certain elements from the land use plan as follows:

- The minimum lot areas within the rural area development land use category. At present, no rural development is allowed on parcels less than 40 acres in size without Council approval of a special exception for a development.
- The usage of a residential estates zoning district (i.e. 2.5 acre lots) as a future land use. The “Residential Estates” land use category has not been applied to any future development in the community since the open space preservation ordinance was adopted in the 1990’s.

The attached report is intended to help the Planning Commission weigh all of the issues associated with making any changes to the rural development areas, and to be used as a starting point for future discussions on this matter.

## GENERAL INFORMATION

<i>Applicant:</i>	City-initiated action for discussion
<i>Request:</i>	Continue previous review and discussion of land use plans and policies concerning Rural Development Areas
<i>History:</i>	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.
<i>Deadline for Action:</i>	None
<i>Applicable Regulations:</i>	Comprehensive Plan – Chapter III: Land Use Plan Zoning Ordinance – Article 9: Rural District Standards

## REVIEW AND ANALYSIS

The below analysis is repeated from a report submitted to the Planning Commission earlier this year. Included in this report is a list of potential actions that should be considered by the Commission should there be a desire to make any changes to the City's polices concerning development in rural areas.

## GENERAL RURAL DEVELOPMENT REGULATIONS

One of the Commission's discussion items from earlier in the year 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.

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 30-40 vacant lots available within OP developments. This number continues to drop by 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 ¼ to ½ 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 2015.

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. The revised 2040 forecast reduces the pressure to accommodate additional housing within rural development areas.
- 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.

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**RECCOMENDATION:**

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. Rural Area Inventory and Analysis

**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