



## CPED STAFF REPORT

Prepared for the City Planning Commission

CPC Agenda Item #2  
October 19, 2015

### REZONING STUDY SUMMARY

<i>Project Name:</i>	Loring Park Rezoning Study
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<i>Ward:</i>	7
<i>Neighborhoods:</i>	Citizens for a Loring Park Community
<i>Existing Land Use Features:</i>	<i>Growth Center:</i> <ul style="list-style-type: none"><li>• <i>Downtown</i></li></ul> <i>Activity Center:</i> <ul style="list-style-type: none"><li>• <i>Loring Village</i></li></ul> <i>Commercial Corridors:</i> <ul style="list-style-type: none"><li>• <i>Hennepin Avenue</i></li><li>• <i>Nicollet Avenue</i></li></ul>
<i>Zoning Plate Numbers:</i>	18, 19, & 20

### BACKGROUND

The *Loring Park Neighborhood Master Plan* was approved by the City Council in 2013 and amended into *The Minneapolis Plan for Sustainable Growth* in 2015. It was produced by Citizens for a Loring Park Community (CLPC) to guide land use and development in the Loring Park neighborhood for the next 20 years. It articulates a vision for the neighborhood based on existing City policy and input from community stakeholders – both public and private - throughout the planning process. The City, public partners, and community organizations use the plan to guide their own decision-making processes, implementing incremental changes to realize the full vision.

CPED Long Range Planning has conducted a rezoning study as a significant step in implementing the adopted plan. A rezoning study is a key tool that allows the City to implement land use policy adopted by the City Council. Studies usually take place shortly after the completion of a planning process and result in a recommendation to change the zoning of multiple parcels so that zoning is consistent with adopted future land use plans.

The goal of this rezoning study is to encourage the type of development envisioned in the *Loring Park Neighborhood Master Plan* and prevent development that is inconsistent with the plan. The City also has a legal obligation to ensure that zoning reflects adopted land use goals. The two main tools we use are the future land use and build form maps.

### PUBLIC PARTICIPATION

The process for creating the *Loring Park Neighborhood Master Plan* was based on the theory of collective efficacy and organizing an engagement process through creative strategies. The process kicked off in the fall of 2010 and consisted of several elements designed to ensure maximum accessibility, transparency and opportunities for community members to provide both formal and informal input, including ten topical focus groups, twelve stakeholder interviews, Thursday evening education forums, and Saturday morning planning workshops.

The Thursday educational forums and Saturday workshops were designed to work in tandem by giving stakeholders the opportunity to learn in a creative setting and then apply their knowledge during hands-on activities that following Saturday. The Master Plan Steering Committee met monthly throughout the process to guide engagement and provide direction on content issues. Additionally, planning issues were discussed at regular CLPC monthly committee meetings. This engagement process was multi-faceted and far-reaching in its ability to inform and engage the community.

The City kicked off the Loring Park Rezoning Study with a community meeting in January 2015. This meeting introduced the project to the public and resulted in input on the areas to prioritize in the rezoning study. Staff then spent the first half of 2015 conducting the technical analysis to arrive at draft staff recommendations. Staff conducted an urban design analysis on Loring Hill, a neighborhood district just south of Loring Park, to determine if the proposed base zoning adequately achieved the Plan's form-based recommendations.

Once the initial technical analysis was complete and produced draft staff recommendations, staff embarked upon a summer-long engagement period to collect feedback. Summer engagement included presentations and discussions with:

- CLPC Land Use Committee
- CLPC Master Plan Working Group
- Loring Business Association
- Nicollet Avenue businesses
- Individual property owners

Staff also interacted with residents at the Loring Park National Night Out event. This was the last activity prior to a community meeting held August 12<sup>th</sup>. The community meeting was advertised throughout the summer but also with a mailing to over 3,100 residents and property owners. The mailing also laid out important dates throughout the rest of the process, including a proposed public hearing date on October 19, 2015.

Staff made some changes to the recommendations based on feedback received throughout the summer in preparation for the 45-day review period. The review period began on September 17<sup>th</sup> and ended on September 30<sup>th</sup>. The public comments were again evaluated and necessary changes were made to the staff recommendations in preparation for the public hearing.

## PROCESS

### Phase I – Kick-Off

The January community meeting was the official kick-off of the Loring Park Rezoning Study. The goals for the meeting were to:

- Present: background, vision, rezoning goals, and legislative and legal framework.
- Get feedback on: priority areas of analysis and priority issues within each district.

The feedback resulted in an emphasis on height inconsistencies on Loring Hill and density and use inconsistencies along Nicollet Avenue.

### Phase 2 – Document Review and Data Collection

This phase of work consisted of staff doing a thorough review of the Comprehensive Plan, Minnesota State Statutes, and the *Loring Park Neighborhood Master Plan*. The study area was broken up into four character districts identified in the adopted plan for further review.

A major component to this is the collection of baseline information for each parcel in the neighborhood. Staff organizes each parcel based on a variety of data points including everything from existing zoning, ownership, and estimated market value to number of units and year built. When necessary, staff collects information on conforming status, number of stories, and parking spaces.

Due to the plan's built form recommendations on Loring Hill, CPED Urban Design staff focused their efforts on understanding the existing conditions in that character district. Staff reviewed the adopted plan's recommendations, conducted field work on existing building typology, and took photos of common and disparate physical characteristics.

### Phase 3 – Map Existing Conditions

Staff created maps on the existing zoning and land use, property ownership, and other baseline information as it was needed. Loring Hill continued to be a focus in this phase, particularly related to showing historic properties, surface parking lots, and other significant development criteria.

### Phase 4 – Recommend Zoning for Each Parcel

In the final phase of analysis, staff identified the ideal zoning for each parcel based on adopted plan policies. The goals were to promote development consistent with the adopted plan, prevent development incompatible with the plan, and adhere to the legal framework for rezoning. The analysis paid particular attention to avoiding creating nonconforming uses when possible.

In the end, staff used a conservative interpretation of the Future Land Use Plan and Built Form Plan to come up with the draft recommendations. This approach limited the number of recommended zoning changes while still ensuring consistency with the plan. These are the recommendations that were vetted with community stakeholders throughout the summer.

### Phase 5 – Public Approval Process

Based on input throughout the summer engagement process, staff learned of a number of situations where parking structures and principal buildings for the same use ended up with different zoning recommendations. While two different parcels, they are considered one zoning lot and should have the same zoning classification. These instances were rectified going into the 45-day public review period.

Staff made another change on the site of the newly-constructed LPM Apartments at 1368 LaSalle Avenue. The property was rezoned to B4N in the building's development review process in late 2011. Subsequently the plan was approved with a recommended height on the site of six stories. The original staff recommendation in the rezoning study matched that height guidance with the OR3 zoning district. After further analysis, staff removed the zoning change because it would have made newly-established commercial uses on the ground floor non-conforming uses.

Once the 45-day public review period ended, staff re-evaluated the zoning along Nicollet Avenue and generally north and west of the Convention Center and determined rezoning would be premature prior

to a full land use study of impacts of the Nicollet-Central Streetcar line and a full comprehension of the City's direction and goals for the Convention Center district which will be informed by two significant studies currently in the pipeline – a Tourism Master Plan led by Meet Minneapolis, and a Hospitality Zone Assessment led by the Downtown Improvement District. The result was a determination to defer rezoning in areas potentially impacted by these initiatives, including the existing C1 and C2 zoning in place along Nicollet and the B4S-I in place in the area north of the Convention Center. Rezoning of these properties will likely be appropriate in the future.

## ANALYSIS – CONSIDERATIONS AND ISSUES

The *Loring Park Neighborhood Master Plan* identifies four Built Form Districts that we used for analysis purposes in the rezoning study:

- Loring Hill
- Loring Village
- Loring Greenway
- Hennepin-Harmon

Based on early analysis in the rezoning study, City staff identified three of the four areas for extensive analysis based on a potential mismatch of policy and existing zoning – Loring Hill, Loring Village, and Loring Greenway. All three areas have inconsistencies in existing and plan recommended height, and the Activity Center has zoning that better supports the neighborhood-serving commercial of a Commercial Corridor rather than destination uses called out for Activity Centers.

The final results for this study, however, recommend immediate rezoning for those portions of the neighborhood that will not be impacted by other studies, and deferring action on those areas that may indeed be impacted by ongoing work to clarify goals for tourism and hospitality in the Convention Center district. Staff recommends that diligent consideration of the area around the Convention Center as a regional asset with a unique role to play in the Central Business District is important, and significant planning and studies pertinent to this will be forthcoming in 2016.

Staff makes this recommendation only after careful consideration.

On the matter of maintaining consistency between adopted policy and zoning controls: in the case of deferred action on Nicollet Avenue, staff see no conflict between existing zoning and adopted policy, although future rezoning action after pertinent studies are completed is likely.

In the case of the largely built out Central Business District area surrounding the Convention Center, current zoning is B4S-I, with no height limit, and existing towers there reach to 35 stories; but the policy plan includes a Built Form Plan that shows this area with a height limit of 10 stories. There are currently no significant developable sites in this area, and upon weighing the options, staff have resolved to recommend deferred action on rezoning to B4N while additional studies of tourism and hospitality, which may impact City goals for the Convention Center district, proceed. Staff consider this area to be an area of regional and state significance, and anticipate (but do not yet conclude) that ongoing studies may suggest a need for policy changes in this area - particularly in the Built Form Plan that limits height in the area to 10 stories.

More detail on areas of deferred action can be found below under *Loring Village*.

### Loring Hill

The Built Form Plan sets form-based standards for future development throughout the neighborhood. Loring Hill is uniquely challenged in this respect due to its original character as a mansion area that overtime experienced infill development ranging from 1960s three-story walk-ups to residential towers. It is important to the neighborhood to maintain the development quality near the mansions as well as the tiered effect of development height as it leads up the Hill. Current base zoning on the Hill permits building heights up to six stories with much of the area also covered with a Shoreland Overlay which permits building heights of two and a half stories. Even though the more restrictive Shoreland Overlay height is the by-right limit, some property owners argue a right to the six-story base zoning height. Many other residents and property owners feel the current height regulations on the Hill are inadequate to protect the original character and they desire a more nuanced approach to height.

The majority of properties on Loring Hill are recommended for a height of four stories in the Built Form Plan adopted as part of the *Loring Park Neighborhood Master Plan*. In order to understand whether a rezoning to the OR2 zoning district, which allows for four story structures, would fulfill the intent of the other elements of the Built Form Plan, City staff conducted an urban design analysis of the Hill. Staff analyzed the adopted plan, design guidelines for the Hill, surface parking lots that could be development opportunity sites, and zoning options. A 3-D visualization helped staff make a recommendation that OR2's four-story height limit and increased setbacks adequately maintain the character on Loring Hill.

### Loring Village

Two primary issues arose during the rezoning study that needed further analysis in Loring Village:

- Height and uses in the Activity Center
- Height north and west of the Convention Center

*Height and uses in the Activity Center:* Portions of the Loring Village district are now in an approved Activity Center that mainly runs along Nicollet and east to the Convention Center. The Activity Center was a topic of much debate during the development of the *Loring Park Neighborhood Master Plan*. Nicollet Avenue is also a designated Commercial Corridor and has a low-scale commercial character much like the rest of Eat Street to the south of the study area. Consistent with policies in the Comprehensive Plan, introducing the Activity Center into Loring Park exemplified a desire to have more nighttime activities such as entertainment uses, more overall housing density in an area, and establish a place that is more of a regional draw.

The benefit of an Activity Center is to better highlight the Loring Village District as a destination commercial area similar to Lyn-Lake and Uptown. The location of the Activity Center emphasizes the benefits of Eat Street, particularly in its proximity to the Convention Center. The Convention Center is a significant regional and tourist destination that could expend more effort in leading people toward the restaurants and other amenities on Eat Street, and this Activity Center could play up that relationship.

Many of the challenges for a new Activity Center are the same as with any existing Activity Center - more traffic, parking challenges, living near any active nighttime bar scene, and loss of local commercial establishments due to raising rent. Most Activity Centers are implemented through C3A zoning, a district that characterizes a walkable shopping area but also allows nightclubs and hotels. Additionally, some Activity Centers recently have experienced large-scale demolition of the low-scale local commercial spaces for new and denser mixed-use buildings. Because of the nature of the market, new buildings usually lease their spaces for higher than many locally-owned stores or restaurants could afford in order to make up for the construction costs.

CPED staff recommended rezoning properties along Nicollet Avenue to the C3A zoning district through the 45-day review period. After additional analysis and discussions within the department, staff has recommended deferred action on rezoning Nicollet Avenue, and will leave the existing C1 and C2 zoning in place while additional work is done to complete corridor guidance for Nicollet Avenue in the Downtown Public Realm Framework Plan and until a better understanding of the impact and potential of a planned streetcar on Nicollet Avenue is achieved. CPED views this corridor as an exceedingly valuable asset to both the neighborhood and the Convention Center district, and has concerns that rezoning at this time, without additional necessary guidance in place, could have some adverse effects, including speculative development that would diminish the character along this portion of Eat Street. Additional planning and regulatory tools will be required in preparation for the Nicollet-Central Streetcar – rezoning should wait for a more holistic corridor-wide view of land use and character. Rezoning in the future will be appropriate.

*Height north and west of the Convention Center:* The existing zoning in this area is B4S-I which guides the bulk of buildings based on Floor Area Ratio (FAR) versus height. The Built Form Plan from the adopted plan identifies the majority of this area for a future height of 10 stories while many existing buildings are much taller. There has been significant mobilization around City goals for this area of Downtown in the two years since the plan was adopted. The policy plan did not anticipate what has more recently become clear in terms of strategic objectives for Downtown - especially in the area around the Convention Center.

CPED staff recommended rezoning properties in this section of the neighborhood through the 45-day review period. Staff is now recommending deferred action on rezoning in the Loring Village district to a time in the future when we have solidified a strategic direction for the area around the Convention Center. Some of the significant ongoing work pertinent to establishing guidance for the area includes:

- CPED will be working on a Tourism Master Plan with Meet Minneapolis which will look at the Convention Center area as a key hub of visitor activity
- CPED is participating in a large scale *Hospitality Zone Assessment* sponsored by the Downtown Improvement District
- CPED and partners are developing plans for Nicollet Avenue as a streetcar corridor
- CPED is shaping corridor guidance for Nicollet Ave as a priority corridor in our Downtown Public Realm Framework
- CPED is engaging the Enterprise, including leadership, proactively to define Citywide goals in preparation to launch our comprehensive plan update

## FINDINGS AS REQUIRED BY THE MINNEAPOLIS ZONING CODE

### I. **Whether the amendment is consistent with the applicable policies of the comprehensive plan.**

The rezoning recommendations are consistent with and directly implement the land use and built form recommendations found in the *Loring Park Neighborhood Master Plan* and *The Minneapolis Plan for Sustainable Growth*.

Designated land use features found in the study area include:

- Growth Center: Downtown
- Activity Center: Loring Village
- Commercial Corridors: Hennepin Avenue and Nicollet Avenue

The following general land use policies of the *Minneapolis Plan for Sustainable Growth* apply:

Policy I.1: Establish land use regulations to achieve the highest possible development standards, enhance the environment, protect public health, support a vital mix of land uses, and promote flexible approaches to carry out the comprehensive plan.

I.1.5 Ensure that land use regulations continue to promote development that is compatible with nearby properties, neighborhood character, and natural features; minimizes pedestrian and vehicular conflict; promotes street life and activity; reinforces public spaces; and visually enhances development.

I.1.7 Invest in targeted place-making strategies to build upon and enhance existing community assets and encourage private sector development.

Policy I.2: Ensure appropriate transitions between uses with different size, scale, and intensity.

I.2.1 Promote quality design in new development, as well as building orientation, scale, massing, buffering, and setbacks that are appropriate with the context of the surrounding area.

Policy I.10: Support development along Commercial Corridors that enhances the street's character, fosters pedestrian movement, expands the range of goods and services available, and improves the ability to accommodate automobile traffic.

I.10.1 Support a mix of uses – such as retail sales, office, institutional, high-density residential and clean low-impact light industrial – where compatible with the existing and desired character.

I.10.4 Encourage a height of at least two stories for new buildings along Commercial Corridors, in keeping with neighborhood character.

I.10.5 Encourage the development of high-density housing on Commercial Corridors.

Policy I.12: Support Activity Centers by preserving the mix and intensity of land uses and by enhancing the design features that give each center its unique urban character.

I.12.1 Encourage a variety of commercial and residential uses that generate activity all day long and into the evening.

I.12.2 Encourage mixed use buildings, with commercial uses located on the ground floor and secure entrances for residential uses.

I.12.3 Encourage active uses on the ground floor of buildings in Activity Centers.

I.12.4 Discourage uses that diminish the transit and pedestrian character of Activity Centers, such as automobile services, surface parking lots, and drive-through facilities.

I.12.5 Encourage a height of at least two stories for new buildings in Activity Centers, in keeping with neighborhood character.

- I.12.6 Encourage the development of high- to very-high density housing within the boundaries of Activity Centers.
- I.12.7 Encourage the development of medium- to high-density housing immediately adjacent to Activity Centers to serve as a transition to surrounding residential areas.

Policy I.15: Support development of Growth Centers as locations for concentration of jobs and housing, and supporting services.

- I.15.1 Support development of Growth Centers through planning efforts to guide decisions and prioritize investments in these areas.

The following policies from the *Loring Park Neighborhood Master Plan* apply:

- 2.2 Zoning Ordinance and Map: Conduct a Neighborhood-wide rezoning study to bring the zoning text and map into conformance with the recommendations for future land use and built form.
- 2.3 Building Heights and Residential Densities: Adjust zoning across the Neighborhood and review development applications according to the Built Form Plan including the recommended building heights A through C and the allowable locations for building height D. Allow exceptions to building height and density only according to the conditions set forth in this plan under Built Form Plan.
- 2.8 Design Review: Citizens for a Loring Park Community should continue to offer comments to the Minneapolis Department of Community Planning and Economic Development on development applications. This Small Area Plan, adopted as an element of the *Minneapolis Plan for Sustainable Growth*, should serve as the basis for such comments and recommendations.
- 2.11 Zoning for the Activity Center: Conduct a study to amend the zoning regulations in the Activity Center to eliminate the C1 and C2 classifications in favor of a more intensive mixed use classification, other than C3A or C3S, that includes high-density housing, hotels, restaurants, arts and entertainment businesses, and retail and service businesses. Current zoning regulations appear to be inconsistent with this plan. The area of change would be from 14<sup>th</sup> Street to I-94 and First Avenue to mid-block between LaSalle and Nicollet Avenues. As guided by the Built Form Plan and the building step-back guidance, limit building heights immediately adjacent to Nicollet Avenue to six stories (four stories at the front property line).
- 2.14 Hotels and Restaurants in the Activity Center: Encourage through zoning hotels, restaurants and related uses to locate in the Activity Center, where they would be within walking distance of the Convention Center, the Nicollet Mall, transit and other Nicollet Avenue visitor services. Nightclubs, however, should continue to be prohibited along Nicollet Avenue south of Grant Street.
- 2.17 Historic Apartment Area: The Historic Apartment Area spans the boundary between Loring Village and Loring Hill and includes the Courtyard Row sub-district of Loring Hill. Zoning and redevelopment reviews in this area should strongly favor mid-density housing to a height of six stories (four stories at the front property line).
- 2.18 Harmon Place Revitalization: Through zoning and street design, seek to attract storefront professional offices, small shops, upper-story housing and continued college investment while protecting the integrity of the Harmon Place Historic District.

- 2.23 Zoning in Loring Hill: Conduct a study to adopt new zoning regulations for Loring Hill that implement the policies of this plan. The current OR-3 zoning classification is judged to be insufficient as a means of preserving the historic character of Loring Hill, and as a means of achieving the land use and urban design objectives stated in this plan for Loring Hill. It is very widely believed by area residents that the height and bulk that is allowed by the OR3 zoning district is too great in the context of the historic urban fabric of the hill.

**2. Whether the amendment is in the public interest and is not solely for the interest of a single property owner.**

The recommended zoning changes affect 144 parcels, and thus are not in the interest of a single property owner. The recommendations implement plans that involved the participation of multiple stakeholders.

**3. Whether the existing uses of property and the zoning classification of property within the general area of the property in question are compatible with the proposed zoning classification, where the amendment is to change the zoning classification of particular property.**

The proposed changes to primary zoning designations are guided by the adopted small area plan and the Comprehensive Plan. These plans and policies consider the growth and evolution of the entire area, including integration with and transition between surrounding land uses.

**4. Whether there are reasonable uses of the property in question permitted under the existing zoning classification, where the amendment is to change the zoning classification of particular property.**

The proposed zoning identifies reasonable changes to fulfill long-term land use objectives of adopted city plans. In all cases, the existing zoning districts as well as those being proposed are all mixed-use of varying levels of commercial and development intensity.

**5. Whether there has been a change in the character or trend of development in the general area of the property in question, which has taken place since such property was placed in its present zoning classification, where the amendment is to change the zoning classification of particular property.**

The last rezoning study to affect the study area took place in 2011 as part of an overall rezoning of Downtown. In that case, most of the properties in the Harmon Historic District were rezoned to a new district called the B4N Downtown Neighborhood District. Since then, four significant developments have been constructed in Loring Park. While the neighborhood is already dense, future development proposals are expected due to its location in Downtown and its connection to jobs, transit, and public realm amenities.

**PUBLIC COMMENT**

As with the areas of focus for analysis, Loring Hill and Loring Village received the bulk of comments during the 45-day public review period. There were also a few comments on the proposed rezoning of the Basilica of St. Mary.

### Loring Hill

The majority of comments received on the Loring Hill zoning recommendations were supportive of using the OR2 because it matches the four-story height guidance in the adopted plan. Many of the comments refer to the character and charm of the Hill that would be preserved with a zoning to OR2.

One commenter expressed his support for keeping the OR3 on the entirety of Loring Hill. His rationale is that downzoning the Hill is overly broad and unnecessary and has a negative effect on property values. He cites floor area ratio (FAR) as a better tool to use on the Hill because it will provide larger setbacks, more open space, and greater daylight and breezes to surrounding properties.

### Loring Village

All of the comments we received during the 45-day review period related to the Activity Center in the Loring Village district support changing the zoning to C3A in order to allow increased commercial activity and density consistent with the adopted plan. Many commenters thought rezoning would help spur development which would in turn increase safety along the corridor. Others commented that the Activity Center was the best place to capture increased density in the neighborhood.

### Hennepin-Harmon

The Basilica and a couple of its members expressed concern about the proposed zoning from OR3 to OR2. Staff from the Basilica believes the current zoning works well for how the property is used and they believe it meets the intent of the adopted plan. Rationale used in other comments points to the fact that most other Loring Park churches are zoned OR3.

## RECOMMENDATIONS

### **Recommendation of the Department of Community Planning and Economic Development:**

The Community Planning and Economic Development Planning Division recommends that the City Planning Commission and City Council find that obtaining consent signatures for the rezoning of properties from residential to commercial in the Loring Park Rezoning Study would be impractical and further recommends that the City Planning Commission and City Council adopt the above findings and **approve** the zoning map amendment for the rezoning of parcels in the attached exhibits.

## ATTACHMENTS

1. Proposed Zoning Ordinance
2. Proposed Zoning Maps (can view at [www.minneapolismn.gov/cped/loringparkrezoning](http://www.minneapolismn.gov/cped/loringparkrezoning))
  - Loring Village area zoning map
  - Loring Hill area zoning map
  - Loring Greenway area zoning map
  - Hennepin-Harmon area zoning map
3. Rezoning Phases Map
4. Zoning comparison table
5. Policy Maps – Built Form Districts, Future Land Use, Built Form Plan
6. Comments received

