

Planning Commission

November 12, 2019 – 7 pm

Council Chambers
Golden Valley City Hall
7800 Golden Valley Road

REGULAR MEETING MINUTES

Call to Order

The meeting was called to order at 7 pm by Chair Blum.

Roll Call

Commissioners present: Rich Baker, Ron Blum, Adam Brookins, Andy Johnson, Lauren Pockl, Ari Prohofsky, Ryan Sadeghi, and Chuck Segelbaum

Commissioners absent: None

Staff present: Planning Manager Jason Zimmerman, Planner Myles Campbell

Council Liaison present: None

Approval of Agenda

MOTION made by Brookins, seconded by Sadeghi, to approve the agenda of November 12, 2019, as submitted and the motion carried unanimously.

Discussion – Narrow Lots

Prior to the discussion on narrow lots, Blum noted that a previously scheduled meeting on an unrelated PUD Amendment had been postponed, and that interested persons should look at future meeting agendas for information on when the business would be brought back to the Commission.

Zimmerman reminded Commissioners about the process and goals of examining the City's regulation around narrow lot residential homes. The previous meeting discussed setbacks, height, and massing. Zimmerman explained that tonight's discussion would include presentations by realtors with experience selling and marketing narrow lots. Discussion would also cover tree removal regulations and storm water management. Zimmerman discussed some changes to the schedule of meetings around narrow lots; he said the next discussion meeting would be in December, with a new engagement-focused meeting in January. In addition to the January event, Zimmerman highlighted additional materials for engagement, surveys, and education.

Zimmerman introduced the realtor discussion. He noted that staff submitted some preliminary questions to the realtors to get some perspective from outside experts on the market. He noted Nancy Nelson was not able to attend the meeting but submitted a written memo instead. Zimmerman asked if there were any questions prior to bringing Karla Rose up to discuss the real estate market factors.

Johnson asked how Commissioners should handle political or monetary considerations, and how it should potentially influence their decision-making. Zimmerman stated that residents' questions and concerns are very market-related, and that understanding the impacts regulatory actions will have on the market is important. He felt it was better to try to understand what works for residents and builders.



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In the end, after examining this market angle as part of its research, the City's eventual actions would be done through its zoning regulations.

Johnson asked if discussion could then be limited to market demand for types of homes, as opposed the resale or demographic factors. Zimmerman noted that Commission could determine which questions or angles of discussion they chose to pursue, and eliminate lines of questioning as well. Segelbaum responded that it was still useful to understand impacts of actions on property values and neighbors' property values. Pockl commented that the demographics are also important to understand to get a grasp on the topic and the demands of broader population groups. Segelbaum asked if Johnson could clarify what he may want removed from discussion. Johnson stated that the questions seemed overly political and outside the realm of their usual actions and responsibilities and that commenting on them would be beyond the scope of the Commission's responsibilities. He stated he was not for expanding into these areas of discussion but that he would abide by the will of the rest of the Commission. Zimmerman responded that this is different from the Commission's usual activity when compared to cases where a strict set of rules needs to be applied. He explained this was a relatively flexible process that sought to better understand residents' desires and motivations in the use of small lot residential properties. With that being said, Zimmerman noted that Planning Commission had full control over what exactly they included within the narrow lot study.

Blum directed Johnson to identify the questions he felt were appropriate or inappropriate to cover. Johnson identified the question of how residents used narrow lots differently as the only one that was related to their usual scope of analysis. Johnson felt that the Planning Commission is the expert in consistency in land use regulations, and should not take on issues around market or demographic factors. Zimmerman responded that while with certain tasks the Planning Commission must follow a strict set of standards such as with a Conditional Use Permit or PUD, in a case like the narrow lot discussion, the Commission had more room to define their own scope of research and what they felt was relevant to discussion. Blum asked Zimmerman for clarification on the roles and responsibilities of the Commission in its quasi-judicial vs. its legislative role. Zimmerman answered that quasi-judicial is the role played when examining an application against the City's standards, where consistency is the top concern. The legislative role gives Commissioners more flexibility to advise the City Council in making decisions that are in the best interest of the community.

Blum asked if Johnson would like to make a motion to strike a question. Johnson answered that he will go along with questions as written, but with concerns as to whether any good will come of it. Segelbaum asked for further clarification about Planning Commission's role and whether there is a limit to legislative power in cases where they may create legal conflict. Zimmerman replied that when a lot is made totally unusable, there are issues regarding takings law, but that staff are aware and take steps to avoid such issues. He said the goal is to find a potential solution to issues currently facing narrow lots without making them unusable. Segelbaum clarified that he only meant that tonight's discussion was meant to figure out the conditions, so that later on those regulatory concerns are avoided. Zimmerman agreed, and added that the Commission was also trying to determine if the market was working for narrow lot homes within the city.

Karla Rose approached the podium and asked if another real estate agent would be allowed to come up and speak. No staff or commissioners objected. Karla Rose and Vicky McGinty introduced themselves. McGinty noted that this discussion is about the concern of Golden Valley residents who have lived in the area long-term as well as the new residents arriving. McGinty referenced city codes and regulation that she believed were recently adopted but which were now not being enforced. She expressed an interest in preserving property owners right to use their property as they saw fit, but while acknowledging the necessary role of zoning and regulation. She said development changes and impacts the surrounding properties. She noted that established residents are longtime taxpayers, compared to new residents or builders flipping homes. Rose noted that Golden Valley is a larger lot community and that builders like building bigger houses. McGinty noted that the City's role is in crafting ordinance and then enforcing those ordinances.

Johnson clarified that Rose and McGinty can bring any information to the meeting they would like since the Commission decided not to strike any areas of discussion. Rose mentioned she would be happy to go over the questions with the Commissioners in person, or send her answers to Commissioners later.

Segelbaum asked Rose and McGinty if there are any areas of the city with slower market conditions where narrow lots could help. Rose mentioned that it is difficult to think of a stagnant area in the city; generally properties in Golden Valley sell quickly. She noted that location and surrounding amenities have a major impact on sale price as well as how long the property is listed. She noted that she is seeing multiple offers on most properties she has listed within the city. McGinty mentioned that the definition of affordable housing is different for many people, but she thinks of a single-family starter home. Many newer families are interested in buying existing older properties and putting money into them through renovations. She reiterated that location is key.

Segelbaum asked for clarification on property location information in regard to distance from a highway or other examples. Rose answered that she did not think there would be major difference in impact on a narrow versus a larger lot. Both would be impacted by the nearby infrastructure. Segelbaum asked if this would be true even with it being new construction. Rose answered that it may potentially sell better if it is new construction, but that it is hard to make that forecast. Both realtors confirmed that location was a key influence on price and that home-buyers seemed to love the older mid-century modern homes that are in Golden Valley. McGinty reiterated the need to consider both new and existing residents and the impact of changes to the regulations surrounding narrow lots.

Baker said the general note he had taken from the realtors' discussion thus far was the value of character. He asked both realtors whether they had heard of instances where a person bought combined lots with the knowledge that the home could be split into multiple developable lots. Rose responded that she's sold homes that include land to be split off in the future, however those typically are larger lots that may have included an outlot originally. These properties were typically over an acre. Baker then asked if she had ever seen a similar situation but with a smaller lot. Rose and McGinty said they had not. After further discussion on the subject, Commissioners as well as the speaking realtors asked staff for clarification on the topic of discussion and the definition for a tax-parcel division.

Zimmerman clarified that the discussion is not solely focused on tax parcel divisions, but on all narrow lots. The regulations that come from the study will impact all home on existing narrow lots, in addition to any combined 80 foot lots that are split at some point in the future. The rules will regulate the limits and allowances for new construction, but it will be applied to all narrow lots. Rose returned to Baker's initial question and noted that while she has not handled such properties, she has occasionally seen those types of lots advertised as being splittable. Buyers though still often choose to purchase and live in the home rather than split them. McGinty said she did not have a specific example to answer the question but offered that a survey of residents may help to find the motivation to split lots.

Blum asked Rose and McGinty what is driving activity on narrow lots and if it is an organic activity. Rose answered that it primarily investors and developers who are buying lots; families and small buyers are less common. Blum asked whether this development is starter homes or larger homes. Rose noted that to make money on a project the product needs to be worth a certain amount of money to meet costs and make a profit for parties involved. McGinty stated that she has had clients that paid over \$500,000 to demolish homes and put in new larger homes. Rose said she heard of some tear down activity, but heard of less of it occurring on narrow lots.

Johnson commented that he felt the discussion had gotten into what he had hoped to avoid. Discussion of individual cases would give them different outcomes and circumstances based on their variables. There was discussion between Commissioners and presenters about the definition of an affordable home. Johnson asked presenters what the cost of building a new home on a narrow lot was. Rose answered that it is tough to pin down but on average around \$400,000. She noted it is hard to build anything new with costs under \$300,000.

McGinty asked whether Johnson would place limits or restrictions on the narrow lots. Blum clarified that this is an informal discussion; however, the Commission does not normally answer questions from presenters. Baker noted that the question and answer format was being effective thus far and Segelbaum agreed. Zimmerman checked if the other presenting realtor was at the meeting to make sure he had a chance to speak, but he was not in attendance. After some further discussion, the presentation continued.

Johnson asked for further clarification on the baseline cost of building a home on a narrow lot, and whether the cost of development would even allow it. Rose stated it is difficult in terms of cost, especially since there are not many lots to build on in the first place. The cost ratio when building a new home on an empty lot would usually have the lot at around 25% of total build cost. With these combined lots, you have the cost of buying the existing home, the tear down, splitting the lots and putting in utilities on both, and the eventual cost to build the new homes. Blum asked realtors to clarify, does the cost of land in Golden Valley completely rule out locating affordable development on narrow lots? Realtors agreed that new construction is expensive and there are ways to save on costs but it's challenging. Discussion continued and there was some disagreement about whether single-story development would reduce build cost and whether there is a market for new single-story homes.

Baker asked for clarification. If height is restricted to one-story, does that make it a non-market friendly property given the cost of new construction throughout the city. Rose agreed that it is not common in the market in most cases. McGinty agreed with Rose, but did not see enough evidence to fully comment since she did not see cases of individual homeowners undertaking the project. Baker argued that it did not seem economically feasible whether it was a homeowner or a developer undertaking the work. Sadeghi agreed that from the economic standpoint it did not make sense. Rose clarified that it could happen with the right motivated party who was less interested in their return on investment. Rose commented it is more common to see renovation work on existing single-story homes rather than new-build ramble-style homes.

Blum asked about the marketability of a two-stories house that was built narrowly due to larger side setbacks. Rose mentioned a lot on Boone that sold recently but it was closer to 60 feet wide. Blum argued that might show that there is still value after enforcing stronger setbacks.

Brookins stated that the word character had been mentioned through the night and specifically Golden Valley's character. He asked how does the local character differ amongst the core areas of the city with narrow lots and how should that impact zoning decisions? Both realtors agreed the value of those areas are completely different. School districts, surrounding home values, and more would all have different characters. McGinty mentioned that overlay districts could have different regulations to match the area's character. Discussion continued on the topic of character and what it meant in the city.

Blum stated that a theme he was hearing was that Golden Valley's diversity of housing brings value to the city. Rose clarified that when she was discussing character she was referring to the era of the home, its materials, layout, etc. She asked whether she was missing the point of the character question. Blum acknowledged that this was still to the point of character. Rose elaborated that many of her clients are moving to the city because they like the character of the home, but that it did not preclude them from making changes. She felt that new development feels slightly out of place for the city, and that those are different from established neighborhoods.

Segelbaum asked whether teardowns will become more common in Golden Valley generally in the future. McGinty stated she did not know, but that some of the older homes are getting to the age that the cost to renovate is higher than new construction. Rose said she has not gotten a sense that there is anything big on the horizon. There is not much change recently. Sadeghi noted that teardowns were probably uncommon citywide due to the usability of the post-war home stock today in terms of their style and layout. Rose foresaw little change in terms of teardowns, and reiterated that renovation was still more economically logical rather than full teardown.

Segelbaum asked the realtors to talk a bit more about buyers' intent to renovate and add on to homes. McGinty mentioned that almost all of the homes she has sold on Glenwood recently saw renovation after purchase. A lot of the renovation work being done is interior. Segelbaum clarified that he wondered about renovations that expand the home they purchase. Rose mentioned she has a client looking into it currently, but that it is somewhat location specific. They do not see major renovations that add height however.

Pockl asked for clarification on the cost to build a rambler vs. a two-story home. Rose clarified that building tall is cheaper than building wide due to the cost of foundation to install. A larger foundation is a higher cost to build. Johnson added that it is important to consider the cost added for one-story. There was further discussion as to whether there is a builder and a buyer for a small single story home at the cost it would take to build one in Golden Valley. Rose noted that she had seen similar type projects with townhome developments but not as infill for existing narrow lot residential areas. She stated that there is a potential for that type of market, but that she has not seen a reason to anticipate it happening for that size of new construction.

McGinty asked the Commission whether zoning ordinance regulation could be applied differently depending on adjacent properties' conditions. Blum noted that a response to the question could be in what he saw as a gray area of it being a legal opinion. Baker answered that something similar had been done previously during their rework of the subdivision ordinance.

Johnson noted that from what he had heard from realtors, new single-story homes were not feasible to be built given market conditions. He asked then if it was in the Commission's interest to restrict lots to undesirable market conditions for their use. Rose noted that with deeper lots there might be a market for builders if the building pad could be increased to certain levels. 1,200 square feet not including a garage is around the minimum to make practical work for builders. Pockl asked if there was an ideal amount of square footage that Rose and McGinty's clients prefer. They replied that it was dependent more so on other factors such as location, size of the family, and price point.

Segelbaum asked whether it makes economic sense for someone to build a 1,800 square foot home for \$450,000. Rose and McGinty agreed. Sadeghi pointed out the sale price of that home, considering costs, would have to be over \$500,000 to make a profit. Rose pointed out that while true, this price point could make sense in a neighborhood with higher home values and prime location. However, it would be less likely in an area with lower average home values. Sadeghi noted that the build cost could go down if the development went up rather than outward.

Commissioners had no further questions for the presenters. Blum thanked them for their time and both agreed to share their statistical analysis with the Commissioners. Rose did note that smaller lots on average took slightly longer to sell on the market, but not significantly more than larger lot homes.

Zimmerman stated that after the real estate discussion he wanted to cover a few other topics of review in regard to narrow lots. He stated that mapping staff had updated the figures for currently combined lots, which are now further delineated by lot width for more accuracy. Segelbaum asked for clarification on the term "lot-and-a-half". Zimmerman stated that he did not know the exact mechanics of how the transaction was handled at the time, but that often two parties bought lots with one spare in the middle, and then split this empty lot in half to add on to their own properties.

Zimmerman described the City's regulations on tree protection and regulation when modifying a lot. A permit is required in cases where significant construction or additions are occurring. The permit should

identify tree types, locations, and replacement types. Zimmerman described that the requirements differ based on the scale of development. Segelbaum asked a question about when mitigation is required for a property. Zimmerman stated that under a threshold, no mitigation would be required, but after a certain level of removal is met, mitigation becomes required. Johnson asked Zimmerman to describe what the lookback period was for mitigation. Zimmerman stated that the lookback is meant to capture the cumulative amount of tree removal during a two-year period.

Zimmerman noted that staff reviewed peer city tree protection regulations. He noted that the various cities have different degrees of intensity in terms of mitigation and removal.

Zimmerman discussed stormwater regulations and standards. He noted that some of the issues with residential stormwater management are magnified on narrow lots where there is less pervious surface and area for drainage or treatment. Zimmerman also presented some takeaway questions for Commissioners.

Segelbaum asked whether there was a significant difference between the amount of pervious surface between narrow or wider lots given the City's current regulations. Zimmerman noted that by code, the narrower lots are allowed a higher ratio of impervious surface and land coverage in order to allow for a reasonable sized home. The secondary issue would be that with narrower side yards, there would be less room for filtration and treatment systems. Segelbaum asked if there was anything unique to tree preservation in regard to narrow lots. Zimmerman answered that there was nothing in code currently.

Johnson commented that when talking about limiting height, Commissioners should consider the impervious surface limits, since a wider rather than tall home would take up more land area. He stated that their actions could remove the ability to build a reasonable home. Blum clarified that there is a distinction between being unable to build any structure, and being able to build what Commissioners thought of as a reasonable structure, specifically relating to the takings standard. Segelbaum added that there is also the impact on the existing homes, which become non-conforming via changes to regulation. Zimmerman agreed that there are a number of thresholds to consider in revising the regulation. There is the legal takings threshold but then there is the reasonable or usable threshold that is what makes sense for a residential property.

--Short Recess--

Council Liaison Report

No report was given.

Reports on Meetings of the Housing and Redevelopment Authority, City Council, Board of Zoning Appeals, and other meetings

Zimmerman stated that Board of Zoning Appeals would have the continuation of an item from the previous meeting and two new items as well.

Other Business

Commissioners continued a discussion from the previous Planning Commission meeting regarding the expected role of the Board of Zoning Appeals. There was some discussion as to how the work of the Board of Zoning Appeals may or may not be related to the Planning Commission's work specifically around narrow lots. Commissioners expressed interest in potentially creating a work session once new City Council members are introduced in January. Commissioners also agreed to begin drafting a document or communication, which they would then forward to the City Manager.

Adjournment

MOTION made by Baker, seconded by Segelbaum, and the motion carried unanimously to adjourn the meeting at 9:10 pm.

Adam Brookins, Secretary

Myles Campbell, Planner