City Council Item

March 24, 2025

Item	Ordinance XXX: Density Bonuses Amendment	
File No.		**Item No:** H.2
Agenda Section	**GENERAL BUSINESS**	
Prepared By	Eric Maass, Community Development Director	
Reviewed By	Laurie Hokkanen	

SUGGESTED ACTION "The Chanhassen City Council adopts the attached ordinance as presented."	
Motion Type	Simple Majority Vote of members present
Strategic Priority	Development & Redevelopment

SUMMARY

The City's 2040 Comprehensive Plan calls for the city allowing density bonuses in exchange for the creation of affordable housing. The city has been approached by a developer seeking to utilize this bonus policy. However, in order for the policy to be utilized as outlined in the Comprehensive Plan, the city must establish rules and regulations for the program in city code. Staff has drafted the attached ordinance for planning commission feedback related to density bonuses.

As currently drafted, the Ordinance would allow for up to 25% increased density for residential projects in the R-8, R-12, R-16, PUD-R, and CBD zoning districts. The Metropolitan Council's threshold for affordable housing is based on a minimum density of 8 units per acre which is staff's basis for using the R-8 district as a minimum threshold.

BACKGROUND

The City's 2040 Comprehensive Plan calls for the city allowing density bonuses in exchange for the creation of affordable housing. In order to utilize that policy in the Comprehensive Plan, the city must

establish rules and regulations for the program in city code. City staff has had reviewed the draft ordinance at the following public meetings:

- February 24th City Council Work Session
- March 4th, Planning Commission
- March 10th, City Council work session
- March 18th, Planning Commission meeting including public hearing

City staff has updated the draft ordinance based on feedback received to date and that latest version is attached to this case for reference.

DISCUSSION

The meeting minutes of the March 18th Planning Commission meeting were not yet available as of the publishing of this agenda item. Provided below is a summary of public comment received during the public hearing that was conducted on March 18th at the Planning Commission meeting. Three individuals testified during the public hearing.

Alison Streich, Executive Director for the Carver County Community Development Agency (CDA) expressed her support for the proposed ordinance amendment in that it aligned with the CDA's mission in providing abundant housing fall all. Streich shared data points from the recently completed Carver County housing study related to demand for affordable housing within the City of Chanhassen.

Two members of the public shared comments:

- The pace at which the city was considering this proposed ordinance amendment was too quick commented on prior city reviews and moratoriums related to the proposed Cafe Zupas development in the Lunds and Byerlys parking lot as well as city code amendments to minimum parking standards.
- The concern that public hearing notices were inadequate for a city code amendment compared to notices that are mailed related to a specific development project.
- The city should delay consideration of an affordable housing density bonus in light of changing policies at the federal level as well as proposed legislation at the state level related to zoning and land use law.

The Planning Commission discussed or asked clarifying questions on the following:

- City discretion in approving or denying a requested affordability density bonus.
- Public process for considering projects that are requesting a density bonus.
- Duration of the affordability requirement.
- Process for ensuring affordability requirements are being satisfied.
- Confirmation that the proposed density bonus was an option, at the discretion of the city, and not a requirement or mandate of the city on future high density housing projects.
- Confirmation that if a project requested an affordable housing density bonus that the project is still subject to the other requirements of city code including but not limited to height restrictions, setbacks, and impervious lot coverage requirements.

The Planning Commission indicated that the proposed ordinance as written provided adequate discretion to the City Council to be able to assess with each project whether or not the requested density bonus was appropriate and that the ordinance stopped short of mandating or requiring affordable units but instead provided the city with a "tool in the tool box" when it comes to creating housing

opportunities across all income levels.

The Planning Commission recommended approval of the ordinance as presented with a 5-0 vote.

BUDGET

RECOMMENDATION

The Planning Commission recommended adoption of the attached ordinance as presented.

ATTACHMENTS

Ordinance XXX: Establishing Affordable Housing Density Bonus
Staff Memo - Public Comment at March 10th City Council Meeting