
Planning commission

Study session

Members present: Jim Beneke, Matt Eckholm, Sylvie Hyman, Katie Merten, Jan Youngquist

Members absent: Mia Divecha, Tom Weber

1. Zoning code update

Mr. Walther noted comments received on the zoning code updates. He noted residents replied in June after several open houses. He stated there was a lower turnout than expected, but noted there was good online engagement. Mr. Walther stated there were approximately 450-500 people who responded both in-person and online.

Commissioner Hyman asked about mixed use and what areas will allow commercial other than N4 areas. Mr. Walther stated it is not clear as yet, and multiple changes have been made over the last few years about home businesses and expanded this to even allow one employee to come into a home business.

Commissioner Eckholm noted overlays and stated possibly commercial can be added in a certain area since it may already have commercial. He added under certain circumstances, possibly an area can be one thing, but also another based on broad uses. Mr. Walther agreed and pointed out only commercial areas do not allow for residential. He stated the PUD will be a path to that in the future.

Commissioner Eckholm stated he would like to see 2-3 story apartments along Minnetonka Blvd in order to build a denser housing area, and hoped certain corridors with N2 would also allow for this as well.

Mr. Walther stated in the next iteration of information, he hopes to include use table, so the commission can insert information.

Commissioner Beneke stated he still has concerns that the zoning changes do not promote affordable owner-occupied housing enough and would like to study that more. He would like more of a statement related to this.

Mr. Walther stated during the audit, we heard interest from the community for smaller developments. He added several changes were made in the proposed zoning to address this interest in smaller developments.

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Commissioner Beneke asked that staff outline more how the zoning changes could promote affordable owner-occupied housing.

Commissioner Hyman stated feedback comments noted owner occupancy rates that have gone up over the years and asked if there is any fact-checking that can be done. Mr. Walther stated that is inaccurate and there are very low vacancy rates in the city.

Commissioner Hyman asked about owner land trusts, noting the reason people do not own a home is because they cannot afford to, so community and trusts would help. She asked if there is more information on that. Mr. Walther stated there are multiple locations around the city that are land trusts, one of which staff is working to have 4 duplexes built on, just west of Lake Street on Minnetonka Blvd.

Mr. Walther stated the city works with groups to administer programs, but the city finances the land trust programs.

Commissioner Merten stated the state and city can both provide loans to first-time homeowners. Mr. Walther agreed.

Commissioner Eckholm added there is legislation proposed for more housing reform at the state level to help push costs down for many people. Speaking to representatives could help elevate the condominium building issue with a resolution on future housing reform legislation.

The commissioner discussed their concerns regarding condominiums vs. apartments and also hedge funds coming into the city to buy homes to rent out.

Commissioner Mertens stated we should not limit who can move into the city, adding some people choose to rent their entire life, vs. purchasing a home, and many cannot afford to do so.

Commissioner Youngquist stated some of the comments were frustrating, and added there is nothing wrong with renters. She stated homeownership is helpful to build wealth, but the mindset is that renters bring down property values.

Commissioner Merten stated she did not purchase a home to sell it in 3 years or improve it for the next owner.

Commissioner Youngquist stated comments from the community about housing and the N3 and N4, there are six responses and most of these homeowners are white males. She stated the data may not hold the value that is being given to it.

Commissioner Merten stated people do want housing in the missing middle, so that should be provided.

Commissioner Hyman stated HOA fees make it difficult for people to purchase condominiums also. She stated possibly the city could set regulations on HOA fees.

Mr. Walther stated the city does not look into assistance with HOA fees, but they have intervened where developments were not kept up and they did not charge fees, and then work to help them get funding to maintain those investments.

Commissioner Hyman asked if N1 allows for a secondary structure. Mr. Walther said the city allows for ADUs and garages and ADUs up to 24 feet if they meet certain design requirements. He stated they wanted to be sure they were allowed but not to become buildings that people get used to seeing.

2. Cannabis zoning

Ms. Champoux presented the report. She gave an overview of the legislation and a recap of conversations with the council on this.

Mr. Walther noted these regulations must be in place by the beginning of 2025.

Commissioner Merten asked if this regulates the growing or selling of cannabis. Ms. Champoux stated it is both, with growing or producing it on the commercial side.

Commissioner Eckholm asked whether the buffer restrictions in the legislation are meant to stop local governments from requiring 20,000-foot buffers from everything, for example. Ms. Champoux stated yes. This is likely part of the reasoning behind the requirement to allow for at least one retailer per 12,500 residents. Mr. Walther added that this legislation is for adult-use cannabis so the buffer from schools, daycares, etc. are meant to prevent underage people from using it. Commissioner Eckholm added that he also interpreted these regulations as not allowing local governments to fully prohibit cannabis retailers.

Commissioner Youngquist asked what language we are proposing for the cap on cannabis retailers in the zoning code. Ms. Champoux stated that the language will indicate the cap as one per 12,500 residents rather than stating a specific number as this may change over time with population growth.

Commissioner Youngquist asked if a cannabis producer has a dispensary, would the regulations for dispensaries apply as well. Mr. Walther stated yes, that is correct.

Commissioner Beneke asked if the term “cannabis” in this context includes the THC edibles sold at gas stations and other places currently. Ms. Champoux stated that hemp products are referred to as low potency hemp in statute and non-hemp cannabis products are referred to as cannabis products. Commissioner Beneke asked whether the regulations apply to the products already legally sold in gas stations in the city. Mr. Walther stated that the zoning regulations will apply to both product types but not in the items presented today. The licensing for both will happen at the state level now. Mr. Walther also stated that staff will come better prepared to answer these questions and the distinctions between the two product types in the future.

Commissioner Eckholm asked if the new zoning allows for municipal cannabis dispensaries. Mr. Walther stated yes, the legislation allows for municipal sales if the city wants to participate in

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this. The legislation states that a municipal cannabis store would not count toward the minimum retailers we are required to allow.

Ms. Champoux stated this will be discussed at city council on Sept. 23 and then will come back to planning commission for a public hearing and then back to the council for final approval before Jan. 2025.

Commissioner Youngquist asked if the code would prohibit on-site consumption at dispensaries. Ms. Champoux stated yes.

Commissioner Youngquist asked if staff have looked at whether the proposed buffers impact the existing locations of low potency hemp retailers. Ms. Champoux stated no, not at this time. Mr. Walther added that this will not give a business a leg up in doing this. Staff have communicated that the regulations are not yet finalized and won't be finalized until the end of the year.

Commissioner Merten stated she would like to know about variances in these cases and what the code allows.

Mr. Walther noted when the state took over licensing, they took away licensing policies for the city. He stated if it is in the zoning code, owners can apply for a variance, but they aren't likely to receive the variance. The city cannot prevent a business from applying for a variance, but it can discourage them from applying.

Commissioner Hyman asked why we would want to allow only four cannabis retailers. Mr. Walther stated that this is a policy question. The council has not yet weighed in on this. Staff made an assumption based on conversations thus far that council may want to limit the number of retailers. Planning commission could recommend to not have the cap on retailers but to keep the buffers.

Commissioner Youngquist asked whether the city limits the number of liquor stores. Mr. Walther stated no, it has in the past but it does not currently have a limit.

Commissioner Eckholm asked how many tobacco and vape shops are in St. Louis Park, adding these are the shops that may try to convert.

Commissioner Merten stated what is to stop someone who manufactures cannabis from buying a whole city block and putting a greenhouse on it. Mr. Walther stated it will only be allowed in industrial zones.

Commissioner Hyman asked for more detail on the cap of four cannabis retailers.

Mr. Walther stated staff assumed the council would not want to allow more than four, but we could be wrong. The buffers also limit the number of cannabis dispensaries and help create a balance within the city so they are not all located in one neighborhood. There are a few areas of the city where this use would be permitted and with the proposed buffers, once one locates

in that area, other dispensaries can no longer open in that area. It's a balance of both sides of the equity question: How do we avoid a concentration of this use in one area of the city and bear the brunt of the less desirable impacts? And how do we ensure people have equitable access to these uses?

Commissioner Eckholm stated if there are four dispensaries, they are successful, none are located in West End so that area is still open, and a dispensary comes in that wants to locate there, we may reconsider the cap. This doesn't necessarily have to be the last time we talk about it.

Commissioner Merten asked if the city benefits from the sales with a tax of some kind. Mr. Walther stated there is a small sales tax benefit.

Commissioner Hyman stated it seems like this is an unnecessary barrier. She added she is wondering why the city is trying to discourage this, especially when the low potency product is already available.

Commissioner Eckholm stated it makes sense to have some concerns because if other cities set more strict regulations and we don't, we may see more of these businesses in our community. But if all local governments are prudent with their regulations, these businesses should distribute across the metro more evenly, and then exceptions or changes can be made at a later date.

Commissioner Hyman asked if other cities restricted it more than St. Louis Park, would not that be beneficial for St. Louis Park.

Commissioner Eckholm stated it could be, but added he would rather open the door cautiously. He stated changes can be made at any time also.

Commissioner Beneke asked what if there are more than 4 that apply. Mr. Walther stated he is not sure how that might be handled. He added there is an option at the state for social equity applicants, and some businesses can get early licensing so they have a head start in finding a location. He added that the council will give direction on this ultimately, but the policy question will be looked at as part of the process by the planning commission and then the council. He stated there will be one more check-in on policy and then the formal process will begin with a public hearing and then it will go to the council for final action.

3. Adjournment – 8:00 p.m.

Sean Walther, liaison

Mia Divecha, chair member