



**MONTROSE  
PLANNING AND ZONING COMMISSION MEETING  
AGENDA**

**Wednesday, January 10, 2024  
7:00 PM**

**Montrose Community Center  
200 Center Avenue South  
Montrose, Minnesota 55363**

**1. Call to Order**

**2. Roll Call**

**3. Pledge of Allegiance**

**4. Approval of Agenda**

**5. Approval of Minutes**

A. November 8, 2023 Planning and Zoning Commission Meeting Minutes

**6. Election of Officers**

A. Planning Commission Chair

B. Planning Commission Vice-Chair

C. Planning Commission Secretary

**7. Old Business**

A. No Old Business

**8. New Business**

A. 2024 Planning Issues and Work Plan

**9. Next Meeting**

A. Wednesday, February 14, 2024 to be held at the Montrose Community Center – 7:00 p.m.

**10. Adjournment**

**\*\* Please note that a quorum of the City Council may be present at the Planning and Zoning Commission Meeting. \*\***

City of Montrose  
 Planning and Zoning Commission Meeting  
 Montrose Community Center  
 200 Center Avenue South  
 Wednesday, November 8, 2023  
 7:00 P.M.

# **1. CALL TO ORDER**

Pursuant to call and notice the Montrose Planning and Zoning Commission met in Regular Session on Wednesday, November 8, 2023 at 7:00pm.

Planning and Zoning Commission Chair, Mr. Charles Smallwood, called the meeting to order at 7:00 p.m.

# **2. ROLL CALL**

Present: Commissioner Charles Smallwood  
 Commissioner Catherine Neiberger  
 Commissioner Roger Fraumann  
 Commissioner Shawn Cuff  
 City Council Liaison Sam Solarz

Staff Present: Ms. Jessica Bonniwell, City Administrator  
 Mr. Steve Grittman, City Planner

Absent: Commissioner Sylvia Henry

# **3. PLEDGE OF ALLEGIENCE**

The Pledge of Allegiance was taken.

# **4. APPROVAL OF THE AGENDA**

**Commissioner Fraumann motioned to approve the November 8, 2023 Planning and Zoning Meeting Agenda as presented. Commissioner Cuff seconded the motion. Motion carried 4-0.**

# **5. APPROVAL OF THE MINUTES**

## **A. October 11, 2023 Planning and Zoning Commission Meeting Minutes**

**Commissioner Neiberger motioned to approve the October 11, 2023 Planning and Zoning Commission Meeting Minutes as presented. Commissioner Cuff seconded the motion. Motion carried 4-0.**

# **6. PUBLIC HEARING**

## **A. To Consider an Ordinance Amendment to Chapter 1031 of the Montrose Zoning Ordinance, Related to Provisions for Sacred Settlements and Micro-Units by Conditional Use Permit**

**Commissioner Fraumann motioned to close the Planning and Zoning Meeting and open the Public Hearing at 7:02 p.m. Commissioner Cuff seconded the motion. Motion carried 4-0.**

Mr. Gritman summarized his report for the commission:

### **Background and Analysis:**

During the 2023 legislative session, the Legislature passed a bill authorizing religious institutions beginning Jan. 1, 2024, to site micro-unit dwellings on religious institution property. It also requires cities to permit sacred settlements of micro units either via a permitted use or conditional use. This legislation was a part of the State's efforts to address homelessness and affordability for the target populations.

As written, cities are required to accommodate these "sacred settlements", although as noted, the City can do so by Conditional Use.

Currently in Montrose, religious institutions are allowed in specific zoning districts, including the following:

- R-B: Residential Business (by Conditional Use Permit)
- B-2: Highway Business (in the form of the permitted use "Theater")
- INS: Institutional District (as a permitted use)

The city has churches located in a variety of zoning districts. The operation of the statute relates to "faith communities", not zoning specifically. Therefore, it is presumed that the allowance of these settlements would be allowed as an accessory use to any existing religious institution and would not constitute an expansion of a non-conforming use if the church were located in a district where the church is otherwise not allowed.

The state's legislation specifies the following aspects of these uses:

### Individuals Qualifying for Micro Unit Eligibility

Micro-unit dwellings within sacred settlements are intended to provide an additional means for faith communities to serve chronically homeless individuals, designated volunteers, and extremely low-income individuals in accordance with their religious vocations.

- An individual who meets the definition of being chronically homeless is someone who is unhoused and lives or resides in a place not meant for human habitation, a safe haven, or in an emergency shelter for at least one year, or on at least four separate occasions in the last three years.
- An individual who meets the definition of being extremely low income has an income that is equal to or less than 30% of the area median income.
- A designated volunteer is an individual who has not experienced homelessness and is approved by the religious institution to live in the sacred settlement as their sole form of housing.
- The language defines a religious institution to include a church, synagogue, mosque, or religious organization organized under Minnesota Statutes Chapter 315.

### Micro-Unit Structure Requirements

There are myriad of requirements and minimum standards in the statutory language that address both the standards for the micro units themselves as well as requirements and restrictions for faith communities that chose to establish a sacred settlement of micro units on their religious property.

- Under the new law, micro-units must meet certain building requirements and standards to be allowed for placement in a sacred settlement on religious property.

- All micro units must be built to the requirements of the American National Standards Institute (ANSI) Code 119.5, which includes standards for heating, electrical, fire, and life safety.
- Additionally, micro units are subject to inspection for compliance with statutory standards and must meet the following minimum requirements:
  - Be no more than 400 gross square feet.
  - Be built on a permanent chassis and anchored to pin foundations with engineered fasteners.
  - Have exterior material compatible in composition, appearance, and durability to materials used in standard residential construction.
  - Meet minimum framing standards and insulation ratings for doors and windows and include a dry, compostable, or plumbed toilet meeting Minnesota Pollution Control Agency rules.
  - Include smoke and carbon monoxide detectors and comply with municipal setback requirements if established by ordinance or be set back on all sides by at least 10 feet if no ordinance exists.
  - Have access to water and electric utilities either by connecting the units to the principal building or by providing access to permanent common kitchen facilities and common facilities for toilet, bathing, and laundry consistent with boarding house requirements under Minnesota Rules, part 1305.2902.

### Minimum Standards for Settlements

In addition to the requirements for individual units, the law establishes minimum standards for the religious institution's operation of the settlement itself, which will be important to reference if a city chooses to permit settlements and units via a conditional use permit to ensure compliance.

Minimum standards for settlements include:

- Appropriate level of insurance and have between one-third and 40% of the micro units occupied by designated volunteers.
- Adherence to all laws governing landlord and tenants under Minnesota Statutes Chapter 504B.
- A written plan provided to the city in which the settlement is approved by the religious institution's governing board that includes:
  - Plans for disposal of water and sewage if not plumbed and septic tank drainage if plumbed units are not connected to the primary worship location's system.
  - Adequate parking, lighting, and access to units by emergency vehicles.
  - Protocols for security and addressing conduct within the settlement as well as safety protocols for severe weather.
  - Authorization by a municipality as either a permitted use or conditional use without the application of additional standards not included in the bill.

The legislation is codified in MN State Section 327.30. It is presumed to be permitted, unless the City establishes the use as a Conditional Use. Thus, if the City passed no regulations, the use could be added to any existing faith community location as an accessory use, presuming that it complies with the regulations in the State law.

Because certain such religious uses can be located in places where the introduction of residential uses could create new land use conflicts that are not anticipated by the zoning district in which the religious use exists, staff recommends the accompanying ordinance amendment to require that such uses are allowed only by Conditional Use Permit. While Conditional Uses are presumed to be allowed in the district, there is a degree of discretion over that of a permitted use that gives the City some opportunity to ensure that the residential uses are reasonably compatible with the site and the neighborhood.

The following additional standards are recommended for the Conditional Use Permit Review:

1. The proposed settlement meets all conditions and requirements of MN Stat. Section 320.30.
2. Settlements established under this provision shall only be allowed on the property of the principal sponsoring faith community, and shall be an accessory use, not the principal use of the property.

3. Setbacks for the micro-units are equal to the required setback of that of the zoning district on the adjoining parcel.
4. Where such uses are located adjacent to any single-family residential use, a landscape buffer providing reasonable screening between such uses is provided.
5. Where such uses are located adjacent to any Business or Industrial property, a landscape buffer and a solid maintenance-free fence shall be provided to both screen the uses and provide a physical separation.
6. Access to the micro-units in a community created under this provision shall be only through the internal private access of the sponsoring faith community, and not through other properties nor directly to the public street.
7. Parking supplies for the property shall be adequate to serve both the residential use established under this provision, and for all other principal uses of the property, including the primary religious institutional use. As the residential use is a round-the-clock use of the property, each unit shall be afforded one parking space in addition to the other parking requirements of the site use.
8. Other requirements of the City as deemed necessary to ensure health and safety of the proposed community, and compatibility with the neighborhood in which the use is located.

With these conditions, staff believes that the City can comply with the requirements of the legislation, and where the facilities are proposed, the residential uses introduced will be compatible with the areas in which they may be constructed.

**Staff Recommendation:**

Planning staff recommends adoption of a zoning ordinance amendment incorporating the requirements of State law, and provide the City the opportunity to ensure that the use is introduced and operated in areas that can reasonably accommodate the impacts of the use on the neighborhood, and the those impacts of the surrounding area that may impact the residential use as proposed.

Commissioner Smallwood stated that nobody was in attendance for the public and asked if anyone had any questions.

**Commissioner Fraumann motioned to close the Public Hearing and re-open the Planning and Zoning meeting at 7:09 p.m. Commissioner Neiberger seconded the motion. Motion carried 4-0.**

Commissioner Smallwood again asked if there was any discussion or questions since this was discussed at the October meeting by commission members.

**Commissioner Neiberger motioned to approve the recommendation of the proposed ordinance amendment to City Council. Commissioner Cuff seconded the motion. Motion carried 4-0.**

## **7. OLD BUSINESS**

- A. No Old Business

## **8. NEW BUSINESS**

- A. Updates – Mr. Grittmann stated that there is interest in a new commercial business for concrete masonry that will hopefully work out as the owner seems motivated and has submitted some plans for staff to look at and staff is waiting for a development application for a Conditional Use Permit. Mr. Grittmann stated that there has been some other commercial interest lately and that residential development has all but disappeared due to interest rates.

Commissioner Cuff asked about the Preserve and Ms. Bonniwell stated that the Purchase Agreement for the property was approved by council at the Monday, October 30<sup>th</sup> Special Meeting and has been signed by both parties and are going through the process for that. Ms. Bonniwell stated that staff is waiting for a TIF application in order to begin that process, but that things are moving along.

## 9. NEXT MEETING

A. Wednesday, December 13, 2023 to be held at the Montrose Community Center – 7:00 p.m.

## 10. ADJOURNMENT

Commissioner Cuff motioned to adjourn the meeting at 7:11 p.m. Commissioner Fraumann seconded the motion. Motion carried 4-0.

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Charles Smallwood  
Planning and Zoning Chair  
City of Montrose

ATTEST:

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Jessica Bonniwell  
City Administrator  
City of Montrose

## MEMORANDUM

**TO:** Montrose Planning Commission

**FROM:** Stephen Grittman

**RE:** Montrose – 2024 Planning Issues and Work Plan

**GC FILE NO:** 130.02

**DATE:** January 5, 2024

**MEETING DATE:** January 9, 2024 (PC)

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## BACKGROUND

This memorandum is a summary work plan of potential planning issues that the Montrose Planning Commission is likely to need to address in 2024. The items are in addition to the normal course of private land use applications, as well as other code or related updates that may arise during the year. Three separate items are highlighted in this memorandum, with a brief background and description of the issues raised by each.

The purpose of this introduction is to get these topics on the Planning Commission's "radar". As a part of the upcoming meeting discussion, we can decide on additional resources or research the Commission would find helpful, and chart a path for tackling the items. As a general rule, the League of Minnesota Cities will often have resources, and there are the experiences of other communities that we can examine as a part of each topic.

### Issue 1. Cannabis Legalization.

With regard to Cannabis (marijuana), the Commission is no doubt aware of the 2023 Legislature's actions to legalize marijuana in Minnesota. There are two basic layers to this new change, as well as a few side considerations to be aware of. It is also to be noted that the 2024 Legislature is likely to continue its attention to this issue, so there may be additional adjustments and further attention that will drive the City's regulatory response.

Finally, the legalization of THC-containing “cannabinoids” by the 2022 legislature is technically separate from the 2023 action, but the same State Agency (the Office of Cannabis Management - OCM) will ultimately be responsible for licensing and other state oversight of both the THC (cannabinoids) and marijuana (cannabis). The OCM is operational, but is still awaiting a Commissioner appointment.

The two layers noted above relate to (1) personal use and possession; and (2) business activities related to sales, manufacture, and distribution.

- (1) Personal Use and Possession. The legislation decriminalized personal use and possession of marijuana in limited quantities, as well as the growing of a limited number of marijuana plants, again for personal use only. There are several exclusions for the personal use aspect, including in motor vehicles and school property; and, smoking is subject to the same restrictions as tobacco under the Minnesota Clean Indoor Air Act.

An aspect of the “personal use” allowance that was left unregulated by the legislation was use in public places and/or public property. Some Cities have chosen to limit or prohibit smoking or certain other usage in public parks or other locations. This aspect of regulation usually tends to mirror alcohol and/or tobacco use regulations. This becomes a zoning issue if public use is related to other “sensitive” land uses such as private homes, public parks, etc.

TO DO: The City may wish to consider limitations on use of cannabis or cannabinoid products in certain locations, whether for nuisance reasons (such as second-hand smoke) or for public intoxication reasons (such as drinking in public). Remember that some of these products are smoked, others are drunk, and still others are eaten (such as THC “gummies”). Also remember that the City utilizes the Wright County Sheriff’s office for enforcement of its codes, so coordination with the County will be a component of any chosen path.

- (2) Business Uses Related to Cannabis/Cannabinoids. The state has created 11 separate business categories related to the manufacture, distribution, and/or sale of these products. The state’s OCM will be the licensing authority, with local “registration” of the businesses – particularly those that wish to sell products to the public – as an administrative task only. This process appears to be one that will work similar to motor vehicle sales licensing – the state does the license issuance, but confers with the local government to confirm that the proposed location meets the local zoning district requirements. All cities are required to allow at least one licensing retail location.

The OCM expects to begin licensing in early 2025. Local land use regulations can still apply to the proposed licensee(s). Wright County is working on a proposal to local cities where the County would be the local government authority for the “registration” aspect of review. They expect to treat their review similar to their regulation of tobacco licensees.

TO DO: Consider whether to join the County's joint powers concept for local registration; Consider appropriate zoning districts and/or buffer distances to apply to any local retailing locations; Consider whether to limit retail licensees to just the one required, or be open to more.

## **Issue 2. Corporate Single Family Home Rentals.**

An issue that has been rumbling in the housing markets over the past few years is that of corporate development and/or ownership of single family homes specifically for rental. There are two aspects to this item. One is the specific development of single family neighborhoods by a single corporate entity for rental to tenants, where the ownership maintains and rents all of the units for some future period. The second is the corporate purchase of individual for-sale single family homes which are converted from owner-occupied to rental units.

The development approach has occurred in Woodbury, and has been raised in Albertville, among other locations. The issues for the city can be long-term resales and management once the corporate developer decides to discontinue the rental business.

The individual purchase approach has been rising in the Twin Cities, according to a recent study by the Federal Reserve. In this model, corporate interests purchase homes as they come to the market, and hold them for rental – usually long-term occupancies, but occasionally, for short-term rentals. Short-term rental markets are usually heavily dependent on location and event- or tourism-based localities.

Long-term rental has seen growth due to an overall desire for single family living, but with rising housing costs and interest rates, entry-level buyers are priced out of ownership. Some cities have chosen to limit large-scale common or corporate ownership for rentals due to a concern that this limits access to “Naturally Occurring Affordable Housing” (NOAH). And it can further have the effect of driving other home prices upward by removing this supply of for-sale units from the housing market.

TO DO: Consider whether the City wants to regulate or limit corporate ownership and/or rental of single family units, and any aspects of the issue that raise particular questions for Montrose.

## **Issue 3. FEMA Floodplain Ordinance and Maps.**

This item arises as a result of the Federal Emergency Management Agency (FEMA)'s completion of the update to Wright County's flood mapping. It is an important issue for cities where eligibility for FEMA flood insurance is needed for at-risk properties. With new maps, there can be impacts to the local flood zones that may require this coverage. Hopefully, the city may be able to address this with a short amendment to refer to the new mapping as a part of the Floodplain Ordinance – the City Engineer believes that this may be possible since there is only a very limited part of the City that is affected by the updated mapping.

However, FEMA (and DNR, which helps administer the floodplain programs) often pushes local governments to update its Floodplain Ordinance to be more consistent with their current model codes. Staff expects to be working with DNR staff toward the easier option, and we will keep the Commission (and City Council) updated on this process.

TO DO: On hold, pending discussions with DNR staff.

## **SUMMARY AND RECOMMENDATIONS**

As noted above, there are no specific actions to take at this time. However, in the near future, we expect to provide additional background to the Commission on these items, and will likely engage a process to address both policy and code preferences as needed. Discussion of each topic is welcomed, and specifically, where additional research is requested.

cc. Jessica Bonniwell  
Justin Kannas  
Jared Voge