SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3199

(SENATE AUTHORS: PHA and Port)

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04/01/2025	1259	Introduction and first reading Referred to State and Local Government
04/03/2025	1355	Author added Port

A bill for an act

relating to local government; restricting local government regulations of certain residential developments by religious organizations; providing civil remedies; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 462.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[462.3571] RESIDENTIAL DEVELOPMENT BY A RELIGIOUS ORGANIZATION.**

Subdivision 1. **Title.** This act shall be known as the Yes in God's Backyard (YIGBY) Housing Act.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Accessory dwelling unit" means an addition or alteration that is an additional, subordinate dwelling unit on the same lot as a larger residential unit and is entirely within, attached to, or in a structure detached from the larger residential unit.

(c) "Affordable housing" means:

(1) rental housing in which at least 20 percent of the units are affordable to households earning incomes of no more than 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development;

(2) rental housing in which at least 40 percent of the units are affordable to households earning incomes of no more than 60 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development; or

(3) owner-occupied housing in which all of the units are affordable to households earning at or below 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.

(d) "City" means a home rule charter or statutory city with a population of 20,000 or more.

(e) "Central business district" means a zoning district that is intended for centralization and permits high-bulk buildings and high-density residential or commercial density.

(f) "Commercial district" means a zoning district that permits commercial or industrial uses.

(g) "Low-density residential district" means a residential zoning district that allows density between zero and ten units per acre.

(h) Medium-density residential district" means a residential zoning district that allows multiunit residential buildings and a density of between 11 and 24 residential units per acre.

(i) "High-density residential district" means a residential zoning district that allows multiunit residential buildings and density of at least 25 residential units per acre.

(j) "Mixed-use district" means a zoning district that is intended for both residential and commercial uses and allows a single building to contain both commercial and residential uses.

(k) "Qualified development" means an affordable housing development by a religious organization on land owned by the religious organization.

(l) "Residential unit" or "unit" means a building or part of a building intended to be used as a dwelling by a single owner or tenant.

(m) "Single-family district" means a residential zoning district that only allows single-family dwellings and accessory dwelling units as permitted uses.

(n) "Single-family dwelling" means a building that contains one residential unit.

Subd. 3. **Housing authorized.** (a) A city must allow a qualified development of any of the following types as a permitted use:

(1) a residential building with up to three residential units in any area zoned for residential use;

(2) a residential building with up to eight residential units in any area zoned for residential use, except a single-family residential district;

(3) a residential building with up to 12 residential units in a mixed-use or commercial district; and

(4) a residential building with 13 or more residential units in a high-density residential, commercial, or central business district.

(b) A city must allow a qualified development with the following densities as a permitted use:

(1) density that is at least 1.25 times the existing permitted residential density in any zone;

(2) in cities of the first class, density of at least 40 residential units per acre in a mixed-use, high-density residential, commercial, or central business district; and

(3) in cities of the second class, density of at least 30 residential units per acre in a mixed-use, high-density residential, commercial, or central business district.

(c) A religious organization may contract with a developer or other entity in connection with a qualified development.

(d) Nothing in this section authorizes a residential development that is prohibited by a state or federal law or rule, or is prohibited under an ordinance adopted pursuant to a state or federal law or rule, that protects floodplains, areas of critical or historic concern, wild and scenic rivers, shoreland, or that otherwise restricts residential units to protect and preserve the public health, the environment, or scenic areas.

(e) Notwithstanding other requirements of this section, retaining the sacristy worship space in an area otherwise occupied by housing is permitted for the religious organization to use for religious purposes.

Subd. 4. **Dimensional requirements.** (a) The following requirements apply to qualified developments.

(b) A city of the first class must allow buildings with up to three residential units on a lot that is 4,000 square feet or larger as a permitted use.

(c) A city of the second class must allow buildings with up to three residential units on a lot that is 5,000 square feet or larger as a permitted use.

(d) A city must not require residential units in a multifamily residential building to have more than 220 square feet of livable interior space.

(e) A city must not require a single-family dwelling to have more than 400 square feet of livable interior space.

(f) A city must allow the following building heights for residential buildings:

(1) at least 38 feet or three stories, whichever is greater, in any area zoned for residential use;

(2) at least four stories in any area zoned for residential use, except a single-family or low-density residential district;

(3) at least six stories in a medium-density residential district or any area zoned for greater density;

(4) at least eight stories in a central business district in a city of the first class; and

(5) at least six stories in a central business district in a city of the second class.

(g) A city must not require more than one parking space per residential unit, except that a city may pass and enforce an ordinance under section 169.346, subdivision 4, related to disability parking spaces or any provision of the Minnesota Accessibility Code, Minnesota Rules, chapter 1341.

(h) A city must not impose a required floor area ratio or other massing requirement in connection with a qualified development.

(i) A city must not require a conditional use permit or planned unit development agreement in connection with a qualified development, except that a city may require a conditional use permit or planned unit development agreement to address an identified and documented risk to health or safety.

(j) A local government must not impose requirements based on health, safety, or general welfare concerns for matters already addressed by the State Building Code, except in officially recognized historic districts.

(k) Except as otherwise provided by the State Building Code, any city performance standards, including but not limited to minimum lot sizes, minimum building requirements, setbacks, aesthetic requirements, or requirements relating to the mass or bulk of buildings that effectively prevent the permitted uses or densities allowed under this section shall be modified to allow the permitted uses and densities set out under this section.

Subd. 5. **Administrative approvals.** (a) A city must approve or deny any request in connection with a qualified development through an administrative process conducted by city staff.

(b) Notwithstanding other requirements of state law, a city must not hold a public hearing in connection with the process conducted under paragraph (a). The city may require the

religious organization to hold up to two neighborhood meetings in the impacted neighborhood, at which the public may provide input. The city may require that notice of the neighborhood meeting be mailed to all property owners within 1,000 feet. The city must not take any official action at a neighborhood meeting permitted under this paragraph and must not require the meeting to be held at a city hall or another government building. In locations where an officially recognized neighborhood organization operates, the city may require the religious organization to consult with the neighborhood organization regarding any neighborhood meeting.

(c) Any administrative approval decision with respect to any of the standards set out in this subdivision shall be considered a final decision by the local government for purposes of section 15.99.

Subd. 6. **Reducing burdens on religious organizations.** (a) A religious organization may inform a city in writing that the application of any local zoning or land use restriction to a qualified development constitutes a substantial burden on the religious organization.

(b) Upon receipt of the substantial burden notice described in paragraph (a), a city must temporarily suspend the application of any restriction cited in the notice while the city conducts a legal and factual review to determine whether the restriction imposes a substantial burden on the religious organization. The city must determine whether:

(1) the restriction as applied does not impose a substantial burden on the religious organization;

(2) the restriction as applied does impose a substantial burden, but it serves a compelling governmental interest and is being applied to the religious organization in the least restrictive means necessary to accomplish the governmental interest; or

(3) the restriction as applied does impose a substantial burden and does not serve a compelling governmental interest.

(c) Within 30 days of receiving the notice under paragraph (a), the city must provide the religious organization with its written determination made in accordance with paragraph (b) and outline what steps the city intends to take based on the determination. If the city makes the determinations in paragraph (b), clause (1) or (2), it may restart the application of the rule cited in the notice. If the city makes the determination in paragraph (b), clause (3), it must suspend or adjust application of the rule cited in the notice to ensure the rule complies with paragraph (b), clause (1) or (2).

(d) This subdivision does not apply to any rule or law that is necessary to enforce a state or federal law or rule.

(e) A religious organization must pause the construction of the portion of a development that is impacted by the rule or law challenged under paragraph (a) during the pendency of the city's determination under paragraph (b).

Subd. 7. **Private remedies.** A religious organization injured by a violation of this section may bring a civil action in district court for damages, injunctive relief, or any further remedies, including but not limited to an award of a reasonable attorney fee. The remedies available under this section are in addition to any other remedies available at equity or in law.

Sec. 2. **APPROPRIATION; AFFORDABLE HOUSING DEVELOPMENT.**

$1,000,000 in fiscal year 2026 and $1,000,000 in fiscal year 2027 are appropriated from the general fund to the commissioner of the Housing Finance Agency to award grants of up to $150,000 to religious organizations that have committed to developing affordable housing under Minnesota Statutes, section 462.3571. Grants may be used for technical assistance, demolition, site preparation, and construction costs.