Business Item

Land Use Advisory Committee

LUAC Meeting: November 19, 2026

Community Development Committee: December 7, 2026 **Metropolitan Council:** December 16, 2026

Business Item: 2026-217

Flexible Rural Development Standards Update

District(s), Member(s):	All
Policy/Legal Reference:	Minn. Stat. § 473.854
	Imagine 2050, Land Use Objective 1, Policy 2, Action 2.3
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Division/Department:	Community Development / Regional Planning

Proposed Action

That the Metropolitan Council adopt the Flexible Rural Development Standards as shown in Attachment 1, replacing the current Flexible Residential Development Ordinance Guidelines.

Background

In 2006, the Metropolitan Council (Council) convened a rural issues working group to examine the Council's density policy for rural areas and how development in these areas could impact the Council's goals of ensuring orderly and efficient development and the preservation of natural resources. This working group identified ambiguity in the Council's density policy that existed at the time and recommended that guidelines be developed around cluster developments and density bonuses in rural areas.

In 2008, after extensive analysis and solicitation of feedback from communities, the Council adopted the Flexible Residential Development Ordinance Guidelines (Guidelines). The Guidelines applied to communities designated Diversified Rural within the Long-Term Wastewater Service Area (LTSA) and allowed for those areas to exceed the maximum density of 4 dwelling units per 40 acres, if certain criteria were met. The most important criterion is that at least 75% of the developable land is reserved for future development at urban densities. These Guidelines were incorporated into Thrive MSP 2040 as part of the guidance for Diversified Rural communities. A supporting Flexible Development Guidelines Fact Sheet was also created. Over the years the Guidelines have also been applied to Diversified Rural communities located outside the LTSA.

Recognizing that there have been significant changes since the Guidelines were developed, Imagine 2050 committed the Council to evaluating the need to update the Guidelines to ensure they align with regional goals and can effectively advance the policies of Imagine 2050. Earlier this year staff began an audit of the 2040 Comprehensive Plans and conducted interviews with communities to determine the impact and effectiveness of the existing Guidelines, as well as to

solicit input on how the Guidelines could be improved. Based on these interviews, staff concluded that the Guidelines were often not being used for their intended purpose and were being interpreted as more advisory than intended. A detailed summary of those findings is provided below, along with staff's proposed updates to them.

Land Use Advisory Committee

On May 21, 2026, staff provided a high-level overview of the Guidelines to the Land Use Advisory Committee (LUAC) and advised them staff was beginning the process of updating the Guidelines. The committee discussed the importance of protecting the ability of the Council to efficiently and economically support growth within the long-term service area. They also asked if this program would apply to the areas surrounding Rural Centers and staff responded that it would when those areas are Diversified Rural and included in the LTSA. Finally, the committee asked if cities needed to utilize the Guidelines or if they were an opt-in program. Staff clarified that the Guidelines were an optional program for interested cities, but that they did need to follow them if they chose to opt-in.

On September 17, 2026, staff presented the proposed updates to LUAC. Committee members noted issues that can be created when subdivisions that developed with septic systems do not want to connect to the regional system. The committee asked if the guidelines could be used to preserve natural resources. Staff responded that they could, but the preserved area could not be counted towards the area reserved for future development and that in practice this tended to make it difficult to use the Guidelines for that purpose. Finally, the committee asked for thoughts on communities' request for the Council to consider a split other than the proposed 25% developed and 75% reserved for future development required by the Guidelines. Staff responded that this request, especially as it related to developments using communal systems, was one that staff would be looking into. The committee requested that staff bring additional information on this topic and the feasibility of using different percentages when the item returns for consideration in November.

Community Development Committee

On October 19, 2026, staff presented staff an overview of the Flexible Rural Development Standards to the Community Development Committee as an Information Item. The Information Item included the materials from the September 17, 2026 LUAC meeting (i.e. background, analysis, recommendation, and next steps). The committee noted historic issues with these types of developments and discussed the importance of protecting the ability of the Council to efficiently and economically support growth within the long-term service area. They expressed hesitation to consider a split that would propose a change from the original 25% developed and 75% reserved for future development required by the original Guidelines. Staff noted that the Standards as proposed would not change from original 25% developed and 75% reserved for future development to ensure sufficient developable land for future extension of regional wastewater services. Staff indicated that the most important priority is to ensure future sewer extensions are cost effective in the LTSA and that the proposed Standards include stronger Comprehensive Planning requirements to ensure they are used as intended. Staff noted that eligibility for the new Flexible Rural Development Standards is targeted at the Diversified Rural areas within the LTSA. Areas outside the LTSA have the potential to create unsustainable development patterns and communal systems that may fail in these areas would not be economical to serve. Staff indicated that after the meeting the eligible Diversified Rural area communities within the LTSA would receive a copy of the October 19, 2026 material and updated Standards for review and comments.

Analysis

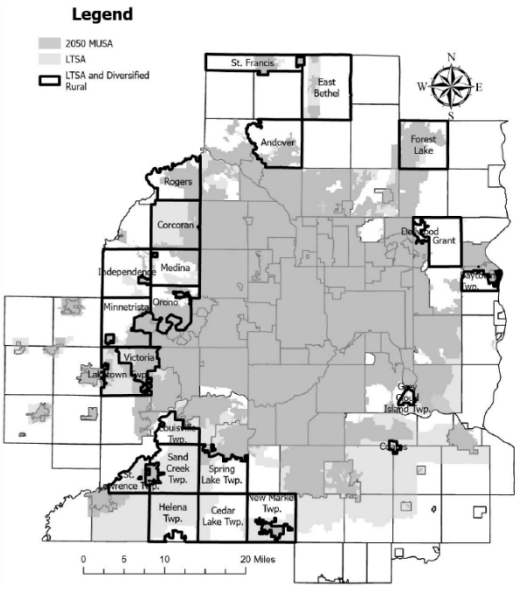
As part of the Guidelines update staff identified the communities that were eligible to utilize the Guidelines and did an audit of the 2040 Comprehensive Plans to determine how the Guidelines had been incorporated and discussed in those comprehensive plans. Staff also completed a GIS analysis to see if the Guidelines had been effective in promoting cluster developments and limiting the proliferation of 1-2.5 acre lots within the rural service area. While the results of these analyses, summarized in the following subsections provided useful context, staff determined that the Council did not have enough information to paint a clear picture of what is happening outside of the

Metropolitan Urban Service Area (MUSA) and pivoted to conversations with other jurisdictions to help inform our understanding of the Rural Service Area's trends and needs.

Overview

Imagine 2050 classified 24 communities within the LTSA as Diversified Rural. It should be noted that many of these communities are only partially within the LTSA or have split community designations. Ten of the 24 communities are townships where the areas included in the LTSA will presumably be annexed by neighboring cities and the other 14 communities are typically split between Suburban Ege and Diversified Rural with the Diversified Rural area being reserved for the cities' long-term, i.e. post 2050, growth. Most of the townships, eight of ten, are in Scott County, with a single township in both Carver and Washington Counties. The largest share of the cities, six of 14, are in Hennepin County with the next largest share being three cities in both Anoka and Washington Counties. The remaining two cities are split between Carver and Dakota Counties.

Jurisdictions in Diversified Rural and LTSA



2040 Comprehensive Plans

Staff conducted a search of 2040 Comprehensive Plans to determine how the Guidelines had been discussed in comprehensive plans. Plans were assessed to see if the plan contained terms like "flexible development guidelines" and associated tools like "ghost platting". There were 49 communities, including Scott and Caver County which have comprehensive planning authority for their townships, that generally included some reference to "flexible development" in their 2040 Comprehensive Plan. However, often flexibility was mentioned in conjunction with preserving natural resources/systems and only 15 of the 49 plans directly referenced the Council's Guidelines. Of these 15, many noted that the Council's Guidelines provided flexibility and expressed an intent to utilize the Guidelines but did not include substantive information on how they would be implemented. Since the Council does not monitor zoning and subdivision ordinances it is also unclear to what extent community rural development ordinances were modified to incorporate and implement the Council's Guidelines, even in those cities that did an excellent job incorporating the Guidelines into their Comprehensive Plan.

GIS Analysis

To assess the impact of the Guidelines on rural development patterns, GIS staff used information from the building permits survey to associate all permits pulled since 2009, with parcel data, and Imagine 2050 Community Designations. GIS staff summarized the number of units by platted acreage to identify where development may be occurring at densities higher than permitted by Council policy. To differentiate between cluster development and over development, GIS staff compared overall development to what would be allowed by policy. If high density developments were combined with high overall growth, the area was flagged as being potentially inconsistent with Council policy; however, when high density developments were combined with low overall growth, the area was flagged as potentially including cluster developments under the Guidelines.

However, review of the data showed that since the analysis could not account for when areas where initially platted, it was not possible to efficiently determine if areas flagged as possibly exceeding Council density policy were the result of developments that were approved before or after the Council implemented the Guidelines. Spot checks of areas flagged as potentially inconsistent often revealed that the initial development was approved prior to 2008 with permits still being pulled over decades after the development was approved. Staff did identify some areas where projects that clearly exceeded Council density policy and which were not consistent with the Guidelines had been approved after 2008, but the GIS analysis did not identify how common this was or how often the Guidelines were being implemented.

Staff's general sense after reviewing the data was that overall development in these areas was less than expected and that there did not seem to be a proliferation of 1 to 2.5-acre lots occurring within Diversified Rural areas at the scale that was observed in early 2000s when the Guidelines were created. Staff also did not observe many cluster developments that appeared to meet the requirements of the Guidelines, which suggests that the decrease in this type of development may have more to do with market forces and demand than with the impact of the Guidelines on these communities.

Percent Analysis

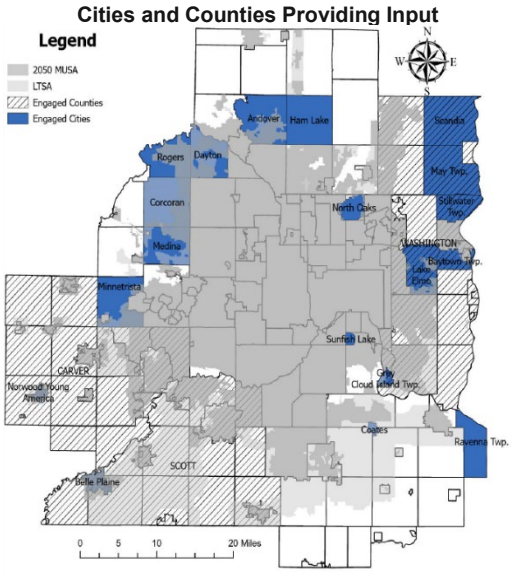
Staff was asked to evaluate the impact of allowing communities to preserve less than 75% of developable acreage for future developments. To do this staff evaluated a theoretical 120-acre site and calculated how many units and at what density would be needed to locally meet the Council's policy requirement of 3.5 units per acre once the site is fully developed. Staff assumed 2.5-acre lots for the rural portion and found that with a 25/75 rural/urban split, the urban area would need to develop with a density of 4.5 units per acre to achieve 3.5 units per acre. The density needed increases to 5.1 units per acre for a 33/67 rural/urban split and to 6.6 units per acre for a 50/50 rural/urban split.

Locations near established large lot subdivisions typically develop towards the lower end of allowed residential densities, meaning that is likely that the urban portion of the rural/urban split will develop at densities well below what is needed to reach 3.5 units per acre on site. Council policy does not require communities to meet density requirements on site, but every unit not built within a site needs to be offset by higher densities in other parts of the community.

Staff is recommending maintaining the existing 25/75 rural urban split due to concerns that allowing for a smaller share of developable land to be preserved will lead to extreme land use planning constraints in subsequent planning cycles as cities struggle to offset the acreage developed at rural density in pervious plans. Additionally, while the Guidelines require the preservation of developable land, not all developable land is equally developable, and there is concern that with a lower percentage of land reserved for future development there is an increased risk of site constraints that prevent the reserved portion from being developed as intended.

Engagement

The analysis discussed above indicated that it was likely that the Guidelines were not being widely implemented and also that the proliferation of 1-to-2.5-acre rural lots had slowed when compared to the period where the Guidelines were created; however, it was also clear that there were significant gaps in our understanding of the types of developments that were occurring in the Rural Service Area. Therefore, staff conducted interviews, sent out a survey, and held a focus group to better understand what type of development was occurring in these areas, how the Guidelines were being utilized, and to solicit input on potential changes.

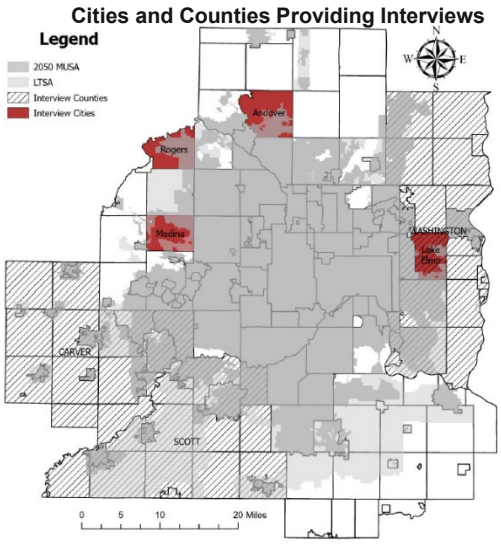


Staff requested feedback from all 64 jurisdictions in the Rural Service Area and received input from 22 of them. In addition to the cities, counties, and townships that responded, 2 consultants active in the Rural Service area provided input, as well as staff from the Minnesota Pollution Control Agency.

The 22 jurisdictions that provided input represent every Metropolitan Council District within the Rural Service area, except for District 16 and include a wide variety of community designations ranging from Suburban Edge to Agricultural, as well as areas inside and outside of the LTSA. While the Guidelines are targeted at Diversified Rural communities within the LTSA, staff wanted a full picture of what was happening in the Rural Service Area and recognized that developments in

the targeted areas impact the surrounding communities.

Interviews



Staff conducted eight approximately 45-minute interviews with representatives from Scott County, Carver County, Washington County, Medina, Rogers, Andover, Lake Elmo, and a consultant working with multiple communities in the Rural Service Area. During these interviews staff asked questions about what type of developments were occurring, if and how rural cluster developments were facilitated, and if and how they were using the Guidelines.

While each jurisdiction had unique characteristics and insights, several trends emerged.

Interview Findings

Participants indicated that most of the cluster developments that were occurring utilized individual systems and involved relatively low numbers of units, at most a couple of dozen homes. Generally, cluster developments were not occurring with the intent of facilitating future urbanization and most of the interest was in using them to preserve natural systems. Some participants noted that neighboring cities were sometimes reluctant to annex existing rural cluster developments, due to the costs of extending infrastructure. Additionally, it was observed that it was difficult to create a financially viable development when a large percentage of the land needed to be reserved for future development. Similar financial challenges were observed for cluster developments protecting natural systems as it was hard to cover the cost of conservation while maintaining the Diversified Rural area's 4 units per 40-acre density maximum.

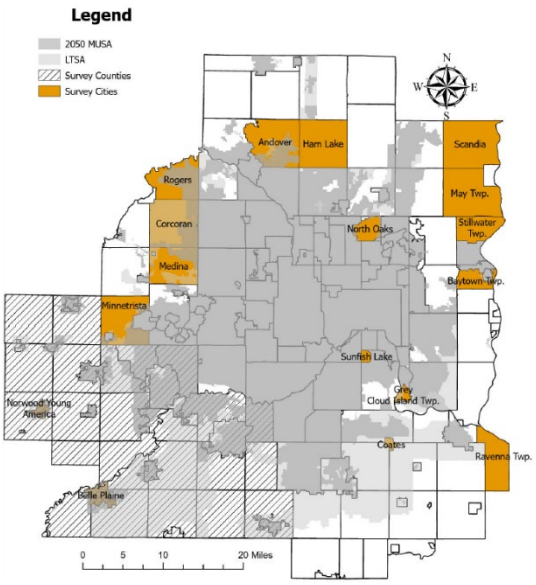
Participants also universally expressed reservations about the use of communal septic systems, noting concerns that inadequate maintenance led to high failure rates. Multiple participants indicated that additional guidance on best practices for communal septic systems was desired.

These concerns about communal septic systems led staff to reach out to the Minnesota Pollution Control Agency (MPCA) and Washington County's Public Health Department. Both entities participated in interviews with Council Planning and Environmental Services staff. The discussions provided insight into the conditions needed for communal septic systems to be successful as well as the benefits and drawbacks of these systems. Unfortunately, a definitive database of communal septic systems does not exist, though the MPCA provided extensive information on the number of systems by capacity and estimated non-compliance/failure rates for the region. From this information, it was clear that a relatively small number of new communal septic systems are being approved; however, it was not possible to move beyond anecdotal information as to the failure rates of these systems.

Survey

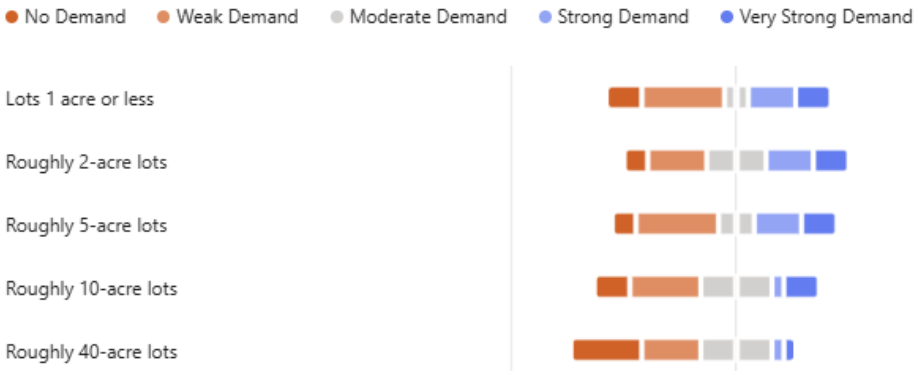
Staff distributed a survey to all 64 jurisdictions in the Rural Service Area and 19 of the jurisdictions responded, the majority of whom were either Diversified Rural or Rural Residential communities. The survey contained 15 questions asking for information about the community characteristics, demand for different rural product types, cluster developments in the community, and their experience with the Guidelines.

Cities and Counties Responding to Survey

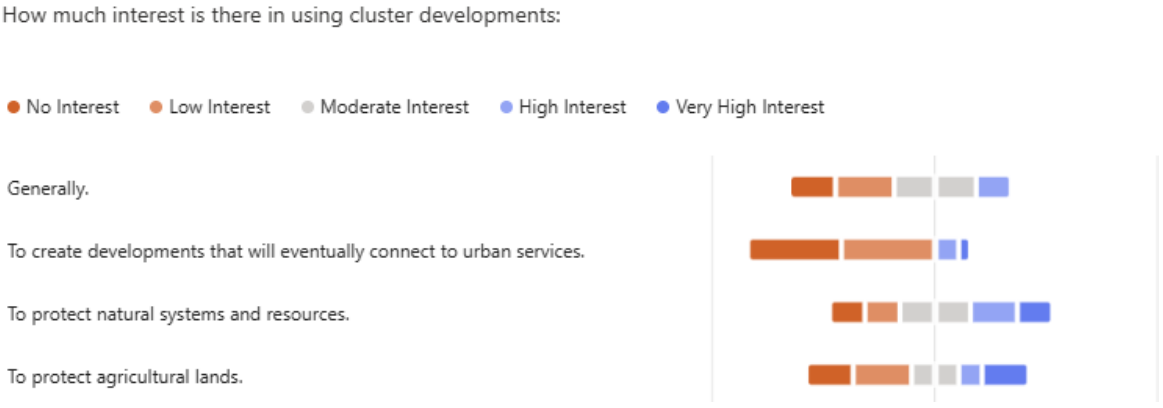


The survey results largely reinforced what staff learned from interviews and analyses, with about half of respondents saying they had referenced the Guidelines in their Comprehensive Plans and less than half of those indicating they had amended local controls to incorporate the Guidelines. Jurisdictions reported approving a small number of rural cluster developments under their 2040 Comprehensive Plans, with the largest development reported having approximately 20 lots. Respondents also echoed concerns about the challenges of preserving 75% of land for future development and concerns regarding the maintenance of communal septic systems. Finally, 7 respondents indicated they were likely to use the Guidelines in their 2050 Comprehensive Plans and 7 indicated they were unlikely to do so.

Survey respondents also reported a strong demand for smaller lot sizes than are permitted under the Council's rural density policy, with the strongest demand being for 1 to 5-acre lots as shown below.



They also reported low interest in using cluster development to create developments that will facilitate future urbanization and high interest in using cluster developments to protect natural systems/resources and agricultural lands as shown in the graphic below.

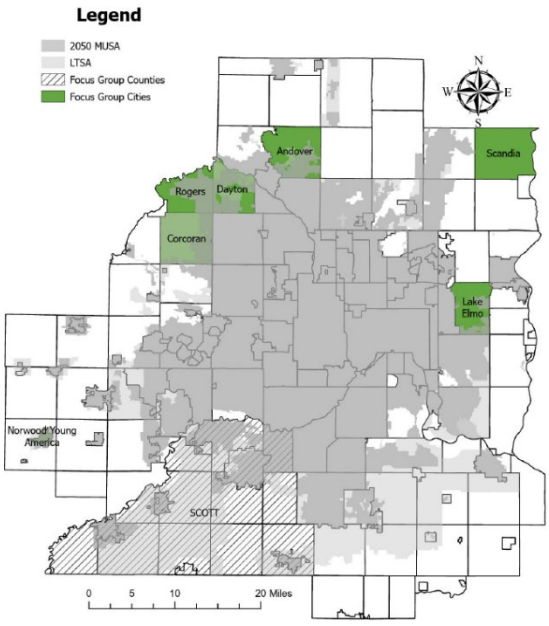


Focus Group

Representatives from Andover, Corcoran, Rogers, Scandia, Lake Elmo, Norwood Young America, Dayton, and Scott County agreed to participate in a focus group to discuss the proposed updates to the Guidelines on September 14, 2026. The focus group included two consultants that represent multiple communities in the region.

Participants were provided with a copy of the draft 2026 Flexible Rural Development Standards in advance of the meeting and staff explained the rationale behind the proposed changes prior to soliciting feedback. Andover, Corcoran, Scott County were ultimately unable to attend the meeting. Andover and Corcoran were sent a copy of the proposed updates for comment and four staff from Scott County met with Council staff on October 7, 2026 to provide feedback. The County asked about the proposed rural development monitoring program, ghost platting ordinance requirement, and noted a shift away communal systems.

Cities and Counties Participating in Focus Group



Overall, focus group participants mostly asked clarifying questions about how the Standards would be applied to specific circumstances and indicated that supplemental resources around topics like ghost plating would be appreciated. They were curious to know how the agreements for areas not designated Diversified Rual and within the LTSA would work and staff explained that these agreements would use the updated Standards as a base for a unique agreement centered on advancing Council policy and goals. Staff reaffirmed that these types of agreements would not be common.

Participants did not express major concerns, though they did request that the Council consider moving away from the current 25% developed and 75% reserved for future development split. They noted the challenges that reserving such a high percentage of land posed to create a financially viable development. They indicated that allowing a higher percentage of land to be developed would make sense in cases where a communal system was used to create a small lot cluster development as these types of developments can have development densities similar to sewered developments. Staff agreed to bring this suggestion forward to LUAC and CDC and to investigate the possibility of different developed/reserved percentages.

Finally, they expressed concerns that temporary development agreements could be difficult to enforce in cases where properties change ownership and requested that Council provide a template or recommend a different mechanism, such as an easement. Easements are recorded against the property and would be a more reliable avenue to achieve the desired outcomes. Staff agreed and will replace the recommendation for a temporary development agreement with the recommendation for a temporary easement.

Proposed Standards

As noted in the background section, Imagine 2050 indicated that there was a need to evaluate the effectiveness of the 2008 Flexible Development Guidelines in ensuring development within the LTSA conforms to Council policy and to update them to reflect the goals and policies of Imagine 2050.

The primary goal of the Guidelines is to provide for residential developments with the LTSA without precluding the opportunity for future development and cost-effective and efficient regional wastewater treatment services. There is no change to this goal, but evaluation and review of the Flexible Development Guidelines and how they were being implemented found that in many cases:

- The Guidelines are not being used for their intended purpose, and;

- The Guidelines were viewed by local governments as having more flexibility than intended.

One of the first updates made was a name change from Flexible Development Guidelines to "Flexible Rural Development Standards". This change emphasizes that these are requirements that communities must meet in exchange for flexibility rather than suggestions that a community can choose to adopt, modify, or ignore.

The following section discusses the proposed updates to the 2008 Flexible Development Guidelines, which include: 1) eligibility, 2) new program requirements for the comprehensive plans and 3) text clarifications/updates to the 2008 Flexible Residential Development Guidelines for Ordinances.

Eligibility for Diversified Rural Areas within LTSA

The updated Flexible Rural Development Standards (Standards) includes an eligibility section and provides an overview of local responsibilities related to the Standards.

Imagine 2050 indicates that areas designated as Diversified Rural need to plan for growth not to exceed forecasts and in patterns that do not exceed 4 units per 40 acres. This pattern of development allows for future expansion of regional wastewater service within the Met Council's Long-Term Wastewater Service Area. The Council limits maximum densities within these areas to ensure the future expansion of regional wastewater services can occur in a cost-effective manner.

The purpose of the Standards is to provide flexibility to communities with Diversified Rural areas while also preserving the potential for future expansion of urban services. The Standards indicate that communities designated Diversified Rural *and* within the Long-Term Wastewater Service Area (LTSA) are eligible for this flexibility. Eligible communities that meet the Standards are allowed to exceed the maximum density of 4 dwelling units per 40 acres in those areas, if both Standards for Comprehensive Plans and Standards for Ordinances have been met.

The Standards also include language acknowledging the potential for the Council and jurisdictions not meeting the eligibility requirement to enter into agreements for flexibility by mutual consent. In these cases, the Standards would serve as the basis for any agreements with unique provisions being agreed upon to fit the situation. The Standards make it clear that the Council will only enter into an agreement if it is consistent with Council policy and advances regional goals.

Finally, the updated Standards also outline the responsibilities of local governments to follow all the Standards and to adopt ordinances that implement them.

New Program Requirements for Comprehensive Plans

The update includes new program requirements for comprehensive plans, which integrate the Standards into comprehensive plan mapping and text. As discussed in the new "Flexible Rural Development Standards for Comprehensive Plans", jurisdictions that utilize the Standards must include the following in their comprehensive plan:

1) Map/identify the areas eligible for the Flexible Rural Development Standards on the Future Land Use map.
2) Discussion of the Standards, their purpose, and how they will be implemented.
3) Discussion in the Implementation section that includes commitment to and timeline for reviewing and, if necessary, amending the community's rural development ordinance for consistency with the Standards.

Taken together the first three requirements tie the Standards to the Council's role of authorizing comprehensive plans. Since state law requires that local ordinances and approvals be consistent with Comprehensive Plans this provides assurance that the Standards will be followed.

As part of the Program Requirements, communities will also need to:

- Submit a copy of the community's rural development ordinance to the Met Council after it

is completed, and amended, if applicable.
- Participate in the Rural Area Development Monitoring Program by annually submitting the plats of all approved unsewered residential subdivisions to the Metropolitan Council. This will be a new pilot program.

These requirements will let us verify that the relevant local controls are implementing the Standards and will provide a mechanism for us to evaluate how communities are applying the standards in practice.

The updated Standards also outline the Council's review, indicating that where the extension of long-term regional sewer service may be under consideration or planning, the Council evaluates the overall impact of interim uses in the rural area to ensure conformance with regional system plans and that development is not being planned at densities that preclude future regional wastewater service.

Flexible Rural Development Standards - Ordinances

The 2008 Flexible Development Guidelines included six guidelines for flexible development ordinances. There were minor updates and clarifications to the original ordinance guidelines. These included:

- Changed "Guidelines" to "Flexible Rural Development Standards".
- Added clarifying text to indicate that development may only exceed the Diversified Rural area's 4 unit per 40-acre density maximums only if "all" standard requirements are met.
- 2008 Guideline #5 was removed. It discussed rezoning of the future urbanization parcel to a residential zoning classification at densities consistent with Council policy at such time that urban services are available to the parcel. It was removed because it would be addressed through the program requirements for comprehensive plans.
- 2008 Guideline #6 and associated guidance was updated from: "*Encourage* the use of community wastewater treatment systems to serve the temporary cluster and to allow for smaller lot sizes within the development" to "Community wastewater treatment systems may be used to serve the temporary cluster if there are strong maintenance terms." In addition, new guidance was added for subsurface sewage treatment systems, if a community wastewater treatment system is not being considered.
- Other changes were minor text clarifications and/or examples.

Next Steps

Staff will continue to discuss the proposed updates with internal and external stakeholders and adjust the proposed changes to incorporate that feedback as well as the comments of Metropolitan Council Committees. If the updated Flexible Rural Development Standards are adopted, staff will create and provide resources to help communities who elect to use the Flexible Rural Development Standards meet comprehensive planning requirements. The tentative timeline for adoption is as follows:

1. December 7, 2026: Community Development Committee Business Item
2. December 16, 2026: Metropolitan Council Adoption

Attachments

Attachment 1: Flexible Rural Development Standards