

New Dwelling Toolkit Overview

HRA Meeting
October 22, 2025



New Dwelling Toolkit:
Adding a Housing Unit to Your
Saint Paul Property



SAINT PAUL
PLANNING & RESOURCE
DEVELOPMENT



New Dwelling Toolkit: Adding a Housing Unit to Your Saint Paul Property

October 2025

This guide is a resource to help Saint Paul property owners through the process of planning for, designing, and building another housing unit on your property in the H1 and H2 residential zoning districts. Most property owners have the option of adding either another principal dwelling unit, just like the existing home on your property, or an accessory dwelling unit (ADU), which is considered a secondary unit with different standards.

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Department of Planning and Economic Development (PED) Planning Division

Phone: 651-266-6700

[Reserve a timeslot for a virtual meeting](#)

Department of Safety and Inspections (DSI)

Phone: 651-266-8989

DSI Building Plan Review Desk

DSI-BuildingPlanReview@ci.stpaul.mn.us

375 Jackson Street, Suite 220

Saint Paul, MN 55101

Phone: 651-266-9007

Cover images credit: Quartersawn Design + Build

- Resource for planning for, designing, and building a principal dwelling unit or ADU in the H1 and H2 districts
- Living document to be updated and added to over time
- Not substitute for Zoning Code, Building Code, state laws, etc.

Saint Paul Zoning Map



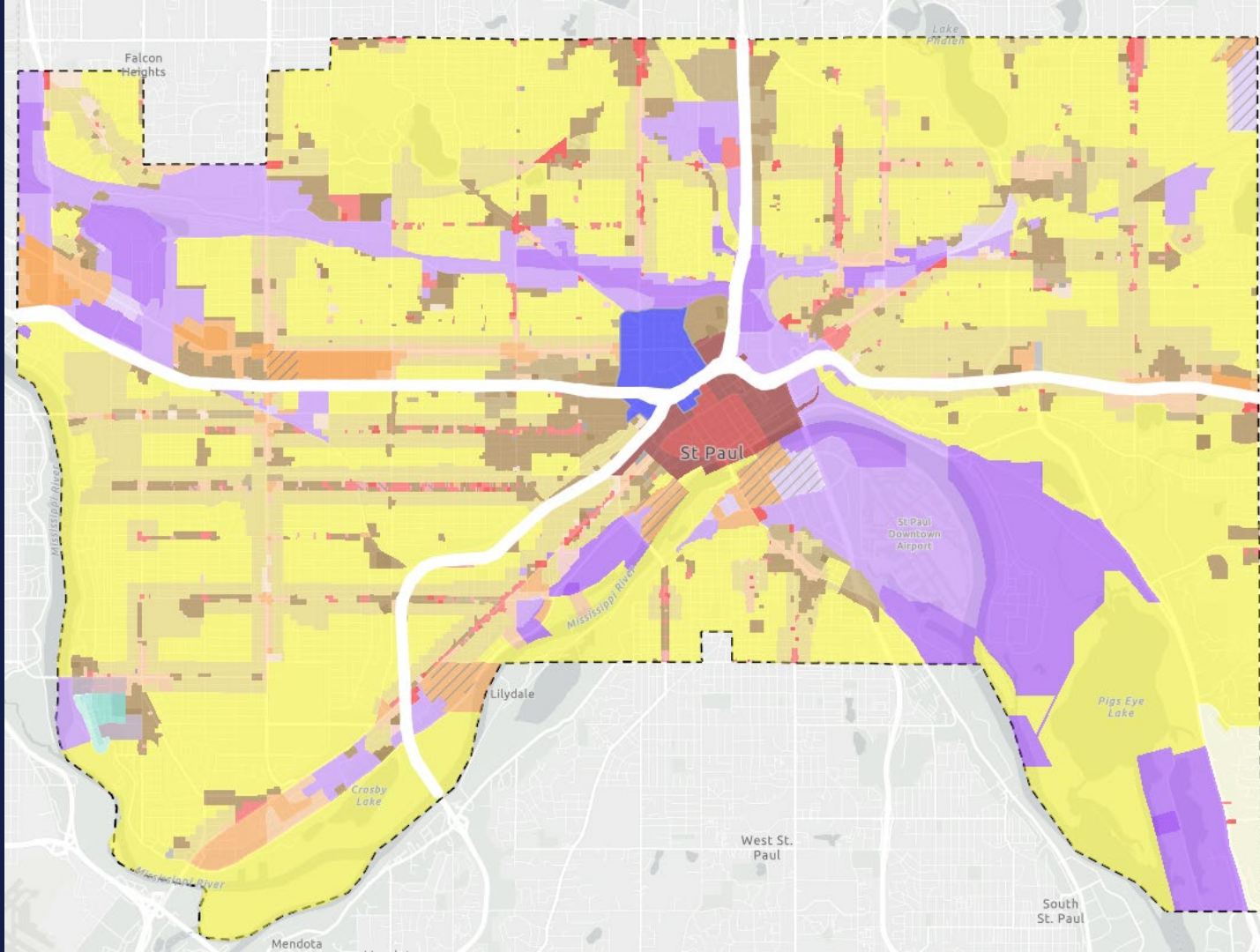
H1 residential

Minimum lot size for
2 principal dwelling
units: 3,000 sq. ft.



H2 residential

Minimum lot size for
2 principal dwelling
units: 2,000 sq. ft.



Uses & Buildings 101

Principal

All lots in Saint Paul have at least one principal or main use. By Zoning Code definition, the **principal use** is the main use to which the premises (the lot and the buildings on it) are devoted. In simpler terms, the principal use is the main purpose or primary function of the lot. The lot's principal use is located within a **principal building**.

On a typical residential lot with a single-family home and a detached garage, the principal use and the principal building is the single-family home, which the Zoning Code calls a **one-family dwelling**.

Accessory

Lots can also have an **accessory use, building, or structure**. "Accessory" refers to a building, structure, or use which is subordinate, secondary, or incidental to and located on the same zoning lot as, the principal use to which it is related.

In the case of a lot with a single-family home and detached garage, the one-family dwelling is the principal building and principal use, the detached garage is an accessory building, and off-street parking spaces, enclosed in the garage is an accessory use. The garage is accessory to the one-family dwelling in that it is associated with it by providing parking for the residents living in the home on the same lot.

Other typical accessory uses on residential lots include domestic storage in a barn, shed, tool room, or similar accessory building, and a swimming pool.



Main (principal) building. A building in which is conducted the principal use of the zoning lot upon which it is situated.

Main (principal) use. The principal use to which the premises are devoted.

One-family dwelling. A building designed exclusively for an occupied exclusively by one household in one dwelling unit.

Accessory use or accessory. A building, structure or use which is clearly incidental to, customarily found in connection with, and (except as provided in section 63.300) located on the same zoning lot as, the principal use to which it is related.

3 - Introduction

Dwelling Units 101

There are two types of **dwelling units**, principal and accessory. Both types are self-contained homes for exclusive and unshared use of one household and must provide complete living facilities, including a kitchen and bathroom, but it is important to know the differences too.

Principal (Dwelling) Units

A principal dwelling unit, or principal unit, is a typical housing unit that is occupied by one independent household and is not secondary to another unit.

It's likely that you live in a principal unit, whether that be in a **one-family dwelling** (single-family dwelling) or a building with multiple principal units like a **two-family dwelling** (duplex) or a **multiple-family dwelling** with three or more units. Principal units can be the sole building and use of the property or be added to a lot with other housing types. The zoning standards for principal units and principal buildings are determined by the zoning district.

How many principal units are permitted on a lot?

In the H1 and H2 residential zoning districts, the maximum number of principal units permitted on a lot is determined by the zoning district's maximum number of principal units per lot and minimum lot area per principal unit. Principal units on a lot can be in the form of any variety of permitted housing types: multiple one-family dwelling(s), two-family dwelling(s), and multiple-family dwelling(s).



1 principal unit in a one-family dwelling



2 principal units in a two-family dwelling



4 principal units in a multiple-family dwelling

Dwelling unit. A building or part thereof that provides complete living facilities, including bathroom and kitchen facilities, for the exclusive and unshared use of one (1) household.

One-family dwelling. A building designed exclusively for and occupied exclusively by one (1) household in one (1) dwelling unit.

Two-family dwelling. A building designed exclusively for and occupied exclusively by no more than two (2) households living independently of each other in two (2) separate dwelling units.

Multiple-family dwelling. A building, or portion thereof, designed exclusively for occupancy by three (3) or more households living independently of each other in individual dwelling units.

4 - Introduction

Introduction

- Why should you add another housing unit to your property?

- Principal v. Accessory uses, buildings, and dwellings

- Differences between ADUs and Principal Units

How many ADUs are permitted on a lot?

In the H1 and H2 residential zoning districts, a maximum of two ADUs is permitted for each one-family dwelling on a lot. ADUs are accessory units and not principal units, so the zoning districts' maximum number of principal units per lot and minimum lot area per principal unit do not apply and ADUs are not included in these calculations.



Choosing between an ADU and a Principal Unit

Because two principal units are permitted on lots at least 3,000 sq. ft. in H1 and at least 2,000 sq. ft. in H2, a new housing unit that you are considering adding to your property could be considered either a principal unit or an ADU. The table on the next page compares the zoning standards for principal unit and ADUs.

A major difference between a property with two principal units and one with one principal unit and one ADU is how unit occupancy is regulated. For the property with two principal units, the maximum number of people living in each unit is six adults and minor children in their care, also known as a **household**. For the property with one principal unit and one associated ADU, the maximum number of people living in both units is six adults and minor children in their care.

Compared to principal units, ADUs have more restrictions in terms of unit size, height, occupancy, and ownership. However, some standards for ADUs are considered more flexible, like the reduced **setbacks** from interior lot lines and alleys. Additionally, ADUs are considered "flexible" when it comes to set area not subject to the H1/H2's minimum lot area per principal unit or maximum number of principal units. There are two ADUs permitted for each one-family dwelling on a lot.



Household. Six (6) or fewer adults, and minor children in their care, living together in a dwelling unit.

Setback. The distance required to obtain front, side or rear yard open space provisions of this code, measured from the lot line to the above-ground face of the building.

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Accessory Dwelling Units

Alternatively, an **accessory dwelling unit (ADU)** is only allowed on a lot with a one-family dwelling, and is secondary to the one-family dwelling. On a property with a one-family dwelling and an ADU, the one-family dwelling is the principal dwelling and principal unit and the ADU is accessory to the principal unit.

ADUs and principal units are both dwelling units that are self-contained home for exclusive and unshared use of one household. Both dwelling types must provide complete living facilities, including a kitchen and bathroom.

Types of ADUs

Attached

Attached ADUs are physically connected to the associated one-family dwelling, either as an addition to a new or existing home or as an internal unit that is in a converted portion of an existing home, typically in an attic, basement, or in/above an attached garage. Attached ADUs tend to be less expensive to construct than detached ADUs, and utilities can often be connected to existing connections for the one-family dwelling.

Detached

Detached ADUs are physically separated from the associated one-family dwelling. A detached ADU could be in its own freestanding building alone or the building could include other accessory uses such as another ADU or a garage. A detached ADU is a separate building and may require separate utility connections from the existing one-family home, which can add additional costs.



Accessory dwelling unit (ADU)

A dwelling unit that is secondary to a principal one-family dwelling, within or attached to the one-family dwelling or in a detached accessory building on the same lot.

Other Informal ADU names

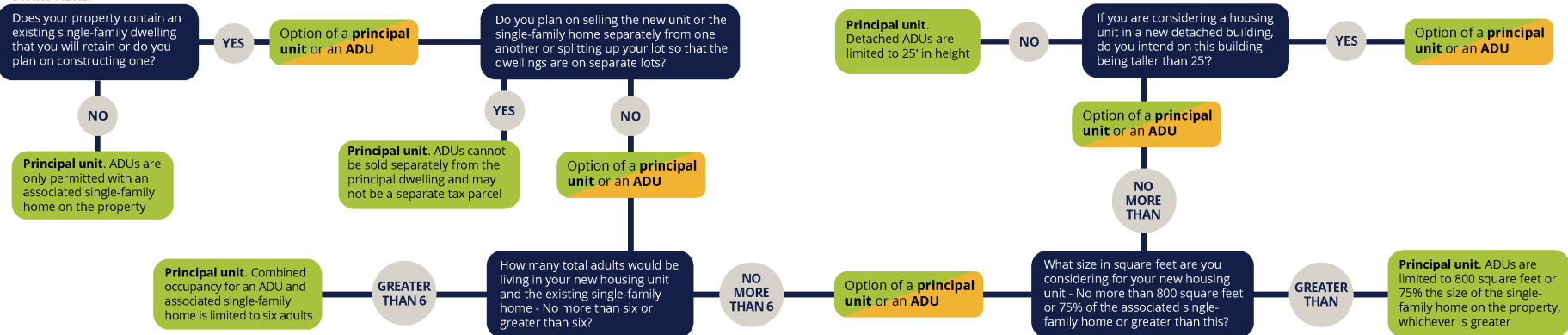
- In-law suite
- Granny flat
- Casita
- Carriage house
- Laneway house
- Backyard cottage
- Secondary unit
- Accessory apartment

What is not an ADU
Recreational vehicles (RVs), tiny homes on wheels, and storage structures tend to not be considered ADUs because they are not built on a permanent foundation or to the requirements of the Minnesota Residential Code and Minnesota Building Code.

5 - Introduction

Should your new unit be an ADU or a Principal Unit?

START HERE!



Process At-A-Glance



Planning 1-3 months

- 1. Getting Started**
 - Think about unit types based on your goals and concerns
 - Look for inspiration
 - Make a sketch
 - Estimate costs
- 2. Learning the Rules**
 - Learn about your property, zoning regulations for ADUs and principal units, and other applicable rules
- 3. Budgeting and Finance**
 - Adjust your project budget as needed and explore ways to finance your project



Designing 1-6 months

- 4. Designing your Unit**
 - Hire your professional team
 - Create your initial design and discuss it with City staff
 - Finalize your design and plans for permitting



Permitting 1-6 months

- 5. Permitting & Approvals**
 - Learn about the Building Plan Review, Site Plan Review, and application processes
 - Prepare your permit application and arrange a pre-application meeting with City staff
 - Submit your application



Construction 6-12 months

- 6. Construction**
 - Hire your contractor
 - Monitor the construction process, by checking in with contractors, making decisions, and ensuring inspections are moving along



Move-in < 1 month

- 7. Move-In & Renting**
 - Once your project has passed final inspection, it's ready for move-in
 - Learn about rental laws and managing your rental

1. Getting Started

Think about what you want

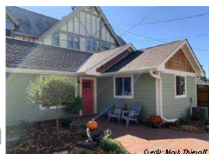
What are you wishing to accomplish by building another housing unit? Think about your short- and long-term goals. A benefit of adding another unit is that how you use it can change with your needs over time.

Look for inspiration online

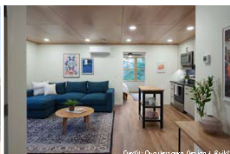
Learning about other projects that others have built, like backyard accessory dwelling units and small one-family homes, additions to homes, and conversions of extra space in existing homes, can help you visualize how you might use one, decide what type of unit would be best, determine which features and design elements matter to you, and get a feel for smaller living spaces. There are many resources online with images, site plans, floor plans of ADUs and small homes to give you ideas.



Credit: White Crane Construction



Credit: Mark Thorsp



Credit: Decadence Design Build

Consider these initial questions:

- What do you plan to use the unit for?
- Who do you anticipate living in the unit? How many people?
- Will you rent it out to another household or someone in your family?
- Will the unit include a garage?

1. Getting Started

- Think about what you want
- Look for inspiration online
- Make a sketch
- Early considerations: neighbors, shared space, historic district rules, parking, utilities

12 - Section 1. Getting Started

Make a sketch

This is a good time to make an informal rough sketch of your property, including existing structures, trees, patios, driveways, and other elements like creeks or steep slopes. Draw out how you'd like your unit to be incorporated into your property. At this point in the process, everything is conceptual. No need to muddy yourself in the details of the zoning or building codes yet, so feel free to let your imaginative tendencies flourish. You can continue to revisit this sketch and update it as you learn about your property and zoning regulations.



Estimate costs

A very rough placeholder for you to start with is \$250-\$400 per square foot, including "hard costs," like construction, and soft costs, like design and permit fees. The real number can vary widely and depends on many different factors, like type of housing unit, site conditions, utilities, and grading work needed.

Consider these questions for your sketch

- Where on your property could you add another housing unit? What type of ADU or principal unit would be possible?
- Do you have space in your existing home that could be converted to a new housing unit?
- Could you add a new housing unit to your property as an addition to your existing home?
- Do you have space on your lot for a free-standing, detached housing unit?
- Will parking, storage, or other uses be incorporated into the unit?

13 - Section 1. Getting Started

Other early considerations

Neighbors

Telling your neighbors about building a new unit on your property is not required, but it can be a good idea to talk with them early on about changes you are considering for your property. Maybe learning about the process for adding another housing unit through your experience would help them decide to build another unit too!

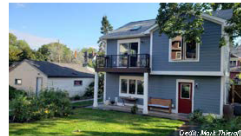
Shared space

Consider what it will be like to be a landlord or share your property with someone. Your tenant might share a backyard, garage, wall, and utilities with you. You might consider soundproofing, costs for utilities, and sharing maintenance tasks.

Historic district rules

Check if your property is located in a local, state, or national historic district online. Approval from the Heritage Preservation Commission (HPC), staffed by the Department of Planning and Economic Development (PED), may be required before permits are issued for properties that have local historic designation. Project concepts receive pre-application comments from the HPC at one meeting, followed by a formal design review action (approval or denial) at a future HPC meeting. For property with local heritage preservation site or district designation, compliance with applicable historic guidelines is sufficient to meet the Zoning Code Sec. 63.110, summarized in Section 2. **Learning the Rules: Other Applicable Regulations - Building Design Standards.**

If your property is in a state or national historic district, your project might be subject to a special environmental review. Connect with Heritage Preservation Staff for help through these processes.



Credit: Mark Thorsp



HPC and Historic District Information

[Historic Districts and Sites webpage](#)
[Heritage Preservation Commission webpage](#)

- askHPC@stpaul.mn.us
- [Request a time slot for a virtual meeting with the HPC team](#)

Credit: Mark Thorsp

14 - Section 1. Getting Started

Parking

The City of Saint Paul does not require off-street parking for any use, including housing, so if a garage or carport is demolished or converted as part of your project, those parking spaces do not need to be replaced. However, you might still want to have dedicated parking for vehicles on your property.

If you are going to maintain or add new parking spaces on your property, consider requirements related to:

- Standards for garages with dwelling units
- Maximum lot coverage for parking of surface parking spaces and driveways
- Driveway widths
- Required distances from lot lines and alleys
- Parking access

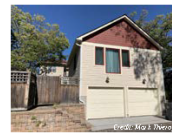
See **Section 2. Learning the Rules: Other Applicable Regulations** for a summary of key parking regulations.

Utilities

Ensuring that your new housing unit can connect to utilities, including water, sanitary sewer, and gas line connections, is crucial. See **Section 2. Learning the Rules: Other Applicable Regulations - Utility Connections** for more information on utility requirements.

Things to consider about your property when looking into utility connections:

- Where utilities are located on and near your property. If your property is a corner lot, it's possible that utilities are located in both the primary street and side street, which can be a good thing for development on your property, as it provides more options for connecting to utilities.
- The type of housing unit you are considering. Typically a new detached ADU or principal unit in a building separate from the existing principal unit would require its own independent water and sewer lines connecting from the new units to the public mains in the street, which can add additional utility costs.



Credit: Mark Thorsp

Contacts for Utility Information

- Gopher State One Call
• www.gopherstateonecall.org/
- 1onecall@stpn.org
- 811 or 651-545-0802

- [Saint Paul Public Works Sewer Utility Division](#)
- [Water Utility Division webpage](#)
- PW.SewerCounsell@stpaul.mn.us
- 651-266-6234

- [Saint Paul Regional Water Services \(SPRWS\) Engineering](#)
- [SPRWS Contractor Resources webpage](#)
- 651-266-6270

15 - Section 1. Getting Started

2. Learning the Rules

Understanding how to determine what can be built on your property based on its size, the zoning district your property is located in, and the zoning regulations that apply can be helpful early in the process. Consulting with your design team and city staff late will ensure your project follows the applicable regulations.

Find your Parcel Identification Number (Parcel ID/PIN)

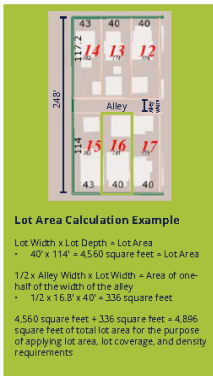
All properties are assigned a unique 13-digit Parcel ID or PIN. It is listed on your property tax bill and can also be found using online mapping resources, Ramsey County's Map Ramsey and Saint Paul's Zoning Map. Enter your address in the search bar and click your property on the map. In the pop-up box, you will find your Parcel ID and links to more permit and tax information.

Determine your lot area (size)

If you intend on constructing a new building, a detached ADU or principal unit, you will need to get the property surveyed by a Professional Surveyor to determine exact dimensions.

However, estimating the lot area can be helpful early on.

- If your lot is located on a public alley, one-half of the width of the alley adjoining the lot is considered part of the lot for the purpose of applying lot area, lot coverage, and density requirements.
- Lot area can be estimated using Map Ramsey:
 - Search your address
 - View "GIS Layers" by clicking  at the top right and check "Lot Info"
 - Use the measurements shown on the map and/or use the Measure tool  to determine the width and depth of your lot and the width of the adjoining alley, if applicable.



2. Learning the Rules

Determine your PIN, lot size, and zoning

Learn the applicable regulations:

- ADU Standards
- Principal Unit Standards
- Other applicable regulations - design, stormwater, parking, access, fire safety, utility connections, short term rentals

Zoning variances

Maximum Lot Coverage for All Buildings (percent of the lot) (Sec. 63.231)

The maximum lot coverage for all buildings establishes the maximum percent of the lot area that all buildings, including principal and accessory buildings, are permitted to cover. The maximum lot coverage for all buildings is specified by the zoning district that the property is in.

This number is calculated using all buildings' footprints divided by the lot area (see above), multiplied by 100. Go back to **Section 2. Learning the Rules - Determine your lot area** to review how to determine your lot area for the purpose of applying lot coverage.

Porches, decks, and other projections may be subject to maximum lot coverage and are regulated by Sec. 63.105 and 63.108.

Zoning District	Maximum lot coverage for all buildings
H1	45%
H2	50%

Lot coverage.
The part or percent of the lot occupied by the above-grade portion of buildings.

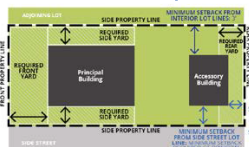
Lot Coverage Calculation Example

Lot area = Area of one-half of the width of the alley + Lot area for purpose of applying lot coverage
 • 5,200 sq. ft. + 300 sq. ft. = 5,500 sq. ft.

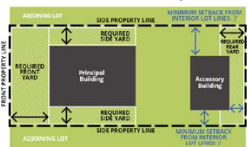
@ Principal building footprint = Garage or accessory building footprint / (lot area for purpose of applying lot coverage) x 100 = Lot coverage for all buildings
 • [810 sq. ft. + 441 sq. ft.] / (5,500 sq. ft.) x 100 = 22.7%



Corner Lot Example



Interior Lot Example



Yards are open space on the same lot with a principal (main) building, unoccupied and unobstructed from the ground upward.

Required yards are the portions of the yard that extend along a lot line and to a depth or width specified in the yard setback minimum.

Minimum yard setbacks are the minimum front, side, and rear yard depths of a lot, established by the zoning district.

Parking (Sec. 63.100 and 63.501)

You might be considering making changes to how parking on your property is accommodated. This section provides an overview of several key regulations. In general, parking should be accessed from the alley if there is one and for properties without alleys, curb cuts must be minimized.

Paving Material and Maximum Lot Coverage for surface parking/driveways (Sec. 63.316)

All parking spaces, driveways and off-street parking facilities must be paved with standard or pervious asphalt or concrete, or with brick, concrete or stone pavers, or material comparable to the adjacent street surfacing.

The total amount of paving for surface parking spaces and driveways for lots with up to 6 principal dwelling units is limited to:

Lots adjoining a public alley and corner lots	10% of the lot area
All other lots	15% of the lot area



Parking. The placement of automobiles, trucks, trailers, semi-trailers, intermodal cargo containers, or other vehicles for use or future use.

Parking facility. Off-street. All areas, spaces and structures designed, used, required or intended to be used for the parking of more than three motor vehicles. This definition is intended to include adequate driveways, accessways, parking lots, garages, if a combination thereof, but does not include public roads, streets, highways and alleys.

Parking space. An area of definite length and width designed for parking of motor vehicles, said area shall be exclusive of drives, aisles or entrances giving access thereto.

Parking, structured. Off-street parking that is placed within a ramp, deck, underground, enclosed building or rack-under garage.

Driveway standards for lots with up to 4 principal dwelling units (Sec. 63.308)

Driveways must be minimum of 8 feet in width or driveway pavement may be limited to wheel tracks at least 2 feet wide.

Driveways that access a public street in a front yard are limited to a width of 12', except that driveways may be up to 4' wider than the garage door within 30' of the garage door and a driveway up to 20' in width is permitted to meet fire access requirements.

Financing Options

As with any sort of substantial construction project, financing will most likely play a role in your project. Many homeowners use a combination of sources to finance their new unit, including savings, funds from family, and/or loans. It is strongly recommended that your financing is in place before construction starts, and if you are applying for a loan, secure your financing before you apply for permits. In some cases, the potential rental income you gain from renting the unit can be factored in since it will help you repay loans.

Cash and Other Easy-Access Money

Many homeowners use assets like cash savings or stocks to pay for some or all construction costs. Some may also choose to withdraw retirement savings from an account like an Individual Retirement Account (IRA), 401(k), or 457(b), which usually includes an early withdrawal penalty or tax on the borrowed amount. While this can be a viable option, it should be considered with caution.

Loans from a lender

If you think you may want to borrow money from a lender, you'll need to figure out how large a loan you qualify for and feel comfortable with. Lenders usually require equity from your home and enough income to make payments. This section summarizes several options for obtaining a loan, but it could be helpful to contact a mortgage broker or a bank early in the process, explain that you are considering adding a housing unit to your property, and ask about loan options. Brokers and lenders are used to getting questions like this and will be happy to talk. There is no obligation and no cost for an initial consultation.



Finding a broker or bank

If you are going to get a loan, you will be working with a mortgage broker or bank. Like many other aspects of adding a new housing unit to your property, size does not fit all. It is important to contact different brokers and lenders to figure out what works best for you, depending on your income, home equity, and credit score.

Mortgage brokers shop around to find you the best options and are not affiliated with a specific bank or lender. Benefits of choosing a broker to help find a loan is that they work with a variety of lenders and loan providers and are required by law to offer you mortgage products that are in your best interest. They can save borrowers time and effort by finding a variety of potential lenders, some of which you might otherwise not have access to or know about. To find a mortgage broker, start by asking friends, neighbors, and folks in your social network for recommendations. You can also reach out to local real estate agencies since they usually have lists of mortgage brokers who have done work for their clients. Minnesota Housing offers a statewide lender directory of lenders that it works with to provide homeownership and home improvement loans.

Banks and credit unions provide a variety of loans to finance your ADU by using your home equity. A benefit of choosing a bank to help find a loan, especially if you have an existing relationship with one, is that they may be able to offer you a rate or products that cannot be offered by a broker or other banks.

To find out more about what banks can provide, start by talking with your current mortgage company or bank. It can also be helpful to contact other banks about what they can offer. Consider local banks and credit unions that may be more familiar with financing options for small homes, ADUs, and small-scale multi-family properties.

	Higher income	Lower income
Higher home equity	- Cash savings - Cash-out refinancing - Home equity loan - Home equity line of credit (Home equity line of credit (HELOC))	- Cash-out refinance - Home equity loan - HELOC - Minnesota Housing Finance Agency Fix Up Home Improvement Loan Program
Lower home equity	- Cash savings - Renovation loan	- Traditional financing is likely unavailable - Loans from friends or family - Minnesota Housing Finance Agency Fix Up Home Improvement Loan Program

Loans from Family or Friends

Some homeowners borrow from family or friends. This can benefit everyone if the person lending earns interest and the person borrowing pays less interest than they would on the market. The terms of loan and how it's structured is up to you and the lender. The loan could include interest or not and be repaid in installments or a lump sum. The loan could be informal with a simple handshake, but it's recommended to have the terms of the loan formalized and have a lawyer prepare a contract. There are companies that offer loan agreement templates or can help formalize the loan agreement and even administer payments if you want. Search online for terms like "formalize a family loan agreement".

3. Budgeting and Finance

Estimate project costs

Financing options:

- Cash and Other Easy-Access Money
- Loans from Family or Friends
- Loan Types – home equity, personal loan, renovation loans from a lender

Personal loan

Not everyone has lived in their home long enough to tap into equity. If that's the case for you, consider taking out a personal loan for home improvements that doesn't require your home or car as collateral. Some lenders will allow to apply for up to \$5,000 to \$10,000, depending on your credit score and other credit qualifications.

Renovation loans from a lender

If you are planning to purchase a home and construct a new unit on the property, there are some federal renovation loan programs to finance both the purchase of a home along with renovations through a single mortgage, based on the increased property value after renovation. These programs are also available for those looking to refinance an existing mortgage and make improvements, renovations, or repairs to a property.

The Fannie Mae HomeStyle Renovation Loan and the Freddie Mac CHOICE Renovation loan allows lenders to sell the loans to Fannie Mae and Freddie Mac, government-sponsored enterprises and called the FHA 203(k) loan is backed by the Federal Housing Administration (FHA). You can't borrow from the entities directly, but you can find a lender who offers their loan products. Start by calling local banks, credit unions, and mortgage lenders to ask what products they offer, and if they don't offer what you're looking for, ask if they can recommend a lender that does.



Fannie Mae
HomeStyle®

The **Fannie Mae HomeStyle Renovation Program** offers a conventional mortgage that can be used to purchase a single-family home and construct one "Accessory Dwelling Unit or ADU" or purchasing a duplex, triplex, or fourplex. Fannie Mae defines ADUs a little differently from how the Saint Paul Zoning Code defines them. According to Fannie Mae, the ADU can be added to, created within, or detached from the primary dwelling and must be subordinate in size to the primary dwelling and have separate living facilities and means of access. Whether your new unit is an ADU or principal dwelling unit by Saint Paul's definitions, it could meet Fannie Mae's ADU standards if it is smaller in size than the principal one-family dwelling and you only intend on constructing one additional unit on the property. Additionally, the loan allows the property owner to add a unit through the conversion of a single-family home into a duplex. Benefits of the HomeStyle loan include that it allows borrowing of up to 75% of the as-completed appraised value of the property, interest rates that may be lower than a home equity line of credit or personal loan. A drawback is that you must qualify for the mortgage without considering any rental income from the ADU.

The **Freddie Mac CHOICE Renovation Mortgage Program** offers a conventional mortgage that can be used to purchase a 1, 2, or 3-unit property and construct one "Accessory Dwelling Unit or ADU" that is part of the main home or in a detached structure on the property. In Saint Paul, ADUs are only permitted with a single-family home, but a new principal unit could be constructed on 2- or 3-unit property with this loan if the principal unit meets Freddie Mac's ADU standards for being subordinate in size to the principal units. Additionally, the loan allows the property owner to add a unit through the conversion of a single-family home into a duplex. Benefits of the Choice Renovation loan include that it allows borrowing of up to 75% of the as-completed appraised value of the property, interest rates that may be lower than a home equity line of credit or personal loan, and rental income from the ADU that is paired with a single-family home property can be considered as qualifying income for the mortgage.



FreddieMac
CHOICERenovation®

The **FHA 203(k) Rehabilitation Loan Program** offers a renovation mortgage insured by the Federal Housing Administration (FHA), part of the U.S. Department of Housing and Urban Development (HUD) that can be used to purchase and finance renovations on an eligible one- to four-unit property and construct one attached ADU or add a unit to the property by converting the existing dwelling into a multi-unit dwelling.

A key requirement is the involvement of an FHA 203(k) consultant who oversees the entire process, from reviewing the contractor's estimates to ensuring that the work is completed to FHA standards. While this added oversight provides security and assurance, it also adds complexity and time to the process. Benefits of the 203(k) loan that there is no maximum amount of renovation costs, it may offer more lenient qualifications, such as a lower credit score requirement, than other renovation loans, rates may be lower than an unsecured personal loan or credit cards, up to 75% of rental income from the additional unit can be considered as qualifying income for the mortgage.



Minnesota Housing Finance Agency (Minnesota Housing) offers the **Fix Up Home Improvement Loan Program** through a participating lender. The loan can be used to finance improvements to single-family, duplexes, triplexes, and fourplexes and construction of an ADU. Allowing borrowers earning an income up to \$18,740 in 2023 to borrow up to \$75,000, the loan requires no down payments and little to no equity in your home required. Five fixed interest rates and extended repayment terms of up to 20 years means monthly payments that may fit your budget.

MINNESOTA HOUSING

Construction methods

There are two methods of construction for constructing your project. Both have pros and cons, so to help you decide, it's helpful to have ideas about what you want, like the level of customization you want and how the housing unit will work on your property, in addition to basic unit characteristics.

Site-built

Site-built buildings are traditionally constructed from scratch on your property, and then assembling them on-site. Components could include a fully manufactured home, prefabricated walls, or other pre-engineered, modular building systems. Buildings need to be built to the requirements of the Minnesota Residential Code and Minnesota Building Code for permanent occupation, which includes being affixed to an approved foundation system. Choosing this construction method will allow less unit customization, but it can result in a significantly reduced construction time and lower costs compared to stick-build construction. There are companies that specialize in offering different models of prefabricated homes. Some will provide a "turnkey" service and partner with a builder, who can help with permitting and utility hookups, prepare the site for building, and construct the foundation and unit. Otherwise, you'll need to hire additional professionals to help.



48 - Section 4: Designing Your Unit

Hiring Professionals

Planning for, designing, and building a new housing unit on your property is a complicated feat. Although you can technically construct a new unit on your property as an owner-builder, at a minimum, most homeowners hire a licensed architect or designer and a licensed contractor, or a design/build team. Additional professionals, like a land surveyor and engineers may be required based on the characteristics of your property and the type of housing unit you're constructing. These experts can be the key to getting your project approved quickly, managed efficiently, and built cost-effectively.

Generally, the cost for design services will be about 10-20% of the total construction budget. Design costs vary with every project depending on the scope of work and the type of services provided, and design professionals use a variety of methods of structuring fees. One method is charging a fixed fee that is determined based on project needs, and if the project takes more time to complete, the price does not change. Alternatively, design professionals could charge an hourly rate and bill you for their hours and may or may not include a "not to exceed" amount, which is the agreed-upon maximum cost for each phase of the project. The contract should identify the total contract amount, start and stop dates, and a payment schedule with details on completed work in exact dollar amounts. You may want to have a lawyer review to make sure all your concerns are covered before you sign.



Architects and Designers

These professionals will assess your property's layout, zoning regulations, and utility connections to create a plan that maximizes space while meeting local requirements. An architect is a design professional licensed by the state that plans, designs, and oversees the construction of buildings. Architects take legal responsibility for their work and provide a range of services, including full-service support from start to finish. Depending on the design, architects are not necessarily required for a new single-family home or ADU, addition, or a two-unit building, but their expertise can be invaluable and can often save you money and stress in the end. A designer tends to have some sort of architectural education, training and/or experience or may be self-taught. Designers are not licensed like architects, and anyone can call themselves a designer. Services provided vary, so be sure to ask about their experience with residential and ADUs.

The professional membership association for architecture professionals, the American Institute of Architects (AIA) Minnesota Chapter, maintains a searchable directory of Minnesota architectural firms that you can filter by location, discipline, building type, and more. The National Association of the Remodeling Industry of Minnesota also maintains a business directory of their members, including architects and designers. You can also talk with neighbors or friends that completed an addition or renovation to ask if they have an architect or designer that they recommend.

49 - Section 4: Designing Your Unit

4. Designing Your Unit

Purchasing a pre-existing plan set

Construction methods:

- Site-built
- Prefab/manufactured

Hiring professionals: architects, designers, contractor, land surveyor, engineers, plumbing professionals

Creating the design

Professional Land Surveyor

A land surveyor is licensed by the state to evaluate the legal description of your property and related records and performs land surveys which describe, map, and locate land ownership boundaries and corners, features, and improvements of a property. A survey is necessary if you plan to construct a new detached unit or the proposed addition to your home is near the property line. The cost of a property survey depends on many things, but an estimate and time schedule will typically be provided in writing by the land surveyor.

To find a professional land surveyor, contact local realtors, lenders, title insurance companies, and attorneys. The Minnesota Society of Professional Surveyors maintains a list of firms that are members of their organization. You can also search "professional land surveyor" online and make sure that they have residential experience.

Engineers

Engineers are licensed professionals with specialized training in a technical expertise. A civil, structural, mechanical, and/or electrical engineer might be included in the professional project team to ensure compliance with codes and regulations. Civil engineers address issues related to soil stability, drainage, and other environmental factors, while structural engineers are responsible for ensuring the building can safely support loads. Mechanical and electrical engineers focus on the systems within the building, such as electrical, heating, ventilation, and air conditioning. Your architect/designer and contractor or design-build firm will help you determine when engineers should be involved and may be able to provide recommendations. The American Council of Engineering Companies of Minnesota provides a list of companies that provide residential structural engineering services.

Plumbing Professionals

Depending on the type of housing unit you are considering, you may need to hire a plumbing professional to figure out how the unit will connect to the existing sanitary and water system. Remember that the Minnesota State Plumbing Code requires that every building has its own independent water and sewer connection. To be permitted to connect utilities through the principal unit, approval of an alternate to the Plumbing Code is required, which requires help from a Master Plumber of the shop that will be performing the work or a Minnesota-licensed Engineer.



51 - Section 4: Designing Your Unit

Creating the Initial Design

In Section 1, **Getting Started**, you considered what you wanted in your new housing unit and maybe even created an informal sketch of the plan for your property. Now's the time to share what you have in mind, and you will work with your design team to consider size, use, layout, specific project needs (like storage, a garage, porch, etc.), architectural style, and privacy.

Design considerations

Although you are designing your new housing unit to work for your current needs, the needs of you and your family will most likely change over time. It may eventually house a parent, grandparent, you in your retirement, or a friend or tenant that has additional needs. It's a good idea to consider designs now that incorporate universal design, accessibility, and visibility standards that anticipate residents' and guests' changing housing needs and are inclusive of all physical and cognitive abilities. Consider features like accessible bathrooms, wider doorways and hallways, no-step entrances, and open floor plans that will help you in the future. Talk with your design team about how to future-proof your new housing unit.

Conceptual drawings

In this initial phase, your designer will take measurements of your property and develop a schematic design or concept drawings, of the housing unit, floor plan, and its relationship to the main house and yard, in a site plan. Concept drawings are usually quick and inexpensive and can help you figure out what you want. Things like construction costs and meeting zoning regulations should be discussed at every stage, so if your designer doesn't bring them up, you should.

Consulting with City Staff on your Design

Once you have an initial design and a site plan, it's a good idea to discuss it with City staff. Bring your architect or designer and initial design and use this time to ask all your questions. Staff will be able to identify potential issues, additional regulations that need to be met, and necessary zoning applications like variances.

A good place to start is through a consultation with Planning staff in the Planning and Economic Development Department (PED) by reserving a timeslot for a virtual meeting.



Contact Information

1:6 Unit Housing

Development webpage

Department of

Planning and Economic

Development Planning

Division

• Phone: (651) 266-4700

• Reserve a timeslot for a virtual meeting

52 - Section 4: Designing Your Unit

Permit Process

PAULIE is the City's online system for permits, licenses, inspections, and complaints. As a Saint Paul property owner, you can apply for permits and licenses, track applications and inspections, upload documents, make secure payments, and receive timely messages to stay updated on your project status, all in PAULIE.

After creating an account, you or your contractor can apply for the applicable building permit, such as:

- Residential Accessory Dwelling Unit - Homeowner
- Residential Building Accessory Dwelling Unit by Licensed Contractor
- DSI Residential Addition - Homeowner
- Residential Building Addition by Licensed Contractor
- Residential Building New Construction by Licensed Contractor
- Residential new construction by homeowner

PAULIE will walk you through permit application process step by step and list the required supporting documents. Building permit applications require a project valuation, information about the number of dwelling units and windows, structural dimensions, and setbacks, as well as a site plan, a full set of construction plans, and other documents like statements of work and proof of insurance. When you submit your application, be prepared to pay the processing fee, which varies based on the permit type. PAULIE also allows you to track your pending application, and schedule an inspection, which is most often the contractor's responsibility.

In addition to obtaining a general building permit for construction, work on other building systems also require trade permits, available through PAULIE.

- Electrical - Electrical Permits and Inspections [webpage](#)
- Mechanical - Mechanical Permits and Inspections [webpage](#)
- Plumbing - Plumbing Application, Inspection, and Fees [webpage](#)

The information in this section is intended as general circumstances and it is advised to contact DSI in specific cases to determine if a permit is required.



Contact Information

- [DSI Building and Construction webpage](#)
- [PAULIE webpage](#)
- dsi-informationandcomplaints@ci.stpaul.mn.us

DSI Call Center

- 651-266-8989
- 7:30 a.m.-4:30 p.m. Monday through Friday
- Closed 8-9 a.m. the first Tuesday of every month

DSI Customer Lobby

- 375 Jackson Street, Suite 220, Saint Paul, MN 55101
- 8 a.m.-4 p.m. Monday through Friday
- 9 a.m.-4 p.m. the first Tuesday of every month

Site Plan Review (Sec. 61.400)

Site Plan Review (SPR) is required prior to any permits being issued for projects involving more than three dwelling units, one- and two-family dwelling development on lots of a certain size (larger than 1-2 acres), projects on a slope greater than 12%, and cluster developments, so it's not very likely that adding a unit to your property will trigger the SPR process.

The Department of Safety and Inspections (DSI) Site Plan Review staff manages the SPR process and their webpage contains an overview of the process, from preliminary meeting to final approval, and other helpful resources.

Once your design team is ready to apply, SPR staff is available for one preliminary, pre-application virtual meeting. Expect to discuss the requirements for submitting a complete SPR application.

Contact Information

Site Plan Review webpage

- SitePlanReview@ci.stpaul.mn.us
- 651-266-9008
- DSI Zoning, 375 Jackson Street, Suite 220, Saint Paul, MN 55101

Site Plan Review process



5. Permitting and Approvals

▪ Building Plan Review

▪ Permit Process; PAULIE

▪ Site Plan Review



Minnesota Department of Labor and Industry License and Registration Lookup

6. Construction

The design phase usually takes 1-6 months. Most projects take a total of 12-18 months, including construction, but some could extend to 24 months or more, depending on the design features of the unit and site conditions.

Hiring a contractor

If you are not being your own contractor or using a design/build firm, you will need to hire a contractor for the construction phase of your project. They will not only complete skilled construction work, but also manage the construction process, like hiring subcontractors, coordinating construction and inspections, and troubleshooting delays and changes.

Start with getting bids for your construction drawings. Ask your architect/designer and community for contractor recommendations and make a list of candidates. It's great if they have experience with ADUs or additions that add a housing unit, but it's not necessary. Be specific about what is and is not included in the bid, and ask for their license, insurance information, references, work examples, and a proposed schedule. You can verify their license by contacting the Minnesota Department of Labor and Industry or searching in their license management system. You can verify insurance by requesting a certification of insurance or by calling their insurance agent. Make sure workers' compensation, property damage, and liability are included.

It's recommended that you get at least three bids for a comparison. Don't be shy in asking clarifying questions to understand all the details of the bid. Your designer/architect may also be able to help you compare bids and select your contractor.

6. Construction

- Hiring a Contractor
- Monitoring Construction
- Inspection Process

Generally, there is a trade-off between experience and cost; less expensive contractors may have less experience, while those with more experience tend to charge more. Check their references and ask to see photographs of their past projects. Consider their communication style, if you think you'll work well together, and whether they understand your goals.

The Contract

Your contractor should present you with a contract to formalize your agreement. Review the agreement carefully to make sure you understand it and agree with all the terms. In additions to outlining basics like costs and schedule, contract should be specific and detailed and include lists of materials, subcontractors, suppliers, permits to be obtained, and state law also requires licensed contractors to include performance standards and information about the state's statutory warranty (Minnesota Statutes Chapter 327A) in their written contracts.

Additionally, make sure that it is clear how added work will be handled and what additional budget you might have to respond to needed changes. If you are unsure about any terms, you can always contact an attorney to review it before you sign. The Minnesota Department of Labor and Industry also provides a [Consumer's Guide to Hiring a Residential Building Contractor](#) with a lot of helpful information as well as a list of licensed residential contractors.

The payment schedule should be a dated plan that shows when you will make payments based on construction completion milestones. For example, you might pay 20% after the building enclosure is complete and 25% once the exterior finish carpentry is complete, and it's a good practice to withhold 10% of the total project cost until all work and inspections are completed. In Minnesota, there's no set legal limit for contractors to ask for up front, but a modest deposit of 10% to 15% is common, and contractors should never ask for more than 50% up front.

Things to include in Contractor's Contract

- Contractor's license number, name, and address
- Total project cost and schedule of payments
- Start date, timeline, and completion dates
- List of work to be accomplished
- Materials to be used, including brands, colors, styles, and model numbers when possible, and material suppliers
- Building permits
- Work to be subcontracted to other professionals (such as plumbing or electrical)
- Change order clause stating that the contract cannot be modified without written consent of both parties
- Holdback clause that allows withholding payment until sometime after the job is completed, allowing time for the homeowner to inspect the job
- Plan for cleanup and removal of material and debris and protecting property and landscaping

Source: A consumer's guide to Hiring a Residential Building Contractor, Minnesota Department of Labor and Industry

Monitoring construction

Once your contract is signed, your contractor will start work according to the schedule you agreed upon. While your contractor will lead the construction process, as the property owner and client, you also have responsibilities:

- **Communication** - Keep in touch with your contractor and schedule regular check-ins on a weekly basis
- **Monitoring** - Regularly walk through the construction area to monitor the quality of the work and make sure the work is progressing the way you expect.
- **Decision making** - Be prepared to make decision about the details like light fixtures, appliances, and other materials and finishes, in a timely manner so your contractor can stay on schedule.
- **Adjustments** - When unforeseen circumstances arise (like impacts related to the availability of materials, regulatory changes, or design modifications), a change order or amendment to the existing contract that modifies the original terms, would be required. It can be initiated by any part involved in the construction project, including the owner, general contractor, design team, or subcontractors, and all project stakeholders must approve the proposed changes.
- **Inspections** - Although your contractor will usually arrange the required inspections, it is your responsibility as the property owner to make sure that the inspections are conducted as required at each stage of the construction process.

Traditional construction will take 6-12 months, though this varies heavily depending on your project design, property, and other issues like utilities.

Any changes to the original agreement should be reflected in a change order form that is signed both you and the contractor that describes the specific change and any corresponding adjustment to the price or timeline. Be aware that some changes, such as changes to the size or height of the structure, may require City review.

For an additional fee, your designer may stay on board to consult on last-minute substitutions that might arise. Your contractor may have questions and can also suggest construction cost savings related to the design.

Construction Stages

Site preparation: 1-2 months

Foundation: 1 month

Walls, roof, doors: 1-2 months

Plumbing and electrical: 1-2 months

Insulation and drywall: 1-1 month

Fixtures and finishes: 1-2 months

Final touches: 1-2 months

Inspection process

During construction, your housing unit and systems will be inspected several times to ensure it is being built according to requirements. For example, the Building Inspector might inspect the construction of your unit when the footings are placed and when the building is framed.

The Department of Safety and Inspections (DSI) inspectors are assigned to different parts of Saint Paul. The permits issued by the City include inspector information, including how to set up inspections. Additionally, this interactive [map](#) allows you to search for your property and find the assigned Building, Electrical, Residential Fire Safety, Mechanical, Plumbing, and Warm Air Inspectors.

Once all work and inspections are complete and approved, the City Building Official will issue a Certificate of Occupancy (C of O or CO) which indicates that the structure that meets all requirements and is habitable. A C of O cannot be issued for structures with open permits.



Certificate of occupancy: A document issued by the city building official under the authority of both state and city building codes indicating a newly constructed or substantially renovated structure is, at the time of inspection, code compliant, habitable and otherwise meets all requirements for its intended use.

DSI Inspection Information

[PAULIE webpage](#)

[DSI Construction Inspectors Interactive Map](#)

• dsicomplaints@stpaul.mn.us

- DSI Main Office/Permit Desk: 651-266-8889
- Building Inspectors' Office: 651-248-9102
- Fax: 651-266-9099
- 375 Jackson Street, Suite 220, Saint Paul, MN 55101



7. Move-In and Renting

Once construction and final inspections are complete, now it's time for someone to move in. This could be you, a family member, a friend, or a tenant. There are many benefits to having someone else on the property, like added security and eyes on your property, additional income, sharing tasks and maintenance, but there are also many responsibilities. Learning about housing laws, finding and managing a tenant, and properly maintaining the new housing unit and property helps to ensure a successful experience.

Understanding Rental Laws

You will need to understand the laws related to being a landlord. For an overview of Minnesota laws, the Office of the Minnesota Attorney General offers a comprehensive Landlords and Tenants Handbook on housing law and codes, rental lease agreements and much more. First-time landlords are encouraged to participate in the Landlords 101 class offered by the City's Department of Safety and Inspections. Landlords 101 is designed to provide a strong foundation for property management skills. In addition to being a great refresher course in tenant-landlord relationships and responsibilities for seasoned landlords.

Fire Certificate of Occupancy Program

A Fire Certificate of Occupancy (Fire C of O or CD) is a document issued by the City's Department of Safety and Inspections - Fire Safety Inspection Division that indicates that a building complies with all state and local safety codes and is habitable and suitable for how it is being used. The City of Saint Paul requires that all buildings, with the exception of owner-occupied single-family homes and owner-occupied duplexes, to have and maintain a Fire C of O before occupants move in. That means if you are renting out a single-family home, ADU, or duplex and do not live in the building, you are required to register in the program. First-time applicants must complete the Landlord 101 class or a similar course.

Fire certificate of occupancy. A document or emblem issued by the department of safety and inspections indicating the existing structure complies with all state and local safety codes, allowing its use as a commercial building or for residential occupancy. Buildings and dwellings cannot be occupied or used without a fire certificate of occupancy.

Contact Information

[Residential Fire C of O webpage](#)
[Landlord 101 webpage](#)

DSI Fire Safety Inspection Division

- 73 Jackson Street, Suite 220, Saint Paul, MN 55101
- DSI Code Enforcement Help Desk: dsicoinquiries@stpaul.mn.us, 651-266-8988
- DSI Landlord 101: DSLandlord101@stpaul.mn.us, 651-266-8988

Obtaining a C of O involves an application, fees, and inspections. After each inspection, your property is assigned a letter grade (A-D) that corresponds to the number of years (1-6) before the next inspection is required. It's recommended that you conduct a pre-inspection of your property for common maintenance issues and review the [Guide to Residential Property Maintenance](#) with preventative maintenance solutions. It's important to know that you can improve your grade on your next scheduled inspection if there are fewer or no violations found. A better score means fewer inspections and fewer fees.

Setting the Rent

Maximizing the rent you receive as a landlord is often not the only consideration, as setting a fair rent a bit under market rate will help you attract and keep good tenants. Consider pricing your unit's rent so it is affordable for the local workforce and families who may not be able to afford high rents. Housing is considered affordable if a household is paying less than one-third of their income on their rent. If you financed your construction with a loan, consider the loan length, interest rate, and reserve funds you might need to cover repairs or upgrades in the future.

The [Rent Stabilization Ordinance](#) aims to address a shortage of affordable rental housing in Saint Paul and ensure all residents have access to affordable housing. The Ordinance limits residential rent increases to no more than 3% in a 12-month period. However, this limitation on rent increases does not apply to newly constructed residential rental properties that were issued their first building certificate of occupancy after December 31, 2004.

Leasing your Unit

Typical methods for advertising rentals include posting a description of your unit to a rental listing website like Craigslist, Zillow, or Apartments.com. Many people also post to social media platforms like Facebook or Nextdoor, where local community members may have created a group page for people looking for housing in your area. Along with word of mouth or posting your rental online, you can also contact nearby schools, faith communities, or other similar locations to see if any teachers, staff, or community members are looking for housing.

7. Move-In and Renting

• Understanding Rental Laws: Landlords and Tenant's Handbook, Fire C of O Program

- Setting the rent
- Leasing your unit
- Managing your rental

Source: DSI Owners Guide for Improving Residential Fire Inspection Grades

According to Minnesota law, when the owner of a home agrees to give to someone else the temporary use of that place in exchange for money or services then the two have entered into a legally binding rental contract called a "lease." You will need to create a lease that clearly identifies the rules and expectations for you and the future tenant. Even if you are renting to a friend or family member, creating a lease or rental agreement can help to avoid possible confusion or conflict. Sample agreements can be found online.

New landlords will "screen" prospective tenants that apply for rental unit and charge a fee to do so. Once you select a tenant, you should collect the first month's rent and the security deposit when the lease is signed. The City of Saint Paul requires that a security deposit not exceed a single month's rent. Minnesota Statutes section 504B.178 provides requirements related to processing, retention, and returning of security deposits. The Office of the Minnesota Attorney General's Landlords and Tenants handbook provides an overview of the laws related to tenant screening, rental applications, and security deposits, and describes some terms that are in typical leases. In 2026, the City of Saint Paul will implement additional requirements.

Managing Your Rental

Minnesota law requires landlords keep units fit to live in, in good repair, and free of health and safety hazards. Regardless, it is best practice to keep your unit well-maintained and keep your tenant happy. Except in case of an emergency, you will need to give tenants 24 hours' notice before you or any maintenance workers can enter. Think about a long-term plan for the care and upkeep of your unit, how to split shared responsibilities like snow removal and lawn care, and how to address any issues that might occur with your tenant.

Generally, if your tenant has signed a lease, you cannot increase the rent during the lease term. When the lease expires, you can change the rent as you see fit. While Saint Paul's limitation on rent increases does not apply to newly constructed residential rental properties after 2004, consider maintaining a rent that helps to attract and keep good tenants.

Hopefully you and tenants will not have problems, but if problems do arise that cannot be resolved, you will need to consider eviction. State law mandates a judicial eviction process, which is best handled by an attorney.

[Minnesota Attorney General Landlords and Tenants Rights and Responsibilities Handbook](#)

[Department of Safety and Inspections Renting Property webpage](#)

[Office of Financial Empowerment Fair Housing webpage](#)

[City of Saint Paul Rent Stabilization Ordinance webpage](#)





Next Steps

- Upload to 1-6-Unit Housing Development webpage – www.stpaul.gov/1-6
- Invite staff to review and offer comments, corrections, and updates
- Update Toolkit as necessary

