



**Carlisle | Wortman**  
ASSOCIATES, INC.

117 NORTH FIRST STREET SUITE 70 ANN ARBOR, MI 48104 734.662.2200 734.662.1935 FAX

---

**TO:** City of Ann Arbor Planning Commission  
**FROM:** Ben Carlisle, AICP  
Megan Masson-Minock, AICP  
**DATE:** April 24, 2023  
**RE:** Policy Options for Stakeholder Consultation

---

It was a pleasure to meet with you on April 4<sup>th</sup> to discuss assumptions, goals, and policy approaches for Downtown Premiums. For reference to our memo from that meeting, please see [here](#). Updated assumptions and goals, based on your input, are below for your review.

We are looking forward to meeting with you on May 2, 2023. The purpose of the meeting is for the Planning Commission to agree on policy options that will be discussed with stakeholders and which stakeholders will be consulted. Based on the conversation on May 2<sup>nd</sup>, CWA will then consult with stakeholders and then return to the Planning Commission with recommended amendments to the Downtown Premiums.

### Discussion Questions

We ask that you come to your May 2<sup>nd</sup> meeting prepared to discuss the following questions:

- *What policy options should be shared with stakeholders for feedback?*
- *Which stakeholder groups should be consulted?*

### Revised Assumptions

The following assumptions for the Downtown Premiums are below, revised based on your input. Please review and let us know if these are accurate.

**#1 An equilibrium of development types and land uses in downtown is important and residential, office and commercial are core uses to be continually balanced in downtown.**

Benjamin R. Carlisle, *President* Douglas J. Lewan, *Executive Vice President* John L. Enos, *Vice President*  
David Scurto, *Principal* Sally M. Elmiger, *Principal* R. Donald Wortman, *Principal*  
Paul Montagno, *Principal* Megan Masson-Minock, *Principal* Laura Kreps, *Senior Associate*  
Richard K. Carlisle, *Past President/Senior Principal*

<b>#2</b>	<b>Developing in downtown is more difficult and more expensive than elsewhere in the City.</b>
<b>#3</b>	<b>Since the last amendments to the premiums in 2019, the affordable housing millage provides dedicated funding source for necessary affordable housing, but millage funds may not be sufficient to be the sole source of affordable housing funding.</b>
<b>#4</b>	<b>A significant number of properties in downtown are ineligible for premiums.</b>
<b>#5</b>	<b>Current downtown residential development is either high-end, low scale residential buildings, or student housing. The current market does not support building of attainable high density housing downtown.</b>
<b>#6</b>	<b>Attainable density in the downtown not only provides places for present and future Ann Arborites to live, but also influences regional sustainability by providing access to housing in a walkable, mixed use place.</b>
<b>#7</b>	<b>The current premiums are not being utilized due to a variety of reasons.</b>

### Revised Goals

Based on your input, we have revised the goals of any changes to the Downtown premiums as follows:

- Increase the affordability of housing downtown
- Increase sustainability, including energy efficiency, in the downtown
- Increase equity in the downtown

### Policy Options

At your last meeting, we asked you to decide which policy approach or approaches should be discussed with stakeholders. The table below shows the results of that conversation:

<b>Approach</b>	<b>Yes</b>	<b>Notes</b>
<i>Large Menu: 3 or more incentives</i>	0	
<i>Small Menu: 2 or less related incentives offered</i>	6	Sustainability and housing If this option it taken, get rid of FAR
<i>No Incentive &amp; Increased Density</i>	4	Simplification is a benefit. Not in favor of this option because there are too many things that cannot be attained via requirements only

Based on that input and the revised goals, we recommend that the policy approaches in the matrix below be discussed with stakeholders. Any of the policies listed in the [Revised Goals Decision Matrix](#) in the appendix could be incorporated into one or more of the approaches.

**Policy Approach Matrix**

Approach	Pros	Cons
<p><i>No premiums with increased FAR in D1 and D2 Zoning Districts</i></p> <p>Increase base FAR to current premium FAR maximum:                      D1: 900 FAR                      D2: 400 FAR</p>	<ul style="list-style-type: none"> <li>• Easy to understand</li> <li>• Likely to increase the number of residential units in the downtown</li> <li>• Could bring down housing costs for the market overall by increasing the supply</li> </ul>	<ul style="list-style-type: none"> <li>• Dependent on the market</li> <li>• Not guaranteed to increase affordability, beyond the impact of more units on the market</li> <li>• Not likely to increase sustainability, beyond impact of more housing units in downtown</li> <li>• Not likely to increase equity, beyond the impact of more units on the market</li> </ul>
<p><i>Small Menu</i></p> <p>Offer premiums for sustainability and/or housing up to current premium FAR maximum</p>	<ul style="list-style-type: none"> <li>• Provides an incentive for desired outcomes that cannot be required, such as energy efficiency or affordable housing</li> <li>• Likely to reach one or more of the goals listed above, depending on the incentives offered</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives may limit rather than entice developers</li> <li>• May not result in a more rapid creation of downtown housing units than the status quo.</li> </ul>
<p><i>Hybrid Model</i></p> <p>Increase base FAR, but not to current premium FAR (e.g., 600 in D1, 300 in D2)</p> <p>Offer premiums for sustainability and/or housing up to current premium FAR maximum</p>	<ul style="list-style-type: none"> <li>• Likely to increase the number of residential units in the downtown</li> <li>• Provides an incentive for desired outcomes that cannot be required, such as energy efficiency or affordable housing</li> <li>• Likely to reach one or more of the goals listed above, depending on the incentives offered</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives may limit rather than entice developers</li> </ul>

## Stakeholders

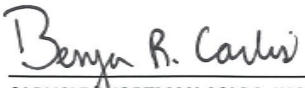
In our scope of work, time is allotted to consult with up to eight targeted stakeholder groups on policy approaches and options. Stakeholder groups to consider are:

- City Council
- Downtown Development Authority (DDA)
- Citizens Advisory Council to the DDA
- Washtenaw Housing Alliance
- Housing and Human Services Advisory Board
- Local Developers (5-10 individuals/firms)
- Housing Commission
- Energy Commission

Based on your input, we will work with staff to set up stakeholder meetings in May and June. We will then bring options for further exploration back to the Planning Commission by mid-summer.

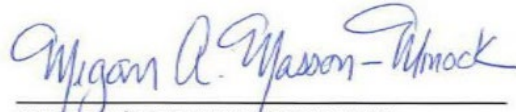
We look forward to meeting with you next week. Thank you for the opportunity to work with you and the City of Ann Arbor again.

Sincerely,



---

CARLISLE/WORTMAN ASSOC., INC  
Benjamin R. Carlisle, AICP, LEED AP  
President



---

CARLISLE/WORTMAN ASSOC., INC  
Megan Masson-Minock, AICP  
Principal

# Appendix

## **Revised Goals Decision Matrix**

**Revised Goals Decision Matrix**

#	Existing/ Proposed	Goal	Policy Options
<i>Housing</i>			
1	Existing	Increase the number of residential units downtown	<ul style="list-style-type: none"> <li>• Increase the base D1 and D2 FAR and height</li> <li>• Allow premiums to be applied in a historic district</li> <li>• Allow premiums to be applied in a floodplain</li> <li>• Remove condition for all premiums of 2 LEED points under Energy &amp; Atmosphere Credit No. 1</li> <li>• Create a premium for residential development</li> <li>• The square footage of any micro unit should not be counted toward maximum FAR</li> </ul>
2	Existing	Increase the number of Affordable Housing units in the Downtown located within market-rate buildings	<ul style="list-style-type: none"> <li>• Increase base FAR and height of D1 and D2 Districts (higher taxable value for affordable housing millage)</li> <li>• Keep premium for on-site affordable units in the downtown</li> <li>• Expedited approval process (Gainesville, FL)</li> <li>• Reduced or waived fees (Gainesville, FL)</li> </ul>
3	Proposed	Leverage downtown development to advance affordable housing throughout the city.	<ul style="list-style-type: none"> <li>• Increase the base D1 and D2 FAR and height (higher taxable value for affordable housing millage)</li> <li>• Premium for on-site affordable units/ or payment in-lieu affordable units to be built anywhere in the city</li> </ul>
4	Proposed	Provide missing middle housing units	<ul style="list-style-type: none"> <li>• Find alternative premium to incentivize development not provided in the market (i.e., missing middle)</li> <li>• Increase the base D1 and D2 FAR and height</li> <li>• The square footage of any micro unit I should not be counted toward maximum FAR.</li> <li>• Cap the number of bedrooms per unit</li> </ul>

5	Proposed	Assist development of majority affordable housing developments (ex: by AAHC) in downtown	<ul style="list-style-type: none"> <li>• Increase base FAR and height of D1 and D2 Districts (higher taxable value for affordable housing millage)</li> <li>• Premium for majority affordable housing developments in the downtown</li> </ul>
<i>Sustainability</i>			
6	Existing	Increase the number of “green” buildings in the Downtown	<ul style="list-style-type: none"> <li>• Maintain condition for all premiums of 2 LEED points under Energy &amp; Atmosphere Credit No. 1</li> <li>• Continue current premium with LEED certification</li> <li>• Amend environmental premium to be easier to implement and interpret than LEED. Asheville, NC uses a Healthy Building certification</li> <li>• Increase the base D1 and D2 F.A.R. and height</li> <li>• Increase premium FAR and height for environmental features</li> <li>• Expedited approval process (Gainesville, FL)</li> <li>• Reduced or waived fees (Gainesville, FL)</li> </ul>
7	Proposed	Increase sustainability in the downtown overall	<ul style="list-style-type: none"> <li>• Pursue environmental sustainability requirements (Boulder, CO)</li> <li>• Premiums for transit-oriented development (Grand Rapids, MI)</li> <li>• Premium for mixed use buildings. (Austin, TX; Greenville, SC; Grand Rapids, MI; Eugene, OR)</li> <li>• Incentives for Low-Impact Development (East Lansing, MI)</li> </ul>
8	Existing	Increase energy-efficiency in new downtown buildings	<ul style="list-style-type: none"> <li>• Maintain condition for all premiums of 2 LEED points under Energy &amp; Atmosphere Credit No. 1</li> <li>• Continue current premium with LEED certification</li> <li>• Replace LEED certification with premiums for electric utilities, geo-thermal, electric heat pumps, solar capture, building sealing</li> </ul>
9	Proposed	Increase energy-efficiency in downtown overall	<ul style="list-style-type: none"> <li>• Pursue energy efficiency requirements (Boulder, CO)</li> <li>• Premiums for shared infrastructure that would increase energy-efficiency within the downtown (shared geo-thermal)</li> </ul>

<i>Equity</i>			
10	Proposed	Create universally accessible or physically accessible units*	<ul style="list-style-type: none"> <li>• FAR for number of units with universal design</li> <li>• Tax incentive for residences that include design features that facilitate visitability and usability, especially for individuals with disabilities (Pittsburgh, PA)</li> </ul>
11	Proposed	Diversify pool of developers building in Downtown*	<ul style="list-style-type: none"> <li>• Explore case studies from other cities that encourage or incentivize diverse developer pool.</li> </ul>
12	Proposed	Diversify types of businesses in the downtown*	<ul style="list-style-type: none"> <li>• Small businesses can occupy up to double the square footage if they have a FAR of at least 0.65 (Eugene, OR)</li> <li>• Incentives for local economy diversification (Eugene, OR)</li> <li>• Incentives for family-wage jobs (Eugene, OR)</li> <li>• Incentives for environmentally sensitive businesses (Eugene, OR)</li> </ul>

\* Requires update to Comprehensive Plan