

Ann Arbor Discovering Downtown Downtown Zoning Advisory Committee

7th March, 2007 Meeting
4th Floor Conference Room, City Hall

Members Present: Fred Beal, Bonnie Bona, Michael Concannon, Bob Johnson, J. Bradley Moore, Sonia Schmerl

Staff Present: Wendy Rampson, Lindsay-Jean Hard

Guests: Ray Detter (Citizen's Advisory Council), Michael Earl (Downtown Resident), Ray Fullerton (Citizen's Advisory Council), Ethel Potts (Planning Commission), Alice Ralph (Design Guidelines Advisory Committee)

1) Debrief of Joint Meeting with Design Guidelines Advisory Committee

The Committee reviewed the notes of the joint meeting, including the topics each committee will cover. One member noted that the committee's focus might be less on what topic is being covered, and more on what the committee can regulate. A member noted that some topics would be covered within the zoning as well as in the design guidelines. A member commented that the Urban Design Guidelines Committee wants to have "teeth" in the guidelines, so it will help the design guidelines to have some topics covered within the zoning code, for instance, mandating that parking not be the dominate use on first floors within the downtown. Staff noted that some topics can be addressed more generally within the zoning, in order for the design guidelines to guide more of the details, like the aesthetics of a building. Ms. Ralph noted from the audience that the soon-to-be hired design guidelines consultant stressed that the design guidelines and the zoning should work together.

2) Premiums in C2A and C2A/R (continued from 1/24/07)

Staff began by explaining that premiums will play a part in determining what the scale of downtown is going to be. Staff referred members to a map of the proposed underlying zoning in the downtown, noting that there is still a boundary question on Ann Street and N Main Street, and to a matrix handout with Floor Area Limits suggested within the Calthorpe Report, the Downtown Plan, and the potential floor area ratio (FAR) with the proposed rezoning. Staff reviewed the term FAR, explaining that there is a certain by-right floor area allowed, and that the use of premiums can increase a project's FAR to the maximum allowable FAR. Staff prompted members to start thinking about downtown amenities; which should become premiums, which should become mandated, and which they just hope happen through market forces.

One member referred back to the William Street townhouses, which were discussed during the last meeting, and noted that they are three and a half stories tall and have a 200% FAR. The member commented on the distinctions of downtown's maximum FAR of 660%, and Staff clarified that meeting a open space premium (like a public plaza) gets you up to 600% and the additional 60% is earned only with residential units. One member reviewed their suggestion presented during the last meeting, that if developers wanted to access higher FARs through the use of premiums, they would have to meet three requirements; the project would be energy efficient (by the City's proposed LEAP program standards), 10% of the project would be affordable housing, and all of the added floor area would be residential.

A member questioned whether some amenities could just be required and others could be requirements for premiums. Staff clarified that this was correct, and questioned the group whether there were items that should just be required. One member suggested ground-floor retail. Another member suggested requiring something that has the appearance or feel of ground floor retail, noting that retail is ideal, but that it might not work

everywhere. A member agreed, giving the example of the Ashley Mews building, commenting that retail is not really working there, and suggested that the focus be on pedestrian experience and scale. A member questioned how to define this other than with use. Staff referenced the Calthorpe Report's handling of this, which designated retail in some areas as "recommended" and merely "permitted" in others. Staff also presented members with the option of requiring ground-floor retail, with certain non-retail uses allowed by conditional use approval from the Planning Commission.

One member gave the example of Republic Bank on Main Street as a non-retail use with a positive pedestrian experience. Another member commented that that was an interesting choice, as it just provides the appearance of commercial space, noting that a third of the ground floor is really just a window display. One member disagreed with just providing the appearance of retail, stressing that some streets like Liberty should be actual retail use. The member added that these streets need anchors on the ends with a large business feel, and felt that Zingerman's, the library, and the Main Street restaurants all function like anchors. The member further stressed the need to require retail in some areas, even if it means renting space for \$1 per square foot, using a similar approach as affordable housing. A member disagreed, noting that retail is very different from affordable housing, adding that such low rents would result in bankrupt developers. The member added that the focus should be to create tenancy that is destination-oriented, such as creating a cluster of similarly themed tenants. Staff asked whether choosing certain streets as "retail streets," like Main and Liberty, would be helpful to developers in terms of knowing the expectations ahead of time. The member responded that it would, as long as the areas chosen would be viable locations for retail.

A member commented that the design guidelines would handle the pedestrian feel of the street, but that zoning would have to address use and determine how to handle retail. A member suggested requiring ground floor retail everywhere. Another member suggested it as a requirement on certain streets. One member reminded the Committee that they're talking about what to write into an ordinance, and noted that green building and affordable housing might be priorities now, but mentioned that it is hard to update the ordinance with the times, as is evident with the current premiums. Another member wondered whether premiums were in a separate section, questioning whether just that section could be updated. Staff confirmed that this would be possible if the others were grandfathered in, either by resolution or by code.

A member questioned whether one part of the final result of this work would be to fold in all of the downtown plans, which are somewhat conflicting, into one package. If not, there will continue to be debate, even if documents have no legal standing. Staff explained that the A2D2 process is simultaneously trying to look at the big picture, which will involve updating the Downtown Plan, while at the same time codifying the changes. The member noted that it would be helpful if everyone was relying on the same document, whatever document that is. Staff noted that, legally, the code is what is looked to first, and then if the code is unclear, the master plan is referenced for intent. The member expressed hope that more of that will be accomplished rather than less, so people are not arguing over all of the various documents.

Regarding potential premiums, one member expressed uncertainty about whether residential units should be required, as that is market-driven. The member noted that something needs to be done with affordable housing, was not sure that open space should be a premium, and felt that tower design on large sites might work as a premium. Furthermore, the member felt that transfer of development rights (TDRs) should definitely be used as a premium.

The Committee reviewed the concept of transfer of development rights. Staff noted that the main thing is defining a sending area (like a historic district or floodway) and a receiving area, and then a formula could be set, such as 100 ft² downtown as equal to 50 ft² outside of the downtown. One member suggested that this concept could be a way to get affordable housing, if everyone transferred their development rights to one location outside of downtown. A member questioned whether this would lead to tall buildings outside of the core if the location for building were outside of the downtown.

One member then suggested a building-to-building transfer, with directly adjacent buildings, in order to create a salt and pepper effect, rather than have one block with all 12-story buildings. A member commented that the use of TDRs would enable developers to build what the community views as more desirable and appropriate in one area if they can build more in another area. Another member noted that this would be a useful tool in the floodway and floodplain. Staff has researched this tool for the floodplain and historic district, but explained that currently there is no Michigan precedent for TDR ordinances, and it is not specifically allowed in state enabling legislation.

- Committee members agreed that transfer of development rights (TDRs) is one idea for a premium that they would like to explore further and requested that staff provide background information on the potential for using this technique.

Staff asked whether underground parking should be included as a premium. One member did not want to encourage surface lots, but felt that specifying underground parking would address this concern. Another member noted that the City would have to change its approach of counting structured parking as FAR. A member felt that this suggestion made sense, as a lot of developments need to have parking on-site. Another member suggested that new developments could provide some ratio of public parking as a premium. Another member agreed, adding that if the parking is above ground, flat floors should be a requirement, so the development could more easily be converted in the future.

One member agreed with the idea of on-site parking as a premium as well as allowing above ground parking, such as having a development with ground floor retail, then parking, and then office or residential use. The member also agreed with providing a ratio to public parking, and noted that currently it is too limiting to develop without parking or only underground parking, explaining that on some sites it is too difficult to create underground parking. One member gave an example of a downtown grocery store in Chicago with two levels of parking above it. A member mentioned that Liberty Lofts had to do first floor parking due to being in the floodplain, and expressed an aversion to the 322 E Liberty project's parking. After a clarification question from Staff, a member noted that the parking on the first level would be okay as long as it is blocked by a deep enough building space at the street, created to allow a viable location for retail.

- Committee members agreed that on-site parking would be considered as one possible premium.

A member expressed a preference for energy efficiency as a premium, based on the City's proposed LEAP program, with explicit outside certification criteria. One member felt that was okay, as long as everyone knew what to expect from it. Another member commented that energy efficiency might be better addressed through an incentive program, in order to include renovation. The member added that they would prefer energy efficiency as one item in a menu of options. Another member suggested full LEED certification as one option for a premium. In response to an audience comment, one member noted that the LEED certification cost is related to project size, but added that the cost of certification includes flat administrative fees as well.

- The concept of green building and/or energy efficiency was an area that many members were interested in considering as a premium.

Staff described potential transportation/transit premiums, including development of bicycle centers, transit shelters or contributions to a downtown rail station. One member noted that this premium may be helpful in the future, once improvements such as commuter rail line become a reality, but is not useful now. One member noted that car-sharing programs might be beneficial. Staff said that tying premiums to programs, rather than physical improvements, might be difficult to monitor for compliance over time.

- Committee members dismissed the idea of using transportation or transit facilities or programs as premiums. Although they felt they were valuable, they felt they might be more appropriate in five to ten years, if the downtown gets light rail and increased transit service.

Regarding building design elements as premiums, such as tower design, one member commented that it would be difficult to address design elements until there is more clarity with the design guidelines. Staff then directed the members back to the discussion of affordable housing. One member noted that everybody wants it, no one is happy with the current situation, but no one can figure out how to do it. The member added that it would be ideal to actually require affordable housing to be built somewhere as a condition of downtown development, rather than just writing a check. Another member agreed, adding that it would be okay to still pay into the pool as long as the pool is actually used somewhere. Members discussed additional problems with the current system, and Staff noted that these concerns were being evaluated by the Office of Community Development as part of a housing needs assessment. Staff noted that one option might be to give developers much more floor area if they actually provide affordable housing within the building, or they would pay into the fund if they did not want to put it in the building.

One member commented that an important concept to remember is diversity of income, not just 60% and below, but 80-120% as well. The member had no interest in a building with a single income level. A member replied that every developer is creating buildings with a range right now. Staff noted that historically housing costs in the downtown have been low, but now most of the housing being added is at the higher end, with very little available in the middle-income range.

3) Wrap-Up

Staff referenced the other items on the agenda – Regulations for Structured Parking, which members touched on, and Setback/Form requirements. Staff announced that the next meeting would begin with a discussion of the latter, and asked if members needed any additional information on premiums other than TDRs and affordable housing. Members requested additional information on green building and flexibility in parking implementation.

4) Public Comment

Mr. Earl commented that transportation and transit issues dovetailed nicely with on-site parking as an incentive or requirement because if parking was at a regional location, transit could be set up on a route during peak periods to shuttle people. He noted that there are already a number of cars in the downtown, and felt that adding more will have an adverse effect on air quality, so that should be minimized.

Ms. Ralph mentioned that the proposed plan for Zaragon Place has an inflexible floor plan, and in regards to affordable housing, prompted the members to consider what they get. One member noted that the plan for Zaragon Place includes both four bedroom and six bedroom units.

Mr. Fullerton noted that Ms. Susan Pollay gave a presentation to the Citizen's Advisory Council last night on the recently completed parking study. He remarked that it is well worth it to know what is actually going on, and felt sure that Ms. Pollay would be happy to present it to this group as well.

5) Next Meeting

The committee's next meeting will be Wednesday, March 21st at 4:30, 6th floor conference room of City Hall.

Prepared by Lindsay-Jean Hard