Downtown Residential Task Force

Report on
Recommendations Addressing
Barriers to Downtown Residential Development

June 7, 2004
# Downtown Residential Task Force

## Report on Recommendations Addressing Barriers to Downtown Residential Development

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Acknowledgements

Many thanks to the dedication and hard work of the Downtown Residential Task Force and for their diligent effort in producing this document.

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A special thank you to Sandra Lach Arlinghaus, Ph.D., for providing 3D computer model virtual reality and animated illustrations of the downtown area. Dr. Arlinghaus is an Adjunct Professor of Mathematical Geography and Population-Environment Dynamics, School of Natural Resources and Environment and Adjunct Professor of Urban Planning, Taubman College of Architecture and Urban Planning, The University of Michigan, Ann Arbor. She also is a resident of the City of Ann Arbor and a former City of Ann Arbor Planning Commissioner (1995-2003).

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Council Resolution to Create Task Force

R-433-10-03

Resolution Establishing a City Taskforce to Foster New Downtown Residential Development

Whereas, A strong residential base is necessary for a dynamic, economically-viable 24-hour downtown;

Whereas, A densely inhabited city center creates an exciting place to live, promotes a positive pedestrian atmosphere, and helps support downtown retail variety and quantity;

Whereas, It has been estimated that approximately 3,000 people currently live in the DDA District, including students, working professionals, and retired persons;

Whereas, There are opportunities to add additional residential units and residents to the downtown through a variety of means, including, but not limited to:

- Modifying city zoning in certain areas, including allowing for greater building heights in certain areas or lessening parking requirements
- Providing grants and loans to support housing affordable to members of the downtown workforce
- Streamlining site plan review to facilitate development that increases housing while meeting established community goals and priorities

Whereas, The Mayor has proposed the formation of an ad hoc task force that would work for six months to explore the barriers to development and the opportunities to increase the number of downtown residences, and then report back to City Council;

Whereas, Members of the task force will be nominated by the Mayor and approved by city council and will retain their membership until the completion of the task;

Whereas, It has been proposed that this task force would include two members of City Council, a Planning Commissioner, a DDA member, a Housing Policy Board member, a downtown residential developer, a representative of the Mayor’s office, and would be assisted by Planning Department and DDA staff; and,

RESOLVED. The City Downtown Residential Task Force will have six (6) months to explore possible barriers to development of residential units in the downtown and provide recommendations for addressing those barriers. A final report of the findings and recommendations will be presented to City Council on or before June 7, 2004.

Sponsored: Mayor John Hieftje
Date: October 7, 2003

APPROVED
BY ANN ARBOR CITY COUNCIL
October 7, 2003
CITY CLERK
ANN ARBOR, MI
I. Background

A. Process

In December 2003, City Council voted to create the Downtown Residential Task Force, and gave it six months to “explore possible barriers to development of residential units in the downtown and provide recommendations for addressing those barriers.” A final report is to be presented to City Council by June 7, 2004.

The Downtown Residential Task Force was appointed by the City Mayor and is composed of eight members who represent the Mayor's Office, City Council, City Planning Commission, Downtown Development Authority, local developers, an urban planning professional and residents. The Task Force was supported by staff from the City Planning Department and the Downtown Development Authority.

The Task Force held a total of 14 meetings, which were open to the public. A community workshop also was held on April 27, 2004, to gain feedback on 1) additional residential development downtown, 2) possible policy and administrative changes to achieve more development, and 3) public views on the advantages and disadvantages of more downtown residential units. A copy of the public survey distributed at the community workshop and a summary of survey responses are attached to this report as appendices.

Much data were generated to support the work of the Task Force. Maps and other documents are attached. Meeting material and summaries have been made available to the public on the Planning Department webpage at www.a2gov.org.

B. Study Area and Downtown Inventory

During its initial meetings, the Downtown Residential Task Force defined the study area and reviewed existing inventories, including U.S Census information, zoning, and parcel information.

Study Area
The Task Force described the boundaries of the study area as those properties within the Downtown District Authority (DDA) District, in addition to those within one-quarter mile from the DDA boundary (see Study Area Map, page 27). Also
considered were properties along Main Street extending up to M-14. A smaller area within the DDA boundaries became the focus for the 3-D computer modeling (see Appendix B). Furthermore, a portion of the study area, most notably along the Ann Arbor Railroad, falls within the flood way and flood plain, which was noted as an area not suitable for additional residential development.

Population and Households
The 2000 U.S. Census revealed that approximately 2,800 people live within the DDA boundaries. This is an increase of approximately 150 residents since 1990, most of whom are the residents of one apartment building (Courthouse Square). For all the attention directed to loft apartments in the 1990’s, relatively few people moved downtown in the past decade and even fewer residential units were constructed. Since the 2000 census, approximately 120 new units have been constructed downtown (Ashley Mews, Corner House Lofts, Fifth/Washington), with another 40 units that have been approved but not constructed. The following is a summary of the population and household units in the DDA district for the years 2000 and 1990:

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Households</th>
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<tbody>
<tr>
<td>Year 2000</td>
<td>2,804</td>
<td>1,599</td>
</tr>
<tr>
<td>Year 1990</td>
<td>2,653</td>
<td>1,325</td>
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Existing Zoning
Five commercial zoning districts exist that are unique to the downtown area, including C2A, C2A/R, C2B/R, C1A and C1A/R. All five districts allow residential uses; however, the zoning standards for residential uses within each district are not consistent. Other districts also exist throughout the downtown area, including residential and manufacturing districts, which are not unique solely to the downtown (see Downtown Zoning Map, page 28).

Existing Vacant Sites
Upon its preliminary examination of the existing conditions of downtown, the Task Force looked at opportunities for development on vacant sites, which are primarily used for surface parking (see Downtown Vacant and Surface Parking Parcels Map, page 29). The Task Force discussed information regarding the vacant sites, including the size of the lot and possible future floor area that could be accommodated. The information regarding the vacant lots provided a basis for the 3-D computer modeling.

Existing Historic Districts
Seven historic districts are located entirely or partially within the downtown study area (see Downtown Historic District map, page 30). New development proposals within historic districts are required to meet the standards of the zoning district in which they are located. The City’s Historic District Commission also reviews new development proposals within the historic district, including modifications to existing structures, to ensure that they meet the design and compatibility standards of the historic district.
Affordable Housing

The overall affordability of downtown housing was an especially important issue to the Task Force. Discussion revolved around the need for housing for a range of incomes in the downtown and the variety of strategies available to achieve this goal. The Task Force recognizes the tremendous difficulty in creating new affordable housing, especially in the context of market rate downtown high rise developments. At the same time, the Task Force recognizes that economic diversity is a significant city goal and an important part of a vibrant and livable downtown. In this context, the Task Force encourages the City to adopt policies supporting a full range of housing—moderately priced market-rate units, affordable units (i.e. affordable at or below 80% AMI), as well as the higher-end units that generally drive downtown residential developments.

The Task Force’s recommendations expand on the City’s current affordable housing policies and goals and include strategies that explore ways to share costs between residential developments and other revenue sources. The Task Force supports the efforts of the Planning Commission and the Housing Policy Board to make current policies more flexible in addressing the balance between fostering downtown development and encouraging housing affordable to all income levels in the downtown and near downtown areas.

C. Related Downtown Studies and Planning Efforts

In addition to the work conducted by this Task Force, there are other complementary initiatives, studies and plans. Currently underway are the following:

- **Huron, Division, and Fifth Avenue Study**, commissioned by the Downtown Development Authority, is examining the potential to improve these corridors through quality infill development, pedestrian and bicycle enhancements, and other improvements. This report is due to be completed at the end of June, 2004.

- **Cool Cities Task Force** is considering ways to encourage more young people ages 25-34 to move to and/or remain in the community, and is underway framing recommendations that include a focus on increased residential opportunities in the downtown.

- A committee of the **City Historic District Commission** is working on a report that would set forward design guidelines for additions and new infill construction in historic districts.

Safeguarding Ann Arbor’s quality of life continues to be a significant goal of the City and its residents. If additional downtown residential units are to be encouraged, it will be important to undertake changes carefully, so that the extraordinary quality of life we enjoy in Ann Arbor is not negatively impacted. The City’s Downtown Plan
(1988) and the Central Area Plan (1992) are adopted elements of the City's Master Plan. Both documents set forward very important community values fundamental to any future planning for the downtown and near downtown.

The Downtown Plan emphasizes the protection of downtown characteristics, including a comfortable sense of scale, pedestrian orientation and the stability of neighborhoods located adjacent to downtown. The plan places significant priority on new residential development and ground level retail as objectives in reaching its goals for the downtown core. Concentrating density and height in the downtown core has been a contentious issue, as height and density are often perceived as possible threats to the history and character of this area.

Some of the Downtown Plan's tenets are listed below:

- Do add housing to the land use base
- Do strengthen the retail sector
- Do foster central business, government, and cultural functions
- Do provide needed support parking
- Do not sacrifice identity as a special place
- Do not compromise pedestrian scale / orientation
- Do not lose compact, convenient structure
- Do not jeopardize the stability of the areas now zoned residential

While the Central Area Plan echoes many of the values of the Downtown Plan, it identifies a series of problem statements, including the lack of certain amenities important to support residential uses (parking, open space, convenience goods, etc.), the lack of available "lower-cost" housing, and issues relating to security, maintenance and cleanliness.

The Ann Arbor Downtown Development Authority (DDA) was created in 1982 and renewed through 2033 to undertake public improvements that strengthen the downtown area and attract new private investments. In its 2003 Renewal Plan, the DDA set forward a number of strategies that would enable it to accomplish its goal of a vital, attractive, and unique downtown, including a focus on housing. The DDA recognized that residents are necessary for a dynamic, economically strong 24-hour downtown, and that a substantial residential base near and in the downtown has a positive effect on the retail climate, local transportation systems, and quality of life. Moreover, a densely inhabited city center creates an exciting place to live and promotes a positive pedestrian atmosphere, and in turn, downtown residents enjoy the convenient availability of community services, retail goods, cultural activities, and nearby employment.

To encourage the development of additional residential units and to support existing residents, the DDA set forward a number of tactics, including:
• The encouragement of mixed-use projects that feature retail businesses on lower floors and residential housing on upper floors.
• Strengthening the existing retail environment and encouraging the attraction of businesses that serve residents
• Providing grants to support affordable housing projects in and near the downtown, particularly projects that provide housing for downtown workers.
• Work with the DDA Citizens Advisory Council to support various strategies and projects to enhance downtown residential life.

It is critical that this report be read in conjunction with these other planning documents and be seen as planning for residential growth in light of these community values and strategies.

Downtown is special. It is the heart of the city and represents "Ann Arbor" to the region. In a sense, it is a center of commerce, culture and recreation that belongs to everyone. Yet it is also a neighborhood, unique among our neighborhoods, and the thoughtful expansion of its population can only add even more vitality and opportunity to the community. It is with this in mind that the Downtown Residential Task Force urges consideration of its recommendations.

D. Possible Advantages to Increasing Downtown Residential Development

The International Downtown Association reports that communities across the country are using residential development as a key strategy to revitalize and strengthen their downtowns. A number of possible advantages were discussed by the Task Force, which include the following:

• Downtown is primarily commercial in nature and would be a livelier, more diverse and efficient place with more housing.
• A substantial residential base in and near the downtown supports retail, restaurants, and other downtown businesses, as well as cultural and recreational amenities.
• Residents are a particularly important customer base for independently owned small businesses that are unable to pay for the kind of advertising that’s needed to draw customers from greater distances.
• A densely inhabited city center supplies an important ridership base that supports a successful transit system.
• Downtown residents tend to be more likely to walk or use buses, and less likely to rely on automobiles for daily purposes than others, thereby helping to ease traffic congestion. On average, they take fewer and shorter automobile trips than suburban residents.
• Many downtown residents who work outside the downtown move their cars in time for these spaces to be reused by downtown employees, doubling the potential use of each parking space.
• Residents know their neighborhood awareness of potential problems can serve as an important deterrent to downtown crime.
• Infill developments and more dense redevelopment near the downtown provides one of the few remaining opportunities to expand the tax base, as much of Ann Arbor is built out and the restrictions placed by Proposal A and the Headlee Amendment limit other kinds of tax growth.

• Expanding the supply of housing can help meet the housing demand that is driving sale and rental prices up. Southeast Michigan Council of Governments (SEMCOG) predicts that the population in Washtenaw County will grow 13% by the 2010 census and another 8% by the 2020 census (which could mean as many as 78,000 new County residents). This demand for housing appears to be driven by the high quality of life in our community and the proximity of jobs and opportunity.

• New home construction in the urban core rather than on the fringes is a far more efficient use of existing infrastructure and city services.

• Downtown living options increase the range of residential choices for homebuyers and renters.

. E. Possible Disadvantages to Increasing Downtown Residential Development

It is often perceived that without proper planning and management, increasing the downtown population could adversely affect the quality of life that is desirable in downtown Ann Arbor. The concerns relating to increasing residential development are as follows:

• Each new resident will likely require a parking space, and if these spaces are not provided onsite, it could increase the demand for parking in the downtown and the demand for publicly provided parking. Moreover, downtown residents can place special demands on downtown parking, such as the need to use loading zones to load and unload groceries.

• New residents will also place demand on infrastructure that may already be taxed, including City sewer and water systems.

• Downtown land and construction are very expensive, leading to housing units that cost substantially more than $300 per square foot, making most new units unaffordable to the average person.

• It is too soon to know how great the demand is for new downtown residential units, as vacancies still remain at Ashley Mews and S. Fifth Avenue two years after their construction.

• If not designed well, tall residential (or non-residential) towers will block sunlight and air from adjacent buildings, and may negatively impact the edges between the core downtown area and the important nearby residential neighborhoods. As evidenced by Tower Plaza, tall, sheer buildings can create wind tunnels that discourage pedestrian activity at the street level.

• It is important to note that increasing the number of downtown residents will not by itself lead to social goods such as new downtown grocery and retail stores. It is not a “silver bullet”.
One of the potential “downsides” raised by the public and discussed by the Task Force was the downtown residential growth rate's impact on the City infrastructure. The Task Force specifically discussed increased demands on parking, traffic, utility and storm water management.

The Task Force believes that the City likely has sufficient utility capacity to absorb the level of growth suggested by this report. It also believes that the current storm water ordinance is written so that future development actually improves storm retention capacity. So long as an effective storm water ordinance is in place, development can proceed without overtaxing the existing storm water systems. A recommendation regarding a possible storm water capture project is addressed in this report in the section on economic barriers.
II. Task Force Analysis

A. Benchmarking Downtown Residential Development

As part of its exploration of barriers, the Task Force set forward a tentative working goal of 1,000 new units of housing in the near downtown area by 2015. The Task Force discussed a second goal of an additional 1,500 new units by 2030 but NOT making this goal a rigid recommendation, as it should be re-assessed prior to 2015.

These figures were intended to inform a discussion, and were not set forward as the only measure of success. The Task Force wishes to emphasize that this report is intended to permit better and denser use of the downtown—not to require it. Future individual developments will rise or fall on their own urban, architectural, social, and economic merits.

The Task Force wishes to focus attention on the question - regardless of number, what would it take to encourage additional residential development downtown? What hinders the development of appropriate, reasonably priced downtown housing in sufficient quantities to support housing for downtown workers, improve transportation options, and to maintain a lively 24 hour downtown full of locally based businesses?

B. The Relationship between Downtown and Adjacent Neighborhoods

The Task Force spent a great deal of time discussing the importance of adjacent neighborhoods to the downtown. The task force felt that adjacent neighborhoods should be preserved and supported. Although these neighborhoods are outside of the DDA district, many residents of these neighborhoods consider themselves to be “living downtown”. The neighborhoods include registered historic districts, such as the Old Fourth Ward and the Old West Side, and represent a dense, diverse, residential housing mix.

There are two Task Force recommendations that could potentially increase density in these neighborhoods:

- Some near downtown areas could support locally denser residential developments - these include the North Main corridor, where mid-rise, river-view apartment buildings could add quality residential units to the City; and select “commercial nodes” (such as the Packard State intersection) where denser development would complement the neighborhood.

- A suggestion that City Council consider a revised version of the accessory dwelling unit ordinance that would permit voluntary increased density in near downtown neighborhoods (e.g., one-quarter mile from DDA boundary).
III. Barriers to Downtown Residential Development

Four major categories of barriers were considered, as follows:

- Economic Barriers
- City Policy and Culture Barriers
- Zoning Barriers
- Downtown Livability Barriers

A. Economic Barriers

Downtown developments typically incur considerably greater costs for land and construction than projects constructed in “greenfield” settings. Adding to these downtown costs are costs imposed by the City on new developments that relate to “community goals” more than to the actual impact of the new development on the community. As examples, the City asks residential developments to make contributions for parks and affordable housing. City policies also exist for storm water detention and other utilities. All of these costs may affect the overall expense of a project. This second set of costs relating to “community values” applies to all developments, not just those located downtown.

The Task Force spent a considerable amount of time in an attempt to quantify the additional costs associated with downtown development. There were three main approaches we took to this: (1) we spoke with developers and reviewed national data regarding comparative costs of downtown high rise construction vs. greenfield stick built construction; (2) we spoke with developers about comparative land costs in the downtown vs. other city sites vs. township greenfield sites; and, (3) we spoke with builders about “break points” - specific points where height or size changes might make significant cost differences in developments.

The national data we reviewed suggested that the cost per square foot of downtown high-rise construction was as great as 2.5 times as that of suburban single-family stick built construction. The cost of downtown construction for recent projects ranged from $180 to $300 per square foot. The cost of stick built construction for recent projects ranged from $70 to $130 per square foot. This ratio is in general agreement with local developments that we reviewed.

There are relatively few buildable sites within the City of Ann Arbor and every site is unique, so it isn’t easy to establish the “average” prices for downtown and citywide sites. From the review of recent projects, the Task Force believes that buildable downtown lots are currently selling within a range from $40 to $150 per square foot. This compares with township sites, currently zoned multi-family, with land costs from $2 to $4 per square foot. (Township sites that need zoning changes in order to be developed sell for under $1 per square foot.)
It is important to understand the relationship between unit density and land cost. Township parcels that are zoned multi-family are normally limited to a certain number of units per acre - e.g. from 8 to 12. Thus, the land sales price translates to a certain cost per unit, currently in the area of $10,000 to $20,000 per unit. In contrast, many downtown sites support over 100 units/acre. So while downtown land prices are much higher per square foot, the per unit cost of downtown land is higher than but comparable to township land zoned multi-family (i.e., $20,000 to $40,000 per unit).

The Task Force understands that these increased construction costs, land costs, and the high costs of providing parking on site are offset by certain cost savings related to downtown construction, such as existing infrastructure, the parking exempt district; the dramatically increased density. For example, 42 units were built on the Corner Lofts site (corner of State and Washington), a site technically too small for one single-family residence.

Our discussions with developers about “cost break points” with high-rise buildings were not conclusive. While all developers preferred the option of greater density, the developers we spoke to felt that sites and developments were unique and no simple formulas existed that correlated cost to height.

**Recommendations to Address Economic Barriers:**

The Task Force discussed possible ways to “disconnect” City-imposed costs from individual developments, especially those that favor commercial developments over residential developments. Rather, these costs should be spread across the community, or at least across all development (residential and commercial) in the City.

1. **Future City-wide Funding Mechanism** - maintain current policies until such time as a city-wide funding mechanism for the various community values can be developed that does not discourage residential development. There are two possible approaches that could be considered:

   a. **New Millages** - float new millages (e.g., for storm water remediation or affordable housing) and ask the community to pay a nominal amount per household toward the community goals. There is precedent, as Ann Arbor residents fund other community goals they deem important, including mass transit (AATA), parks (acquisition and repair millages), street repair, and recycling/refuse collection.

   b. **Fee Contributions** - alternately, apply a small percentage contribution from all development fees (i.e., building applications, permits).

   Note: The City’s Affordable Housing Task Force and the Housing Policy Board recommended the exploration of a voter-approved millage to
maximize local resources for the creation and preservation of affordable housing.

2. **Downtown Storm Water Capture Project** - encourage the City Environmental Coordinator to explore the idea of large, DDA-funded storm water capture projects, to determine if this proposal could be engineered to be an effective technique for addressing downtown storm water management, particularly if it were engineered to reuse as much of this water as possible. Similar to the current practice of constructing and managing consolidated parking for developments within the DDA District (thus enabling the downtown to be a “parking exempt” zone), DDA-constructed storm water capture sites might enable downtown developers to contribute a proportionate cost, and thus forego the need to provide for their storm water capture on-site.

3. **Reduce Storm Water Impacts** - encourage programs and designs to lessen the storm water impacts of both new and existing developments - e.g., green roofs, neighborhood storm water capture programs, etc.

4. **Reduce Fees** - such as providing City and DDA grants back to developers equal to their costs for sidewalk closure permit and parking meter bag fees, where it has been determined that developers worked as expeditiously as possible to restore public access to sidewalks and parking. This is not a large amount, but this grant may demonstrate municipal support for downtown residential development.

### B. City Policy and Culture Barriers

Some individuals perceive the City as having a culture that discourages new developments. At times, the perception is a “Not in my Backyard” community sentiment that is supported by planning and council representatives, as well as a bureaucracy that focuses on regulatory control rather than project assistance. The Task Force recognizes that many “bureaucratic” regulations exist to protect important community values (e.g., safe, habitable housing; protection of natural features, etc.). The Task Force also recognizes that many city staff often go the extra mile to make the regulatory process work in a way that is both consistent with their regulatory mandate and fair to developers.

However, there are several widely held perceptions about the City’s approval process that the Task Force believes can and should be addressed:

- **Unpredictable Development Review Process** - the process can take a very long time and may appear to be poorly coordinated among numerous city departments and agencies. Long processing time means additional costs, unpredictable outcomes, and discouragement for some from entry into the system in the first place.
• **Lack of Support** - there is sometimes resistance among citizens and policy makers to new developments, even though they meet zoning requirements.

**Recommendations to Address Policy and Culture Barriers:**

1. **Implementation** - have City Council and the City Planning Commission approve resolutions accepting the recommendations of the Task Force, including a targeted goal for new residential units.

2. **Standardize the Review Process** - standardize the time allowed for site plan and building permit review processes. Over a period of time, work to reduce the amount of time needed for each process. Include in this process a step in which City staff review applications in detail upon submittal to catch mistakes or missing documents.

   Note: It may be noted that the Affordable Housing Task Force recommended streamlining the City development review process for affordable housing projects, including establishing benchmarks and timelines for project approval. The Downtown Residential Task Force endorses this recommendation and expands it—a quicker, better coordinated, more certain development review process could reduce development costs throughout the City.

3. **Improve City/Customer Relations** - have the new Planning and Development Services Unit (formerly the Building Department) distribute a customer service survey card to a sizeable sample number of its customers twice a year, asking about service issues such as responsiveness, helpfulness, and timeliness. Over time, chart the changes in customer response and note recommended areas for improvement. The Planning Commission currently utilizes such a survey and both the Commission and developers find this process very useful.

4. **Progress Reports** - produce an annual report outlining how much new construction took place in the previous twelve months and the anticipated new taxes that will be generated by this construction. This report will make clearer the direct benefit gained by encouraging additional development in terms of funds available for City services. The report also should analyze the negative impacts of this new construction, including anticipated new traffic and use of public parking.
C. Zoning Barriers

While there would appear to be, on a statistical basis, a lot of room within the City of Ann Arbor’s existing zoning caps for more residential development, on a practical basis this is simply not true. Many areas are restricted from additional development by the presence of existing occupied structures that use their sites poorly, others by historic designations and special rules that apply to redevelopment there, and still more by zoning restrictions that allow the full use of their zoning capacity only for commercial development. For instance:

- **Current Zoning Works Against Increasing Residential Development:** Zoning designations, such as C2B and C2BR, that provide full use of their zoning capacity, on a floor area (FAR)* ratio basis only for commercial structures, and flip back to much more restrictive zoning for residential use encourage suburban-style development such as car washes and drive through businesses. These districts are substantially out of compliance with the Downtown Plan which included a strategy in 1988 to “modify C2B/R zoning to allow residential densities consistent with permitted floor area ratios to make housing as attractive as commercial development.”

- **Floor Area Ratio (FAR) and Premiums Not Consistently Applied:** Very restrictive FARs, and no residential premiums in some areas such as the South University corridor (designated C1A and C1A/R) that are otherwise ripe for more residential development, constrict additional development in the most urban parts of the city.

- **Unused (and Practically Unusable) FAR in Historic Districts:** While these districts meet important community goals, they have substantial unused, and virtually unusable zoning capacity and cover a substantial portion of downtown, which dramatically decreases the actual amount of downtown development capacity.

- **Planned Unit Development Requirements:** Restrictive zoning standards effectively prevent the redevelopment of small sites, often requiring the use of the negotiated Planned Unit Development (PUD) process for approval, a process that is time consuming, costly, and has met with mixed results in terms of achieving quality projects.

- **Number of Zoning Districts:** Too many small zoning districts, with too many small sites, complicate developer’s use of land and the analysis of projects by City staff.

* Floor area ratio is a buildable volume measure of gross building square footage divided by the total square footage of lot area. Thus, a FAR of 100% would allow a one-story building to be built lot line to lot line or a two-story building to be built on one-half of the site.
Recommendations to Address Zoning Barriers

Recognizing these existing conditions, and also recognizing that there are few vacant sites on which to develop the projects necessary to reach the goals set forth by the Task Force, it becomes clear that permitting denser, taller projects on the available sites, and otherwise simplifying the zoning code to allow the redevelopment of other sites will be necessary. Furthermore, the zoning ordinance must be modified to allow more development flexibility in the downtown and near downtown areas and an end to the favoritism afforded to commercial over residential development wherever possible.

1. Zoning Code Amendments - With the general caveats that existing historic districts should retain their existing zoning designations, and that that zoning changes and development must be undertaken carefully to reaffirm the Downtown Plan goals of protecting the near-downtown neighborhoods and recognizing the transition in intensity, building scale and height on neighborhood edges, the Task Force recommends some change to almost every existing zoning district within the near downtown area.

In general, it is the intent of the Task Force recommendations to allow for substantially greater height and density in downtown area(s), and to eliminate all obsolete “suburban style” zonings in near downtown areas, allowing these areas to develop in a more urban “downtown” manner.

Specific recommendations are described in Appendix A of this report and illustrated in the 3-D modeling described in Appendix B. A summary of the recommended zoning modifications include the following:

a) Encouraging the redevelopment of vacant public (City, County or State-owned) and private parcels downtown into a series of residential “point towers” with relatively small floor plates (i.e., 90x90 square foot maximum floor plates; approximately 8,100 square feet total) in heights of 8 to 12 stories with a possible increase to 15 stories IF certain community goals are met.

b) Generally increasing the total allowed height of buildings throughout the downtown area.

c) Extending the current downtown zoning district standards to the South University business district and to near downtown neighborhoods north and east of downtown, generally to allow 4 to 6 story buildings.

d) Modifying existing premiums, in some cases, to allow for easier development of residential units in existing buildings.
2. **Additional Staff Resources** - The Task Force proposes that the Downtown Development Authority (DDA) fund a City of Ann Arbor planning position for the next twelve months following the presentation of these recommendations to review and modify the zoning code of the City of Ann Arbor to reflect these recommendations.

3. ** Redevelop City-owned Sites** - The Task Force recommends that City-owned parcels be redeveloped to further the goals of this report.

## D. Downtown Livability Barriers

Downtown living can provide a home within close proximity to social, cultural, education and employment needs. For residents who prefer to be within walking distance to their daily destinations and activities, some perceive this as a special convenience. Nevertheless, not all individuals feel that downtown, especially in the center of downtown (i.e., Main and Liberty Streets), is an ideal place to live. While the near-downtown neighborhoods reap the benefits of downtown living, they will not accommodate the majority of new downtown residential growth. Most of the growth is expected to be concentrated near the downtown core (i.e., Main, Liberty, Fifth, Division, etc.). The following concerns were raised regarding downtown livability, especially for new residential units near the center of the City:

- Residential units would be smaller than comparably priced units elsewhere in the city or surrounding townships
- Units may not be affordable to everyone due to high construction costs
- Not enough convenience services, such as a grocery, clothing and hardware stores
- Less outdoor space per unit; no individual backyards
- Environment is noisy, due to the location of police and fire stations and the late hours of businesses
- Perception that downtowns have higher crime rates and less security than other neighborhoods
- Not an ideal place to raise a family
- Parking may be problem, especially for those who work outside of the City and need a car.

**Recommendation Addressing Barriers to Downtown Livability**

Due to the above barriers, there may be a limited pool of potential new residents who wish to live downtown. The Task Force recommends that if additional residents are to be encouraged to live downtown, consideration be given to the elements that support residential life downtown. These elements are as follows:

- **Open Space/Parks** - downtown residents have increased needs for such amenities as open space. Some of this space can be urban landscapes (e.g., Dean Promenade on Main Street, Sculpture Plaza, Liberty Plaza Park), or
green softscapes (UM Diag is in the center of downtown, Wheeler Park and West Park are on the edges of downtown). Residents should be surveyed to determine where additional space may be needed to make downtown more livable.

- **Parking** - the Task Force feels that the growth contemplated by this report requires careful planning to expand traffic and parking capacity and supports the pursuit of future traffic studies to identify traffic congestion problems and to propose solutions.

The Task Force also supports a variety of parking strategies, such as:

- Encouraging new developments to include on site parking when feasible
- Building additional publicly owned downtown decks
- Encouraging and supporting non-automobile transportation alternatives
- Encouraging and supporting non-downtown parking lots for both commuters and automobile storage
- Improving coordination of the City and the University parking programs
- Exploring the idea of providing discounted residential parking permits for residents who can demonstrate their willingness to vacate parking spaces by 8am (this may allow us to forestall the construction of additional public structures while at that same time provide an incentive for downtown residents)
- Increasing DDA grants for private underground parking structures, particularly if it can be demonstrated that this may lead to project designs that are more pedestrian friendly.

- **Social Gathering Space** - downtown residential units tend to be smaller than many detached single-family homes. We should encourage projects to incorporate opportunities for socializing within the building, as well as the creation of public and private venues in the downtown for weddings, meetings, and gatherings.

- **Safety and Security** – work with the City police department to ensure that a safe environment can be maintained with an increase in downtown population; implement the recommendations of the Central Area Plan relating to safety and security.

- **Support Retail Services** – encourage mixed-use residential buildings that accommodate support retail services for residents on the ground-level floor of the building.

- **Other Initiatives** - support should be found for such initiatives as the Citizens Advisory Council Downtown Residents Handbook, as it provides much needed information that is specifically directed to downtown residents.
APPENDIX A: Downtown Task Force Specific Zoning Recommendations

1. Modifications to Existing Zoning Districts

With the goal of creating greater opportunities for downtown residential development, the Task Force recommends the following specific changes to the City of Ann Arbor Zoning Ordinance (Chapter 55):

- C2A our “main street” business zoning, would not change within the historic districts only (see new C2T districts referenced below for other areas), except that residential premiums would be available for additional FAR without having residential use in the “by right” (non-premium) FAR.
- C2A/R district would receive the same premium revision treatment as C2A.
- C2B, our “suburban” business zoning, would be eliminated in all cases with the newly modified C2A designation.
- C2B/R would be eliminated and replaced with C2A/R.
- C1A, our “campus” business zoning, would be eliminated and replaced in all cases with the newly modified C2A designation.
- C1A/R would be eliminated and replaced with C2A/R.
- R2A, our two family dwelling district, would not change. This district is located throughout the City.
- R4C and R4D, our multiple family dwelling districts, would not change. These districts are located throughout the City.
- M1 and M1A, our “industrial” districts, would be reviewed for any possible changes to use, setback, or other requirements. These districts are located throughout the City.
- The issue of accessory dwelling units would be revisited with a revised ordinance to focus on the DDA district and an area roughly ¼ mile outside the DDA district. (Note: the Housing Policy Board also has recommended a further exploration of accessory apartments.)

2. Proposed New Zoning Districts

In addition to the above referenced modifications to the existing zoning districts, the Task Force recommends the introduction of two additional zoning districts, to be designated C2T1 and C2T2, which would overlay the bulk of the downtown area, ending on the north ½ block north of Huron Street, on the south ½ block south of William, on the east at Thayer Street, and to the west at First Street:

- C2T1 would run along Huron Street west of Division, and would allow for the introduction of buildings of up to 12 stories in height on the north side, 8 stories on the south side with zero-foot front setbacks, and 8 stories with 20-foot front setbacks on both north and south sides east of Division.
• C2T2 would encompass the remaining area within the four referenced boundaries (excluding the historic districts as outlined above) and would allow for the introduction of buildings of up to 8 stories in height throughout the overlay area and for the introduction of point towers of 8 to 12 stories (with 15 stories allowed in cases where certain community goals are met) at specific large vacant parcels.

To fully leverage the existing public-owned sites that might be made available for private development or a public/private venture, the following are recommended:

• If released from public ownership, parcels currently zoned PL (public land) should be converted to the overlay district designation C2T1 (if in the overlay area east of Main Street), C2T2 (if in the overlay area west of Main Street), or to the designation of the district in which it falls (if outside the overlay area).

• If released from public ownership, parcels currently zoned P (parking) should be converted to C2T1 (if in the overlay area east of Main Street), C2T2 (if in the overlay area west of Main Street), or to the designation of the district in which it falls (if outside the overlay area). (Note: Some existing surface parking lots zoned “P” are privately owned.)

Except for the allowable heights, these two “overlay” zonings would be subject to the use guidelines of the underlying zoning districts, in addition to a set of basic urban design standards and a transfer of development rights procedure to encourage the buildings to meet various community goals and discourage overly dense concentration of tall buildings in any one area.

Urban design guidelines for the proposed C2T1 and C2T2 districts might include such provisions as:

- Uniform eave heights before a required setback.
- Minimum distances between tall buildings (or the tall portion of buildings).
- Building setbacks at grade along certain corridors.
- Building entrances facing the street, and multiple entrances in larger buildings.
- Maximum transparency and/or activity at the first floor.
- Specific building height restrictions; the 12 story buildings referenced above should be no more than 160 feet to the top of the parapet or occupied penthouse roofline, and the occasional 15 story building should be no more than 200 feet to the top of the parapet or occupied penthouse roofline.
3. **Height Premiums**

Currently, the City allows floor area premiums in certain downtown zoning districts for the inclusion of residential units or pedestrian amenities. It would be the intent of the Task Force to expand the list of project amenities that could qualify a building for additional height or floor area. Suggestions for qualifying project amenities include:

- Affordable housing
- Exemplary architectural design and detailing
- Underground parking in parking exempt zones
- Open space for public and semi-private use
- Green roofs / roof gardens
APPENDIX B: Summary of 3D Modeling

The Task Force had the opportunity to view over 100 different 3D models of the DDA and other nearby regions. Because the models are three dimensional, they really cannot be captured in a two dimensional document. The figure below is included here simply to offer a picture of the style of model used: a structural model devoid of building textures or other detail. It offers the reader of this document, familiar with the existing downtown, a chance to view a 3D model in 2D and make some sense of it. Three-dimensional models of proposed realities are best viewed as three-dimensional files. A link to a site including all 3D and animated materials available to the Task Force is included: http://www.arlinghaus.net/ddaheight/ To fly through the various models, the reader will need to download Cortona, a free download and easy to install, in the browser prior to going to the site above. Click on the next link to download Cortona: Cortona download.

The idea is simply to have models that allow the viewer to create a virtual downtown with buildings of heights determined by underlying zoning premises and other constraints. An increase in residential is an increase in density; when the increase in density occurs in a heavily built up area, that increase means extra height. Thus, a variety of models were built in virtual reality for the Task Force to consider.

Some of the basic constraints in creating new virtual buildings were:
• Topographic constraints
  ➢ A Triangulated Irregular Network (TIN) was created using the City GIS contour files with a 5-foot contour interval. TINs are standard topographic guidance systems dating as such from the time of the Persian Gulf War.
  ➢ The TIN does not show up in most models; buildings are extruded from maps using a transparent TIN in the background so as not to clutter the model and so as to reduce model load time.
  ➢ The presence of the TIN suggests that hydrological modeling within the entire creekshed might be a natural follow-up as might wind models that draw on parallelism with hydro models.

• Lighting issues
  ➢ Sun position: a point lighting source for the buildings in the model. The intensity of light changes with time of year.
  ➢ The sun was set at noon height.
  ➢ The sun was set at 42.28 degrees above the horizon, the latitude of AA and therefore the height of the sun in the sky on the equinoxes.
  ➢ Other lighting considerations, such as reflected light from buildings, and other multiple point lighting problems were not considered in this general model. Issues involving shadows from new buildings were also not modeled here, but left to the more detailed modeling that will accompany this model. A general idea of shadow effect can be estimated by looking at the aerials of downtown that show shadows of existing buildings. These are present on the website URL given above.

• Parcel restrictions
  ➢ No new buildings on current Historic District parcels
  ➢ No new buildings on the Allen Creek floodway
  ➢ No new buildings on parcels whose centroid was contained in the Allen Creek floodplain
  ➢ No new buildings on parcels currently designated as Public Lands in the present zoning map (GIS files obtained from University of Michigan and included with City GIS maps)
  ➢ No new buildings on parcels currently housing churches or other places of worship (data from Phone Book geocoded against City GIS maps).

Some of the many models that were built responded to commentary from the Task Force: the decisions they made helped to guide the models that were built.

Models were built based on:
• Alteration of zoning conditions:
  ➢ Complete buildout using only FAR, from lot line to lot line as well as from existing building footprints.
  ➢ Partial buildouts using only FAR, from lot line to lot line as well as from existing building footprints
  ➢ Complete buildout using a new zoning map suggested by Task Force members
  ➢ Partial buildouts using a new zoning map suggested by Task Force members
  ➢ Complete buildout focusing on point towers and other scenes suggested by Task Force members
  ➢ Partial buildouts focusing on point towers and other scenes suggested by Task Force members
Environmental conditions: mixing the above with images of the Allen Creek floodway or floodplain. Models built with a variety of sun positions, some with floodway/floodplain showing, some not.

Variation of height: many models were considered with point towers at various heights, buildings on Huron Street at various heights, sometimes with height adjusted to account for sun position.

- New buildings on North Main—various models with various heights and setbacks.
- Use of upper story setbacks in many models.

Alteration of territory considered

- Models were viewed both with and without University of Michigan buildings.
- Models were viewed that dealt only with the downtown core; others dealt with the full DDA region; still others considered parcels beyond the DDA region.

Some other technical issues

- Building footprints were digitized from aerials provided by the City.
- Extrusion of buildings was in units of feet; to convert to stories, to be consistent, a height of 12.5 feet per story was used.
- Excel files of the new attribute tables were created and information about square footage shared on the website above; associated Excel files were also made available for download.
- Commentary from the public hearing was audio recorded and saved as a .wav file on a CD given to the DDA, for purposes of model cross-checking with input from that source.
- University building heights are exaggerated because building heights begin at grade level. Thus, underground layers are counted above ground, so that the underground stacks in the old Graduate Library appear above ground and make that building appear taller than it actually is.

A set of vantage points was programmed into the browser so that the human viewer could have a consistent set of views from one VR model to the other. That action also allowed for the capture of simultaneous slices of different VR models to create single animated scenes showing superimposition of changes with gradual transitions, fade in/fade out, from one scene to the next. Thus, Task Force members had the opportunity to cut across the models from various directions: to fly around within a single model or to view a stack of images from a variety of models. Comparisons were therefore possible in all directions.

Three-dimensional models are a useful platform for considering the big picture that changes in increased opportunity might have on the downtown skyline, the perception of height, and the view of the city from different vantage points. Beyond that, they also served as catalysts to spark discussion on a variety of issues: with increased capability to visualize systematically what previously could only be imagined, the minds of leaders were left free to focus on various topics, ranging from the cultural, to the historical, to the management of infrastructure, as well as a host of others. The reader of this document wishing to have a fuller appreciation of the 3D material, its limits and opportunities, must take the plunge for him/her self into the wild world of virtual reality given on the link above.
APPENDIX C: Community Workshop Survey

Feedback Form
Downtown Residential Task Force Presentation - April 27, 2004

A number of ideas will be presented this evening, and we welcome your feedback to help strengthen the content of our final report to City Council. After completing these questions, please feel free to hand this sheet to a member of the Taskforce, or fax it to 734/997-1491. Many thanks for your help!

1. Do you support adding residential units in the downtown area? Please explain why or why not.

2. What number should we aim for as our goal for new residential units?

3. Policy and administrative changes may be needed to achieve this goal. Would you support any of the following ideas:
   a. Eliminate the parks contribution for downtown residential projects
   b. Develop community-wide funding mechanisms for affordable housing
   c. Develop large storm water capture sites on public property to relieve developers of this burden
   d. Provide downtown developer grants equal to their cost for sidewalk and parking meter bag fees if construction is completed expeditiously
   e. Standardize the time allowed for site plan and building permit review
   f. Have the Building Department distribute a customer service survey card
   g. Produce an annual report on new construction and the taxes it generates
   h. Modify existing downtown zoning (with the exception of Historic Districts) to accommodate greater residential development, including eliminating C2B and C2B/R
   i. Change zoning to allow accessory dwelling units within the DDA District and a 1/4 mile radius of the District
   j. Create an overlay zoning district to allow for buildings up to 12 stories in height that follow a set of basic urban design standards
   k. Are there other ideas we should consider that would help overcome barriers to downtown residential development?

4. Philosophically speaking, in order to increase overall downtown density, which general direction would you favor?
   a. Encouraging higher density generally throughout the downtown
   b. Allowing a few very tall buildings scattered throughout downtown

Why?

Your Name (optional)
## APPENDIX D: Community Workshop Survey Summary

### Downtown Residential Taskforce Community Workshop
**Tuesday, April 27, 2004**

**Questionnaire Responses**

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<td>b) affordable housing funding change</td>
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**Do you support adding residential units to the downtown area:**

- **Yes** 32
- **No** 0

"yes, but be careful" was the most common answer
Downtown Residential Task Force

Report on
Recommendations Addressing
Barriers to Downtown Residential Development

MAPS
MAP A: Downtown Study Area
MAP B: Downtown Zoning
MAP C: Downtown Vacant and Surface Parking Parcels