

## **MAY 5, 2009 PLANNING COMMISSION MINUTES**

(a) Action on Near North PUD Zoning District and PUD Site Plan, 1.19 acres, 626-724 North Main Street. A request to rezone this site from O (Office District) to PUD (Planned Unit Development District) and a proposal to construct a 39-unit (39 bedrooms total), four-story apartment building with 2,621 square feet of commercial space attached to the building, with a total of 42 parking spaces (37 parking spaces will be below the building), and to demolish five of eight existing single-family homes and to renovate the three remaining homes for commercial uses (continued from 4/21/09 meeting) – Staff Recommendation: Denial

Bona noted that this item was being continued from the April 21, 2009 meeting, and that the public hearing had been held and closed at that time.

**Moved by Carlberg, seconded by Potts, that the Ann Arbor City Planning Commission hereby recommends that the Mayor and City Council approve the Near North PUD Zoning District and Supplemental Regulations, and PUD Site Plan and Development Agreement, subject to the petitioner obtaining the required floodplain permit from the Michigan Department of Environmental Quality (MDEQ) and subject to eight footing drain disconnections.**

Carlberg asked the petitioner about the three houses planned to be kept on the site. She said these houses were some of the oldest and had been in terrible condition for years. She questioned why they were being kept, given their location in the floodway and poor condition. She believed it would be a significant benefit to the City if they were removed.

Bill Godfrey, of The Three Oaks Group, replied that the plan at this time was to convert these homes to office space. He said that in neighborhood meetings, preserving structures was listed as an important goal. He said he intended to work with the City to apply for FEMA grants that would help defray the cost of removing structures from the floodway. He was leaving the door open to removing the buildings, and wanted to sell the buildings to the City so they could be removed, but he said that some neighbors supported preserving them.

Carlberg asked whether the petitioner would put in writing that the houses would be removed if FEMA monies could be secured.

Godfrey replied that he had put this in his Planned Unit Development (PUD) proposal, but that staff had asked him to remove it, as it was too conditional. He believed the structures still had value, but if the City could help secure money through grants, he would remove the buildings.

Carlberg asked if the City's vision was to create a greenway.

Godfrey replied that a greenway was his vision, which was why he was moving the market to its new location within the project. He said he was also meeting with the City to discuss the removal of three more houses on Summit Street to create an Allen Creek Greenway of nearly two-thirds of an acre. He believed it would be a substantial improvement to create a neighborhood market and a new park. Carlberg asked if the three houses on Summit Street were being removed regardless of the PUD.

Godfrey replied that he was meeting on Thursday with Jerry Hancock about FEMA's Floodway Disaster Program grants. He said this was a great opportunity, and that he was working with the property owners.

Carlberg asked whether conversations had been held with Parks staff.

Godfrey replied that he believed the response from Parks was favorable. He believed the Greenbelt Millage was a good way to fund this type of project, but he had been told that Greenbelt funds were earmarked for other projects. He believed this site could provide a key linkage in the Allen Creek Vision

of greenway all the way to the river. He said that the Park Advisory Commission (PAC) had other priorities at this time, but that he would keep looking for other sources of money. He said the reason this vision had not been publicized is that a lot of other pieces had to fall into place first. He said his vision was holistic, but that the steps to achieving it were compartmentalized.

Derezinski said it sounded like a matter of timing. He believed the salient piece was the creation of affordable housing, but he was not sure this benefit was balanced out by the substantial changes being proposed in the area, such as height, setbacks, and massing. He questioned whether the PUD benefit was met by 39 units of affordable housing. He said he had heard mention of the other things the petitioner spoke of, like a greenway, but noted that they were not part of this proposal. He said he would feel better about this PUD if those other benefits were involved, but he was afraid of being duped if the other components never materialized.

Godfrey commented that he would love to do those other things, and that if PAC had said yes, then he would be having a different conversation with the Commission. He did not want to make promises without funding, stating that if PAC and private donors came up with funds, then he would be able to remove the homes and create the greenway.

Potts believed this was a difficult process and project to deal with. She supported Avalon, on one hand, but on the other hand was a proposal that had detrimental impacts on the neighborhood. She said it was ironic that the houses to be saved were the ones that should be removed. She said during the petitioner's last proposal, the Commission was told that these three houses were too damaged and too contaminated to be saved. She was disappointed that viable houses up the street were to be demolished. She was unsure whether demolition would be an asset to the neighborhood, and now she was hearing that further demolition on Summit Street was planned. She did believe that anything to enhance the floodplain was a benefit. She said she could see why the neighborhood was concerned, noting that the proposal was very different from what was there now. She was afraid once you start whittling away at the edge of a neighborhood, then the next street becomes the edge, and so on. She said she had no questions of staff, because the staff report was quite thorough. She took staff's comments very seriously.

Pratt said this was a difficult decision for the Commission. He was appreciative of all the information from neighbors and the petitioner. He said the character of the neighborhood was an issue for him, and that the same project on the other side of Main Street would be less difficult to support. He noted that all eight PUD approval standards needed to be satisfied, and that he had struggled with two in particular: B and D. He questioned whether the beneficial effects of this project, LEED certification and affordable housing, could not be achieved under any other zoning classification, although he noted that he had not seen a proposal of this critical mass in his time on the Commission. He noted that everyone claims that affordable housing is important, but struggle to find space for it. He was concerned that the proposed use of this area did not match what was laid out in the Master Plan, noting that density was greater than what was envisioned. He believed that affordable housing was a benefit, but whether the project was a benefit to the surrounding properties was a gray area. He agreed with Commissioner Carlberg that dealing with the floodway issue would be even more beneficial. He finished by stating that Fourth and Main were very different streets, and that he struggled most with (1) did the project meet PUD standards and (2) was it up to snuff in these other areas.

Mahler asked the petitioner if, in his PUD analysis, he was suggesting that it was okay to put multiple-family where there was currently single-family housing, because the City had it backwards.

Godfrey replied that the Future Land Use Map showed most of that area as multiple-family in the Central Area Plan (CAP). He noted that the CAP was a guiding, not binding, document, but that they had taken their guidance from the Future Land Use Map. He said he was surprised by this finding.

Mahler said another issue for him was scale. He asked the petitioner how he arrived at 39 units as the break-even or target number. He asked if smaller projects were considered, and how the petitioner responded to the public when they asked for smaller scale projects.

Godfrey replied that the project had been reduced in size from 67 units to 48, and eventually to 39.

Mike Appel, of Avalon Housing, said the proposal was really 38 units, and that the 39<sup>th</sup> unit was comprised of storage and common space. In response to the question, he said that achieving scale or efficiency was critical for the types of funder who fund affordable housing. He said there was no magic number, but he said that whenever Avalon has taken a proposal from Ann Arbor to Lansing, they look at the cost per unit and laugh. He said the expectation from funders ran reverse to the question being asked. Whereas the Commission asks how small a project could be, he said funders want to know how large the project could be. He believed that 39 units was a reasonable size.

Mahler asked again where the number of 38 or 39 units came from.

Appel replied that it was a function of design so as not to end up with a big box. He said that he continued to work with investors to make sure that a 38-unit project would meet their needs. He said the smaller the project got, the harder it was to move through the process. He said it was not a matter of 38 units working and 37 units blowing up the project. Rather, he said it was a matter of having a project they felt was good.

Godfrey added that the directive given to the architects was to design three or four-story buildings, and that the number of units they ended up with was 39. He noted that previous plans were pulled back to include a courtyard. He said he had visited the Liberty Lofts, and that neighbors there felt their neighborhood was not negatively impacted by the development. He said his proposal was smaller than Liberty Lofts.

Mahler said he was heavily influenced by the Affordable Housing Needs Assessment from Washtenaw County, which projected an increase in high-income residents and a decrease in low-income residents in the downtown area in years to come. He said it was clear in 2007 that the demand for affordable housing in the county far exceeded even the recommendations in the study, and believed the City could not begin to plan for the projected need. He noted that PUD zoning was a tool to be used to achieve the goal of affordable housing. He believed the proposed site was one of the last places available to create affordable housing in downtown. He did not believe it would destroy the neighborhood, citing Liberty Lofts as a conceptual example of the effects. He noted the recently considered City Place project as informative, because in that case two superior PUDs were rejected, and the result was a by-rights site plan that no one liked.

He said that after visiting the proposed site, his main concern was the short setbacks and the building height facing the properties on Fourth Avenue. He respected the work Avalon does, and understood the growing need for public-private partnerships, but he asked the petitioner about the scale and whether there was a way to increase the rear setback. He also asked if there would be a resident manager.

Appel replied that there would not be a resident manager, but there would be a person responsible for clean up in common areas and light maintenance.

Mahler said he shared the same concerns as Commissioners Carlberg and Pratt. He was concerned about below grade parking.

Godfrey said the project was tucked down in a bowl. He said people facing the south portion of the building would look at the third floor, not the foundation.

Mahler replied that when looking at the sketch of the east elevation, it seemed that people would be looking at two to four stories. He believed they would lose whatever privacy they now have.

Damien Farrell, the project architect, replied that the difference in grade from the roof lines of the neighbors' properties to the proposed buildings was roughly nine feet. He said no balconies would face east toward the homes behind the project; rather, they would face south and north.

Sanders commented that the actual elevations of the houses and the proposed project were within 20 or 30 feet of each other.

Mahler said his other concern was the traffic pattern. He said it was unclear whether there was adequate and safe ingress and egress from the site, especially during rush hour.

Westphal concurred with most of what had been said, particularly the concerns about the project meeting PUD criteria. He believed staff did a thorough job and that the project's incompatibility came down to scale. He asked the petitioner if other designs were considered to maintain the rhythm of the streetscape or to preserve buildings.

Godfrey replied that after his team had tested design concepts for six years, and recently held three public meetings, this was the design they came up with. He said the consistent feedback they received was to conform to underlying zoning, but that put a lot of strain on doing affordable housing.

Appel replied that the neighborhood wanted something in the realm of 20,000 square feet with a row-house, multi-family look. He said that in his experience, Avalon could not make developments like these work as affordable housing. He said that if developers took parcels and applied by-rights designs, then meaningful affordable housing could not be created.

Woods believed this was a difficult project. She said no one doubted the need for affordable housing, yet this seemed to be the right building in the wrong location. She did not see the overwhelming public good that would come of it, and she said she highly regarded staff's input. She was not persuaded that the project should go forward, but understood Commissioner Mahler's concern that a future by-right project could be worse. She finished by saying she could not support the project in front of them this evening.

Bona said that in reviewing the standards in the PUD submittal, she saw green features were proposed but not articulated in the supplemental regulations. She also said she would like to see language in the supplemental regulations stating that no buildings would be in the floodway. By combining sites, she believed this was a great opportunity to remove buildings. She could not support a PUD that allowed office where the Master Plan said no offices should be. She said that the floodway was an issue for her, as well as the conflict between the proposal and the Master Plan. She was also concerned with traffic, and agreed that moving retail from the floodway was a good thing, but not if other retail or office replaced it. She also said that parking might also be an issue, stating that she supported no surface parking for the housing. She believed the underground parking was a huge benefit, though she would also support a few more surface parking spaces for the retail. She believed that the engineering went a long way to break down the sense of mass and large building feel, and she recommended that the petitioner provide a model if the PUD went before Council. She was very uncomfortable with the driveway on Main Street, and said that an easement on Summit Street would be much better. Her biggest concern was the houses remaining in the floodway. With regard to the size of the building and density, she noted that 23 units were permissible under R4C zoning, which could result in 138 bedrooms (6 per unit), and that 12 units (48 bedrooms) would be permissible under R2A. She said total bedrooms was more important to her than total units, and for this reason, she believed the 39 one-bedroom units proposed seemed like an appropriate number.

Carlberg noted that along the North Main Corridor, a person sees a little bit of everything, and that residents seem to get along just fine. She believed the proposed use was appropriate for the area, and that in the future, Main Street would be redeveloped for more mixed use. She believed the form of a parcel could be changed without negatively impacting a neighborhood. She believed that to remove buildings from a floodway required increasing density next to the floodway. She said that 39 bedrooms were about the same density as 20 units. She noted that in 20 years, it had been impossible to get developers to build affordable housing, and that now a proposal was on the table to build single bedroom affordable housing, with Avalon willing to manage the properties. She believed that affordable housing would provide a beneficial effect for the City, and that by building larger buildings on the site, efficiencies would be gained. She believed the building configuration would help to break up the size of the buildings,

and that single-family zoning was inappropriate for the area. She believed this was a better proposal for neighbors than the prior in terms of open space for residents and an interesting backyard for properties on Fourth Avenue. She wanted to support the project because of its uniqueness, the developer support, and the minimal change in grade compared to surrounding buildings.

Potts agreed with some aspects of what Commissioner Carlberg said. She agreed that the proposed architecture had done all it could to reduce the burden on neighbors. She also liked the one-bedroom units, noting the efficiencies and advantages they offered in attracting a great variety of people. She believed it was unfair that the neighbors' backyards, and not the development, seemed to serve as the buffer between the proposed buildings and the property lines. She finished by saying that aspects of the project were good, but she agreed with Commissioner Woods that it might be a case of the right building in the wrong spot.

Derezinski was very impressed by Commissioner Carlberg's devotion to the work done by the Commission. He agreed with much of what she had said, but did not believe the public benefit threshold had been met, and wished to see if more public benefit could be accomplished before putting the project to a vote. He was concerned with the scale of the project and the impact on the neighborhood. He was also impressed with staff's work, and noted that after much review, the recommendation was denial. He favored postponing the vote to see if some of the other matters, such as the greenway, might come to pass. He also hoped that some of the comments with regard to the neighborhood could be ameliorated.

Bona noted that she would like to add her previous request for additional clarification on the sizes and massing of the project to Commissioner Derezinski's request.

Woods said it would be helpful to know which houses on Summit Street were slated to be removed.

Godfrey replied that they were the homes at 110, 112, and 116 Summit Street. He said the owners were willing to sell if Greenway monies were available.

Woods asked if the bigger picture was to remove those three homes as well as the three on his site.

Godfrey confirmed this, stating that seven structures – the six houses and the current party store – were targeted. He noted that at least one representative from the Allen Creek Greenway was excited about the possibility. He said there was no shortage of enthusiasm, only money. He said Council had a two-third outside/one-third inside policy for Greenway funds, but that it was within the City's jurisdiction to allocate funds to create this vision. He was concerned that to wait for all financing to be in place would delay the construction of affordable housing.

Kowalski showed images of the floodway to the Commission.

**Moved by Derezinski, seconded by Pratt, to postpone action to the meeting of June 16.**

Mahler asked what benefit an additional five weeks would offer, noting that the petitioner might simply return to say that time and money were still issues.

Derezinski said that if a specific proposal, in writing, that the Greenway would be part of the project were added, he would be satisfied. He was looking for more public benefit, so that he would not have to vote against the project.

Pratt said he would be looking for the Secretary to prepare a summary of issues to be addressed. He did not believe the petitioner needed to take action on every point raised by Commission, but he was looking for some action and evidence of consideration on others.

Mahler opposed postponing the item to ask for more public benefit without asking the public to weigh in on what would be beneficial from their perspective.

Bona believed that the issues raised by the Commission were not that different from the issues raised by staff in the staff report.

Mahler believed the petitioner expected the Commission to say yes or no to his project, not to postpone.

Potts was unsure that postponement would change her concerns about the project.

A vote on the motion to postpone showed:

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| YEAS:   | Bona, Carlberg, Derezinski, Potts, Pratt, Westphal, Woods |
| NAYS:   | Mahler  |
| ABSENT: | Borum   |

**Motion carried.**