



PROPERTY ACCOUNTING SERVICES, INC.

Dear Planning Commissioner's

My name is Sean Havera, I am writing you today as a representative of both the South University Area Association as its President and as a representative of Property Accounting Services, Inc. a local property manager which represents a number of property owners in the downtown area.

First, let me thank the Commissioners and their consultants for their time and effort in putting forth the proposed amendments. While there are several areas that improve upon current zoning, there are specific area that we feel would be an impediment to future developments which add to the vitality of our community not to mention its tax base.

Specifically:

1. We support the increase in the required Front Setback to 5 feet as it allows property owners and developers to design innovative uses along the frontage of their property.
2. We support the Building Design Requirements, noted in letters b through f as they provide a clear definition on the design intent for 1st floor space.

However, we have significant concerns with the the Floor to Ceiling Height as presented. We agree that a 12ft minimum height should be adopted, and in fact has been implemented in numerous other municipalities. However, the proposed maximum height of 14 ft is detrimental to first class, first floor space development for several reasons.


- a. Today's commercial tenants demand high ceilings on the 1st floor as it provides maximum flexibility and branding of their space within a large open floor plan.
- b. In mid-rise and high rise buildings, a number of building systems such as plumbing, HVAC and structural components all converge in the ceiling of the first floor. As an example, at the Landmark Student housing site, the first floor ceiling height was approximately 20 ft. However after appropriate allowances for the building systems were made, the finished height of the ceiling was only 16 ft. By setting the maximum height of 14ft, the finished ceiling height could be as low as 10 ft which would not permit the openness which current commercial tenants desire. If setting a maximum ceiling height is something that absolutely must be considered, we would strongly suggest setting that limit at 20ft.

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3. We would encourage you to remove the requirement noted in Section 5.65, Section 1c. By permitting the use of multiple premium options to achieve additional floor area, it allows developers and property owners more flexibility in their design.
4. We would encourage the removal of the requirement to have a Pedestrian Amenity Provision for a number of reasons.
 - a. A significant number of parcels in Ann Arbor have front footages that range from 20 to 40 ft. Having this requirement apply to these small parcels, significantly impacts the design flexibility for developers and property owners. If this requirement remains, we would encourage that a minimum 85 foot lot frontage be required before the property is subject to this provision.
 - b. First floor leasable space commands the highest lease rate. This requirement removes this space from future projects thereby negatively impacting the financial viability of projects. Additionally, the removal of first floor commercial space also reduces the tax revenue by reducing the FAR of buildings.
 - c. Private property owners have legitimate concerns that mandating public spaces on private property will have a negative effect on commercial traffic while raising the possibility of increased costs to secure and maintain those public spaces. With the large homeless population in Ann Arbor, the concern is that these spaces will provide an area for the homeless to congregate, as has occurred in the Liberty Plaza space.
 - d. Additionally, developers already make sizable contribution to the “livability” of the city through the parks contribution required on new projects. This contribution should be earmarked to improve existing public downtown spaces in lieu of more “suburban” park locations within the City limits. With the high property taxes and the high cost of land within the city core, adding another perceived “cost” of doing business in Ann Arbor by mandating an additional level of public contribution only increases the rents which have to be charged in order to achieve financial viability for a development. A recurrent lament is that Ann Arbor is losing its “small town” nature as “mom and pop” operations go out of business. Unfortunately, the higher the costs associated with a project, the higher the rents that must be achieved which unfortunately local businesses are often not able to meet.
5. As currently structured, it is our considered opinion that many of the Tier 2 premium options will not be implemented by property owners or developers. While we certainly applaud the goals that these premiums are designed to



achieve, there must be a more balanced, cost to reward ratio. As an example, as currently proposed, the Workforce Housing Premium in Tier 2, designed to provide more affordable housing in the downtown area, will in fact have the opposite effect. The costs of applying this requirement to the entire building would, in our opinion, make it highly unlikely that a property owner would apply for this premium. Effectively, as written, the developer would be required to reduce the revenue on 10% of the rental area to provide Work Force Housing. Unfortunately, the costs of building or maintaining that space does not likewise decrease. If the City truly wants to increase housing for this segment of its population, then we would strongly suggest that this requirement be amended to require that the 10% Work Force Housing only be applied to the additional FAR above the 550%.

6. We find that the definition for determining parking for Residential use is very confusing. The original language of 1 space per 1,000SF above 400% FAR is much more intuitive to understand and implement and therefore we recommend that it remain as currently written.

In conclusion, while these changes provide for a number of improvements, the implementation of a maximum first floor height, Pedestrian Amenity Requirement, and Tier 2 premium will most likely result in less density in the downtown area as well as significantly limit the design ability of property owners and developers.

Sincerely,



Sean T. Havera
South University Area Association, President
Property Accounting Services, Inc., VP of Construction