

April 26, 2013

Wendy Rampson and Jeff Kahan
City of Ann Arbor Planning Services
301 E. Huron Street
Ann Arbor, MI 48104

re: South State Street Corridor Study

Dear Wendy and Jeff:

I am writing as an architect living and working in Ann Arbor, as well as on behalf of our Ann Arbor-based client, McKinley, in support of the recommendations in the draft version of the South State Street Corridor Study.

McKinley owns and manages three adjoining and interconnected properties in the study area, located at 2221, 2233, and 2245 South State Street. These three parcels comprise most of what the Study calls "Site 1- D," which is recommended for a change to O (Office) zoning. The two properties immediately adjoining State Street (2221 and 2245) comprise McKinley Executive Centre (MEC), which is an office building with adjoining on-site parking. The third parcel, at 2233 South State Street, is located to the east of the other two, with access from the main drive for MEC; it also has an easement near the east end for ingress/egress to Boardwalk. This third parcel, comprising about 4.47 acres and currently zoned M-1, is vacant and must be one of the larger undeveloped parcels in the Study area and especially in Study Area 1 north of Eisenhower.

Although the Study area contains some long-standing light industrial uses, the M-1 zoning seems to be present well in excess of market demand, with most light industrial development moving to less expensive and larger parcels outside the city limits. As a result, most new development has taken advantage of the reference to principal uses in the O (Office) district to construct office buildings.

We agree with the Study that the exclusion of residential uses in M-1 zoning is unfortunate for this area, where additional residential development could easily fit in with and support the various university, office, industrial, and retail uses. The proposal to change portions of the M-1 zoning area, including the McKinley-owned and managed vacant parcel discussed above, to O (Office) zoning which allows residential seems appropriate. In fact, McKinley would be very interested in bringing their multi-family development and management expertise to bear on such a residential development on the vacant site.

We also agree with the Study's frequent references (14 by my count) to affordability as an important component of residential development. Cornerstone Design has been a long-standing supporter and partner with Avalon Housing in their efforts to meet the needs of very low income residents, but there

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is also a significant need for workforce housing that takes advantage of private side partnerships. We would encourage the Study to consider policies that would flexibly integrate affordability into the Study area, perhaps through options to provide workforce housing offered by the LIHTC program for example. The Low Income Housing Tax Credit (LIHTC - Section 42) is designed to create affordable housing investments. It was created under the Tax Reform Act of 1986 (http://en.wikipedia.org/wiki/Tax_Reform_Act_of_1986) that gives incentives for the utilization of private equity in the development of affordable housing (http://en.wikipedia.org/wiki/Affordable_housing) aimed at low-income (<http://en.wikipedia.org/wiki/Low-income>) Americans. LIHTC accounts for the majority - approximately 90 percent - of all affordable rental housing created in the United States today. The advantage of this program is that the investment will be driven by private side capital that has a very high likelihood of actually bringing affordable inventory on line, something we believe is much needed in Ann Arbor and Washtenaw County. McKinley and its partners have the financial resources and expertise to make this type of development a reality. The remaining undeveloped parcels in the Study area are unique enough locations, and modest enough in size (limiting their site layout potential), that forcing a single development model onto all of them is unlikely to produce a desirable result.

Thank you very much for your considerations of our comments, and for your efforts on behalf of the City to support much-needed improvements in this highly visible corridor.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Esau', written in a cursive style.

David Esau, AIA

cc: Albert Berriz, Ken Polsinelli & Tom Gritter, McKinley