

PLANNING AND DEVELOPMENT SERVICES STAFF REPORT

For Planning Commission Meeting of March 21, 2023

**SUBJECT: 721 South Forest PUD Rezoning and Site Plan
(721 South Forest)
Project No. SP22-2013**

PROPOSED CITY PLANNING COMMISSION MOTION

The Ann Arbor City Planning Commission recommends that the Mayor and City Council approve the 721 South Forest Planned Unit Development (PUD) Zoning District and Supplemental Regulations.

PROPOSED CITY PLANNING COMMISSION MOTION

The Ann Arbor City Planning Commission hereby recommends that the Mayor and City Council approve 721 South Forest PUD Site Plan and Development Agreement.

STAFF RECOMMENDATION:

Staff recommends that the PUD Zoning District be **denied** because it is not consistent with the Comprehensive Plan Land Use Element and does not demonstrate how it would be advantageous to the City.

Staff recommends that the 721 South Forest Site Plan be **denied** because the site plan would not be consistent with the current zoning district.

LOCATION:

The site is located on the east side of South Forest near the intersection of Hill Street. The site contains one existing five story apartment building containing 50 units and 76 surface parking spaces. The existing building and all associated site improvements will be removed.

PROJECT SITE PLAN SUMMARY:

The project site plan proposes a 12 story, 166-foot-tall structure containing 228 residential units and 733 bedrooms. The units provided will be a mix of studio, one through six bedrooms. The building proposes a rooftop pool and amenity area for residents. There will be 98 vehicle parking spaces provided, 8 will be accessed directly from the service drive at ground level and the remainder will be structured below grade and toward the rear of the building. Included in the parking count, there will be two EV-Charging stations installed in the surface spaces and 24 installed in the parking garage. No parking will be visible from Forest. There will be two curb

cuts on Forest to access a pickup/drop off area off the street and provide access to the parking spaces and parking structure to the rear of the parcel.

The ground floor will contain residential amenities and an enclosed bicycle room for 62 bicycles, there will also be two electric bicycle charging stations. An additional 135 bicycle parking spaces will be provided in an enclosed area in the lower-level parking garage. The petitioner has also requested the ability to provide a maximum 5,000 square feet of retail space for a small coffee shop or retail area on the ground floor. While not shown on the plans, this permitted use has been added to the PUD Supplemental Regulations so it can be constructed in the future.

In order to help achieve sustainability goals in the City, the project is proposing an all-electric building with no natural gas hook-ups with the exception of a back-up emergency generator. The project includes solar panel installation and according to the petitioner, the solar panels are projected to produce 3% of the project's total energy consumption. The building will achieve LEED Silver designation and some key tenants of Passive House principles such as double the average of continuous insulation and utilizing building panels for a thermal bridge free construction. More details on the sustainability of the project are included in the attached supplement from the petitioner and PUD text below.

Building materials are composed primarily of face brick, masonry and painted metal panels and a STO Panel, which is a type of Exterior Finishing insulation system. Painted metal will be used for railings and canopies.

REZONING PETITION

Changes to the text or map of the Unified Development Code (Chapter 55 of the Ann Arbor City Code) may be made pursuant to Sections 5.29.9 and 5.29.10. To assist the Planning Commission and City Council with their decision, applicants provide a petition with justifications in support of the request. The petition addresses:

- The current zoning and history of the site.
- The objective, purpose, and beneficial effect of the PUD for the city.
- Why this beneficial effect cannot be achieved under any other zoning.
- Why the uses proposed will not have a detrimental effect on public utilities and surrounding properties.
- How the proposed PUD is consistent with the Master Plan Land Use Element recommendation.
- Vehicular and pedestrian circulation.
- Disturbances to natural or historical features and why this disturbance is necessary.
- Proposed modifications to the City Code.

As condensed into the Supplemental Regulations, the PUD zoning petition says the district provides:

- Affordable Housing. To address the City's desire to increase affordable housing options available within the City, the Owner will make a monetary contribution in the amount of Four Million Seven Hundred Thousand Dollars (\$4,700,000.00) to the City's affordable housing fund in support of homeless support services and affordable housing initiatives, thereby providing a significant benefit to the City.

- Accessible Units. Two percent (2%) of the Project's apartments will be "ANSI Type A" units designed to meet accessibility. The remaining units will be "ANSI Type B," following Fair Housing Accessibility Guidelines and ANSI.
- Support of Homeless Households. In addition to the contribution to the City's affordable housing fund, the Project will make a contribution of \$50,000 to the Ann Arbor Housing Development Corporation 501c(3) to be used for sustainability upgrades to existing or proposed AAHDC properties located in the Central Area.
- Carbon Neutrality-A2 Zero.
 - LEED Standards. Development of the Project will contribute to the City's goal of achieving carbon neutrality (A2Zero). The structure to be located on the Property will be constructed and developed in accordance with LEED Silver standards.
 - 100% Renewable Energy Certificates Offsets. The project includes the purchase of Renewable Energy Certificates representing green energy for 100% of the building's energy consumption for 10 Years.
 - Thermal Bridge Free Exterior. Key tenants of passive house principles are continuous insulation and thermal bridge free construction. This Project utilizes a STO (or equal) thermal bridge free exterior insulation and finish system. Integration of this system will double the average code required insulation on the façade from R7.5 to R15 where used, improving the thermal performance of the building and reducing energy usage for heating and cooling.
 - Integrated Solar Power. The Project integrates solar panels into the building at the roof level with 100kW of photovoltaic panels, further reducing the Project's carbon footprint and energy use from off-site sources, reducing the environmental and economic harms associated with fossil fuel energy within the community, and supporting A2Zero.
 - Electric Vehicle Charging Infrastructure. The Project will include twenty-six (26) EV-i (installed) charging stalls, which is double the requirement under Ann Arbor City Code. Twenty-four (24) EV-i stalls will be located in the parking structure and two (2) EV-i stalls will be located at the ground level surface parking. The remaining spaces for the Project will be EV-C (capable).
 - Electric Building. Directly supporting A2Zero to promote home and business electrification, the Project is committed to being "all-electric" with no Natural Gas connection except the natural gas line connection for the purpose of serving on-site emergency generators/back-up.
- Density; Reducing Urban Sprawl; Reduced Vehicular Travel. The Project will continue high-density residential development in areas appropriate for such use within the City in order to increase housing options.
- Housing Diversity. The Project provides more student focused housing proximate to the University of Michigan campus and reduces the pressure for student housing in neighborhoods that have historically been single family occupied homes, also contributing to A2Zero.

The petitioner seeks to rezone this 1.21-acre parcel from R4C (Multiple-Family District) to PUD (Planned Unit Development District). PUD Supplemental Regulations will allow the development of a 168-foot-high residential building containing 228 residential units, parking garage and a maximum of 5,000 sq ft of retail. The entire site will have a maximum Floor Area Ratio (FAR) of 650%, for reference the site plan illustrates 649% FAR.

Affordable housing is required as part of any residential PUD petition that includes housing density above what is permitted under the existing zoning. The formula for the required amount is listed in Chapter 55 (Unified Development Code). The current petitioner exceeds the base density by over 25%, which requires a minimum of 15% of the total units be dedicated as affordable or a contribution in lieu of units. The petitioner has elected to provide the payment in lieu of units consistent with the formula adopted by City Council resolution. The final amount is currently projected at \$4,601,318. The petitioner is choosing to provide \$4,700,000 as an affordable housing contribution in lieu.

This development is proposed to be built in one phase at an approximate cost of \$40 million.

SITE PLAN DATA ANALYSIS:

	EXISTING (R4C REQUIRED)	PUD PROPOSED
Zoning District	R4C (Multiple-Family)	PUD (Planned Unit Development)
Lot Area	1.21 acres (52,529 sq ft) (8,500 sq ft MIN req)	1.21 acres (52,529 sq ft)
Density	24 units/acre (20 units/acre MAX)	187 units/acre
Setback: Front (West)	41 ft (25 ft MIN)	30 ft
Setback: Side (North)	33 ft (12 ft MIN)	10.4 ft
Setback: Side (South)	51 ft (12 ft MIN)	10.4 ft
Setback: Rear (East)	135 ft (30 ft MIN)	17.8 ft
Height	50 ft (30 ft MAX)	166 ft MAX
Floor Area Ratio	101% (N/A)	649%
Land Uses	Residential	Residential
Vehicle Parking	76 spaces (no min required parking)	98 spaces total: 8 spaces surface, garage – 90 spaces, including 26 EV ready spaces
Bicycle Parking	20 Class C (10 spaces), 50% Class A spaces, 50% Class C Spaces	197 spaces total: 62 Class A ground floor; 135 Class A lower-level garage; 12 Class C

LAND USE ANALYSIS (SURROUNDING LAND USES AND ZONING):

	LAND USE	ZONING
NORTH	Multiple-Family Residential	R4C (Multiple-Family Dwelling District)
EAST	Sorority	R2B (Two-Family and Student Housing District)
SOUTH	Multiple-Family Residential, Fraternity	R4C (Multiple-Family Dwelling District), R2B (Two-Family and Student Housing District)
WEST	Multiple-Family Residential	R4C (Multiple-Family Dwelling District)

CITIZEN PARTICIPATION:

The applicant held a meeting for citizens regarding the proposed rezoning and site plan on September 8, 2022 and provided a summary report as required. There were 1,650 notices mailed out to all residents within 1,000 feet of the development area and 13 people attended the meeting in addition to the project team.

CITY COMPREHENSIVE PLAN:

Eight documents constitute the elements of the City Comprehensive Plan:

1. Sustainability Framework (2013)
2. Land Use Element (2009)
3. Downtown Plan (2009)
4. Transportation Plan Update (2009)
5. Non-motorized Transportation Plan (2007) and Update (2013)
6. Parks and Recreation Open Space Plan (2016-2020)
7. Natural Features Master Plan (2004)
8. Treeline Allen Creek Urban Trail Master Plan (2018)

Chapter Five (Land Use) of the Comprehensive Plan: Land Use Element designates the future land use for this site as Single and Two Family/Group Housing.

Sustainability and affordable housing goals are other prominent goals of the City identified in different studies and plans. Chapter Five, Subsection II.G, Redevelopment, contains guidance for redevelopment projects in the Central Area(not within the DDA district):

Many opportunities exist to redevelop sites in the City of Ann Arbor, including commercial, industrial, office and residential properties that have already been built upon. Redevelopment might take the form of building additions or demolition and construction. Projects that propose to redevelop sites should be done in a manner that is consistent with the goals and objectives of this plan that apply to developing vacant sites. Properties should be redeveloped in a manner that considers impacts to surrounding properties and transportation systems. Attempts should be made to provide

appropriate building scale and material to ensure that the project interacts well with surrounding uses.

Chapter Five (Land Use) also describes Land Use Goals, Objectives and Action Statements the 721 South Forest Ann Arbor petition addresses the objectives/goals identified:

Locate higher residential densities near mass transit routes and in proximity to commercial, employment and activity centers

Planning Staff Comments: The site plan and rezoning of this parcel from R4C to PUD zoning is not supported by City Planning Staff. The rezoning application lacks adequate justification for the requested zoning district and subsequent deviation from the Comprehensive Plan and existing zoning. The proposed project includes 228 units, a significant increase from the Comprehensive Plan Future Land Use recommendation of Single and Two Family/Group Housing. The current R4C Zoning is 20 units/acre, proposed density is 186. The existing building is 50 units which equals 24 units/acre.

However, the increased density is not directly the primary concern at this site. The significant increase in height (proposed project exceeds maximum height in the zoning district by 135 feet) is the main reason for the objection of Planning Staff. The project site is directly adjacent to Washtenaw/Hill Historic District on two sides. This proximity prohibits any future transition to lower scale building massing with the context of the Historic District and neighborhood. The Historic District properties are zoned R2B and R4C which both have a height limit of 30 feet.

Significant language exists in Chapter Seven (Central Area) of the Comprehensive Plan: Land Use Element that addresses the need for proper scale and massing with new development in context to surrounding neighborhoods. As identified in the Chapter Seven, Section Two, Issues:

E. Out-of-Scale Construction - In various locations around Ann Arbor, houses are overshadowed by larger commercial, residential or institutional buildings that are out of scale with existing surrounding development. In addition to being aesthetically displeasing, out-of-scale construction alters the quality of living conditions in adjacent structures by blocking air and light and by covering open green space with excessive building mass.

To further the goal for transition, Chapter Seven, Goal B states, *“To encourage sensitive, attractive, and innovative development and renovation in downtown Ann Arbor and in adjacent neighborhoods”*. With the Objective 1, *“To pay special attention to the interface zones between downtown Ann Arbor and Central Area residential neighborhoods; and to insure that projects in these areas both contribute to downtown liveliness and help buffer established neighborhoods from further erosion.”*

Finally Objective 7, *“To encourage the construction of buildings whose scale and detailing is appropriate to their surroundings”* with Action Statement b, *“Review and revise the PUD regulations to better achieve development of appropriate scale and character, and to prevent the circumvention of zoning ordinance standards merely for convenience.”*

The proposal does accomplish some goals identified in the City’s Land Use Element, such as increased density, LEED Silver, increased sustainability, possible mixed uses, solar panels, and a significant payment in lieu for Affordable Housing (\$4,700,000). As noted previously, the

significant massing and height of the structure warrants more advancement of these areas of the Master Plan (ex: Sustainability). Sustainability features (See PUD details above) have been added, such as thermal bridge free construction and solar panels have been shown, Solar panels are estimated to provide approximately 3% of the electrical power for the buildings. The building will also have no natural gas connections except backup generators.

In summary, while Planning staff agrees with the petitioner that the site could support increased density over the Land Use recommendation, the current proposal does not substantially advance other elements and goals of the City's Master Plan to correlate with the requested zoning modifications.

SERVICE UNIT COMMENTS:

Planning – Planning staff does not support the project as presented. While the site plan proposal does offer some positive aspects, the substantial increased height and massing over the Land Use Plan recommendation, the surrounding zoning district and the adjacent historic neighborhood is a significant hurdle to overcome. As noted previously, the density per se is not the issue, it is the size of the structure. The area surrounding the site is primarily multiple-family and group housing with structures of various sizes and heights but none approaching the scale of this project. It is acknowledged that the additional density appears reasonable over current zoning and future land use recommendation, however the proposed height exceeds what is permitted within the D1(Downtown Core) by 16 feet and the D2 (Downtown Interface) by 106 feet. The subject parcel is over 390 feet away from the edge of the D1 District and 275 feet away for a D2 District. The proposed height would prohibit any sort of transitional zoning or scale against the residential neighborhood to the south and east.

Planning staff advised the petitioner from the time of submittal to add both sustainability features and public benefits to justify the zoning request. The petitioner has been willing to work with Sustainability and Planning staff to maximize sustainable features while maintaining project viability. While an affordable housing contribution is required, it is noted that the petitioner is providing additional \$98,000 over the required amount for a cash in lieu donation. The petitioner is also providing a \$50,000 donation to the Ann Arbor Housing Development Corporation to use for upgrades at existing AAHDC properties. Even though additional Sustainable and Affordable Housing features have been added, the significant departure from the existing zoning regulations is a substantial hurdle to overcome.

Office of Sustainability & Innovations (OSI) – OSI Staff does not support approval of this project. While LEED Silver certification is welcome, LEED does not inherently meet the strategy goals of the A2 ZERO plan and in some instances falls short of what is needed to move Ann Arbor successfully toward carbon neutrality by 2030. The OSI will not recommend approval for this project if it does not meet net zero energy performance standards. It is recommended that the building achieve either Passive House certification (preferred), Living Building Challenge certification, or LEED Zero in each LEED Zero category: Carbon, Energy, Water, and Waste.

Natural Features Coordinator – There are no Landmark trees on the site. While the petitioner has pledged to protect and preserve the existing grove of heritage Oak trees on the adjacent property, since this is an off-site feature there is no way to guarantee their protection without the adjacent property owners permission and a formal conservation easement.

Parks Contribution – In addition to the on-site amenities, the petitioner has agreed to contribute \$142,500 as a parks contribution. Contribution will be used to improve surrounding area parks.

Prepared by Matt Kowalski
Reviewed by Brett Lenart
3/15/23

Attachments: PUD Supplemental Regulations
 Site Plan
 Architectural Plan
 Zoning Map
 Aerial Photo
 Draft Development Agreement
 From Petitioner – Master Plan Analysis

Reference Documents: Additional documentation available in Energov: [Project SP22-2013](#)

c: Ryan Bumb, Verve Ann Arbor Forest, LLC(Owner)
Scott Betzoldt, Midwestern Consulting, LLC (Project Engineer)
Systems Planning
Project No. SP22-2013