



City of Ann Arbor Planning Services

Memorandum

TO: Mayor and City Council
FROM: Brett Lenart, Planning Manager
RE: The Garnet – 325 E. Summit
DATE: May 1, 2020

In response to questions raised in consideration of The Garnet – 325 E. Summit rezoning and site plan petition, the following information is provided:

1. What was the affordable housing contribution for the previous rezoning petition?

The previous petition, a rezoning from C1B to C1A with conditions and site plan, had no affordable housing contribution, nor was one required.

2. Can the Council use the PUD to reduce the required contribution?

The UDC requires affordable housing for certain PUDs either through the development of housing or by contribution set by the City Council. City code for PUDs allows City Council to modify certain requirements, including off-street parking, landscaping, lot area, building height, and setbacks. The PUD cannot modify the contribution amount.

3. What was the petitioner's \$88k affordable housing contribution based on?

Staff asked the owner and architect, who suggested their attorney may have put it in the draft supplemental regulations. They were not able to provide the basis for calculation to staff. Recently, the petitioner has provided information to City Council members that the amount was derived by considering that one unit of ten would be affordable, or that the amount proposed was what the project could support financially.

4. How is the \$317k contribution calculated?

This calculation is based on the submission of the Garnet PUD application being submitted on November 19, 2019 and accepted on November 26, 2019. This was after the November 7, 2019 effective date of the amendments to the PUD Section. This calculation was provided to the petitioner on February 6, 2020.

[16,790 total development square feet X 15% X \$126/square foot = \$317,223]

5. How would the affordable housing contribution have been calculated for The Garnet PUD before August 19, 2019?

This would have been determined by City Council Resolution R-07-455 which stipulated a per unit contribution of \$93,300 and the prior version of Section 5.29.10 of the Unified Development Code which requires 15% of dwelling units be affordable or a corresponding fee in lieu provided.

The calculation $10 \text{ units} \times 15\% = 1.5 \text{ affordable units}$ could be satisfied by one of the following methods:

- Provide 2 affordable housing units on site, with no financial contribution
- Provide 1 unit on site and pay $\frac{1}{2}$ unit contribution of \$46,650
- Pay $1 \frac{1}{2}$ unit contribution of \$139,950

[NOTE: An argument could be made that no contribution would have been required, as the underlying zoning was commercial which does not contain any specific residential density. However, in considering such a scenario, staff would look to past projects and use a consistent interpretation. In researching this question, the only example found was the 2003 Broadway Village at Lower Town, which applied the formula in this same way.]

6. What would the calculation have been between August 19, 2019 and November 7, 2019?

This would have been determined by City Council Resolution R-19-378 which stipulated a \$126/square foot contribution and the prior version of Section 5.29.10 of the UDC, which requires 15% of the dwelling units to be affordable or a corresponding fee in lieu provided.

The calculation $10 \text{ units} \times 15\% = 1.5 \text{ affordable units}$ could be satisfied by one of the following methods:

- Provide 2 affordable housing units on site, with no financial contribution
- Provide 1 unit on site and pay $\frac{1}{2}$ unit contribution of minimum sized (600 square feet) affordable unit \$37,800
- Pay $1 \frac{1}{2}$ minimum sized unit contribution of \$113,400

Staff has never discussed this calculation with the petitioner as it was never interpreted to be applicable.

[NOTE: An argument could be made that no contribution would have been required, as the underlying zoning was commercial which does not contain any specific residential density. However, in considering such a scenario, staff would look to past projects and use a consistent interpretation. In researching this question, the

only example found was the 2003 Broadway Village at Lower Town, which applied the formula in this same way.]

7. What is the calculation that has been in effect since November 7, 2019?

This is based on Resolution R-19-378 which establishes a \$126/square foot contribution and the version of Section 5.29.10 of the UDC amended on 11/7/20 which changes the calculation from a residential density to either an increase in residential density or FAR. In the case of residential density increase the calculation is based on the average size of units in the project. In the case of increase in FAR, the calculation is based on the percentage of increased floor area.

The calculation of 16,790 square feet x 15% can be satisfied by:

- Providing 2,519 (16,790 total square feet X 15%) square feet of floor area to affordable housing units.
- Providing a \$317,331 (16,790 total square feet X 15% X \$126/square foot) contribution.
- Any combination of the two above.

CC: Kelly Anderson, KLA Development (via email)
Victoria Pebbles, KLA Development (via email)
Brad Moore, Brad Moore and Associates (via email)
Jeff Mahaney, Mahaney Group (via email)
Tom Crawford, Interim City Administrator
Derek Delacourt, Community Services Area Administrator
Jill Thacher, City Planner