

## **PLANNING AND DEVELOPMENT SERVICES STAFF REPORT**

**For Planning Commission Meeting of May 6, 2014**

**SUBJECT: 425 South Main Street City-Initiated Rezoning  
(See also Amendments to Chapter 55 (Zoning Ordinance) regarding  
Building Height and Massing Requirements in the Main Street Character  
Overlay District)  
File No. Z14-015**

### **PROPOSED CITY PLANNING COMMISSION MOTION**

The Ann Arbor City Planning Commission hereby recommends that the Mayor and City Council approve the 425 South Main Street Rezoning from D1 (Downtown Core) to D2 (Downtown Interface).

### **STAFF RECOMMENDATION**

Staff recommends that the petition be **approved** because the change is consistent with the Council Resolutions R-13-078 and R-14-025, and will further the goals of the Downtown Plan and the Master Plan Land Use Element with regard to protecting the livability of residential neighborhoods adjacent to the downtown.

### **DESCRIPTION OF PROJECT**

In March and April 2013, City Council passed resolutions (attached) directing the Planning Commission to review aspects of the downtown zoning ordinance and provide recommendations for any necessary amendments. In July 2013, a planning consultant, ENP & Associates, was hired to assist in that evaluation. ENP's report was completed in October 2013. Planning Commission subsequently reviewed the report and received additional comments at six public meetings.

On December 13, 2013, the Planning Commission endorsed eight recommendations for changes to the zoning map, the zoning ordinance and the development review process. One of the recommendations was to rezone the 1.15 acre parcel at 425 South Main Street from D1 (Downtown Core) to D2 (Downtown Interface) base zoning district. On January 21, 2014, City Council directed the Planning Commission to begin the process of implementing the eight recommended changes along with two additional changes.

Planning Commission, through its Ordinance Revisions Committee (ORC), began the implementation process with the recommendation to rezone the parcel at 425 South Main Street from D1 to D2 and establish a maximum height and building massing standards for D2 zoning in the Main Street Character Overlay district, in which this site is located.

The ORC met four times in February and March 2014 to discuss the rezoning of 425 South Main Street and develop the supporting zoning character overlay text amendments. Approaching the task holistically, the ORC considered many alternative options to address the concern about the potential for out-of-scale construction, while acknowledging the site's prominent location at the entrance to the Main Street business district. Options reviewed ranged from dividing the Main Street character overlay district into "upper" and "lower" districts to rezoning additional parcels in the area.

In the end, the ORC recommended moving forward with the rezoning of 425 South Main Street to D2 and adopting supporting zoning ordinance text amendments to establish D2 height and placement requirements for parcels zoned D2 in the Main Street character overlay district. The proposed rezoning would effectively reduce the allowable floor area on this parcel from 400% (700% with premiums) to 200% (400% with premiums).

### **HISTORY AND PLANNING BACKGROUND**

425 South Main Street – The site proposed to be rezoned is a 50,000-square foot parcel located on the east side of South Main Street between East William and Packard Streets. It currently contains a two-story office building on the south half (at the S. Main/Packard intersection) and a private surface parking lot on the north half (at the S. Main/William intersection). Its present floor area ratio (FAR) is estimated to be around 100%. The site has significant potential for large-floor plate development and is ideally located as part of a southern gateway to the Main Street district but is separated by only an alley from a historic residential neighborhood to the east. It has frontage on three public streets and its fourth side abuts a public alley.

Downtown Plan – The Downtown Plan, adopted in 2009, recommends policy objectives and plan concepts to guide decision-making for development in the downtown area. The Downtown Plan includes a recommended zoning plan, which called for 425 South Main Street to be zoned D1 Downtown Core base zoning district and Main Street character overlay zoning district. The recommended zoning plan was adopted in 2009.

Several goals in the Downtown Plan are particularly relevant to City Council's direction to Planning Commission:

➤ **Goal: Protect the livability of residentially zoned neighborhoods adjacent to downtown.**

The neighborhoods which edge downtown are an important factor in making it an attractive, vital center of community life. Near-downtown residents help to establish a market for retail, service and entertainment functions, as well as extending the cycle of downtown activity into weekend and evening hours.

Definite land use boundaries, marking the outer limit of expansion for downtown oriented commercial development, should be respected in order to reduce pressures for inappropriate encroachment into neighborhoods.

➤ **Goal: Encourage articulation in the massing of larger new buildings to fit sensitively into the existing development context. Encourage design approaches which**

**minimize the extent to which high-rise buildings create negative impacts in terms of scale, shading and blocking views.**

The most fundamental recommendations for the design of new downtown buildings are to:

- (1) Complement the scale and character of the existing development context;
- (2) Reinforce the clarity of the overall urban form; and
- (3) Add to the area's identity as a special place. Harmony should be encouraged in overall visual relationships, while still fostering design excellence and the diversity which adds richness and interest to the cityscape.

Master Plan Land Use Element – The Master Plan Land Use Element, adopted in 2009, notes several issues with regard to the interface between the downtown and the central area which provide guidance for evaluating the implemented zoning plan. Among them are:

In various locations, 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. Often it is not so much the use that impacts negatively on the neighborhoods, but the massing of the new buildings.

New downtown development will be encouraged; but at the same time, existing assets and valued downtown characteristics will be conserved and strengthened. This balance between conservation and change will be fostered by emphasizing the use of incentives and guidelines.

Council Resolutions – Through resolution R-13-078, adopted March 18, 2013, City Council felt a sufficient number of projects had been proposed in the downtown under the new D1 zoning designation to provide the necessary data for the Planning Commission to review the Downtown Plan's recommended zoning plan. Planning Commission was charged with determining whether the new zoning districts provided clear, understandable requirements regarding both form and use while at the same time conforms to and carries out the goals of the City's Master Plan, Downtown Plan and Character Overlay Districts.

Pursuant to that charge, a planning consulting firm was hired to help evaluate the downtown zoning ordinance. Planning Commission reviewed the consultant's report and received additional comments on it from the public at six meetings. After evaluating the information received, the Planning Commission endorsed eight recommendations for changes to the zoning map, the zoning ordinance and the development review process. City Council endorsed those eight recommendations as well as two additional tasks, through resolution R-14-025.

Downtown Zoning Evaluation Report (ENP & Associates) – The consultant's final report provided the following recommendations related to the 425 South Main site:

The [425 South Main Street] site is surrounded by: single- and multiple-family residences; older, two-story multiple-family dwellings; an electrical substation and a small commercial building to the east across a public alley; mixed commercial/office/residential buildings to the west; a multiple-family apartment tower to the south; and a public parking garage to the north. The existing zoning is D1 (maximum FAR = 400%, or 700-900% with premiums) and is in the Main Street Character District with a maximum height of 180 feet. The site is

located at Main Street and William Street, seen as an entrance to the downtown Main Street area. Although the parking lot is area available for building currently, the evaluation took into account the possibility that the entire site could be redeveloped.

The site has a number of challenges due to its size and location. First, the parcel could accommodate a large first floor, unique in the downtown. Uses that often require a large floor plate are office buildings and larger retail. The intersection is a gateway, framed by taller buildings on the west side. However the east edge abuts an alley separating the parcel from a historic residential neighborhood. The challenge is to maintain the unique development opportunity of a large floor plate, and create an entrance to the downtown while respecting the neighborhood to the east.

In the August 5 meeting, the general consensus was that the site should be rezoned to D2. Other ideas generated included requiring more green space around the buildings, particularly adjacent to residential, rezoning to R4C, and rezoning D2 to Packard. The property owner would like to retain the current development potential but understood the concerns of the neighborhood. The survey in Phase 2 had support for rezoning to D2 but some indicated that D1 zoning with requirements for step-backs and setbacks could be acceptable.

William St. Site Recommended Alternative: Change the height maximum in the Main St. Character District to 150 ft. when within 20 ft. of a residentially zoned area and add diagonal requirement of 50% of the maximum parcel diagonal.

The site if built out to its full potential under premiums may not meet the intent of the downtown zoning to preserve and protect historic resources at the east corner. Similar concerns about massing were expressed during the Connecting William Street process.

Based on the position of the building at a key gateway corner to the downtown core, the height of buildings at the other corners of the intersection (ranging from 74 to 122 ft.), and the proximity of the houses across the alley to the east, [ENP & Associates] recommendation is to keep the D1 zoning on the site but with modifications to the maximum height and the addition of diagonal requirements.

Specifically, [ENP & Associates] recommend that any site in the Main St. Character District that is within 20 ft. of a residentially zoned parcel be limited to a maximum height of 150 ft. It is further recommended that those same sites carry a maximum tower diagonal requirement of 50% of the maximum diagonal of the parcel, which will reduce the negative impact on sunlight to nearby homes. We believe these modifications will help to address neighbor concerns about bulk and height while allowing a height that gives developers some room to creatively shape new buildings. The additional diagonal requirement for towers will also facilitate better design, allow for flexibility in building design to meet market demands, and continue to allow a mix of uses that is desirable for this important corner of the downtown.

In evaluating this site, other alternatives including rezoning to D2 were carefully considered. While rezoning to D2 was the most popular option expressed in the online survey and at public meetings, we do not recommend this alternative for several reasons: D2 would be inconsistent with the development at the other 3 corners of the intersection; the maximum height for the building would be less than existing buildings in the area, including Ashley

Mews which is also on the south side of main street; and the site's frontage on Main, Packard and William Streets is a key entryway to the downtown core which is not appropriate for D2 zoning.

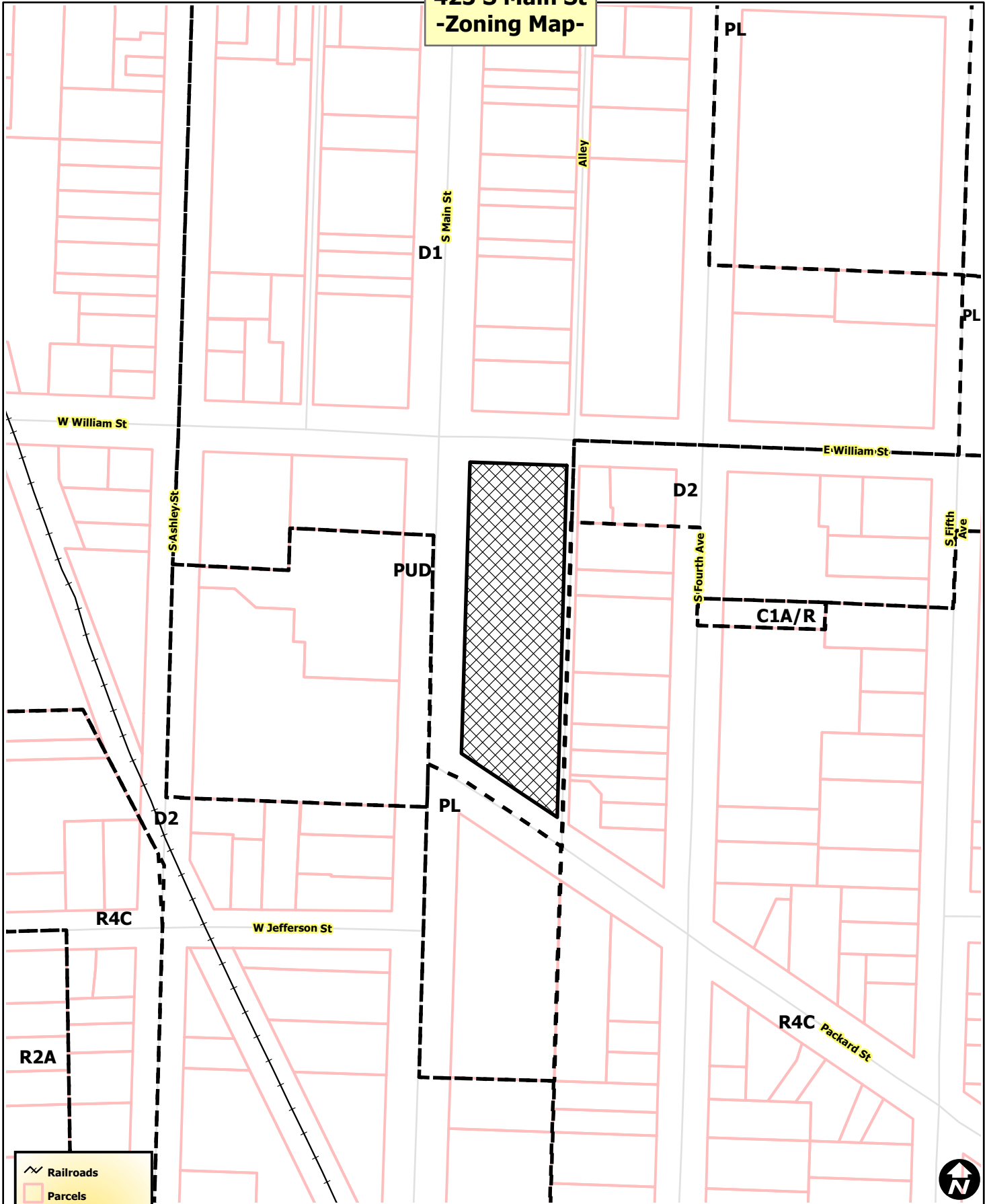
One option that could be considered by the Commission is to rezone the southern portion of this site to D2 (the portion currently occupied by the Edison Building) and leave the northern portion of the site (roughly equivalent to the parking lot area) as D1. That would maintain a strong presence on the corner, consistent with neighboring development, while softening the transition to the neighborhoods to the south and east.

Prepared by Alexis DiLeo  
Reviewed by Wendy Rampson

Attachments: Location Map  
Council Resolution R-13-078  
Council Resolution R-14-025

c: Andrew Klein, Representative for K.R.G Investments  
City Attorney's Office  
File No. Z14-015

**425 S Main St  
-Zoning Map-**



-  Railroads
-  Parcels
-  Huron River
- Zoning**
-  Township Islands
-  Zoning Districts



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Map Created: 3/31/2014

# 425 S Main St -Aerial Map-

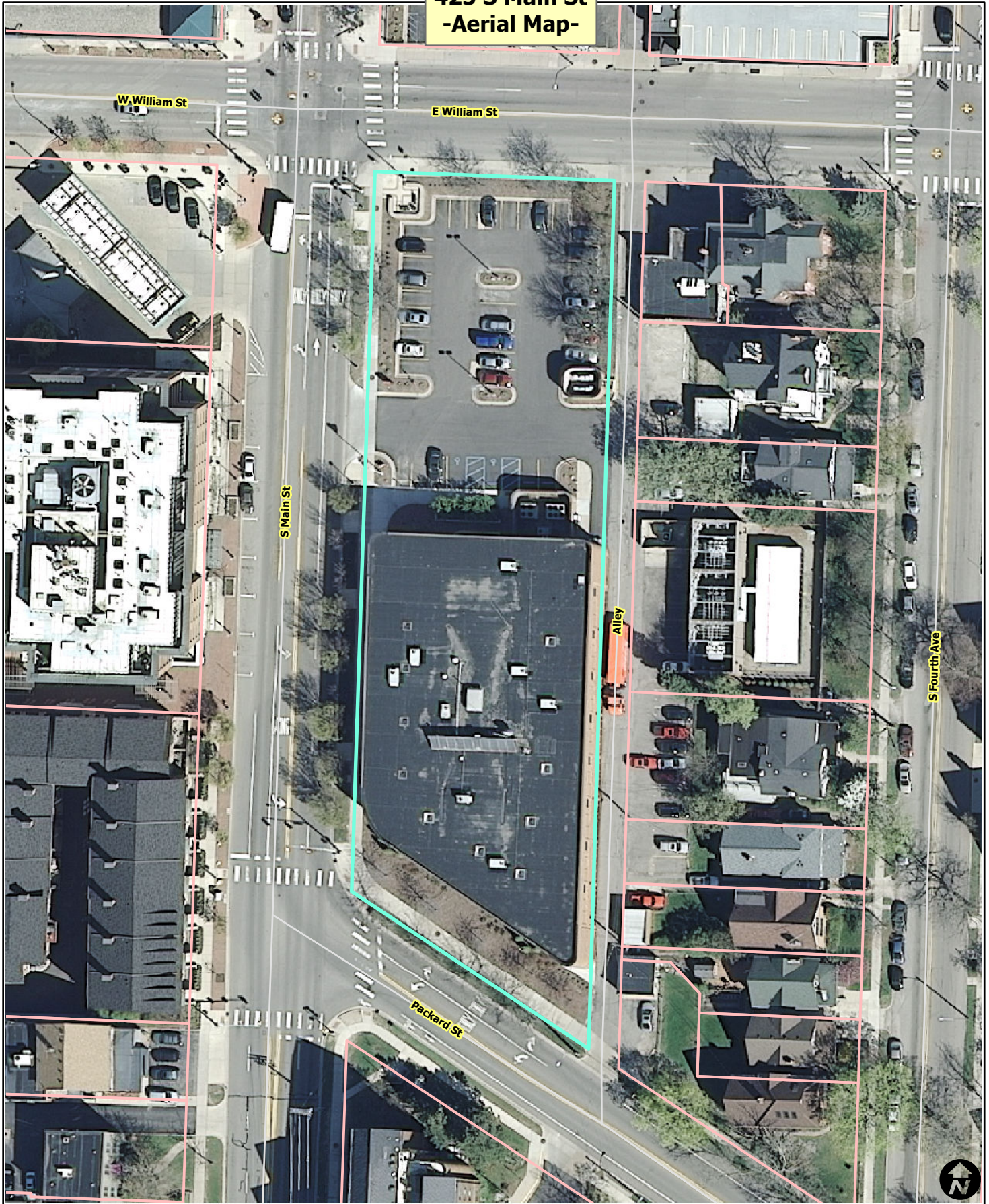


-  Railroads
-  Parcels
-  Huron River



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# 425 S Main St -Aerial Map-



-  Railroads
-  Parcels
-  Huron River



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Legislation Details (With Text)

**File #:** 13-0170      **Version:** 3      **Name:** Resolution to Direct Planning Commission to Review D1/D2 Zoning

**Type:** Resolution      **Status:** Passed

**File created:** 2/19/2013      **In control:** City Council

**On agenda:** 3/18/2013      **Final action:** 3/18/2013

**Enactment date:** 3/18/2013      **Enactment #:** R-13-078

**Title:** Resolution to Direct the Ann Arbor Planning Commission to Review D1/D2 Zoning and Make Recommendations to Amend the Current D1 Zoning Regulations

**Sponsors:** Sabra Briere, Stephen Kunselman

**Indexes:**

**Code sections:**

**Attachments:** 1. D1D2 Moratorium comments, 2. Deitch moratorium support, 3. residents support moratorium, 4. Moratorium opposition letter - Friedlander, 5. Moratorium Communication from Christine Brummer, 6. HDC Communication Regarding the Moratorium, 7. H. Scott Diels Communication, 8. Communication from Norman Hyman 3-14-13

Date	Ver.	Action By	Action	Result
3/18/2013	2	City Council		
3/18/2013	2	City Council	Amended	Fail
3/18/2013	2	City Council	Amended	
3/18/2013	3	City Council	Amended	Pass
3/18/2013	3	City Council	Approved as Amended	Pass
3/4/2013	2	City Council		
3/4/2013	2	City Council	Postponed	Pass
2/19/2013	2	City Council		
2/19/2013	2	City Council	Postponed	Pass

Resolution to Direct the Ann Arbor Planning Commission to Review D1/D2 Zoning and Make Recommendations to Amend the Current D1 Zoning Regulations

**Background:**

The A2D2 (Ann Arbor Discovering Downtown) task force worked with the community, the planning staff, and the Planning Commission to address downtown zoning issues; this resulted in the decision in 2009 to create two zoning districts for downtown Ann Arbor (D1: Core area and D2: interface zone). It also resulted in the development of the Historic District Design Guidelines (2008) and the Downtown Design Guidelines (2011).

The zoning for the downtown that was approved by Council in 2009 is a unique, hybrid document. Zoning is generally either 'use-based' (Euclidian) or 'form based'. Ann Arbor's D1 zoning includes elements of both. Built into the resolution recommending that Council approve the rezoning of downtown was an expectation that the Planning Commission would review the zoning after a year.

Because construction under the new zoning was constrained by external economic forces, the

Planning Commission delayed this review until there were several examples to consider. The projects constructed, under construction, approved but not yet constructed, and considered by the Planning Commission include:

Project	Date approved by Council	Status
Zaragon West (D1 project)	2011	Completed
The Varsity (a planned project under D1 zoning)	2012	Under construction
624 S. Church (D1 project)	Planning Commission recommendation for approval by Council 2013	
413 E. Huron (D1 project)	Planning Commission recommendation for denial by Council 2013	

These four projects provide sufficient opportunities for the Planning Commission to review and evaluate the massing, parking, use of premiums and modifications to the underlying zoning.

The planning documents approved in 2009 emphasize the need to provide protection for nearby residential and historic neighborhoods while providing opportunities for new development in the core of downtown.

The Downtown Plan (May, 2009) reflects on these impacts:

*Goal: Protect the livability of residentially zoned neighborhoods adjacent to downtown.*

The neighborhoods which edge downtown are an important factor in making it an attractive, vital center of community life. Near-downtown residents help to establish a market for retail, service, and entertainment functions, as well as extending the cycle of downtown activity into weekend and evening hours.

Definite land use boundaries, marking the outer limit of expansion for downtown-oriented commercial development, should be respected in order to reduce pressures for inappropriate encroachment into neighborhoods.

and

*Goal: Encourage articulation in the massing of larger new buildings to fit sensitively into the existing development context. Encourage design approaches which minimize the extent to which highrise buildings create negative impacts in terms of scale, shading, and blocking views.*

The most fundamental recommendations for the design of new downtown buildings are to (1) complement the scale and character of the existing development context; (2) reinforce the clarity of the overall urban form; and (3) add to the area's identity as a special place. This will require that harmony be encouraged in overall visual relationships, while still fostering design excellence and the diversity which adds richness and interest to the cityscape.

The City's Master Plan (November, 2009) also lists several issues with regard to the interface between the downtown and the central area, among which are:

“In various locations, 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. Often it is not so much the use that impacts negatively on the neighborhoods, but the massing of the new buildings.”

“New downtown development will be encouraged; but at the same time, existing assets and valued downtown characteristics will be conserved and strengthened. This balance between conservation and change will be fostered by emphasizing the use of incentives and guidelines.”

It is time to evaluate what may be the impact of D1 zoning on the adjacent neighborhoods, especially where there is no interface zone between D1 and residential properties. This is also an opportunity to review the zoning and determine whether the zoning criteria should be amended in order to provide clearer guidance to prospective developers.

Whereas, The hybrid zoning standards provided in D1 (Downtown Core) zoning for the downtown have been established since 2009;

Whereas, A sufficient number of projects have been proposed under the new zoning to provide the necessary data; and

Whereas, City Council seeks to ensure that all development in the D1 zoning district is consistent with the adjacent residentially-zoned districts and that all new buildings fit sensitively into the existing development context as noted in the City’s Master Plans;

Whereas, City Council also seeks to ensure that high rise buildings have minimum negative impacts in terms of scale, shading and views as noted in the City’s Master Plans;

Whereas, City Council recognizes the irreplaceable physical, cultural and historical attributes of the City’s downtown and surrounding neighborhoods that the City could lose if the underlying review and subsequent modification of the City’s zoning ordinances do not take place;

RESOLVED, That the City Council directs the Planning Commission to review recently approved and recommended site plans in the D1 zoning district to determine whether these zoning standards provide clear, understandable requirements regarding both form and use and at the same time conform to and carry out the goals of the City’s Master Plan, Downtown Plan and Character Overlay Districts; and

RESOLVED, That City Council provide the Planning Commission with a scope of work and a timeline by April 1, 2013.

Sponsored by: Briere and Kunselman

**As Amended by Ann Arbor City Council on March 18, 2013**



Legislation Details (With Text)

**File #:** 14-0013      **Version:** 2      **Name:** 01/21/14 Downtown Zoning Amendments  
**Type:** Resolution/Public Hearing      **Status:** Passed  
**File created:** 1/21/2014      **In control:** City Council  
**On agenda:** 1/21/2014      **Final action:** 1/21/2014  
**Enactment date:** 1/21/2014      **Enactment #:** R-14-025  
**Title:** Resolution Regarding Recommended Downtown Zoning Amendments (CPC Recommendation: Approval - 9 Yeas, 0 Nays)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 10/10/13 Downtown Zoning Evaluation Report, 2. Appendix A - City Council Resolutions, 3. Appendix B - Summary of Downtown Projects, 4. Appendix C - Public Input Results

Date	Ver.	Action By	Action	Result
1/21/2014	1	City Council	Held and Closed	
1/21/2014	1	City Council		
1/21/2014	2	City Council	Amended	Pass
1/21/2014	2	City Council	Amended	Pass
1/21/2014	2	City Council	Approved as Amended	Pass

Resolution Regarding Recommended Downtown Zoning Amendments (CPC Recommendation: Approval - 9 Yeas, 0 Nays)

In March and April 2013, City Council passed resolutions (see Appendix A) directing the Planning Commission to review certain aspects of the downtown zoning ordinance and provide recommendations for any necessary amendments. In July 2013, the planning firm of ENP & Associates was hired to assist in this evaluation.

Between July and October 2013, ENP & Associates provided a variety of opportunities for the public to comment on the effects of the 2009 amendments and offer suggestions for changes. The consultants met with the Planning Commission's Ordinance Revisions Committee throughout the process. The attached report and appendices provide a summary of the public input and the consultant's final recommendations for zoning changes.

The City Planning Commission reviewed the ENP & Associates final report and received additional comments from the public at meetings on October 8, October 15, November 6, November 12, November 19 and December 3, 2013. After evaluating the information it received, the Commission developed eight recommendations for changes to the zoning map, the zoning ordinance and the development review process.

At its December 3, 2013 meeting, the Planning Commission recommended that the Mayor and City Council adopt the following resolution to begin the process of implementing the recommended downtown zoning changes.

Attachments: 10/10/13 Downtown Zoning Evaluation Recommendations Report, Appendix A - City Council Resolutions, Appendix B - Summary of Downtown Projects since 2000, Appendix C - Public Input Results

Prepared by: Wendy Rampson, Planning Manager

Reviewed by: Sumedh Bahl, Community Services Area Administrator

Whereas, Downtown zoning amendments were adopted in 2009 as a result of the Ann Arbor Discovering Downtown initiative;

Whereas, The City Planning Commission and City Council recognize the value of evaluating these zoning changes to determine if the resulting development is consistent with the goals and recommendations of the Downtown Plan;

Whereas, City Council passed resolutions R-13-078 and R-13-093 in March and April 2013 that requested the City Planning Commission to address the following issues:

- (i) Whether D1 zoning is appropriately located on the north side of Huron Street between Division and S. State and the south side of William Street between S. Main and Fourth Avenue;
- (ii) Whether the D1 residential FAR premiums effectively encourage a diverse downtown population;
- (iii) Whether a parcel on the south side of Ann St. adjacent to City Hall that is currently zoned D1 should be rezoned to the appropriate zoning for this neighborhood;

Whereas, ENP & Associates was hired by the City in July 2013 to conduct an evaluation of the downtown zoning changes;

Whereas, ENP & Associates provided a variety of opportunities for the public to comment on the effects of the 2009 amendments and offer suggestions for changes and used this feedback to develop a final report with recommendations, dated October 10, 2013;

Whereas, The City Planning Commission reviewed the ENP & Associates final report and received additional comments from the public at meetings on October 8, October 15, November 6, November 12, November 19 and December 3, 2013;

Whereas, ENP & Associates recommended extending the East Huron 1 Character District to Fourth Avenue;

Whereas, ENP & Associates also recommended further study to consider whether D1 zoning is appropriate on other sensitive properties not identified in the City Council resolution, including some areas of South University and Thayer St.; and

Whereas, The City Planning Commission, at its meeting of December 3, 2013, recommended the following changes to City Code and the Zoning Map:

- 1) Rezone the parcel located at 336 E. Ann from D1 (Downtown Core) to D2 (Downtown Interface).
- 2) Reduce the maximum height in the East Huron 1 Character District to 120 feet, include a tower diagonal maximum and consider a step-back requirement to reduce the shading of residential properties to the north.

- 3) Rezone the parcel at 425 S. Main from D1 (Downtown Core) to D2 (Downtown Interface) and establish a maximum height of 60 feet for D2 zoning in the Main Street Character District.
- 4) Revise the premium conditions to require mandatory compliance with core design guidelines for a project to receive any premium in the D1 or D2 districts.
- 5) Reduce the residential premium with the goal of encouraging the use of other existing or proposed premiums to compensate for this reduction, such as increased energy efficiency certification, open space with landscape, active ground floor use, balconies and workforce housing.
- 6) Review options in D1 and D2 districts, with the Housing and Humans Services Advisory Board, for providing additional affordable housing within mixed income projects or through other funding mechanisms.
- 7) Eliminate the affordable housing 900% FAR “super premium”.
- 8) Evaluate the downtown real estate market to determine the effectiveness of premium incentives every 2-5 years.

RESOLVED, That the City Council, after reviewing the consultant’s and Planning Commission’s recommendations and considering comments presented at public hearings, directs the Planning Commission to begin the process of implementation of their recommended changes to City Code and the Zoning Map, save (4) with respect to which Council requests that the Planning Commission review and consider methods to achieve compliance with core design guidelines in a manner that achieves Design Review Board support, reporting back to Council on these changes by October 20, 2014;

RESOLVED, That the City Council directs the Planning Commission to consider rezoning that portion of Huron Street from Division to Fourth Avenue to conform with the East Huron 1 Character District, and consider incorporating 25 foot minimum side setbacks and 10 foot front setbacks where feasible in the East Huron 1 Character District, reporting back to Council on their recommendation by October 20, 2014;

RESOLVED, That the City Council directs the Planning Commission to consider whether other D1-zoned areas which do not have buffering from adjacent residential neighborhoods, including some areas of South University and Thayer Street and Ann Street between Fourth and Fifth Avenue, should be rezoned to D2, reporting back to Council on their recommendation by October 20, 2014; and

RESOLVED, That this resolution completes the downtown zoning review and report to City Council requested in Resolutions R-13-078 and R-13-093.

**As Amended by Ann Arbor City Council on January 21, 2014**