

Subject: height exception ordinance suggestions

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To: Planning <Planning@a2gov.org>

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To the Planning Commission:

Thank you for considering revisions to UDC 5.184B on height exceptions. I can't attend Tuesday's meeting, not even virtually, but these are my thoughts. The main problem with the current ordinance is that the benefit to the building owner (30 percent extra height) is completely out of proportion to the cost. Commissioner Lee, at your May 2025 meeting, explained that for 625 Church, a \$100-150,000 expense for the solar panels, and conduit and panels for electrification, gained extra height worth \$34 to \$40 million in value to the building owner. This sustainability definition effectively converted an incentive, back when FAR effectively limited downtown building height, to a giveaway, now that building height is only capped by the statutory height limit. As a result, six projects have used the sustainability height exception in less than two years, and only one, 121 Catherine, has taken advantage of the affordability exception. And Catherine did it only because Avalon Housing provides solely affordable housing. Note that most multifamily housing developments, recognizing the environmental, energy efficiency, and design advantages, have been going all electric even without the height exception. Examples include Arbour on Main (84 Valhalla Drive) and Core Spaces (333 E. William). So we are likely rewarding developers disproportionately for doing something they should be, and probably would be, doing anyway. The other effect of this giveaway has been to eliminate any incentive to supply affordable housing in exchange for the extra height (with the exception of Avalon). Commissioner Lee, at the May 2025 meeting, estimated that a payment in lieu for the required 15% affordable housing units at 625 Church would be around \$3 million. That's why all parties except Avalon are jumping at the sustainability exception--their costs are an order of magnitude less than for affordable housing, for the same gain in height.

The staff-recommended ordinance fails to solve these problems. While it tightens up the sustainability definition--thankfully, no longer is "electric-ready" sufficient to obtain the extra height--the proportionality gap remains. We should be asking a lot more than just building electrification and solar equaling 60% roof surface (or payment in lieu). The A2ZERO plan (strategy 3, action 2) is clear that net zero energy construction, not building electrification, is our community goal. To that end, please make compliance with the IECC Appendix CC (Zero Code Appendix) the requirement for the height exception. Appendix CC applies to new commercial, industrial and mid- to high-rise residential buildings, and works like this: First build to 2021 IECC energy efficiency standards; then calculate renewable energy needs from an energy simulation or a standard table; then meet that requirement with onsite renewable energy where feasible, along with offsite renewable energy if necessary. It rewards buildings that are more energy efficient than code. It doesn't require electrification, but in practice gas heated buildings can't comply, given the much greater efficiency of heat pumps, not only geothermal but also air source. Verifying compliance is not complicated, and would be done at the time of final building inspection.

For the last five years, the city of Ann Arbor and its Lansing lobbyists, as well as the American Institute of Architects and the Ann Arbor 2030 District, have been pushing hard for state adoption of Appendix CC. It finally went into effect on April 22, 2025, in a limited way. Local governments can adopt Appendix CC as a "permissive" standard, or voluntary incentive, rather than making net zero energy new construction mandatory, which was the original hope. But even in its limited form, appendix CC is a tool perfectly suited for the height incentive ordinance. I've heard concerns that compliance with Appendix CC would be too difficult for developers, making the incentive too restrictive. I do not think that is the case, but if it is, then developers are likely to turn to the affordable housing height exception instead for the extra height, and still would probably build all-electric. We would have something much closer to proportionality, and be getting a lot more for the extra height than what we're getting now.

If, however, you choose the language currently recommended by staff, please consider modifying it in two ways. Write "... except for backup power sources to power life safety systems **in case of electrical outages, when required**

by applicable building codes, **fire codes** and other laws." The current language would permit dual gas-electric space heating systems where gas heating kicks in during colder-than-normal temperatures, not just when the power goes out. Current high efficiency heat pumps fully replace such systems. Requiring them would avoid the unnecessary costs of a dual heating system and would strengthen the incentive. Please also consider requiring ground source or air source heat pumps for space heating. This would rule out electric resistance, steam heat and other inefficient space heating solutions.

The paragraph would then read:

(a) all buildings in the development are all-electric, meaning powered by electricity as the only source of energy for all on-site space conditioning and other uses. For heating and cooling, ground source or air source heat pumps shall be employed. Water heating, cooking appliances, and clothes drying appliances shall also be all-electric. Buildings may employ emergency backup power sources to power life safety system in case of electrical outages, when required by applicable building codes, fire codes and other laws."

Thank you for considering these changes. My apologies for not presenting in person, or by phone.

Best regards,
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