

Subject:

Comprehensive Plan

From: Adam Goodman**Sent:** Tuesday, January 21, 2025 8:24 PM**To:** Planning <Planning@a2gov.org>**Subject:** Comprehensive Plan

Planning commissioners,

I'm writing to ask you to reject proposals by the comprehensive planning team to create land-use districts that would restrict housing production, including the Innovation / Retail "Hub Districts", and the "Employment Non-Residential" district.

Looking at the slide presentation attached to Thursday's agenda (<https://a2gov.legistar.com/View.ashx?M=F&ID=13678675&GUID=D9FCCA5C-449B-4695-8596-1ED1AE165138>), I find the points about our "non-residential tax base" - along with "affordability and equity" - to be particularly egregious. If we care about protecting and growing our tax base, then housing-restrictive districts are the dead opposite of what we should be doing. Simply put, these districts propose to use the zoning code to subsidize less-valuable land uses. The "Employment Non-Residential" district would do so quite directly, by artificially suppressing property values (this is quite openly stated on slide 36 with the discussion of how certain types of businesses "cannot compete" with housing). The "Retail" and "Innovation" districts are a slightly more complicated matter, but ultimately, they would force developers to internally-subsidize less-valuable land uses (retail and office), either by escalating the price of housing in those developments or by - again - suppressing property values.

If we care about equity and affordability when it comes to the tax base, and funding for municipal services, then it makes no sense to focus on the fractions of revenue contributed by residential vs commercial properties. What matters is the tax burden per resident/taxpayer - we should be seeking to maximize the value of new developments, to spread out our tax burden as widely as possible within the constrained boundaries of our city.

Slide 25 wishes us to believe that car-dependent strip malls "are major contributors to the tax base", and shows that Brixmor Arborland is indeed one of the top individual tax-paying properties in the city. However, right above it in the list is Landmark Apartments. Landmark Apartments contributes more revenue to the city, on a site that is 1/43 of the acreage of Arborland. Let me say that again. Arborland is OVER 40 TIMES the land area of Landmark, yet contributes LESS tax revenue to the city.

This is a classic - frankly, a stereotypical - blunder of the car-dependent suburban-sprawl planning mentality that has infected and destroyed the fabric of cities across the US since the mid 20th century. The need to scale revenue contributions against land area (and associated infrastructure costs) is pretty much the core, foundational principle that has led to Strong Towns building a national advocacy movement. In fact, Ann Arbor actually entered their "Strongest Town" competition last year, but as I recall, we were eliminated in the first round. If we're still making this basic analytical error in considering

the fiscal and economic health of our city, we absolutely deserved that fate.

Now, for other reasons (quality of life, VMT reduction, etc.) I certainly agree with a vision that says we need a diversity of commercial and retail operations within the city. However, that vision will be best accomplished if we don't hamstring ourselves from solving our most urgent need: housing. In fact, Ann Arbor is already doing quite well on the employment front; according to SEMCOG data (https://maps.semco.org/CommunityExplorer/?shortcut=Job_Density), the census tracts that comprise Central Campus, the Medical Center, and Downtown Ann Arbor are 3 of the 5 highest for employment density in our region (with parts of Downtown Detroit as the only comparable examples). Our problem is not employment, it's housing. Addressing our housing shortage - especially through dense infill - is our most critical need toward creating a vibrant community that will attract more businesses and retailers.

To add some color to this, I worked at Duo Security from 2010 to 2023, as we grew the company from a handful of us to hundreds (and eventually sold the business to Cisco Systems for over \$2 Billion). Duo was by most metrics the most successful tech startup in Michigan's recent history. As we grew the company, our leadership chose intentionally to locate within Downtown Ann Arbor in spite of high commercial rents and other difficulties. We wanted to be in a vibrant and walkable area, with cafes, restaurants, shops, and other tech companies in close proximity. Duo was seeking not just to succeed in its own right, but help build a sustainable tech ecosystem and community in this city. This was not wholly altruistic - we saw all this as essential to our own recruiting strategy; convincing out-of-town talent to relocate to Michigan can otherwise be a challenge!

So, I certainly sympathize with the vision of an "innovation district" near North Campus. When Duo was picking its location, Downtown Ann Arbor was the only area in the city - and frankly, one of only a few in our whole region - that fit the criteria we were looking for. I want Ann Arbor to grow such that there are other such "hubs" besides downtown. But based on my experience with them, I'm deeply skeptical of purpose-built "innovation districts"; I simply do not believe that building this type of community through restrictive and prescriptive land-use regulation will produce the results we want.

After I became a Cisco employee, I spent a fair bit of time in Research Triangle Park in North Carolina, often heralded as one of the most successful research and development districts in the country. Yet, I can tell you from my own experience, it is very much not what Ann Arbor wants to become. It is the epitome of late-20th-century car-dependent suburban sprawl development. Many businesses, including Cisco, now recognize that this development pattern is no longer desirable. In Chicago, Cisco left its suburban office-park spaces to consolidate operations in a new downtown location (specifically, the West Loop - <https://www.chicagotribune.com/2021/08/13/tech-firm-cisco-brands-chicago-midwest-hub-as-it-sets-up-shop-in-old-post-office/>).

Kendall Square in Cambridge has been mentioned by the comprehensive planning team a few times, and that's certainly closer to what I think Ann Arbor wishes to see. However, when I visited that area around a decade ago, it felt sterile and lifeless. Again: addressing Ann Arbor's housing shortage is the key that will unlock the vibrancy we all wish to see. Anything that would artificially and unnecessarily restrict us from achieving that goal should be rejected.

Finally, I think it's also worth mentioning that every one of Duo's office locations in Ann Arbor was an adaptive reuse of a building that had been constructed and used for other purposes, including a brewery, a steel foundry, an organ factory, and a furniture store. When not artificially prevented from doing so, cities evolve to meet the needs of the moment, and we should not forget that. (Further, while the

attention today is often toward converting office space to housing, there's certainly precedent for the reverse, should it become necessary. Many of Ann Arbor's current commercial spaces were originally built as housing.)

Thanks for all your (past and future) work on the comprehensive plan!

- Adam