

**Subject:** Incentivized Housing Density for Affordability and Sustainability - Recommended Comprehensive Plan Language  
**Attachments:** Incentivized Housing Density for Affordability and Sustainability - Recommended Comprehensive Plan Language - 05-04-25.pdf

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Mayor Taylor, City Administrator Dohoney, City Council, Planning and City Leadership:  
(please share with the Planning Commission)

Thank you for your leadership as you guide the Comprehensive Plan forward.

I'm sharing a set of recommended visionary policy statements focused on incentivized housing density—strategies that go beyond simply permitting density and instead align it with affordability, walkability, ecological resilience, and neighborhood-scale design. Many people in the community are calling for this, so that explicit options for affordable housing are stated in the Comprehensive Plan. These are scripted to be appropriate to the CLUP, prior to its follow-on implementation.

At the last public meeting on the Comprehensive Plan, I was asked by a Commissioner to provide this, and received support from others on the project.

The recommendations are grounded in best practices from peer cities and reflect Ann Arbor's own goals in A2Zero, Moving Together, and the draft Comp Plan itself. They are offered as a constructive contribution to the current planning process, with the hope of strengthening our tools to deliver truly inclusive and sustainable growth.

I welcome the opportunity to discuss this further, and would be honored to present or engage in dialogue with the Planning Commission as the Plan advances toward adoption.

Yours in equity-based sustainable development,

Brian Chambers, Ph.D.  
3rd Ward

# Recommended Comprehensive Plan Language: Incentivized Housing Density for Affordability and Sustainability

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## Policy Objective:

To create a more affordable, sustainable, and inclusive city, Ann Arbor will promote incentivized housing density strategies that expand housing options, reduce living costs, support walkable mixed-use neighborhoods, and integrate development with ecological stewardship and placemaking. By strategically incentivizing density — not just permitting it — we can foster beautiful, climate-resilient neighborhoods that enhance walkability, ecological restoration, and affordability together.

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## 1. Incentivized Housing Density for Affordability and Mixed-Income Growth

*Ann Arbor shall adopt land use policies that allow and incentivize duplexes, triplexes, fourplexes, and cottage clusters in all residential districts, with additional bonus units permitted when a portion of the housing is permanently affordable to low- or middle-income households.*

- Implement **Floor Area Ratio (FAR)** bonuses for projects that provide:
    - Affordable units at  $\leq 60\%$  AMI in commercial, open-market developments,
    - Smaller, naturally affordable homes ( $< 1,000$  sq ft),
    - Permanently affordable homes ( $< 120\%$  AMI) developed via **community land trusts or nonprofit partners**.
  - Prioritize **density bonuses** within:
    - $\frac{1}{4}$  mile of existing or planned **transit stops**,
    - $\frac{1}{2}$  mile of **parks, greenways, employment centers, critical services, or school facilities**,
    - Mixed-use corridors designated for commercial-residential integration.
  - Provide **streamlined approvals and reduced fees** for projects that:
    - Meet affordability thresholds,
    - Include **universal design** for accessibility, beyond what is required to meet ADA requirements
    - Use modular or low-carbon construction techniques.
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## 2. Integrated Sustainability and Green Infrastructure Design

*New housing development shall integrate green infrastructure, stormwater management, and low-impact design, particularly near natural corridors, waterways, and floodplains, to ensure climate resilience and protect biodiversity.*

- Require or incentivize:
    - **Permeable surfaces**, tree canopy preservation, and native landscaping,
    - Energy-efficient building standards (e.g., net-zero readiness, solar orientation),
    - **Green roof or rain garden** installation for projects exceeding a density threshold.
  - Align incentives with the **A2Zero Plan**, including:
    - Reduced utility hookup or stormwater fees for green-certified developments,
    - Floor area bonuses for buildings meeting **Living Building** or **Passive House** criteria.
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### 3. Walkability, Transit-Access, and Complete Neighborhoods

*Encourage gentle to moderate density within walking distance of critical services, employment, and transit through mixed-use, human-scaled development that enhances walkability and supports small businesses.*

- Promote **form-based zoning** in residential areas to enable neighborhood-serving retail, co-working spaces, or childcare centers in ground-floor or shared-lot configurations.
  - Require housing developments with 6+ units to include:
    - Secure **bike storage** and **EV charging**,
    - Proximity to or funding for transit stops, sidewalks, or **B2B trail** connections.
  - Remove or reduce **parking minimums** for housing developments near frequent transit, while encouraging shared mobility services.
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### 4. Placemaking Around Natural Features and Cultural Identity

*Design housing development and density strategies that enhance the public realm, elevate Ann Arbor's natural beauty, and strengthen local cultural identity through accessible, inclusive placemaking.*

- Prioritize housing and public realm investments near:
    - The **Huron River corridor** (beyond the 500-year floodplain),
    - **Treeline Allen Creek Trail** and park network,
    - Neighborhoods historically excluded from investment or zoning flexibility.
  - Support **community-led design**, public art, and small parklets as part of infill housing projects.
  - Offer **density or height bonuses** for developments that:
    - Include public access to restored habitat or parkland,
    - Sponsor community events or cultural programming in adjacent public space.
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## 5. Fiscal and Regulatory Support Tools

*Deploy land use, tax, and funding mechanisms to support the feasibility and long-term affordability of diverse housing types in high-opportunity locations.*

- Apply **Tax Increment Financing (TIF)** for affordable housing paired with:
  - Community Land Trust housing,
  - Public space improvements,
  - Flood mitigation and stormwater upgrades,
  - Transit access enhancements.
- Activate city-owned or acquired parcels for **co-development** with **community land trusts or nonprofit developers**, prioritizing permanently affordable, mixed-income housing near employment, schools, transit, and parks.
- Provide a **city-coordinated permitting pathway** for missing-middle projects that meet affordability and sustainability standards.

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### Implementation Note:

These strategies are intended to align with and strengthen Ann Arbor’s adopted plans including *A2Zero*, *Moving Together Transportation Plan*, *Parks and Recreation Open Space Plan*, and the goals of the *Office of Economic Development*. They shall be implemented through updated zoning ordinances, capital investment planning, and public-private partnerships over the next five years.

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## Lessons from Minneapolis, Portland, and Seattle: Integrating Housing Growth with Affordability, Sustainability, and Natural Preservation

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### Executive Summary

This memo examines how Minneapolis, Portland, and Seattle have implemented zoning and land use reforms to expand housing supply while advancing affordability, sustainability, and equitable access. These cities offer valuable insights for Ann Arbor as it considers the “Ann Arbor for All” Comprehensive Plan.

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### 1. Minneapolis: Comprehensive Zoning Reform and Transit-Oriented Development

In 2018, Minneapolis adopted the Minneapolis 2040 Plan, eliminating single-family zoning citywide and permitting duplexes and triplexes in all neighborhoods. The plan also upzoned transit corridors and removed parking minimums, facilitating higher-density development near transit.

**Key Outcomes:**

- The city experienced a significant increase in housing production, particularly along transit corridors, contributing to a stabilization of rents compared to regional trends.
- The reforms aimed to address racial and economic disparities by increasing access to housing in amenity-rich neighborhoods.
- Between 2020–2023, Minneapolis saw a 45% increase in missing middle housing permits and moderation of housing prices relative to peer cities.
- Despite rapid growth, the city had a lower housing cost escalation rate than other fast-growing metro areas

source: Urban Institute and City of Minneapolis annual reports

**Considerations for Ann Arbor:**

- Align zoning reforms with transit infrastructure to promote equitable and sustainable development.
  - Eliminate parking minimums to reduce development costs and encourage alternative transportation modes.
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**2. Portland: Residential Infill Project and Middle Housing Expansion**

Portland's Residential Infill Project (RIP), implemented in 2020, allowed up to four units on most residential lots and up to six units if affordability criteria are met. The city also prohibited new single-family homes over 2,500 square feet to encourage smaller, more affordable units.

**Key Outcomes:**

- The city saw a surge in middle housing development, with units selling for \$250,000 to \$300,000 less than new single-family homes.
- The reforms increased housing diversity and affordability without significant displacement.
- Triplexes, fourplexes, and cottage clusters have steadily replaced tear-down single-family rebuilds.
- In the first two years of RIP, Portland permitted more housing units through infill than through large-scale apartment projects.
- Significantly more small-scale, naturally affordable housing has been created while limiting displacement

source: Portland Bureau of Planning and Sustainability reports

**Considerations for Ann Arbor:**

- Promote middle housing types (e.g., duplexes, triplexes, cottage clusters) to increase affordability and housing choice.
  - Implement size caps on single-family homes to discourage luxury developments that drive up land costs.
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### 3. Seattle: Mandatory Housing Affordability Program and Incentive Zoning

Seattle's Mandatory Housing Affordability (MHA) program, initiated in 2017, requires developers to include affordable units in new developments or contribute to a city fund for affordable housing. The program is tied to upzoning in designated areas.

#### Key Outcomes:

- As of 2023, the MHA program has generated over \$300 million in developer contributions, supporting the creation of approximately 4,700 affordable units.
- The program has faced challenges in balancing development incentives with affordability requirements, highlighting the need for careful calibration.
- Encouraged development in high-opportunity, walkable neighborhoods while funding preservation and new affordable units.

source: City of Seattle Office of Housing Annual Reports

#### Considerations for Ann Arbor:

- Implement inclusionary zoning policies that require or incentivize affordable housing in new developments.
- Ensure that affordability requirements are balanced to maintain developer participation and project feasibility.

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### Recommendations for Ann Arbor

Based on the experiences of these cities, Ann Arbor should consider the following strategies:

1. **Zoning Reform:** Eliminate single-family zoning to allow for diverse housing types, including duplexes, triplexes, and accessory dwelling units, across all neighborhoods.
2. **Transit-Oriented Development and Environment:** Focus higher-density development near transit corridors and natural features (e.g., B2B Trail, Huron River restoration) to promote sustainable transportation and reduce reliance on personal vehicles.
3. **Affordability and Sustainability:** Adopt inclusionary incentive-based programs to ensure that new developments contribute to the city's affordable housing stock. Increased density allowances tied to affordability or sustainable design certifications (e.g., Passive House, Living Building, Enterprise Green Communities)
4. **Parking Reform:** Remove or reduce parking minimums to lower development costs and encourage alternative transportation modes.
5. **Community Engagement:** Engage with residents, developers, and other stakeholders to build consensus and address concerns related to neighborhood character and displacement.

By strategically incentivizing density — not just permitting it — we can foster beautiful, climate-resilient neighborhoods that enhance walkability, ecological restoration, and affordability together.

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## Inclusionary Zoning Restrictions in Michigan

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Michigan law **does not currently allow mandatory inclusionary zoning**—that is, municipalities are prohibited from requiring developers to set aside a percentage of units in private developments as affordable housing through zoning ordinances.

### Relevant Legislation:

The prohibition stems from a 2006 Michigan Court of Appeals decision in *\*Charter Township of West Bloomfield v. Kroot Corp* (2006), which clarified that **local governments cannot impose rent or price controls through zoning**, as that authority is preempted by state law.

More importantly, the **Michigan Zoning Enabling Act (Act 110 of 2006)**—the main legal framework governing zoning in Michigan—**does not authorize municipalities to require affordable housing through zoning mandates**. While the Act allows for planning and zoning for a variety of land uses, it does not explicitly authorize inclusionary requirements for affordability.

### What is allowed:

- **Voluntary inclusionary programs**, such as **density bonuses**, tax incentives, or expedited permitting, **can be offered** in exchange for affordable units.
- Cities can also partner with **Community Land Trusts**, **nonprofit developers**, or use **public land** or **infrastructure financing tools** to support affordable housing.

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## Overall Conclusion

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Ann Arbor has the opportunity to learn from the successes and challenges of Minneapolis, Portland, and Seattle in implementing land use reforms that promote housing affordability, sustainability, and equity. By adopting a comprehensive and inclusive approach, the city can create a more resilient and accessible housing landscape for all residents.

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### Endnotes:

1. Minneapolis' zoning reforms and their impact on housing production and affordability.
2. Portland's Residential Infill Project and its effects on middle housing development.
3. Seattle's Mandatory Housing Affordability program and its outcomes.