

Planning Services Staff Report

For Ann Arbor City Planning Commission Meeting of April 21, 2026.

Subject: Amendments to Unified Development Code (Chapter 55 of the Code of the City of Ann Arbor) related to Exceptions to Height Limits

Proposed Planning Commission Motion

The Ann Arbor City Planning Commission hereby recommends that the Mayor and City Council approve amendments to Chapter 55, Unified Development Code, Sections 5.18 and 5.37, related to exceptions to height limits to update the eligibility requirements for sustainable developments as proposed in the attached ordinance.

Staff Recommendation

Sustainability and Innovations, Economic Development and Planning Staff recommend that the proposed amendments to Section 5.18.4.B Exceptions to Height Limits be **approved** because they better align with current expectations and the policy goals of the A2Zero Carbon Neutrality Plan (A2Zero Plan) to switch appliances and other building systems from fossil fuel power to electric power.

Summary

Amendments are proposed to Section 5.18.4.B Exception to Height Limits to require sustainable developments to be powered solely by electricity and to provide projects with an alternative for part of the solar collector surface requirement, while maintaining the criteria for affordable housing developments and additional step backs or setbacks.

Report

This report provides an evaluation of Section 5.18.4.B Exceptions to Height Limits for Sustainable and Affordable Housing Developments and recommended revisions now that these provisions have been in place for over three years and seven site plans using an exception have been approved. The recommended revisions align the requirements with current expectations for sustainable developments and the goals of the A2Zero Plan.

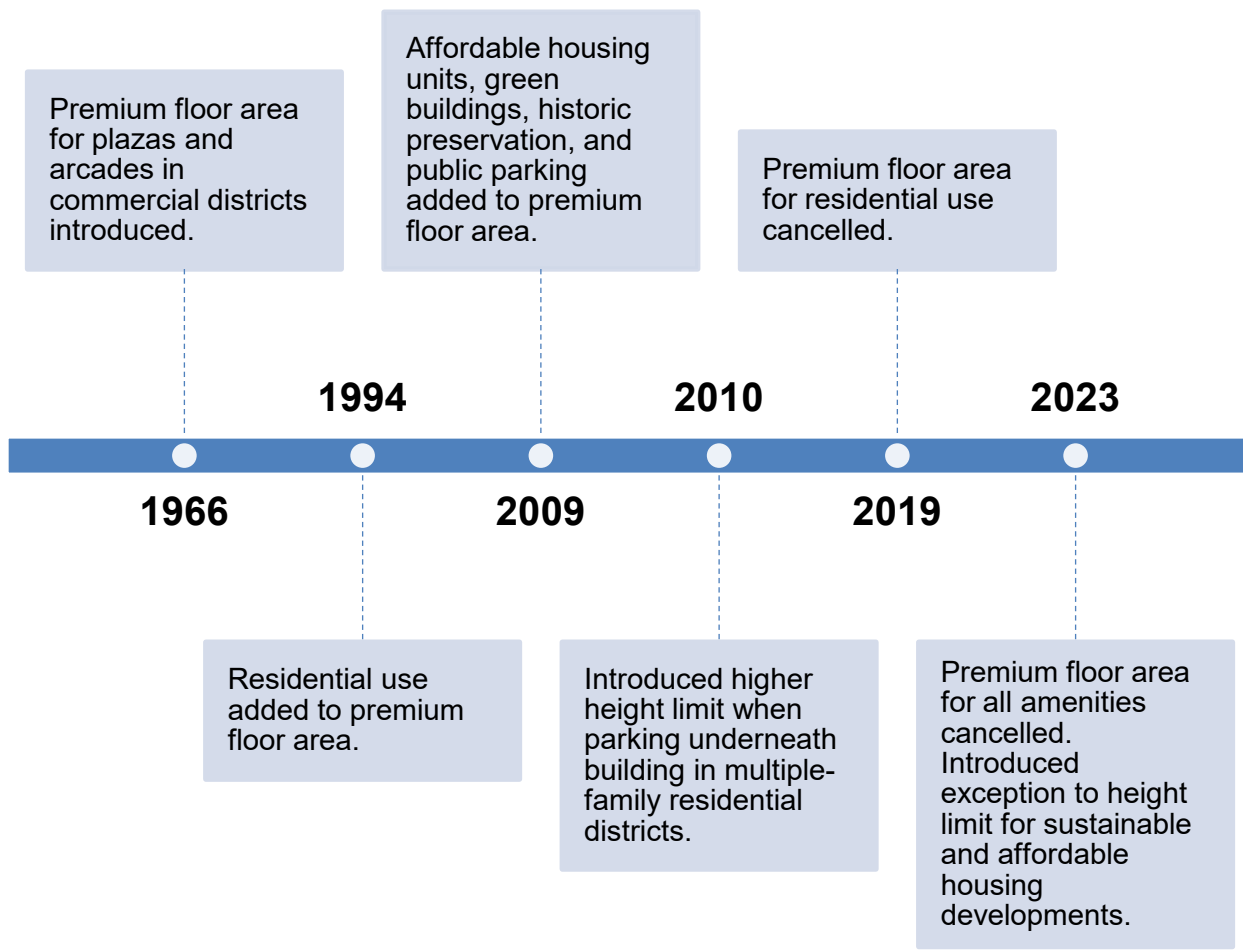
Background on Premiums and Incentives

Incentives for certain land uses and amenities have been offered since 1966. Originally, premium floor area, additional floor area than normally allowed, was offered in some

commercial zoning districts when open space in the form of plazas or arcades was provided. Beginning in 1994, premium floor area for residential use was added. In 2009, premium options were revamped to include affordable housing specifically, green buildings (by LEED certification), historic preservation, and public parking in addition to pedestrian amenities and residential uses. In 2019, the premium for residential use was cancelled, and the affordable housing option was expanded to three levels, the highest of which included increased height along with premium floor area. This marked the second instance of increased height limits to incentivize an amenity. The first instance was when an additional 10 feet of height in multiple-family dwelling districts for buildings was allowed with parking below a building in 2010 (Ordinance 10-34).

All premium options were then cancelled in 2023 when the premium section was repealed in its entirety, the maximum permitted FAR in downtown zoning districts was changed to none, and a version of the affordable housing and green building premiums were introduced as exceptions to height limits.

Figure 1: Timeline of Floor Area Premiums and Height Limit Exceptions



Summary of Height Limit Exceptions

Section 5.18.4 Exceptions to Height Limits contains three paragraphs:

- A. Certain Architectural and Mechanical Features
- B. Sustainable and Affordable Housing Developments
- C. Elevating Buildings in the Floodplain

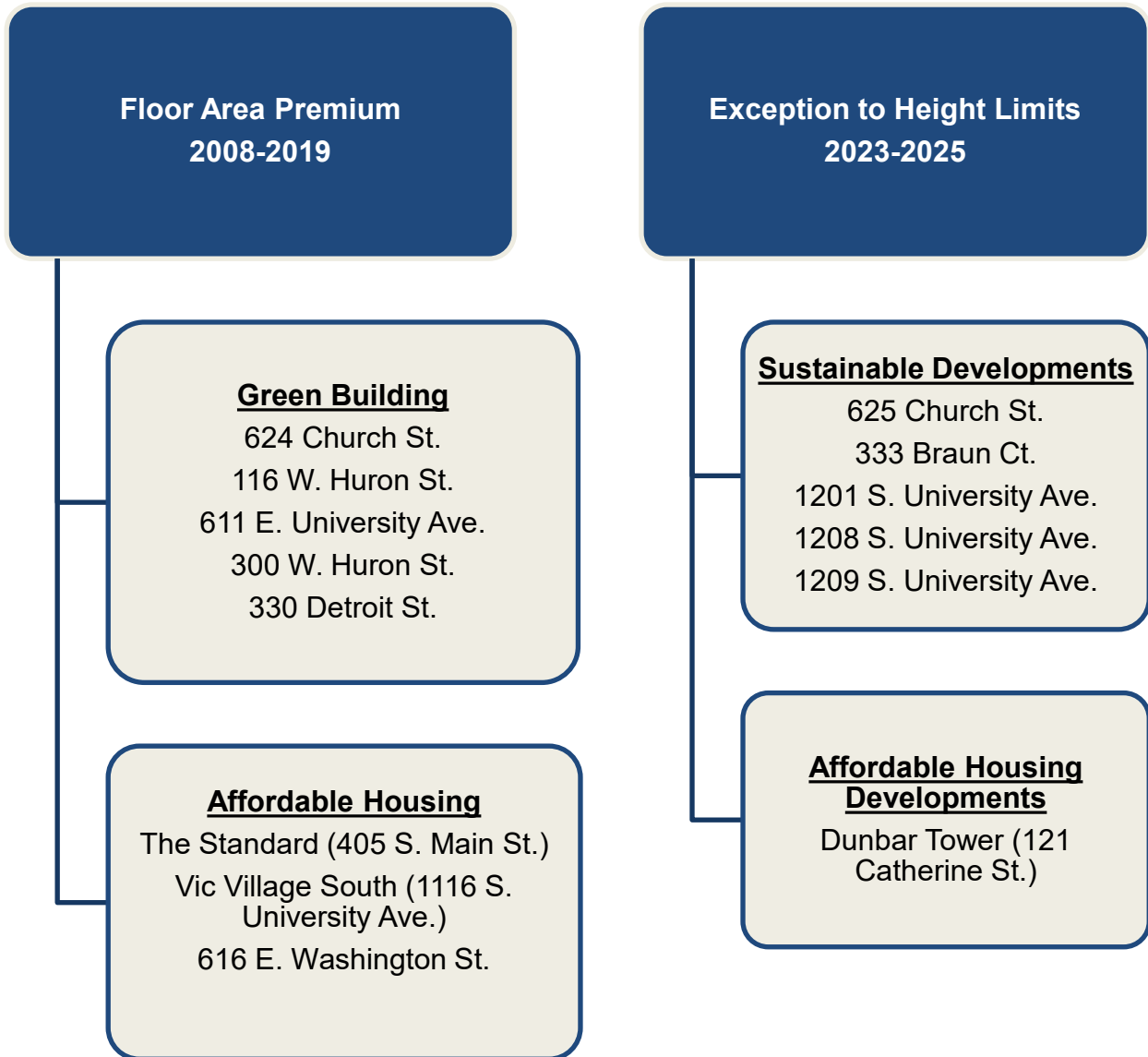
Paragraph B Sustainable and Affordable Housing Developments allows the height limits in all districts to be increased by 30% when either an affordable housing development or a sustainable development is created. These are defined as developments with 15% of dwelling units or floor area (depending on how the zoning district is regulated) as affordable housing dwelling units, or developments with solar panels cover at least 60% of the building footprint area and the building has the capacity to be solely powered by electricity.

Evaluation for Changes

Between 2008 and 2019, the green building floor area premium was used by six projects, five of which have since been built. The green building floor area premium added 50% to the normal FAR limits (400% in the D1 district or 200% in the D2 district) for developments that achieved LEED Silver Certification, 150% for LEED Gold Certification, or 250% for LEED Platinum Certification. None of those projects were all-electric. Three projects used the affordable housing premium – each the minimum required number or floor area of affordable housing units, but none were entirely affordable.

In the three years since the exception to height limit for sustainable or affordable housing development has existed, six projects have used the exception (5 sustainable, each all-electric, and 1 affordable housing with 100% of units). Sufficient data now exists to address concerns emerging from the community that the two types of developments – sustainable and affordable housing – were not comparable in the level of financial impact to meet the incentive. And specific to sustainable developments, the stated definition to “have capacity to solely power the site by electricity” did not align with the community’s policy expectations for sustainable buildings. This particular concern was also shared by the Office of Sustainability and Innovation.

Figure 2: Developments that have utilized Floor Area Premium or Exception to Height Limits since 2008.



Planning staff initiated an evaluation of whether these exceptions were satisfactorily operating as incentives to achieving affordable housing and sustainable developments and discussed a range of concepts with the Ordinance Revisions Committee on November 25, 2025 and February 24, 2026.

Concepts for updates included:

- Removing residential districts from being eligible for these exceptions to height limits, in keeping with the Comprehensive Plan 2050 recommendations on the Residential Land Use Category.
- Streamlining the sustainable development definition to an all-electric development, changing the definition accordingly and removing the requirement for solar collector surface area.
- Adding use of geothermal heat pumps to the sustainable development requirement.
- Adding compliance with 2021 Michigan Commercial Energy Code Appendix CC Zero Energy Commercial Building Provisions to the sustainable development requirement.
- Changing the affordable housing requirement to 100% of units/floor area.

Most committee members expressed support for updating the requirements in general and staff's concepts for minimal updates, but it must be noted that one member felt there should be no piecemeal changes to any development standard or regulation in the UDC and all changes should be made pursuant to the Planning Commission's Comprehensive Plan 2050 implementation program. While there was significant discussion with Sustainability and Innovations staff to consider the incorporation of net zero energy requirements, these are not ultimately recommended at this time.

Overall, the evaluation concluded that the exceptions to height limits are successfully generating sustainable development, more so than the previous floor area premium option, but that some update to the sustainable development requirements was warranted. Limited changes to better align the award of a 30% increase in height with current practice of the approved site plans and the A2Zero Plan strategies were preferred. More substantial revisions should be delayed and may best be incorporated into the work to implement the Comprehensive Plan 2050.

Analysis of Proposed Amendments

The proposed amendments replace Paragraph B with new language to require all sustainable developments to be powered solely by electricity and provide an alternative for part of the solar collector panel requirement. Requirements for affordable housing developments and additional step backs or setbacks for the extra height remain identical to the current requirements but have been reworded for clarity.

Current Requirement	Proposed Requirement
<p>Height limit of this chapter may be increased by up to 30% when the following conditions are met:</p>	<p>Height limits of this chapter may be increased by up to 30% for a development that meets either of the following conditions:</p>
<p>Development has an affordable housing component. Affordable Housing Component – When and where at least 15% of all dwelling units or 15% of all floor area is devoted to affordable housing dwelling units or when a payment in lieu has been made to the Affordable Housing Fund in the rate or amount established by resolution of the City Council.</p>	<p>At least 15% of all dwelling units (when in a zoning district regulated by density) or at least 15% of all floor area (when in a zoning district regulated by Floor Area Ratio) is devoted to affordable housing dwelling units or a fee in lieu has been contributed to the City’s affordable housing fund in the rate or amount established by City Council; or</p>
<p>Development has a sustainability component. Sustainability Component – When and where a solar collector surface covers at least 60% of the building(s) footprint area on a site and the electrical panels of the building(s) have the capacity to solely power the site by electricity, including any conduit and other necessary infrastructure for future conversions if complete electrification is not achievable at the time of initial construction.</p>	<p>All buildings are all-electric, being powered by electricity as the only source of energy for all on-site space conditioning (including heating and cooling), water heating, cooking appliances, and clothes drying appliances, except for backup energy sources to power life safety systems in compliance with applicable building codes and laws; and all buildings have solar collector surface area equal to at least 60% of the building’s footprint area providing power to the development A fee in lieu may be contributed to a designated City fund in the rate or amount established by City Council for the remainder of the requirement when solar collector surface area for 20% of building’s footprint is provided.</p>

Current Requirement	Proposed Requirement
<p>For any portion of the site that is within 300 feet of any residential zoning district, the side required setback and rear required setback within that buffer shall be increased by the amount of the increased height limit for the portion of the building(s) above the normal height limit. This requirement is intended to result in building(s) that comply with the normal required setbacks and have a step back above the normal height limit or building(s) that comply with the increased required setbacks without step backs.</p>	<p>If the height limits are increased under this subsection 5.18.4.B, then one foot of additional side and rear required setback must be provided for the building height above the normal height limit when the building is in or within 300 feet of a residential zoning district. This requirement is intended to mitigate additional height in and near residential zoning districts while offering flexibility in design. Buildings can comply by providing a step back or step backs above the normal height limit or by increasing setbacks.</p>

The amendments will do the following:

- Maintain a 30% increase in the normal height limit when requirements are satisfied.
- Maintain applicability in all zoning districts.
- Maintain two options: sustainability and affordable housing.
- Provide all aspects of the requirements in the same section.
- Align features of a sustainable development with the goals of the A2Zero Plan.
- Provide alternative conditions to meeting sustainable development criteria.
- Clearly articulate how to calculate affordable housing to earn a height exception.
- Clearly articulate why and how additional building height must be mitigated.

Staff Comments

Since the February ORC meeting, the Economic Development Director has shared his experience working with potential developers of downtown high-rise buildings balancing urban form and sustainability elements. Developers indicate it is difficult to provide solar collector surfaces equal to the total building footprint when the uppermost roof surfaces are significantly less than the base area. Economic Development Director Joe Giant worked with Office of Sustainability and Innovations Director Missy Stults to suggest an alternative that provides flexibility without sacrificing either urban form or solar energy collection. Their requested alternative to allow a fee in lieu to be contributed for a

portion of the required solar collector surfaces is included in the proposed amendment. A policy on the rate or formula is being prepared separately for City Council approval.

Prepared by: Alexis DiLeo, Principal Planner.

Reviewed by: Hank Kelley, Deputy Planning Manager and Brett Lenart, Planning Manager.

Attachments:

- Draft Ordinance (Exceptions to Height Limits).
- February 24, 2026 Staff Memo (Exceptions to Height Limits).