



MEMORANDUM

To: City of Ann Arbor Historic District Commission
From: Megan A. Masson-Minock, AICP, Principal
Subject: Downtown Premium Prioritization Information & Input
Date: April 2, 2015

We have been contracted by the Planning and Development Department, per advice of the Planning Commission to lead a process to consult with the public about what zoning text amendments should be made to align the downtown premiums with community goals. The process is a continuation of City Council request to the Planning Commission in resolution R-13-078 to address “whether the D1 residential FAR premiums effectively encourage a diverse downtown population.” For more information about the process overall, please visit www.a2gov.org/premiums.

As part of that process, the Planning Commission requested we meet with you to gather your expertise and input. We would like your input at your meeting on April 9, 2015 on the following:

- Are the current premiums effective, especially those dealing with housing affordability?
- If not, what changes do you suggest – either as a threshold to qualify for a premium or as receiving a substantial FAR incentive – or would it be better to not have them at all?

What is a Downtown Premium?

A downtown premium is an incentive of additional building floor area for a new building if the building has certain uses or features the market generally does not provide but the community wants. The premiums currently incentivize the following: residential units, affordable housing, green building, historic preservation, pedestrian amenities, and public parking. The affordable housing premium offers 900% FAR, but no developers have used this premium. The premium is by right, meaning if the developer provides the attribute, the City has to approve the additional building. Ann Arbor’s Downtown Zoning Premiums are available to any building in the downtown zoning districts that is not in a historic district or a floodplain.

History of Downtown Premiums

In 2009, two downtown zoning districts were created: Downtown Core (D1) and Downtown Interface (D2). The downtown districts are intended to allow a mixture of land uses, dense urban development, pedestrian orientation, unique residential opportunities, and a compatible and attractive mix of historic and contemporary building design. The new districts had a height restriction on buildings and a menu of premiums. Before 2009, premiums were available only for residential units and building heights downtown were unlimited.

The wave of new high-rise residential building in the downtown began before the amendments, in 2006 and continuing today. For example, the Zaragon Place building on E. University went through the approval process before the adoption of the D1/D2 zoning but Zaragon West on Thompson had D1 zoning and received premiums. However, most of the buildings receiving premiums have been built close to one another, highlighting the issue of height and massing of the larger buildings.

Nine projects have received premiums under the D1/D2 zoning. None of the projects used the affordable housing or public parking premiums. All of those projects received premiums for providing residential units, and one for LEED Silver Certification.

2013 Downtown Zoning Evaluation

In 2013, the Ann Arbor City Council asked for an evaluation of the Downtown Zoning with a public input component. While that process focused mainly on three specific sites per Council's instructions, an evaluation of the premiums was part of the process. Community members, downtown business leaders and developers participated in the process. All agreed that the premiums were not creating a diverse residential downtown population and almost everyone felt the quality of design was lacking. Developers expressed hesitation in changing the by-right aspect of the premiums would make downtown development economically infeasible. Community members felt differently. Many advocated for the elimination of premiums, others felt they were given too freely and suggested they be changed to ensure achievement of community values. The final report recommended several changes to the premiums: require approval by the Design Review Board for premium eligibility; limit residential premium to specific types of units; make provision of affordable housing mandatory for receiving a residential premium; eliminate the 900% FAR super-premium for affordable housing; and include other types of premiums.