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TO: City of Ann Arbor Energy Commission & Renters Commission

FROM: Ben Carlisle, AICP
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Paul Montagno, AICP

DATE: June 9, 2023

RE: Downtown Zoning Options

We are looking forward to meeting with you at your June meetings. As you may be aware, our firm has been engaged to complete an evaluation and make recommended changes to the premiums offered for bonus development opportunities for the Downtown zoning districts in the Unified Development Code. For more information about the process, please visit the project webpage [here](#). As part of that process, the Planning Commission has asked us to seek input on policy options from stakeholders, including your Commissions.

Background

Since they were first adopted, the City has used downtown premiums as an incentive to achieve development goals, such as residential units downtown, energy-efficient buildings and affordable housing. As the City's vision, policies, and real estate market have changed, the premiums have been adjusted to align incentives with the goals of the City under market conditions. The premiums currently incentivize affordable residential units, green building, historic preservation, pedestrian amenities, and public parking. Since the premiums were changed in 2019 to incentivize affordable housing units only (previously, market rate residential were eligible for premiums), only low-density, high -end condo applications have been submitted for approval.

The attached power point reviews the premiums currently offered by the City, our research on the effectiveness of the current premiums, the assumptions underlying this process, and the goals of any changes. At your upcoming meeting, we will spend up to ten minutes on the process and background but hope to spend the majority of time discussing policy options.

Policy Options

The Planning Commission hopes to achieve the following goals with any changes to the premiums:

- Increase housing downtown

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- Increase sustainability, including energy efficiency, in the downtown
- Increase accessibility in the downtown (more barrier-free or universal design dwelling units)
- Increase housing attainability in the downtown (those making the Area Median Income or a percentage of it can find housing without spending more than 30% of their income on housing expenses)
- Increase diversity of housing options (variety in the number of bedrooms: efficiencies, 1-bedrooms, 2-3 bedrooms often higher end, 4+ bedrooms often student housing).

The Planning Commission is considering increasing the base density and offering a small menu of premiums as well, limiting those premiums to either housing or sustainability.

What are your thoughts on this approach? Would it achieve the goals listed above? Do you think there will be any unintended consequences?

The Planning Commission is also considering eliminating premiums and then increasing the density overall.

What are your thoughts on this approach? Would it achieve the goals listed above? Do you think there will be any unintended consequences?

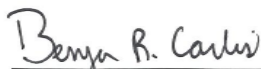
We would also appreciate your input on the following:

Are there other incentives, other than density, that the Planning Commission should consider (ex. reduced fees, expedited permits, etc.)?

Is there anything else you would like to share about premiums?

We look forward to meeting with you next week!

Sincerely,



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