

May 16, 2025

Mr. Lenart—

On behalf of the board of the Ann Arbor Community Land Trust, I would like to submit a Petitioner Initiated Ordinance Change for the Accessory Dwelling Unit Ordinance. After four years of research and planning, A2CLT was founded by our group of community members in early 2024 to address the need for permanently-affordable homeownership for critical employees in Ann Arbor. Our expertise in real estate, construction, development, and sustainability led us to the conclusion that the new construction of permanently-affordable homes as part of a community land trust was essential to a systemic solution for this issue in Ann Arbor's market.

We have also developed a set of strategies for making these homes affordable, one of which is building at least two homes on each parcel of land. This will allow us to split the cost of the land acquisition, utilities, and fees between two homes. After a new Comprehensive Plan and related ordinances are adopted, we will scale up to small multifamily buildings, but in the meantime, there is plentiful opportunity to build two small homes on the numerous lots that will otherwise be built out with larger, more expensive homes. We anticipate being able to build 30-50 units per year for the next few years. For example, I just identified a new single family home listing on the market this week on 1.47 acres, which could hold 12-16 small homes.

A simple amendment to the Accessory Dwelling Unit Ordinance will allow A2CLT and other similar developers to build small, modest homes at the price points that many of our critical employees need. We have designed these homes to be attractive and quite similar to the beloved housing forms of old Ann Arbor, blending seamlessly into existing neighborhoods. Please refer to the attached flyer which illustrates the two primary models we will initially use, the *Annie* single family home and *The Big Townie/Little Townie* paired townhouse. These designs have small footprints so they can be easily sited on most infill lots. These plans are extremely cost effective and quick to build.

Our proposed amendment to the ADU Ordinance would allow any lot to accommodate several configurations: The Big Townie/Little Townie paired townhouse, two Big Townies, two Little Townies, or two Annies. We hope to add a small, single story, accessible plan in the near future. We have added an affordability clause, because we anticipate the Annie model's market rate value to average \$550,000, and we hope to protect the production of these homes for permanent affordability.

To govern the permanent affordability, A2CLT has drafted a deed restriction, based on the model provided by the Grounded Solutions Network, our nationwide CLT organization. The new homes will be sold at one-half to one-third of market value, and homeowners will accrue a fixed 1.5% appreciation per year, in addition to their loan payoff. Some buyers will use this as a starter home and move on to a market-rate home in 5-10 years, but others will stay for their entire lives. When the home is passed on, the deed restriction will govern its resale, with A2CLT's right of first refusal and facilitation of the sale to another qualified buyer. Since some or all of the homes will also be condominiums, a Homeowner's Association can also provide oversight. A2CLT's board of directors will have one-third representation by homeowners, one-third by general members with relevant expertise, and one-third representation by anchor institutions. A city official or staff member would be a welcome addition to the board.

In terms of the affordability definition of the proposed ADU amendment, we are deeply committed to producing homes for any and all of our critical workers. For our recent Townie Homes reservations for 24 houses, the average AMI of the group was 60%. We were able to serve buyers as low as 33% AMI with our \$125,000 homes, by including the \$325,000 homes for buyers around 90% AMI. We have discovered that some of our potential \$325,000 buyers have substantial down payments saved. If the ADU amendment provides us with a by-right pathway to build two homes, I believe we can use those buyers' down payments to purchase lots, which will then provide a second home for another lower AMI buyer. Those \$325,000 homes are still a victory, since they are roughly half of the median home price in the city, and they will be permanently affordable. We may want to discuss

an average AMI or simply specifying that homes will be permanently affordable with a deed restriction. We also hoped to make it clear to community members that the goal of the amendment would be to enable our popular *Annie* model—a small footprint, two story home with a basement. We don't want a mistaken belief that huge 1700 sf ranch ADUs will be sprouting up in backyards everywhere.

In summary, we have outlined the following benefits of an amended ADU ordinance for buyers, A2CLT, and the City:

- Enables rapid groundbreaking on the first 24 Townie Homes
- Enables A2CLT to fill a pipeline of additional Townie Homes
- Enables A2CLT to obtain loans on additional land, due to by-right permitting
- Enables faster construction, with no need for rezoning
- Saves planning department time on future rezonings
- Keeps home costs down, with no rezoning fees
- Frees up other market-rate and affordable rentals, when buyers move into A2CLT homes
- Builds A2CLT's development record, which will enable future multifamily projects

**Proposed UDC Amendment:**

**Accessory Dwelling Units (Section 5.16.070.C)**

**Add Subsection 5.16.070.C.11: Affordable ADU Provision**

**For lots where both the principal dwelling unit and the accessory dwelling unit (ADU) are deed-restricted to remain permanently affordable to households at or below the Area Median Income (AMI), the ADU may have a Maximum Gross Floor Area of 1700 SF.**

Thank you so much for your assistance with this matter and encouragement for our efforts to house our critical employees. Please direct me to the correct form and payment method for this Petitioner Initiated Ordinance Change.

Sarah Lorenz  
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**Attachments:**

A2CLT Coming Soon Flyer with Eligible Critical Worker List

A2CLT Deed Restriction