



M E M O R A N D U M

To: City Planning Commission Ordinance Revisions Committee

FROM: Alexis DiLeo, Principal Planner

DATE: February 24, 2026

SUBJECT: Amendments to Chapter 55 (UDC) Related to Exceptions to Height Limits;
Continued from November 24, 2025

SUMMARY

Concepts to amend the Unified Development Code related to exception to height limits in Section 5.18.4.B were introduced to the Ordinance Revisions Committee on November 25, 2025 which address concerns about parity – between collective effort needed to accomplish a sustainable development and an affordable housing development, and between the minimum requirements of a sustainable component and current expectations for sustainability.

At that meeting, Office of Sustainability and Innovation staff suggested further strengthening and refining the conceptual amendments. Committee members expressed general support for amending the regulations related to exceptions to height limits but did not recommend a specific concept to pursue.

In this memo, additional background, further research and more refined concepts are shared for continued discussion and feedback towards preparing proposed amendments for a public hearing.

REVIEW

Background on Exception to Height Limits for Sustainable and Affordable Developments

Premiums had been offered in Ann Arbor City Code Chapter 55 – originally known as the Zoning Ordinance, now known as the Unified Development Code – to incentivize certain land uses and amenities since 1966. Originally, floor area premiums (bonus floor area above the maximum permitted FAR) were offered for pedestrian amenities and evolved to incentivize residential use, affordable housing units, green buildings, historic preservation, and public parking. Height premiums (additional height above the maximum permitted height) were offered in conjunction with one option, affordable housing dwelling units, from 2019 to 2023.

In 2022 Planning Commission called for an evaluation of the premium options to consider if the program and resulting development was consistent with the City's Comprehensive Plan goals and, if not, suggest changes. The evaluation determined that the complicated premium program could be eliminated with little impact to the development landscape if FAR standards (Floor Area

Ratio) were also eliminated and development was solely regulated by setback and height standards.

As a result, Ordinance 23-32 was approved in 2023 which repealed Section 5.18.6 Premiums in its entirety, eliminated the maximum permitted FAR in the downtown zoning districts, and provided for a version of two previous incentives, affordable housing and green buildings, through exceptions to height limits.

Evaluation of Exception to Height Limits

The current discussion is essentially an evaluation of Section 5.18.4.B Exceptions to Height Limits for Sustainable and Affordable Housing Developments now that it has been in use for about three years. To date, a handful of height exceptions have been made for developments with a sustainability component and one exception has been made for a development with an affordable housing component.

The six developments with a sustainability component¹ each provided solar panels covering 60% of the building's roof and powered the building systems by electricity but have natural gas-fueled generators for emergency back up power. These exceeded the sustainability component's requirement to simply have the capability to power the building solely by electricity.

The one development with an affordability component² provided 100% of the dwelling units as affordable to low-income households, exceeding the requirement for 15% affordability.

With increased use of the height limit exception, two concerns are emerging. First is a concern that the two components – sustainability and affordable housing – do not require comparable effort to achieve. Although both earn the same 30% height exception, providing solar panels on the roof and the capability of being an all-electric development seems far easier and less expensive to accomplish than delivering 15% of residential units as affordable housing units on-site or by payment-in-lieu. Second is a concern about the ambiguity of the definition of sustainability component. It implies, but does not require, an all-electric development. A strict interpretation, simply being capable of an all-electric development, no longer meets our community expectations on sustainability nor does it sufficiently further the City's sustainability goals.

Addressing The Concerns

Three conceptual amendments addressing these concerns, as well as City Council's directive to rescind height exceptions in single-family districts plus increase realized affordable housing dwelling units, were introduced by staff on November 25, 2025 as summarized in the table below.

¹ 625 Church St (SP24-0017); 333 Braun Ct (SP24-0018); 1201 S University Ave (SP24-0020); 1208 S University Ave (SP24-0029); 1201 S University Ave (SP25-0004)

² Dunbar Tower, 121 Catherine St (SP20-2020)

November 25, 2025 Discussion Summary		
<i>Current Standard</i>	<i>Proposed Standard</i>	<i>Notes</i>
The height limits of every zoning district may be increased by up to 30% when the stated conditions (having a sustainability component or having an affordable housing component) are met.	The height limits of mixed-use zoning districts (Table 5.17-4) may be increased by up to 30% when the stated conditions (being an all-electric development or being an affordable housing development) are met.	Satisfies R-25-287 ³ . Height exception for building-mounted solar panels remains in all districts.
A sustainability component means a development with solar panels covering 60% of the building footprint area and electrical panels have the capacity to power the building solely by electricity.	An all-electric development means using electricity as permanent and primary source of energy for all space conditioning, water heating, and appliances, including geothermal systems. Nonrenewable energy sources allowed for backup.	Maintains alignment with A2Zero Strategy 2. Able to determine compliance at construction completion. Does not address energy efficiency. Elimination of solar panel requirement not supported by OSI staff. A higher standard than currently required, which can be interpreted as both good and bad: achieves parity with the affordable housing component, makes development more challenging.
An affordable housing component means 15% of dwelling units or floor area is affordable, payment in lieu accepted.	An affordable housing development means residential development where 100% dwelling units are affordable .	Supported by staff as the most realistic way to achieve occupied affordable housing units. A higher standard than currently required which can be interpreted as both good and bad: maintains flexibility for affordable housing providers, realizes more affordable units, will reduce contributions to the Ann Arbor Affordable Housing Fund from payment in lieu.

³ City Council Resolution R-25-287, passed July 21, 2025, requests the draft 2050 Comprehensive Plan include a recommendation that height exceptions currently provided in the UDC be removed from the residential category.

RECOMMENDATIONS

Staff Recommendations

Planning staff continues to recommend changing the definition of sustainability component to an all-electric building as the minimum necessary amendment for parity as well as meet current expectations for sustainability.

OSI staff recommend further amendments for more complete achievement of City goals, including maintaining the solar panel requirement (60% of building footprint area), requiring air source or ground source heat pumps for heating and cooling, all-electric building, and compliance with 2021 Michigan Commercial Energy Code Appendix CC.

What to Know About the Recommendations

- The primary enforcement mechanism for UDC development standards is approval of plans and permits for construction of structures, buildings, and site improvements that meet the applicable development standards. Therefore, the thing that allows a building to exceed the height limit (which directly translates to more floor area) needs to be a thing that can be part of plan and permit applications and can be verified right along with completion of the building itself.
- Prohibiting non-electric emergency power generators is not supported by the Building Official. High-rise buildings require back-up power for critical life safety systems. The default code-required power source for back-up power generators is diesel fuel, but exceptions are allowed where reliable natural gas infrastructure is available (such as Ann Arbor).
- The 2021 Michigan Commercial Energy Code, including Appendix CC Zero Energy Commercial Building Provisions, became effective April 22, 2025. Appendix CC are “permissive guidelines” that “provides a model for applying new renewable energy generation when new buildings add electric load to the grid. This renewable energy will avoid the additional emissions that would otherwise occur from conventional power generation.”
 - Appendix CC requires either installation of on-site renewable energy systems or procurement of off-site renewable energy to offset the calculated building energy.
 - With voluntarily submission, the City of Ann Arbor Building Official can review construction plans and issue – or deny – permits complying with Appendix CC. Both options can be verified as part of a review because construction drawings will include the on-site renewable energy system or documentation of a legally binding contract to procure off-site renewable energy will be provided.

Feedback Requested

Staff seek feedback from the Ordinance Revisions Committee on their preference for the minimum recommended change, the ideal recommended change, or something in between, for preparing proposed amendments for a public hearing at a future Planning Commission meeting. Which elements should be included in an ordinance to amend Section 5.18.4.D (and other sections as needed for completion)?

Menu of Amendment Options related to Exceptions to Height Limits		
Code Element	Minimum Recommended Change	Ideal Recommended Change
<p><i>Applicability</i> (Height limits of every zoning district increased by 30% when conditions are met.)</p>	None	Change from every zoning district to mixed-use zoning districts.
<p><i>Sustainability Component</i> (Solar panels cover 60% of building footprint area and electrical panel has capacity to handle all-electric building.)</p>	Change from capacity to handle all-electric building to an all-electric building.	Minimum change plus: Use of geothermal heat pumps. Compliance with Appendix CC
<p><i>Affordable Housing Component</i> (15% of dwelling units or floor area is affordable, payment in lieu accepted.)</p>	None	Change from 15% to 100% dwelling units or floor area is affordable. Change from payment in lieu accepted to not accepted.

Attachments: November 25, 2025 Planning Staff Memo (Exceptions to Height Limits)
 2021 Michigan Commercial Energy Code Appendix CC