

Appendix II

The Moravian Narrative Supplement following the September 10, 2009 Planning Commission working session

As a follow up to the conversation and questions raised at the September 10, 2009 Planning Commission Working Session, as well as subsequent discussions within our development team, following is the requested information, clarification and further discussion of pertinent points regarding the project and its consistency with previous interpretations of City planning documents and the historical application of the PUD ordinance.

Floodplain & Stormwater Improvements

The standard requirement for floodplain storage capacity of the site would be 17,249 cubic feet. We are proposing over 29,000 cubic feet of storage capacity. This is an increase of over 70% above the standard requirement. Additionally we are proposing a storage tank for use in on-site irrigation which adds another 2,000 gallons of storage capacity. We have also slightly oversized the stormwater detention tanks to provide more capacity than is required. This allows us to capture and treat not only our on-site stormwater, but also off-site stormwater that will likely flow on to our site. Additionally, we have designed a system that will reduce peak hour stormwater outflow by over twenty fold. As a result of the redeveloped stormwater management system, stormwater that currently flows offsite immediately following storm events will be detained onsite for approximately a full day before being released off-site.

Floodway

A portion of the property is currently classified as being in the floodway. The recent analysis, during the FEMA Flood Maps review process, has confirmed that the actual elevation of the property is not in the floodway. Actual topographical data confirms that the lowest point on the property lies above the floodway elevation. The previous classification of the property lacked actual topographical data for this area. This has been confirmed with the City's flood map coordinator. Once the City adopts the new FEMA Flood Maps, the correction will become official.

On Site Parking

The parking arrangement has been discussed at length with Planning Staff and they have determined that the proposed amount of parking is appropriate for this type of product in this location. We have considered the presently proposed target market and unit configurations as well as potential future uses and reconfigurations many years from now and designed the supplemental regulations to accommodate those scenarios. It is worth noting, even though it is not included in our parking calculations, that on-street parking will be increased as a result of the combination of these parcels and the elimination of the numerous curb cuts. Additionally, more on-street parking will be provided on Fifth Avenue in areas where parking is currently not permitted. This proposal for additional on-street parking has been reviewed and is supported planning staff and the traffic engineering department.

Affordability

We have worked closely with Jennifer Hall of the Community Development Office in developing the affordability standards for this project. We spent time understanding the City's administration of

affordable housing, the various calculations for affordability standards, and the types of units she has greatest need for and considered numerous variations of potential structures. Ultimately we have proposed the option she recommended which is to utilize the 15% standard specified in the PUD ordinance that has been applied to previous PUD's, to identify the restrict units as exclusively one bedroom units as that is the unit type with the greatest supply/demand imbalance and to set the affordability levels at the fair market rent rate which is affordable to people making between 50% and 80% of AMI. It is also important to note that these units will be more affordable than the restricted rent levels alone would indicate given the reduced utility bills expected as a result of the geothermal heating and cooling system and other green features of the building.

Following is an excerpt from an email sent by Jennifer Hall, in reference to an inquiry about restricting affordability levels to lower percentages of AMI than those proposed, to explain her position in recommending the arrangement we are proposing.

"The current interpretation and practice is to set the rents at a price that is affordable to a household at no more than 80% AMI. We do not set the rents for a household at 80% AMI because then the only people who can afford it are people who make exactly 80% AMI incomes. We set the rents at the HUD published Fair Market Rent rates, which is a price that is affordable to households at about 50% - 80% AMI so that a range of people can afford it who do not have rental subsidy vouchers. And, people from 0% - 50% AMI can afford to live there with a rental subsidy voucher. Consequently, just because the income limits are set at no more than 80% AMI, we administer the units so that they are affordable for people at 0% to 80% AMI. In fact, we will work with Madison to market the affordable units to people who have rental vouchers.

The difference between the Madison and the North Main project, is that Avalon/Three Oaks are paying for the construction with grants and low-interest loans so that they can afford to charge lower rents. And their funders are requiring them to serve households at 50% AMI or less as a condition of getting the funds. Madison is using market rate financing and does not have any subsidies to cover their rent losses.

Although I support creating opportunities for households at 60% AMI or less, I do not recommend requiring Madison to restrict the incomes of the affordable units to 60% AMI households. I have not reviewed Madison's financials, but I have reviewed the operating pro formas for other private developers who requested making cash-in-lieu contributions instead of providing units on site because it was financially infeasible to provide units on site (at the 80% AMI fair market rent levels). None of those projects have been built due to lack of financing. I am concerned that further restricting the rent revenue for these types of developments will have the unintended consequence of making a project financially infeasible and then we don't have any units."

Bicycle Parking

The ordinance standards require 3.15 Class A and 3.15 Class C bicycle parking spaces based on the proposed density. We are proposing 48 Class A and 34 Class C spaces. This is an increase of 1,200% in the number of spaces above the standard requirement.

Notification to the Planning Commission if building is convert to a For Sale product

As stated at the working session, this is something we are happy to include in the supplemental regulations. Additionally we will include language specifying that the affordable rental units, if

converted to for sale units, must continue to meet the affordability standards of For Sale units in perpetuity.

Scale comparison to the previous version of the project

You may recall that our original proposal was for a much larger project. That proposal evolved from a concept similar to that which you are now reviewing to a project consisting of twelve floors of residential uses above two floors of parking after discussions with multiple constituencies including all of the then sitting City Council members. That previous project consisted of approximately 264,000 square feet of residential space, 164 units and 445 bedrooms. The current proposal is approximately 29% of the size of the original proposal at approximately 74,000 square feet of residential space including 63 units, 164 bedrooms and approximately 2,050 square feet of commercial space.

LEED Characteristics

We believe the proposed project will be the “greenest” private, market rate building of its type ever constructed in Ann Arbor. Sustainable features and characteristics that will be included in the project and part of achieving LEED certification include stormwater capture for irrigation, utilization of native vegetation in landscaping, low flow water fixtures, an in-building recycling room, recycling of at least 50% of construction waste, heat island reducing roofing materials on the flat portion of the roof, utilization of locally sourced materials and those with recycled content, utilization of low VOC adhesives, paint and carpet and of course the geothermal heating and cooling system among others. A more comprehensive list of the overall benefits of The Moravian can be found on page 21 of the narrative.

A minimum square footage of commercial space

The current site plans show approximately 2,064 sf of commercial space divided into three suites. The supplemental regulations, after discussion with planning staff, specify a maximum of 3,000 sf and a minimum of 3 individual suites. We are happy to set a minimum square foot of commercial space at approximately 1,500 sf if there is consensus from the Commission that this would be beneficial.

Continuation of the storefront feel around the Corner from Madison to Fourth

We are happy to make this revision proposed by Commissioner Westphal if there is consensus from the Commission. We would plan to wrap the corner with a continuous canopy and continue the glass windows around the corner as well. A separate entrance from Fourth coming through the park space could also be added if that is the Commission’s desire.

Density

The number of units requested at 63 and the number of bedrooms at 164 is certainly in character with the types of density increases that have been deemed acceptable for previous PUDs. As a point of reference, this would result in a density of approximately 74 units per acre where Glen Ann Place was approved at a density of approximately 290 units per acre. A further point of reference is the relative increase in density requested as part of this proposal compared to the historical standards applied to other projects. The increase in density for The Moravian would be approximately 270% (just 60% compared to the number of permitted bedrooms). Again, as a point of reference, Glen Ann Place was approved for a density increase of 4,380%. Our team found no records of the number of bedrooms permitted by the underlying zoning having ever been utilized as a measure of appropriate density in evaluating other PUDs. The proposed density is also precisely in line with the recommendations of the recently adopted transportation plan needed to support a fully functional mass transit system.

Elimination of the industrial zoning

The very first problem statement in the neighbor neighborhood preservation section of the Central Area Plan addresses the vulnerability of close in residential areas to commercial and institutional expansion. Elimination of this vulnerability is precisely what this proposal would accomplish. There are a number of uses permitted as a matter of right by the existing Industrial zoning that we believe would be viewed by the City as undesirable in this location. The elimination of this zoning and the associated possible uses is a long term benefit to the area. We believe an assessment of this benefit that is skewed by any perceived short term lack of desire on the part of commercial and industrial users or the existing owners to pursue the permitted uses is a rather short sighted approach to sound land use planning principals.

Consistent interpretation of City planning documents and application of City ordinances

We have thoroughly studied, analyzed and compared the discussion and interpretation of the Master Plans and ordinances governing both this PUD proposal and previously approved PUD proposals. Recognizing the uniqueness of each location and project as it relates to subjective elements of the PUD analysis, the fundamental underlying planning issues and analysis of standards is remarkable similar between our project and a few others, particularly Glen Ann Place. Our expectation upon undertaking the investment necessary to engage in the approvals process was that we would be required to meet at least the minimum standards these other proposal were required to and our goal was to significantly exceed them. We have toiled long and hard and gone through numerous revisions to the project while remaining steadfastly true to the objectives of providing high quality housing in the downtown area aimed a young professional market, sustainability and the provision of affordable units on site rather than paying-in-lieu into the affordable housing fund. With the help and direction of City Planning Staff we have crafted a proposal that we believe is consistent with the overall goals of the Central Area Plan and most certainly meets at least the minimum standards for a PUD, particularly as applied to preceding projects, especially considering the significantly lesser variances we are proposing.

A number of fundamental planning concepts associated with location of The Moravian are very similar to those of the Glen Ann Place location. To specify a few, both are on the fringe of a residential area and adjacent to more intense commercial and institutional present and planed uses. Both are near but not within the downtown as defined by the DDA boundary. Both have a mix of underlying zoning including the residential portions of both sites being zoned R4C. Both also have the advantage of the topography lessening the impact of the site on the adjacent residential areas. Both are primarily multiple family rental housing but Glen Ann Place is significantly taller at nine stories and much denser at approximately 290 residential units per acre where The Moravian is proposing approximately 74 units per acre. Glen Ann place is also located in a historic district where The Moravian is not. A consistent interpretation of City planning documents and an even-handed application of the PUD ordinance would appropriately recognize many of the same benefits of our proposal as those recognized by this body in its approval of Glen Ann Place. We agree with the analysis of the then sitting planning commissioners, which included three current commissioners, that Glen Ann Place provided protection and a buffer for the residential uses in the area rather than being a threat to them just as The Moravian does for this area which will become even more evident in the long term as the Fingerle property is likely to be redeveloped with greater intensity. We also agree that the addition of residential housing to the area adjacent to downtown was a benefit of Glen Ann Place as it is in the case of The Moravian.

Evolution of the project

The evolution of the project that has occurred since the project was last before the planning commission for consideration was discussed and to provide some context for the multiple permutations the project

has considered in reaching the point it is at today, the following is a condensed summary of some of the events and considerations.

- A complete set of revised plans was submitted as a new petition on December 29, 2008.
- We received a City Planning Staff report January 8, 2009 detailing any deficiencies of the proposal following staff's review of the project for compliance with City ordinances and plans.
- On March 4, 2009 a revised set of plans was resubmitted following approximately two months of working with City Planning Staff, Parks Department, Community Development Office, Engineering departments and coordination with the DDA to address the deficiencies noted in the January 8, 2009 report as well as other suggestions from Planning Staff.

Some of the more significant revisions occurring during this period and those considered throughout the evolution of the project include:

- o Realignment of the entrance as requested by Planning Staff.
 - o Coordination with the Parks Department and the DDA to develop the openspace and streetscape plan and ensure it is consistent with the long term plans of those organizations.
 - o Changing the name of the project at the request of the Fire Department.
 - o Revisions to the sidewalks to create more welcoming and pedestrian friendly streetscapes.
 - o Revisions to building setbacks.
 - o Increases in on-street parking spaces including a loading/unloading zone.
 - o Multiple variations to exterior themes based on feedback from planning staff, our neighbors and many others in the community to more closely reflect the existing styles of the residential uses to the north of this site (a more modern concept that was developed is included below for reference).
 - o Consideration of numerous characteristics of the project including sustainability based features and measurement techniques such as an on-site wind turbine, Energy Star rating vs LEED certification, variations of the amount and levels of affordability restrictions and others.
- A second Planning Staff report dated March 26, 2009 was received requesting further clarification of, and revisions to, a number of characteristics and issues.
- A review of every PUD ever approved in the City of Ann Arbor ensued and a detailed comparative analysis was performed on the most similar PUDs which is summarized in the table in the narrative.
- Continued work with planning staff followed for the next few months in which the live work spaces were added, the architecture was revised to further break up the appearance and mass of the building and any remaining issues identified by Planning Staff were addressed.

Modern Concept



Interaction of the site with the downtown

Although the property is not within the limits of the downtown when defined as the DDA boundary, it is, with its direct adjacency to the DDA on South Fourth Avenue, certainly a contributing part of the downtown area and interacts with both the downtown and campus areas as a practical matter. The future residents of this building will be downtown residents as defined by the City which includes residents within the DDA boundary and within one block of the DDA boundary. Also, the Downtown Residential Task force when evaluating the need for and barriers to providing additional residential units in downtown utilized a ¼ mile radius around the DDA when considering the area in which downtown residents live and in which 1,000 new residential units by 2015 is desirable to maintain a vibrant downtown. The need for more downtown area housing continues to exist as few new residential units have been added since the task force study and those that have are targeted primarily at undergraduate student housing.

It is important to recognize the context of this area and how our proposal fits with both the present built environment and equally importantly from a planning standpoint, how it relates to the future plan for the area. The existing zoning in this area permits an intensification of use. The existing residential uses in this area are zoned for multiple family housing. The Central Area Plan calls for higher density development such as apartments and group quarters as the primary future land use. It is particularly important to note that this is **not** an area where the Central Area Plan calls for single family or even two family housing. The surrounding areas with existing commercial zoning and commercial uses specified in the Central Area Plan call for more intense uses than presently exist today. In fact, the Area, Height and Placement Standards study recommends intensifying the building heights and uses on surrounding properties as well as on the industrially zoned portions of the property that is a part of the proposal. This is an area that is planned for more intense and denser uses in the future and we believe this project is founded in sound planning principals and will set a forward thinking and appropriate tone for future development of this corridor.