



M E M O R A N D U M

To: City Planning Commission Ordinance Revisions Committee

FROM: Alexis DiLeo, Principal Planner

DATE: November 25, 2025

SUBJECT: Amendments to Chapter 55 (UDC) Related to Exceptions to Height Limits

SUMMARY

Staff introduce concepts to change what feature(s) a development must include to receive an exception to the normal height limits of its zoning designation because of concerns that the amount of increased building height offered is not proportional to its beneficial impact or investment to provide.

BACKGROUND

Exceptions to the height limits in the Unified Development Code for sustainable and affordable housing developments were added to Section 5.18.4 with the adoption of Ordinance 21-20 on July 6, 2021. ORD-21-20 was the culmination of work to remove Planned Project Site Plan Modifications from the UDC while maintaining some degree of flexibility to area, height and placement standards. Along with eliminating the planned project section, two new sections were added to the chapter that replicated the majority of planned project benefits offered and realized in a less subjective, straightforward, predictable, and intuitive manner. The new sections were:

Section 5.18.3.C Setback Line and Yard Alternatives [Additional Area, Height, and Placement Standards]

Section 5.18.4.B Sustainable and Affordable Housing Developments [Exceptions to Height Limits]

Planned project modifications allowed applicants to proposed developments to exceed the area, height and placement allowed the Planning Commission to approve them when the project provided “solar orientation or energy conserving design” or “affordable housing for lower income households,” or seven other listed features. Any increase or decrease could be proposed and there were no definitions for the beneficial features. The new Setback Line and Yard Alternatives and Exceptions to Height Limits allow predetermined increases and decreases based on defined circumstances and qualities.

The October 6, 2020 and January 21, 2021 Staff Reports on Amendments Regarding Planned Project Site Plan Modifications and the Council Action Report for Ordinance 21-20 are attached

for in-depth background on height limit exceptions for sustainable and affordable housing developments.

The current exception and definitions are:

B. Sustainable and Affordable Housing Developments

The height limits of this chapter may be increased by up to 30% when the following conditions are met:

1. The development has an affordable housing component or a sustainability component.
2. For any portion of the *site* that is within 300 feet of any Residential Zoning District, the *side required setback* and *rear required setback* within that buffer shall be increased by the amount of the increased height limitation for the portion of the *buildings(s)* above the normal height limit. This requirement is intended to result in *buildings(s)* that comply with the normal *required setbacks* and have a step back above the normal height limit or *buildings(s)* that comply with the increased *required setbacks* without step backs.

Sustainability Component

When and where a *solar collector surface* covers at least 60% of the *building(s)* footprint area on a *site* and the electrical panels of the *building(s)* have capacity to solely power the *site* by electricity, including any conduit and other necessary infrastructure for future conversions if complete electrification is not achievable at the time of initial construction.

Affordable Housing Component

When and where at least 15% of all *dwelling units* or 15% of all *floor area* is devoted to *affordable housing dwelling units* or when a payment in lieu has been made to the Affordable Housing Fund in the rate or amount established by resolution of the City Council.

A few projects since 2021 have utilized the exception, about three or four with sustainability components and one with an affordable housing component. Every sustainable development is an all-electric building (with gas-fueled back-up generators). The single affordable housing project is entirely made of apartments for very low-income households.

Concerns are now being raised as the height limit exception use increases, particularly from the sustainability component, that the threshold to qualify is not strict enough to support the generous height exception. Criticism has been particularly focused on developments in downtown zoning districts where height, not FAR, regulates density. Some feel that the sustainability benefits from those projects were not enough to offset the effects on the community for the larger-than-otherwise-allowed buildings.

These concerns were reinforced by Resolution R-25-287 passed by City Council on July 21, 2025 that requests the draft Comprehensive Plan include “a recommendation that height Residential category.”

CONCEPTUAL AMENDMENTS

To address the concerns raised about the parity of height limit exceptions and their qualifiers, staff are initiating a discussion for feedback on three conceptual amendments below.

1. Revise the Definition of Sustainability Component

Amendment – Rename, strengthen and clarify the definition of sustainability component to a development solely powered by electricity:

All-Electric Development – A development in which all buildings on the site use electricity as the permanent and primary source of energy for all space conditioning (HVAC), water heating, and appliances. For these developments, geothermal systems may also be used as a permanent and primary source of energy. Nonrenewable energy sources, such as natural gas, propane and diesel fuels, shall only be used as temporary and secondary sources to provide energy in emergency situations.

Discussion – Changing the term and strengthening the definition to an all-electric development maintains alignment with Strategy 2 in A2Zero, Ann Arbor’s Living Carbon Neutrality Plan, to switch our appliances and vehicles from gasoline diesel, propane, coal and natural gas to all electric. It helps to eliminate any perceived confusion about the current definition that mentions *capacity* and *future conversions*, nor actually link the installation of solar collector surfaces to powering the building from that energy source.

Moving to align the Sustainability Component with A2Zero’s Strategy 3, to significantly improve the energy efficiency in our homes and buildings, by achieving third-party certifications for net zero energy performance was considered¹ but is not suggested at this time. Such third-party certifications have been used by other premium and voluntary options in the UDC with mixed or unsatisfactory results (most now repealed). Some certification programs cease to exist; others evolve to different standards which may not be in keeping with our goals, and many cannot be determined until well after when certificates of occupancy are issued. Fees associated with third-party certifications can also be a barrier.

2. Revise the Definition of Affordable Housing Component

Amendment – Strengthen the definition of affordable housing to an affordable housing development.

Affordable Housing Component – A development where the primary use is multiple-family residential and all dwelling units are affordable housing dwelling units.

Discussion – A goal of the Planning Commission and Planning department is to remove regulatory barriers to developing affordable housing. Some strategies have worked better than

¹ Example of revised definition for sustainability component that aligns with Strategy 3: Sustainability Component - A development or building that achieves net zero energy performance from Passive House certification (preferred), Living Building Challenge certification, LEED Zero in each LEED Zero category – carbon, energy, water, and waste, or other comparable certification.

others. Exceptions, premiums and other voluntary options that increase height, among others, when a percentage of affordable housing is provided are not realizing affordable housing dwelling units as intended. Affordable housing units in some taller and more dense buildings than normally permitted are either vacant because managing the units is too difficult among the market rate units or consume a significant amount of staff and community resources to ensure occupancy. The most successful, efficient and economical way to achieve affordable housing units occupied by low-income households is supporting developments that are entirely affordable. Revising the definition of affordable housing component will continue to support our goals while addressing concerns on the balance of effort, benefits and effects.

3. Reduce Applicability of Exceptions

Amendment – Limit the exception to height limits for sustainable and affordable developments to mixed-use districts.

The height limits of ~~this chapter~~ mixed-used zoning districts in Table 5.17-4 may be increased by up to 30% when the following conditions are met:

Discussion – Limiting application of this height limit exception to mixed-use zoning districts directly corresponds to Council Resolution R-25-287. Note that building-mounted and personal-scale SES, or solar energy systems, are already permitted to extend up to 12 feet above the height limit of the zoning district in which they are located.

Attachments: October 16, 2020 Staff Report on Planned Project Modifications
January 21, 2021 Staff Report on Planned Project Modifications
Council Action Report on ORD-21-20 Planned Project Modifications
Ordinance 21-20 Planned Project Site Plan Modifications
Resolution R-25-287 Regarding the Draft Comprehensive Land Use Plan