

PLANNING REPORT



TO: Planning Commission
FROM: Hank Kelley, Deputy Planning Manager
DATE: November 19, 2024
SUBJECT: Response to R-24-368 “Resolution to Consider Allowing More Flexibility for Home Occupations in Residential Neighborhoods”

Overview

City Council [Resolution #24-368](#), from September 3, 2024 directs the City Administrator and Planning Commission to: “...consider and propose recommended ordinance amendments to the City’s home occupation ordinance for the purpose of allowing more flexibility in the City’s requirements regarding home occupations (including ACUs) in the City’s residential neighborhoods.”

This report responds to the resolution by reviewing regulations for Home Occupations in Ann Arbor and comparing them to other jurisdictions, as well as explores the topic of Accessory Commercial Units (ACUs) and how they could be integrated into the City’s residential districts.

Staff recommend keeping a separate regulatory framework for Home Occupations and creating a new option for ACUs. These represent two different approaches to allowing commercial activity in residential areas. A key distinction lies in how the business activity is physically integrated into the residential property.

Home Occupations are typically conducted within the primary residence, often in a home office or dedicated room. These businesses are designed to be unobtrusive to neighbors, with limitations on external evidence of business activity. Home Occupations usually emphasize professional services or remote work that creates minimal impact on residential environments.

In contrast, Accessory Commercial Units are separate physical spaces specifically designed for commercial use. Like Accessory Dwelling Units (ADUs), ACUs are subordinate to the main residence but distinct from it. They may be standalone structures sited in the yard, converted garages, additions to the main house or dedicated portions of the home with separate entrances. Table 1 describes the typical differences between these two accessory uses.

While not all the typical Home Occupation features described match Ann Arbor’s current regulations, these distinctions help explain why communities might choose to offer both options.

Follow-up work is suggested to proceed along two directions:

1. Validate community need and specific desires for changes to Home Occupations for near-term flexibility.
2. Include action recommendations for integrating ACUs and small format retail into neighborhoods in the Comprehensive Plan update.

Table 1: Typical Differences Between Home Occupations and ACUs

Feature	Home Occupations	ACUs
Customer Traffic and Employees	Limited customer visits; typically by appointment only; resident must be involved in business; limited nonresident employees	Designed for regular customer access; street-facing entrances common; customers at a time limited only by Building Occupancy Limit and/or hours of operation; walk-in services; potential nonresident business owner; greater nonresident employees
Business Types	Lower-impact activities (consulting, private lessons, professional services)	More intensive uses (retail shops, personal services, small restaurants)
Physical Modifications	Minimal structural changes to home; maintains residential environment	Significant construction / renovation to meet commercial building codes; may be standalone structure; ADA accessible; bicycle or other parking considerations
Visibility	Minimal external evidence of business activity; maintains residential appearance	Commercial features allowed (signage, separate entrances, display of goods)
Relationship to Residence	Subordinate to primary residential use on lot	Subordinate to primary residential use on lot

Home Occupations

Home Occupation regulations are detailed in Section 5.16.6.H of the [Unified Development Code](#) (UDC). The section is excerpted in Attachment 1. The parameters for these activities were last updated by Council through Ordinance No. ORD-21-24 from September 26, 2021.

The Council directive in R-24-368 requested analysis of at least the following areas of the current regulations:

- Maximum permissible floor area
- Number of customers per day
- Number of customers at a time
- Number of allowed non-resident employees
- Allowing uses that are not customarily incidental and secondary to a residential use

Table 5.15-2: Accessory Use Table in the UDC identifies allowed accessory uses in Ann Arbor (Figure 1). Home Occupations are currently allowed as accessory uses in all of Ann Arbor’s residential zoning districts. Section 5.16.6.H describes the scenarios where the regulations apply, their performance standards, and identifies unsafe Home Occupations.

The 2021 update to these regulations increased flexibility to Home Occupations by forgoing a specific list of permissible uses in favor of operational standards that would apply to any use type. The changes also provided increases to the maximum number of vehicular trips (now customers per day), which were previously a limiting factor.

Comparison Cities Survey

Table 2, below, compares Ann Arbor’s regulations to other cities. An expanded version of this table considering more factors and cities is included in Attachment 2. Comparison city inclusion was based on factors like reference in relevant press articles or reports, location (ex: State of Michigan), town with a university anchor, and/or population size.

Some cities, like Grand Rapids, have tiered classes of Home Occupations which range from no visitors and no employees to unregulated numbers of visitors and employees. Los Angeles – a case study for ACU implementation explored later on in this report – doesn’t regulate Home Occupations by floor area but limits visitors to 12 daily, employees and customers at a time to one each. Hours of operation are within the same range as Ann Arbor.

Upon reviewing other ordinances, Ann Arbor’s Home Occupation parameters seem in line with, and in some cases more permissive, than many comparison cities. Regardless of comparison topic, staff recommend additional clarity and validation from affected users as to whether potential changes would remove meaningful barriers to their home-based businesses.

5.15.2 Accessory Uses

TABLE 5.15-2: ACCESSORY USE TABLE

See Table Notes (at bottom) for Important Information. Key: A = accessory | E = special exception | Blank = prohibited

USES (BY TYPE)	RESIDENTIAL DISTRICTS						MIXED-USE DISTRICTS						NONRESIDENTIAL AND SPECIAL PURPOSE DISTRICTS						USE SPECIFIC STANDARDS			
	AG	R1 (ALL)	R2A	R2B	R3	R4 (ALL)	R6	O	C1 (ALL)	D1	D2	C2B	C3	TC1	R5	P	PL	RE		ORL	M1 (ALL)	M2
ALL ACCESSORY BUILDINGS																						5.16.6A
<i>Bed and Breakfast, Accessory</i>		A	A	A	A	A																
<i>Community Recreation</i>						A	A															
<i>Dish Antenna</i>		A	A	A	A	A	A															5.16.6B
<i>Drive-Through Facility</i>								E	E	E	E	E										5.16.6C
<i>Dwelling Unit, Accessory</i>		A																				5.16.6D
<i>Dwelling Unit, Manager’s</i>																				A	A	5.16.6E
<i>Family Day Care Home</i>	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.6F
<i>Group Day Care Home</i>	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.6G
<i>Home Occupation</i>	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.6H
<i>Incidental Sales and Services</i>								A							A				A			5.16.6I
<i>Management/Maintenance Office and Storage</i>						A	A	A	A	A	A	A					A	A	A			
<i>Medical Marijuana Home Occupation</i>	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.3G
<i>Medical Marijuana Use or Cultivation</i>	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.3G

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Figure 1 - Accessory Use Table from Ann Arbor’s Unified Development Code, 9th Edition

Table 2: Comparison City Review Table

City	Update Year	Max floor area %	Max floor area (sq ft)	Cust / day	Cust. at a time	Non-resident employees	Uses not secondary to a residential use	Hours of Operation	Allowed in access. struct.	Permit Req.	Total Allowed
Ann Arbor, MI	Sept 2021	25% of principal dwelling unit	2,000 in accessory bldg (req. less than dwelling unit sq ft)	24	6	1	Accessory to residential use	8AM - 8PM	Yes	No	No limit.
Traverse City, MI	Feb 2019	N/A	N/A	8 veh. trips	N/A	0	Subordinate to the residential use	N/A	Yes	No	N/A
Grand Rapids, MI Home Occupation - Class A	2018	<25% of the dwelling unit living area and <50% of the living area on the main floor for home occupation	300	0	0	0	Subordinate to the residential use	Business related visitors not allowed	No	Yes	N/A
Grand Rapids, MI Home Occupation - Class B	2018	Not more than 25% of dwelling unit living area; less than 50% of living area on main floor	300	N/A	2	N/A	Subordinate to the residential use	7AM - 8PM	No	Yes	N/A
Grand Rapids, MI Home Occupation - Class C	2018	N/A	N/A	N/A	N/A	N/A	Subordinate to the residential use	Overnight stays allowed	No	Special Land Use	N/A

City	Update Year	Max floor area %	Max floor area (sq ft)	Cust / day	Cust. at a time	Non-resident employees	Uses not secondary to a residential use	Hours of Operation	Allowed in access. struct.	Permit Req.	Total Allowed
Detroit, MI	2019	25% of total floor area of principal dwelling, OR 45% if occupation is in a loft	500	N/A	N/A	0 (R1 / R2 districts) 2 (all other districts)	Incidental and subordinate to the residential dwelling	N/A	No	No	N/A
Kalamazoo, MI	Oct 2024	N/A	N/A	N/A	2-4	2	Incidental, or a minor activity compared to the residential use	8AM - 8PM	Yes	No	N/A
Los Angeles County, CA	May 2023	N/A	N/A	12	1/hr	1	Clearly incidental and subordinate to a dwelling unit	8AM - 8PM	Yes (except parking structure)	No	1 per dwelling unit
Gainesville, FL	June 2023	<20% of gross floor area of principal dwelling structure	500 sq ft	10 veh. visits	2 veh. visits	1	Clearly incidental and subordinate to the residential use	7AM - 10PM	No	Yes	N/A
Champaign, IL	Sept 2018	25% of the gross floor area of the home	N/A	16	2 veh. trips or 6/hr	0	Incidental or subordinate to the principal use	7AM - 10PM	Yes	No	No limit if combined impact doesn't exceed code reqs
Portland, OR Type B	Oct 2024	N/A	N/A	15	N/A	1	Must remain subordinate to the residential use	7AM - 9PM	Yes	Yes	1 per dwelling unit

Enforcement Activity

Enforcement patterns can indicate whether regulations are too restrictive, often manifesting as increased complaints, violations, and inquiries about permitted activities. Planning staff reviewed enforcement records for Home Occupations dating back to 2017 to understand these patterns.

The department records show few complaints, with only seven cases documented since 2017, and three since the 2021 regulation updates. Most cases were resolved through direct communication, with only one requiring a formal Notice of Violation (NOV). The department typically receives one to two complaints annually related to these uses.

While staff generally supports increasing floor area allowances and the number of customers present at one time, there are concerns that significantly increasing daily customer volumes could lead to perceived nuisances or neighborhood complaints. Current data suggests the existing regulations adequately serve most needs identified by Council, and continued monitoring of trends would inform any future changes.

Table 3: Enforcement Activity Summary Table (since 2017)

Location	Year	Category	Resolution	Key Issues
Charter Pl.	2023	Dance studio complaint	Resolved with knock and talk, phone calls	Customers at a time, neighbor parking/mailbox conflicts
Birk Ave	2023	Music lessons	Resolved with site inspection, phone calls, emails	Customers at a time, customers per day, noise
Stratton Ct.	2022	Used bookstore with outdoor storage	Resolved with NOV, phone calls, emails	Excessive outdoor storage - including in street, retail use not allowed, exceeded various home occupation parameters
Charing Cross	2020-2024 (ongoing)	Tow truck operation	Two citations issued, court resolution, ongoing issue periodically	Vehicles in excess of 10,000 lbs, flatbed/car-carrier trucks
Yost Blvd	2019	Vehicle repair business	Resolved with NOV	Community standards involved, use not allowed in R district, storage of junk vehicles
Aberdeen Dr	2017-2018	Landscape business	Resolved with NOV, meetings	Outdoor storage issues, more than one employee (closer to 10)
Sequoia Pkwy	2017-2018	Painting business	Resolved with NOV	Outdoor storage issues, more than one employee (4-5 employees)
<p>Key Findings:</p> <ul style="list-style-type: none"> • The primary issues were related to outdoor storage, excess employees, and noise/traffic concerns. • The most recent cases were resolved through a combination of phone calls, emails, and in-person meetings without issuing a Notice of Violation. • There is one ongoing issue - the tow truck operation on Charing Cross. • The Zoning Coordinator noted that there are typically 1-2 complaints per year. 				

Ordinance Revisions Committee (ORC)

In responding to the resolution, staff brought forward a discussion item at the Planning Commission’s [October 22, 2024 Ordinance Revisions Committee](#). The ORC serves to provide guidance on proposed changes to the Unified Development Code in advance of consideration by the full body.

While staff find potential value in easing restrictions on aspects of Home Occupations regulations, we would like to validate which aspects of the current regulations are most challenging for users. This position was also supported by Planning Commissioners on the committee, indicating further steps to engage residents, study need and develop more specific changes before proposing text amendments.

Staff Recommendations

After surveying comparison cities and reviewing recent enforcement activity and available literature, staff created the below initial recommendation and potential areas of opportunity to expand permissions. If modified in tandem with an ACU program, it could make sense to push higher intensity uses to ACUs with associated building permit and expectation for commercial activity and de-emphasize customer access in Home Occupations.

Table 4: Initial Staff Recommendations by Home Occupation Standard

UDC 5.16.6H	R-24-368 Performance Standard	Current Regulation	Initial Staff Recommendation
(c + i)	Max permissible floor area	25% of floor area of principal dwelling unit or up to 2,000 sf in accessory building (*can’t exceed dwelling unit sf)	Staff support increasing floor area in the principal dwelling and clarifying relationship to floor area in accessory buildings within or beyond range of comparison cities, provided the uses maintain accessory status.
(e)	Customers per day	24 client visits per day	Staff recommend leaving this number as-is. This appears significantly more permissive than comparison cities.
(e)	Customers at a time	Maximum of 6 clients at a time between 8a-8pm	If customers per day remains the same, staff are agnostic as to customers at a time, and the code could change to remove this regulation. If client visits per day are increased or removed, staff would recommend keeping regulation of customers at a time without increase.
(d)	Non-resident employees	One non-resident employee	Staff support increasing number of non-resident employees up to 5, within range of comparison cities and Michigan Building Code “Live/Work Units” nonresidential worker limitations (see Attachment 3).
(a)	Allowing uses not customarily incidental and secondary to a residential use	Follows logic of other accessory uses: subordinate in use, area, or purpose to a principal land use on the same lot and serving a purpose naturally and normally incidental to such principal land use.	Staff support expanding Home Occupations and adding ACUs but maintaining secondary status to residential use. Integrating limited commercial in residential districts as a primary use is under active development as part of the Comprehensive Plan recommendations.

Home Occupations Follow-up Action

Staff recommend the following next steps for addressing Council interest in Home Occupations:

- Continue comparison city evaluation of Home Occupations ordinances. This should include reaching out to colleagues in other cities to understand experience with greater use intensity than presently allowed in Ann Arbor.
 - Obtain feedback from internal stakeholders related to enforcement, transportation management and related areas of due diligence connected to increased home occupation activity.
 - Utilize Comprehensive Plan process, or other engagement, to advance regulatory changes:
 - Expansion of viability and flexibility of Home Occupations for residential properties.
 - Establishment and regulation of ACUs on residential properties.
 - Establishment of limited, non-accessory commercial uses in residential districts.
 - Assess public information needs to bring awareness to legal Home Occupation opportunities.
 - Propose potential text amendments and review, starting with Planning Commission Ordinance Revisions Committee to ensure stress testing and opportunities for public input.
 - Perform other steps as necessary to thoroughly consider proposed changes.
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Accessory Commercial Units

ACUs could be created and used by the resident of the home on the same lot for a commercial purpose or rented to someone who doesn't live at the property. Table 1 in this report describes typical differences between Home Occupations and ACUs. Some distinguishing factors from a Home Occupation is the dedication of specific space for commercial use, alignment with commercial building standards, access to the public and certificate of occupancy associated with intended commercial purpose. The space could also be rented or used by someone who is not a resident of the home. Additional standards could be tailored to ACUs to predict activity for residential neighbors.

In preparing this report, staff met with Neil Heller of [Neighborhood Workshop](#) in Portland, Oregon. Mr. Heller is credited with coining and popularizing the term Accessory Commercial Unit. He is an urban planner and consultant on ACU implementation nationwide and maintains an "[ACUs Across America](#)" online map to demonstrate examples of these units.

After early internet searches yielded limited information on ACU zoning implementation, the meeting with Mr. Heller confirmed that there are few modern ACU examples in city codes to consider. The best example he suggested is from September 2024 from Los Angeles County.

Case Study: Los Angeles County

Just passed in September 2024, Los Angeles County's [Accessory Commercial Unit regulations](#) (Attachment 4) establish a framework for small-scale commercial activities within residential zones. The ACUs operate alongside existing Home Occupation regulations. Staff were not yet able to find public explanatory materials as to the deliberative factors or trade-offs considered as part of this adoption. The regulations create opportunities for neighborhood-serving businesses while implementing controls to maintain residential character.

The County permits a limited list of commercial uses within ACUs, focusing on neighborhood-serving businesses. Food-related businesses such as bakeries, delicatessens, and restaurants are allowed, though outdoor dining and alcohol sales are prohibited. Personal services are limited to beautician and barber services. Medical uses are restricted to secondary physician and dentist offices for consultation and emergency treatment only. Retail operations are limited to neighborhood grocery stores, corner stores, and party supply stores, with emphasis on new goods only. The County explicitly prohibits

numerous uses including alcohol sales, art galleries, hardware stores, pet stores, and various specialty shops.

Development standards for ACUs emphasize compatibility with residential neighborhoods. Size is limited to either 1,000 square feet or 40% of the residential floor area, whichever is less. Buildings must be single-story, located on the ground floor, and limited to one ACU per lot. The regulations require street orientation and a separate entrance from the main residence. Setback requirements include a minimum 10-foot front yard and 7.5-foot reversed corner side yard, though existing legal structures converted to ACUs may maintain their current setbacks.

Operational standards focus on minimizing neighborhood impacts. Business hours are restricted to 7am-9pm daily, with no outdoor activities or music permitted. Trash must be stored in designated enclosures hidden from street view. The County has chosen not to require additional parking for ACUs, but does implement external lighting and signage controls. Only one non-illuminated wall or projecting sign up to 6 square feet is allowed, with explicit prohibitions on roof signs and temporary signage.

See Figure 2 and Figure 3 for a view of these ACU uses from the County's online code library, and the code excerpt in Attachment 4.

Los Angeles ACU Key Development Standards

Size and Location Requirements:

- Maximum 1,000 sq ft or 40% of residential floor area (whichever is less)
- One story height limit
- Ground floor only
- One ACU per lot
- Must face and be oriented to street
- Separate entrance required from main residence

Setbacks:

- Front yard: Minimum 10 feet
- Reversed corner side yard: 7.5 feet
- Existing legal structures converted to ACUs can maintain current setbacks

Operational Requirements:

- Hours: 7am-9pm daily
- No outdoor activities or music allowed
- Must have designated trash enclosures (not visible from street)

Other Features:

- No parking requirements
- Lighting requirements
- Limited signage: One wall/projecting sign up to 6 sq ft, non-illuminated
- Prohibited: Roof/freestanding signs, temporary banners, portable signs

TABLE 22.364.070-A: PERMITTED USES IN ACCESSORY COMMERCIAL UNITS	
Bakery shops, including baking only when accessory to retail sales from the premises	Medical physician office, as a secondary office not used for the general practice of medicine, but may be used for consultation and emergency treatment as an adjunct to a principal office located elsewhere
Beautician or barber services, excluding permanent cosmetics parlor	Neighborhood-serving grocery, corner store, or meat market, excluding slaughtering and alcohol beverages sales
Confectioneries and candy stores, including making only when accessory to retail sales from the premises	Neighborhood-serving retail stores, ¹ with sales limited to new goods only
Delicatessens	Party supply store, including incidental rental of party equipment
Dentist, as a secondary office not used for the general practice of dentistry but may be used for consultation and emergency treatment as an adjunct to a principal office located elsewhere	Restaurants and other eating establishments, including food take-out, and excluding outdoor dining and alcohol beverages sales
Ice cream shops	
<p>Note:</p> <p>1. Excluding the following: alcoholic beverage sales, art galleries, art supply stores, feed and grain sales, furniture stores, furrier shops, glass and mirror sales, gun dealer, household appliance stores, hardware stores, hobby supply stores, ice sales, lapidary shops, office machines and equipment sales, paint and wallpaper stores, pet stores, sporting goods stores, and tobacco shops.</p>	

Figure 2 – Los Angeles County Accessory Commercial Units Permitted Uses Table

TABLE 22.18.030-C: ACCESSORY USE REGULATIONS FOR RESIDENTIAL ZONES							
	R-A	R-1	R-2	R-3	R-4	R-5	Additional Regulations
Access to property lawfully used for a purpose not permitted in the zone ¹	SPR	SPR	SPR	SPR	SPR	SPR	
Accessory buildings and structures, unless more specifically regulated by this Title 22	As determined by the principal use						Sections 22.110.030 , 22.110.040
Accessory commercial units (ACUs) ⁴	SPR	SPR	SPR	SPR	SPR	SPR	Section 22.364.070.A.2.a
Accessory dwelling units	SPR	SPR	SPR	SPR	SPR	SPR	Section 22.140.640
Accessory overnight safe parking ³	SPR	SPR	SPR	SPR	SPR	SPR	Section 22.140.650
Accessory emergency shelters	SPR	SPR	SPR	SPR	SPR	SPR	Section 22.140.180

Figure 3 Los Angeles County Accessory Uses in Residential Districts (“SPR” refers to a Ministerial Site Plan Review)

Building Code

The Building Department provided insight into the technical and professional requirements for implementing Accessory Commercial Units. A key takeaway is that any commercial space, regardless of configuration, requires involvement from licensed architects or engineers. Unlike residential construction, where builders can submit plans for homes under 3,500 square feet with a Residential Builders License, commercial spaces demand signed and sealed drawings from design professionals.

Under the Michigan Building Code (2015), ACUs would generally align with three use classifications:

- M (Mercantile) – ex: grocery stores, convenience stores, and general merchandise
- A (Assembly) – ex: cafes, coffee shops, restaurants, or any type of function with groups gathering in the space
- B (Business) - ex: beauty and nail salons, professional services such as dentists or architects, business offices, outpatient clinics

These classifications would accommodate common neighborhood-serving businesses like convenience store, beauty salons, and small cafes or restaurants. However, details like occupancy and anticipated activities carry specific technical requirements, particularly regarding fire safety. Buildings must meet fire rating requirements based on proximity to other properties. This includes fire separation improvements within the same property in the case of additions or first-floor conversions. When considering vertical separation, such as having commercial space below residential, horizontal separation between floors must be fire-rated. The code section on Live/Work units is an area for exploration (see Attachment 3), but even this avenue would potentially require costly sprinkler systems.

Cost considerations are significant. Current construction costs for a small format “M Mercantile – VB” project start at an estimated \$129.35 per square foot for basic materials alone, excluding finishes, land improvements, excavation, and professional fees (see Attachment 3; VB or 5B construction refers to wood-built structures, versus masonry or steel). Building staff noted that standalone structures are typically more cost-effective than creating fire-walled additions to existing homes. As a point of reference, even basic unheated, unfinished garage construction currently ballparks \$150,000.

While some jurisdictions have successfully implemented pattern homes or pre-approved plans for residential construction, Building staff indicated this approach is less viable for commercial spaces due to professional certification requirements and liability concerns. In the near term, they would recommend that applicants work directly with licensed professionals to ensure compliance with commercial building codes. Creating a more standardized product would require extensive analysis and consideration of various technical requirements.

Geospatial Analysis

A spatial analysis looking at factors like lot square footage in residential districts, lots within near proximity to certain street classes, corner parcels, and other factors is in progress by city Geographic Information Systems staff. Although this was not ready in time for this report, staff will attempt to include geospatial information in an updated draft forwarded to City Council. Numerous geospatial analyses are included in the Comprehensive Plan development, and conversations are underway to consider criteria related to updated mixed-use zoning.

Unified Development Code Implications

Numerous sections of the UDC would be affected by a change to allow ACUs. These sections relate to Accessory Uses, Accessory Buildings, Home Occupations, Development Review Approvals and others.

Likely impacted sections are listed below:

- TABLE 5.15-2: ACCESSORY USE TABLE
 - Review Home Occupations
 - Insert use type for Accessory Commercial Units
- Section 5.16.6.A Accessory Uses and Structures Use Specific Standards
 - Review height, setbacks
- Section 5.16.6.H Home Occupation Use Specific Standards
 - Review for interactions, accessory building requirements
- Tables 5.17-1, 5.17-2 and 5.17-3 for Area, Height and Placement Regulations in Residential Districts
 - Review for exceptions or references back to Accessory Structures requirements
- Table 5.29-1 REQUIRED APPROVALS FOR DEVELOPMENT ACTIVITIES BY LAND USE
 - Review square footage of additions
 - Review approvals and details required for Accessory Buildings and Structures
- New Definition, Use Specific Standards and Area, Height and Placement sections for Accessory Commercial Units.

Historic District Interactions

In preparation of this report, a conversation was held with City Planner and Historic Preservation Coordinator Jill Thacher, who is also the primary liaison to the Historic District Commission. Ann Arbor's Historic District Design Guidelines would approach ACUs in historic districts with a focus on physical structure rather than use. The primary concern is preserving historic character by managing the visibility of new structures. The Design Guidelines place some inherent limitations on accessory structures. These include requirements for placement in rear yards, prohibition in front yards, and size limitations tied to the footprint of the historic home. If ACUs move forward in these 15 districts, some special exceptions may be needed to ensure property owners can participate, such as allowing exceptions to the typical street-facing entrances.

One area of interest to staff is authentic restoration of historic commercial structures in neighborhoods, though the number of such properties is unclear. Many original neighborhood commercial spaces were small grocery stores, which later declined with advent of refrigerators, automobiles and the rise of supermarkets. This historical context provides useful precedent for considering how modern ACUs might be integrated into modern Ann Arbor.

Local Precedents




Some examples of local precedents for ACUs are shared below. The residential examples are largely converted to dwelling units or home additions but contained other uses in the past. A full inventory of this format of property does not currently exist, although further examples could be catalogued in the future.

Table 5: Local “ACU-Format” Precedents in Residential Districts

Address	Photo
<p>431 S First St Old West Side Historic District Current zoning: R4C</p>	
<p>513 Fourth St Old Westside Historic District Current zoning: R2A</p> <p>This addition is now integrated into home but was a storefront for many years.</p>	
<p>808 Brown St Not located in a historic district. Current zoning: R4C</p>	

Photo source: Google Street View

Table 6: Local “ACU-Format” Precedents in Commercial and Mixed-Use Districts

Address	Photo
<p>611 N Main Current zoning: C1</p>	
<p>800 – 812 S State Current zoning: C1A</p> <p>Addresses approximated – cluster of examples on State St south of Hill St</p>	
<p>1327 S University Current zoning: D1</p>	

1329 S University
Current zoning: D1



Photo source: Google Street View; Maize and Blue Deli from restaurantji.com

Follow-up Action

Staff recommend the following next steps for addressing Council interest in Accessory Commercial Units:

- Continue comparison city evaluation of ACUs. This includes reaching out to colleagues in other cities to understand experiences.
- Pursue more in-depth geospatial analysis through publicly available data in concert with Geographic Information System staff. Where citywide analysis is not realistic, perform feasibility analysis in select areas (ex: near transit streets, corner properties) to test conceptual ideas.
- Utilize Comprehensive Plan process, or other engagement, to advance regulatory changes:
 - Expansion of viability and flexibility of Home Occupations for residential properties.
 - Establishment and regulation of ACUs on residential properties.
 - Establishment of limited, non-accessory commercial uses in residential districts.
- This work would be accomplished with a combination of Planning staff and consulting assistance.

Small Format Commercial (Not Accessory)

Council members have also expressed interest in allowing small format commercial buildings, along the lines of local businesses like Washtenaw Dairy or [Jefferson Market](#), adjacent to residential homes but on its own lot. This scenario represents a primary use which is not residential and would require amending primary uses in residential districts. The current regulations for allowed primary uses are in Table 5.15-1: Primary Use Table in the [Unified Development Code](#).

For those members interested in this topic, we share that staff are working diligently to rethink all uses, whether accessory or primary, and recommend changes in the Comprehensive Plan update to better match community goals and feedback. The draft plan will be circulated for community input in the coming months and would be the best opportunity to determine the mechanisms of future mixed-use zoning.

Other Commercial Options: Special Events, Sidewalk Occupancy Permit and Peddler’s License

Other opportunities exist for residents to participate in commercial activity without a brick-and-mortar home or structure. Individuals, neighborhood and other organizations can sponsor [special events](#) with vending, individuals can apply for a [Sidewalk Occupancy Permit](#) to occupy space in a fixed location seasonally to sell goods, or the City’s [Solicitation and Peddler’s License](#) allows vending throughout Ann Arbor for \$45 and an insurance certificate. If you are selling food allowed under the State’s [Cottage Food Law](#), the Washtenaw County Health Department only has to share a letter verifying that your food is allowed under that law. With [proper licensing](#), there are also ways to host more pop-up style events with food.

Reviewed by Brett Lenart, Planning Services Manager

- Attachments:
- Attachment 1 Home Occupations UDC 9th Edition.pdf
 - Attachment 2 Home Occupations Comparison Table v2.pdf
 - Attachment 3 Building Department Materials.pdf
 - Attachment 4 Los Angeles County Code of Ordinances.pdf

Credit to Cecile Laundre Hernandez, Planning Services Intern, and Philippe Kame, Research Assistant for compiling data for comparison cities.