



Updates to Home Occupations and ACU Research

City Planning Commission
11-19-2024



Introduction

- Resolution #24-368, passed on September 23, 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 ACU’s) in the City’s residential neighborhoods”

Outline



- Review and comparison of regulations for Home Occupations in Ann Arbor to other jurisdictions
- Review of Accessory Commercial Units (ACUs) and their potential in Ann Arbor
- Next steps forward



Definitions

Home Occupation An *accessory use* of a nonresidential nature that is performed within a *dwelling unit* or within an *accessory building*, and conducted by members of the *family* residing in the *dwelling unit*, and not more than one additional employee.

Use, Accessory A land use that is 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.

Building, Accessory A *building* that is subordinate in use, area and purpose to the *principal use* and *principal building* in which an *accessory use* is contained or conducted on the *lot*. *Accessory buildings* can be attached or detached to a *principal building*. When attached, the *accessory building* shall be considered part of the *principal building* for setback purposes.



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 Occupations

- Home Occupation regulations detailed in Section 5.16.6.H of Unified Development Code
- Home Occupations recently updated in 2021
 - Ordinance No. ORD-21-24; Home Occupations; approved September 7, 2021, effective September 26, 2021

Home Occupation

An *accessory use* of a nonresidential nature that is performed within a *dwelling unit* or within an *accessory building*, and conducted by members of the *family* residing in the *dwelling unit*, and not more than one additional employee.

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
Bed and Breakfast, Accessory		A	A	A	A	A																
Community Recreation					A	A																
Dish Antenna		A	A	A	A	A	A															5.16.6B
Drive-Through Facility								E		E	E	E	E									5.16.6C
Dwelling Unit, Accessory		A																				5.16.6D
Dwelling Unit, Manager's																				A	A	5.16.6E
Family Day Care Home	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.6F
Group Day Care Home	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.6G
Home Occupation	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.6H
Incidental Sales and Services								A							A				A			5.16.6I
Management/Maintenance Office and Storage					A	A	A	A	A	A	A	A	A				A	A	A			
Medical Marijuana Home Occupation	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.3G
Medical Marijuana Use or Cultivation	A	A	A	A	A	A	A	A	A	A	A	A	A									5.16.3G



Resolution 24-368

Directive to consider (but not limit review to):

- 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



Resolution Areas of Interest

Performance Standard	Current Regulation
(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)
(e) # of customers per day	Max 24 client visits per day
(e) # of customers at a time	Max 6 clients at a time between 8am-8pm
(d) # allowed non-resident employees	One non-resident employee
(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 <i>lot</i> and serving a purpose naturally and normally incidental to such principal land use.

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 Patterns

- Enforcement patterns can indicate whether regulations work well, or too restrictive
- Reviewed records dating back to 2017
- One to two complaints annually
- Current data suggest existing regulations adequately serve needs



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)



Staff Recommendations

Performance Standard	Initial Staff Recommendations
(c + i) max permissible floor area	Support increasing floor area in principal dwelling & clarifying relationship to floor area in accessory buildings within or beyond range of comparison cities
(e) # of customers per day	Recommend leaving number as-is (24)
(e) # of customers at a time	If customers per day remains the same, staff agnostic to change; If client visits/day increased or removed, should keep regulation without increase
(d) # allowed non-resident employees	Support increase of employees up to five
(a) allowing uses not customarily incidental and secondary to a residential use	Support expanding Home Occupations and adding ACUs but maintain secondary status to residential use; Integrating limited commercial use in residential district under active development as part of Comprehensive Plan

Follow Up Actions – Home Occupation



- Continue comparison city evaluation
- Obtain feedback from internal stakeholders
- Utilize Comprehensive Plan process to engage community further and advance regulatory changes on this and connected topics (ACUs, changes in primary uses)
- Assess public materials and information needs
- Propose potential text amendments



Accessory Commercial Units



Accessory Commercial Units (ACUs)

An accessory use of a nonresidential nature that is performed within an accessory building.

A separate physical space located on a lot with a principal residence, specifically designed for commercial use. Like Accessory Dwelling Units, 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.

Building, Accessory

A *building* that is subordinate in use, area and purpose to the *principal use* and *principal building* in which an *accessory use* is contained or conducted on the *lot*. *Accessory buildings* can be attached or detached to a *principal building*. When attached, the *accessory building* shall be considered part of the *principal building* for setback purposes.

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



ACU Case Study: Los Angeles County

- Sept. 2024
- one of the few modern ACU examples in city codes
- Attachment 4 in report



ACU Case Study: Los Angeles County

Los Angeles County ACU Permitted Use Table

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



Building Code Considerations

- Building staff recommend limiting to M (Mercantile), A (Assembly) and B (Business) use classifications
- Any commercial space will require involvement from licensed architects or engineers, increasing price
- Standalone structures are typically more cost-effective to create than fire-rating and converting existing homes



UDC Implications

- Allowing ACUs would require many changes to the UDC. Some likely impacted sections include:
 - **Table 5.15-2:** Accessory Use Table
 - **Section 5.16.6.A** Accessory Uses and Structures Use Specific Standards
 - **Section 5.16.6.H** Home Occupation Use Specific Standards
 - **Tables 5.17-1, 5.17-2 and 5.17-3** for Area, Height and Placement Regulations in Residential Districts
 - **Table 5.29-1** Required Approvals for Development Activities by Land Use
 - **New Definition, Use Specific Standards and Area, Height and Placement sections** for Accessory Commercial Units



Historic District Interactions

- Primary concern is preserving historic character by managing visibility of new structures according to Design Guidelines
- Special exceptions may be needed to ensure property owners in a historical district can utilize an ACU
- Area of interest to staff is authentic restoration of historic commercial structures in neighborhoods

Local Precedents



513 Fourth St.

Old Westside Historic
District

Current Zoning: R2A

- Addition is now integrated into home, but was a storefront for many years



Follow Up Actions – ACUs

- Continue comparison city evaluation; reach out to involved staff
- Pursue geospatial analysis and some feasibility analysis
- Utilize Comprehensive Plan process to engage community further and advance regulatory changes on this and connected topics (Home Occupations, changes in primary uses)
- Engage consulting assistance as needed

Small Format Commercial (Not Accessory)

- 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.
- Already under active consideration for incorporating in updated Comprehensive Plan.

Pictured: Big City Small World Bakery building



Other Commercial Options

- Special Events
- Sidewalk Occupancy Permit
- Peddler's License



Thank You and Discussion



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