



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator

CC: Jacqueline Beaudry, City Clerk
John Fournier, Deputy City Administrator
Raymond Hess, Transportation Manager
Nick Hutchinson, City Engineer
Brett Lenart, Planning Manager
Paul Matthews, Public Works Manager
Brian Steglitz, Public Services Area Administrator

SUBJECT: December 4, 2023 Council Agenda Response Memo

DATE: November 30, 2023

CA - 3 – Resolution to Appropriate \$346,000.00 in Developer Contributions to Amend the 2023 SCOOT Expansion Project (8 Votes Required)

Question: Regarding CA-3, does the combination of federal grant contribution and the contractor's contribution mean that there will be no direct funding from the city? (Councilmember Harrison)

Response: 90% of the local match and costs is being offset by developer contributions (\$346,000 of \$385,167). The remaining 10% (\$39,147 of \$385,167) is programmed to come from the Major Street Fund.

CA – 4 – Resolution to Approve a Construction Contract with E.T. MacKenzie Company for Public Works On-Call Construction Services in the Amount of \$500,000.00 for a Period of Two Years (RFP #23-55)

Question: 1. Did any competing bids for CA-4 include a Registered Apprenticeship program, unlike the recommended contractor? (Councilmember Harrison)

Response: E.T. Mackenzie Company was the only entity that provided a proposal.

Question: 2. Among the bids for CA-4, were there any that employed individuals from Ann Arbor or had more than two employees from within Washtenaw County? (Councilmember Harrison)

Response: E.T. Mackenzie Company was the only entity that provided a proposal.

Question: 3. In the evaluation of CA-4 bids, what criteria led to a score of 3/4 for EEOP in Part D, and did any other bids receive a higher score in this category? (Councilmember Harrison)

Response: Exhibit D.2 provided by the bidder contains the EEOP and Employee Handbook. E.T. Mackenzie Company was the only entity that provided a proposal.

CA-6 - Resolution to Revise the Early Voting Center Availability for the 2024 Election Cycle to Include Citywide Access at All Locations

Question: Is there a chart detailing the early voting locations for Ann Arbor? Are the three library branches and the campus locations designated only for early voting in the presidential primary or for all elections in 2024? (Councilmember Harrison)

Response: Voters will receive a notice in the mail in early 2024 that details all of the options for early voting for the entirety of 2024, including the days and times of each location. In addition, the resolution outlines the availability of each location for each election in 2024. Note that the campus locations are not open in August 2024, due to anticipated low student turnout at that time.

February 27, 2024 Presidential Primary Election

- U-M Museum of Art - 525 S. State Street
- Pierpont Commons - 2101 Bonisteel Blvd.
- City Hall - 301 E. Huron Street
- Traverwood Branch Library - 3333 Traverwood Drive
- Mallets Creek Branch Library - 3090 E. Eisenhower
- Westgate Branch Library - 2503 Jackson Avenue

August 6, 2024 Primary Election

- City Hall - 301 E. Huron Street
- Traverwood Branch Library - 3333 Traverwood Drive
- Mallets Creek Branch Library - 3090 E. Eisenhower
- Westgate Branch Library - 2503 Jackson Avenue

November 5, 2024 General Election

- U-M Museum of Art - 525 S. State Street
- The Duderstadt Center - 2281 Bonisteel Blvd.
- City Hall - 301 E. Huron Street

- Traverwood Branch Library - 3333 Traverwood Drive
- Mallets Creek Branch Library - 3090 E. Eisenhower
- Westgate Branch Library - 2503 Jackson Avenue

B-2 - An Ordinance to Amend Sections 5.17.4 and 5.18.6 of Chapter 55 (Unified Development Code) of Title V of the Code of the City of Ann Arbor (Premiums, D1 and D2 Floor Area Ratio) CPC Recommendation: Approval (7 Yeas, 0 Nays) (ORD-23-32)

Question: 1. The 2/2/23 memo from Carlisle Wortman notes that they were hired to “*determine if implementation of the City’s Downtown premiums and the resulting development is consistent with the City’s Vision and to explore whether and how changes to the Downtown Zoning should be made*”. What was the rationale for beginning this review before, rather than in tandem, with the Comprehensive Plan update which would establish a much more current vision? How is the Comprehensive Plan update anticipated to inform future potential changes to downtown zoning? (Councilmember Briggs)

Response: City staff and the Planning Commission are always attempting to balance ordinance amendments in the context of other planning related activities. In this case, the work was undertaken after reflecting on 2019 amendments which have resulted in no premium-assisted residential development since. The City Council, Planning Commission, and the DDA have identified the goal of increasing the availability of housing downtown. The work to evaluate the amendments and the recommended changes will ideally result in additional housing development if this remains a goal. The Comprehensive Plan will inform the City’s aspirations for downtown land use in the future, which could be inclusive of reimagining the scale or footprint of downtown areas.

Question: 2. The 2/2/23 memo notes that since the 2019 premiums were enacted “*only low-density, high-end condominium applications have been submitted for approval.*” It also posits that “*The higher costs and the challenge of incorporating affordable units without an additional subsidy may have dissuaded building of larger scale housing in the downtown, resulting in small-scale, luxury units.*” Since this timeframe was also significantly impacted by Covid and rising construction costs, did the best practices research find that cities without similar premiums see greater housing development in their downtowns? (Councilmember Briggs)

Response: The best practices research focused on regulatory frameworks rather than market outcomes. Carlisle Wortman Associates who conducted the research provides the following:

We did not research resulting construction patterns in other cities and could not say that best practices in cities without premiums saw greater housing development in their downtowns. The use of “may” in the sentence, “The higher costs and the challenge of incorporating affordable units without an additional subsidy may have dissuaded building of larger scale housing in the downtown, resulting in small-scale...” was intentional since we could not prove a direct corollary but had heard from multiple developers that the

challenge of incorporating affordable units within development was too steep. [we] agree that COVID and rising construction costs impacted that time frame, which was another reason for the “may”.

As someone who has been associated with public engagement and research on the effectiveness of premiums three times in the past decade, we have seen other cities move away from incentives to requirements of affordable housing and energy efficiency, which is not possible in Michigan under the current constitution and state laws. Also, in all three rounds of engagement, developers have consistently said that the requirement for inclusion of affordable units within their development was a deterrent for them and their financiers due to the challenges of marketing and managing those units.

Question: 3. The peer city research summarized in the 2/2/23 memo suggest that there is no clear best practice, rather cities are relying a variety of approaches including a mix of incentives or (lack of). If Council votes to remove our downtown premiums, the City will continue to incentivize affordability and sustainability through height bonuses. As the staff memo notes, “*Buildings can exceed the established height limit when providing an Affordable Housing Component (defined as at least 15% of all dwelling units or floor area is devoted to affordable housing dwelling units or a payment in lieu has been made) or Sustainability Component (defined as solar collectors cover at least 60% of the building footprint and the building is or can be fully electrified).*” Has City staff examined how often these height incentives have been used vs. premiums over the same time period? (Councilmember Briggs)

Response: The height bonus has been utilized twice since its adoption in 2021. (121 Catherine & 321 N. Main)

Question: 4. The 3/30/23 memo notes that “*More dwelling units were created through premiums projects than non-premium projects.*” The graphs showing dwelling units constructed (pg. 16) and type of premium used (pg. 19) are very helpful. This data seems to suggest that premiums are being used and increasingly they are being used to incorporate affordability and sustainability elements. The memo also suggests that premiums are not causing longer approval times. Over the last decade, if I'm interpreting the data correctly, it appears that premiums have been effective at furthering community priorities. I am confused about the conclusion that has been reached that our premiums are not effective at achieving our goals of achieving more sustainable projects or projects with affordable units. Is this conclusion based solely on building trends since 2019? (Councilmember Briggs)

Response: Premiums have been effective in creating housing, but have not been effective in developing affordable housing, either prior or after the 2019 amendments. The conclusion does not dispute that dwelling units were created, but rather, the premiums did not result in many affordable units or sustainable developments.

Question: 5. The 4/4/24 memo indicates that planning commission prioritized the following goals for any changes in downtown premiums: 1) *Increase the affordability of housing downtown,* 2) *Increase sustainability, including energy efficiency, in the downtown,* 3) *Increase equity in the downtown.* However, the staff memo included with this agenda item states “*Because of these changes, some downtown buildings (those that previously used premiums) will no longer achieve a minimum of two particular LEED points. There is also expected to be fewer buildings with on-site affordable housing units or providing payments in lieu.*” The decision to remove premiums, rather than pursue a smaller menu of options, seems inconsistent with planning commission goals established on 4/4/24, as well as stakeholder feedback 6/29/23. How does planning staff anticipate removal of premiums will improve the articulated goals of equity, sustainability, and affordability downtown? (Councilmember Briggs)

Response: Downtown is a geography in the City that is appropriate and desired for development. It is close to job centers, has the most robust access to transportation options, and is typically a physical pattern of development that facilitates affordability through smaller units, newly constructed units compliant with current building/energy codes, and arranged where more trips can be made without reliance (and cost) of vehicles. Making development regulations less burdensome downtown will make the development easier in an appropriate location.

DB – 1 - Resolution to Approve 900 Briarwood Circle Site Plan and Development Agreement at 900 Briarwood Circle (CPC Recommendation: Approval - 6 Yeas and 0 Nays)

Question: How many accessible units will be in the new residential building and how many of those accessible units will be affordable? (Councilmember Harrison)

Response: Accessibility requirements are reviewed as part of the Building permit set according to the 2015 Michigan Building Code. The number varies according to type of homes and building construction. Broadly, 2% of the apartments will need to meet a Type A (i.e. spaces, passageways designed to more easily accommodate full accessibility) design. The remainder of homes are designed to Type B (i.e. “standard” non-accessible homes which would likely require more intensive alteration to become fully accessible) typically. No fully accessible apartments are required under the Building Code. There will be no dedicated affordable homes in the building.

Question: Will you be able to move between the mall and the grocery store or will it be a standalone building? What about the retailer? (Councilmember Harrison)

Response: There is no direct interior connection between the mall and the grocery store, the stand alone building is separated from the mall by the proposed open space/plaza. The retailer will be physically connected to the mall and will include an interior entrance.

Question: What sort of accessibility features are being discussed for the outdoor recreation area? (Councilmember Harrison)

Response: All amenities and access to the outdoor plaza area will be accessible. This means that walking surfaces, such as sidewalks or ramps, will be designed and constructed for all users.