



A New Approach to Economic Development in Ann Arbor

12/11/22

A New Approach to Economic Development



- Report directed by the Economic Development Corporation
- Concurrent efforts by city staff to implement Energov and update city processes (Hat tip to Skye Stewart, Hank Kelley, Tom Shewchuk and others)
- The final report will be released this week to Council and added to the 12/18 Council Agenda
- Individual meetings with Councilmembers thereafter
- Work sessions in the beginning of 2024 to further discuss the report.
- We are seeking a Council resolution reacting to the report with guidance on how to proceed.

A Process Problem, Not a People Problem

“Staff is competent and good natured,” the report states, and “they are typically respectful and helpful.”

We must be honest about our performance to have a real shot at improving it. At the same time, the work that springs from this report will be done together, and the successes will be shared.

Major Recommendations

- The adoption of clear policy and administrative guidance that sets an organizational imperative to support land development in pursuit of the following goals:
 - Housing development at all income levels to support affordability
 - The pursuit of placemaking opportunities
 - Protection and expansion of the tax base
 - Sustainability in the built environment
- The creation of an economic development office with an economic development manager who will report to the City Administrator, with a funding model and a directive to strategically acquire interests in real property
- As much separation as is feasible between the site plan and civil plan review processes
- Making public engagement better timed and more effective for site plans
- Recommendations for a staffing plan to fortify our development review functions that should accompany the FY25 budget recommendation
- Changes to city ordinance and the unified development code that will better support the timely approval of developments

Stating our Values on Land Development

Support for Housing Development at all Income Levels

Market rate housing development creates “migration chains” where individuals tend to move-up to marginally more expensive housing in a chain of events that ultimately creates housing availability in a cascading effect down the economic scale. The effects of this, and the price reductions it can create, are meaningful, reducing rents and rates of eviction, segregation, and homelessness.



Stating our Values on Land Development

Engaging in Placemaking Initiatives

The oldest and most neglected business district in Ann Arbor is in Lowertown. It desperately needs investments that will assist with placemaking—the intentional investment of resources to create quality buildings and spaces, public amenities, streetscapes, and other places that are desirable and attractive to people.



Stating our Values on Land Development

Protecting and Expanding the Tax Base

Annually, in 2023 dollars, the city is losing \$2.4 million from university acquisitions of land dating back to the year 2000. Cumulatively, these acquisitions have cost the city more than \$25 million in tax revenue.



Stating our Values on Land Development

Prioritizing Sustainability

The city's A2 Zero plan calls for the city to significantly improve the energy efficiency of our homes, businesses, schools, places of worship, recreational sites and government facilities. Notably, this will only happen with new investments in property and new developments.



Stating our Values on Land Development

Adopting These Values by Resolution

We recommend that the City Council adopt a resolution stating these values as a guidepost for the creation of more robust, intentional, and strategic economic development program in Ann Arbor.

Now Therefore Be It Resolved, that the City Council establishes the following priorities for land development in Ann Arbor:

- The city shall support and prioritize housing development at all income levels to the extent allowable under zoning ordinance in support of overall housing affordability;*
- The city shall pursue strategic property acquisition in pursuit of placemaking opportunities, including the acquisition of interests in real property;*
- The city shall prioritize the protection and expansion of taxable land values, encouraging uses that meet the requirements of our comprehensive land use plan and contribute to the development of public revenue; and*
- The City shall pursue sustainability in the built environment in Ann Arbor, prioritizing developments that achieve energy efficiency and resiliency standards.*

The City Administrator shall implement policies in support of these goals and propose ordinance revisions that prioritize these goals over other city objectives.

Creating an Economic Development Office

An Economic Development Office would

- a. Pursue strategic property acquisition to accumulate interests in real property to help fulfill the city's mission driven housing, placemaking, and tax base support objectives.
- b. Working with owners of underutilized properties to support development that meets the city's public policy objectives.
- c. Supervision of the development process for major developments, providing direction to staff on the development review process and customer service to applicants.
- d. Engagement with SPARK and local businesses to ensure business expansion opportunities are coming to Ann Arbor.
- e. Small Business support, a one stop shop for small business founding and expansion.



The Importance of Interests in Real Property

Limitations on Contractual Power

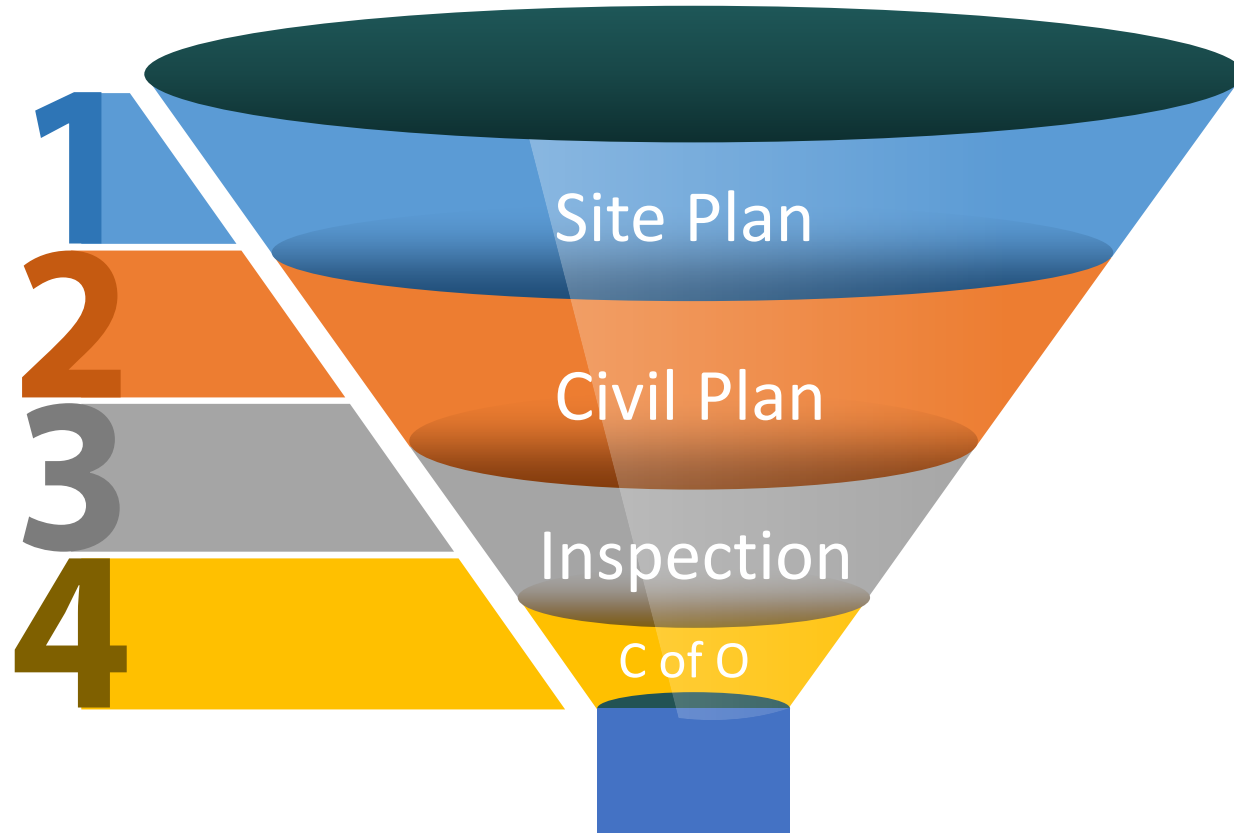
SECTION 14.3.

- (a) The City shall not purchase, sell, or lease any real estate or any interest therein except by resolution concurred in by at least eight members of the Council.

We strongly recommend changes to the charter that will allow the transaction of interests of real property to occur more easily.

This provision of the charter creates a massive incentive for poor process in the city, prevents the city from site assembly, prevents amendments to development agreements, and prevents strategic approaches to land development. Altering this language is critical to the city's achievement of our public policy objectives related to land development.

Improving Land Development Process



Land Development plans should iterate from less detailed to more detailed to create pace and scope design work progressively as work evolves.

Improving Land Development Process

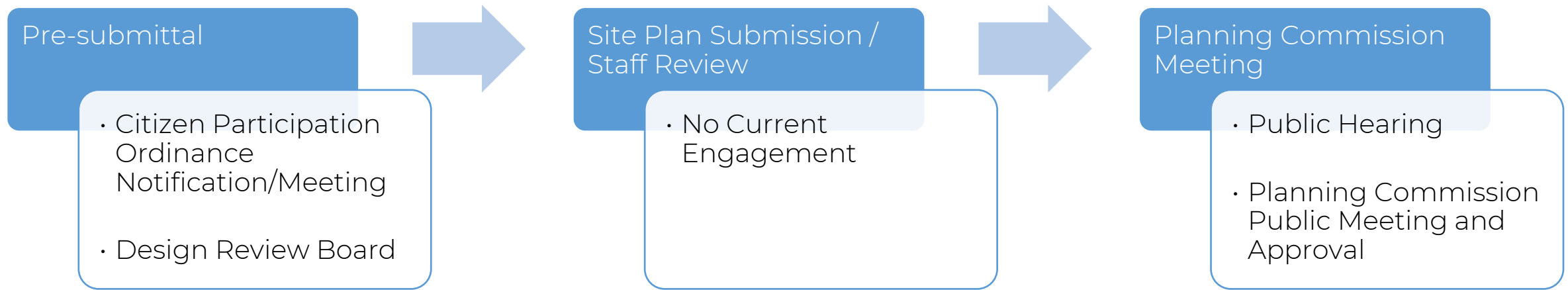
“In Grand Rapids, their entire roster of site plan requirements as defined in their zoning ordinance can fit on one page. The list of site plan requirements in our zoning ordinance is more than a dozen pages long.”

Public Site Plans Will Be Practically Unchanged

Building designs, size, massing, aesthetics, energy requirements and electricity loads, transportation plans, unit numbers, affordability commitments, and much more will still be included and available for the public.



Better Timing of Public Engagement for Greater Impact



We invite the public into engagements that are ineffective, poorly timed, and avoid the periods in the development review process when work is actually being done.

This also elongates the site plan review process unnecessarily, with no real benefit for the public or the city.

Fortifying Staffing to Improve Land Development

There are multiple single points of failure across the organization related to land development.

There is one:

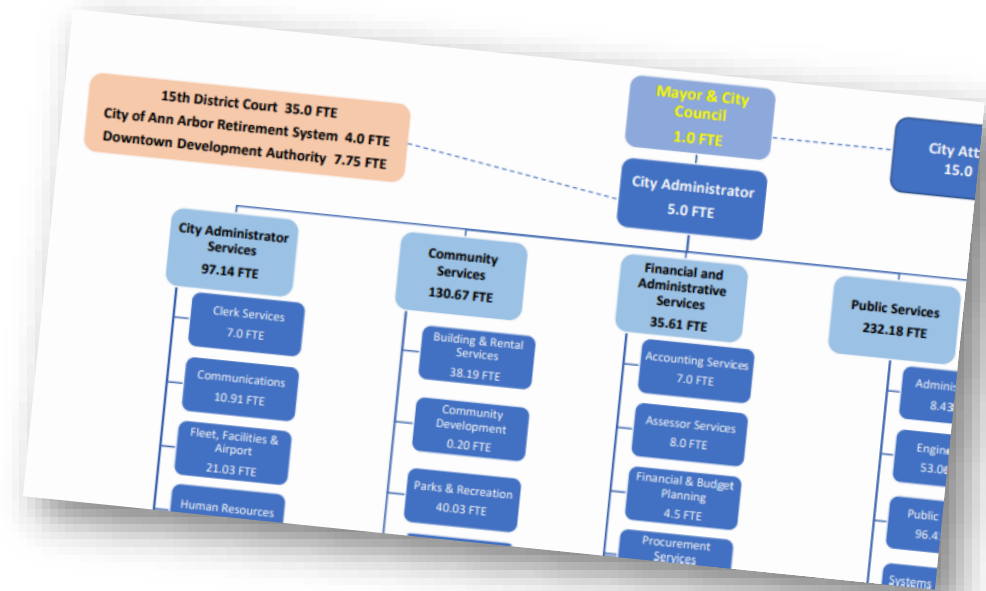
Transportation Planner (though several engineers)

Floodplain expert

Arborist, who also does our wetland reviews

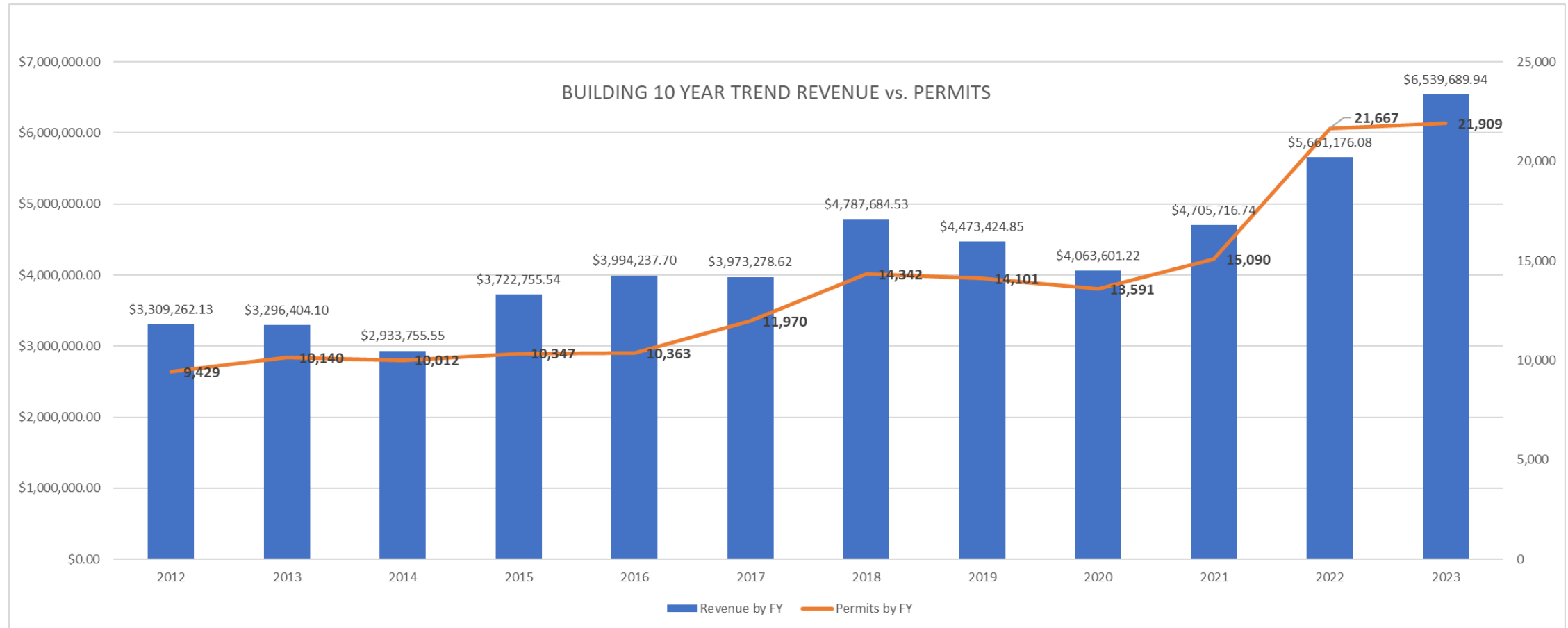
Fire Marshall

Real Estate Attorney



Even when there is more than one staff member, the workflow is so extreme that offices are overwhelmed with work. Burnout is common, and reports of anxiety among the staff is very high.

Fortifying Staffing to Improve Land Development



Important Process Changes in City Law

1. Alteration of the Site Plan Approval Matrix in the UDC to eliminate site plan requirements for some smaller property investments and lessen the review burden for smaller residential developments.
2. Create a fast-track site plan approval for developments that meet our affordability and sustainability goals.
3. Alter the UDC so that we replace traditional level of service with a multi-modal level of service.
4. Altering utility upsizing requirements for developments.

More recommendations can be found in the final report.



Questions?