

ANN ARBOR NEWS

# \$146M redevelopment of vacant Ann Arbor site approved by 7-4 vote

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ANN ARBOR, MI - After hearing a mix of opinions from several residents, the Ann Arbor City Council debated a proposed redevelopment of 1140 Broadway St. late into the night. <http://mlive.com/GR>

By a 7-4 vote Monday night, Dec. 4, the council approved the \$146 million development project, which includes more than 600 housing units -- apartments and condos in three buildings -- and ground-floor retail space at Broadway and Maiden Lane.

The council approved the property's rezoning and a revised development site plan reflecting changes submitted by Chicago-based developer Morningside Lower Town LLC last week.

The seven council members in favor of the project were Zachary Ackerman, Julie Grand, Graydon Krapohl, Chip Smith, Chuck Warpehoski, Kirk Westphal and Mayor Christopher Taylor.



The four against it were Anne Bannister, Jack Eaton, Sumi Kailasapathy and Jane Lumm.

Many residents have spoken out either for or against the project in recent months and that continued Monday night.

Several businesses, including a Kroger grocery store, used to exist on the now-vacant, 6.4-acre site. A previous developer demolished the buildings several years ago to make way for a project that stalled and ultimately failed after the recession hit.

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Many residents are anxious to see something happen with the site, but feelings about what's approved now are mixed.

Some argue the development is too tall and dense to place next to the historic Broadway neighborhood, and some argue it lacks in retail offerings. Other concerns include potential impacts on traffic and whether there's enough parking.

And yet others argue it's time to breathe new life into the property and welcome the increase in activity and people in the area. Some are hoping it will inspire more change in the Lower Town area and lead to revitalization of other commercial properties.



Bannister said she was elected by Ward 1 residents last month to help amplify their voices.

"With all due respect to the Ward 1 people who do support this project, in my evidence it's about 50 to 1 proving that this is not the right project for the Lower Town," she said.

Kailasapathy said neighbors are going to suffer negatives consequences from the development.

"I will unashamedly stand with the residents who are going to face the consequences of our actions not just for a day or a month -- for the rest of their lives," she said.

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Others argued it's a positive addition for the community, within walking distance to downtown and the University of Michigan medical campus, just up the street from the UM hospital.

Smith, D-5th Ward, said he's excited about welcoming another dense housing development in the city that will allow people to get around by walking and biking instead of driving cars.



"Density is green," Smith said, arguing it's a good project for people concerned about climate change and sustainability.

"If you don't care about any of those things and just hate traffic, this is a good project because it's more people living in areas that don't need to be dependent on cars," he added.

"We can fix on-street parking issues. That's actually pretty easy for us to fix. That shouldn't be the reason that we walk away from this."

Overall there are now 616 total housing units planned in the 825,074-square-foot development. The plans include 573 automobile parking spaces and 672 bicycle parking spaces.

The council twice postponed voting on the project in the past month, deciding at its Nov. 20 meeting to give the developer two more weeks to go back to the drawing board and try to come up with a plan that responds to neighbors' concerns. Some residents said they appreciate the changes, while others still oppose the project.

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"We're afraid it's going to destroy our neighborhood," said Broadway Street resident Pat McCauley.



"I'm sick of being here," he added, referring to speaking out at city hall. "I'm sick of talking about this."

The latest site plan changes reduce the height of the proposed apartment building closest to residents in the Broadway historic neighborhood to the north, removing the uppermost stories.

The northernmost building wraps around a parking garage. The seven-story portion on the north side has been reduced to six stories and the eight-story south side has been reduced to seven stories. That leaves the building with 35 fewer housing units.

To make up for that, additional height has been added to the other two proposed buildings on the 6.4-acre vacant site.

An additional story and 15 housing units have been added to the condo building planned along Maiden Lane, which now has six stories above a parking garage.

The seventh story of the other proposed apartment building at the corner of Broadway and Maiden Lane, which previously covered a portion of the sixth story, has been expanded to cover a larger portion and now has 16 more housing units.

The look of the buildings also has changed. The amount of brick masonry cladding for the two apartment buildings has been roughly doubled, and a second color of brick has been added.



Three letters of objection from neighbors who had been opposed before were rescinded on Monday, so the rezoning only required a simple six-vote majority from the 11-member council.

An eight-vote supermajority requirement was in effect before the developer revised the plans.

The supermajority requirement comes into play for zoning changes when the owners of 20 percent of the land within 100 feet file a written objection, and that threshold was not met.

Taylor said this was one of the most difficult decisions he's had to make in his nine years on council. He said he takes the concerns of residents opposed to the project seriously, but he believes the development will benefit the city as a whole by expanding the housing supply and increasing the city's tax base. The development is expected to bring millions in new tax revenue.

"We can only do better with an expanding tax base because our costs exceed our incremental revenues," Taylor said.



Taylor said it's a tremendous benefit for the community to have a development such as this near the UM medical campus, and he expects many people who live in the new apartments and condos will walk to their jobs and to downtown.

"I wish I lived as close to downtown as this project will be," he said.

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Taylor said the environmental benefits of the project also are important. It aims to slow the spread of pollution from the site toward the Huron River, putting in place an underground barrier at the edge of the property while also removing some contaminated soils. That's achieved through a brownfield plan the council approved Monday night along with the site plan and rezoning.

Taylor said the parking concerns that some neighbors have about the development are real, but that can be mitigated for residents up the hill via residential parking permits.

With other new developments expected nearby, including a redevelopment of the former MichCon site off Broadway along the riverfront, Taylor said the area is going to see substantial



changes in the next couple of years. He said those changes will be difficult for some, but they'll be an improvement for the community.

Council members opposed to the project reiterated their belief that the zoning that was requested -- C1A/R, a "campus business residential" district -- is inappropriate for this location. They suggested it should be zoned as a planned unit development, which was the designation given to the site for the previously failed development.

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Warpehoski, D-5th Ward, said some of the same people opposing the current project also opposed the previous PUD proposal.

Some council members raised concerns that the University of Michigan theoretically could acquire the property if the development wasn't approved. That would take the property off the tax rolls and the city wouldn't have any say in what happens with it.

Lumm, an independent from the 2nd Ward, said she had mixed feelings about the project, as she wants to see the site redeveloped, but she thinks what's proposed is too massive





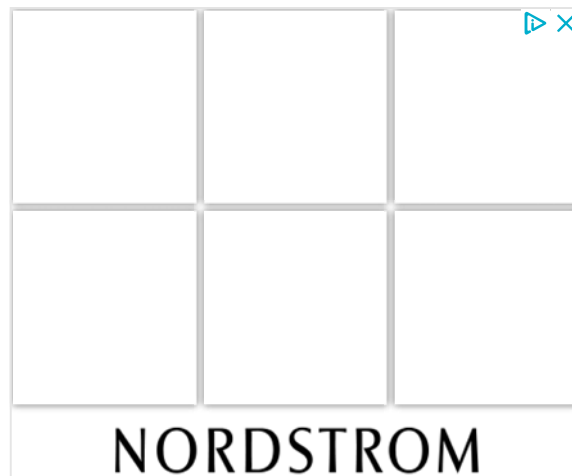
and not compatible with the surrounding neighborhood. She also said there aren't enough mixed-use components or parking spaces.

Once the zoning and site plan were approved, the council voted 10-1 to approve a brownfield plan for the site with Kailasapathy opposed.

"Since the cleanup of the site is the most positive aspect of all of this, I will be supporting this," Lumm said.

Eaton noted it won't be a total cleanup of the site and a lot of the tax revenue to be captured would fund other project elements.

He said the barrier that's proposed to better contain the pollution also might not last beyond 20 years, so there's some uncertainty about what happens after that, but he thinks it will help mitigate the spread of pollution to the river, so he supported the brownfield plan.



The brownfield plan puts in place a financial mechanism allowing some of the new taxes generated by the development -- \$10.9 million



over the next several years -- to be reimbursed to the developer to cover the cost of certain aspects of the project.

That includes \$5.7 million for environmental activities and \$5.2 million for non-environmental activities.

Some of the environmental activities include the removal of contaminated soils and vapor-intrusion mitigation, as well as the installation of the underground barrier and monitoring wells.

Some of the non-environmental activities include portions of the costs for parking and utility work, and other infrastructure upgrades such as paving and streetscapes, traffic signals, bus stop improvements, stormwater systems and some of the project's soft costs.

City officials agreed to include \$2.8 million for parking garage construction in the brownfield plan in exchange for the developer agreeing to dedicate 15 of the new apartments as affordable housing for people with incomes at or below 60 percent of the area median income. The deal calls for ensuring those apartments remain affordable housing for a period of 99 years.

In addition to the developer reimbursement, the brownfield plan includes diverting some of the new taxes to the local brownfield fund and a state revolving fund. That money could be used to follow up and further investigate environmental concerns on the site.



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The city also considered including an extra \$1.8 million in the brownfield plan to support installation of solar panels for the development, but the city decided to omit that from the plan.

Brett Lenart, the city's planning manager, told council members in a memo the city's staff has investigated "alternative valuation approaches" and the developer "continues to express interest in this renewable energy system with the financial support of the city."

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