



October 3, 2011

Honorable Mayor Hieftje and City Council Members
City of Ann Arbor
100 N. Fifth Avenue
Ann Arbor, MI 48104

Dear Mayor Hieftje and City Council Members,

I am pleased to discuss an alternative to the City Place project we are actively moving toward construction as has been requested of me by the City. City Place is a project we are excited to bring to market and that process is well on its way. At the same time, I recognize there are some that view an alternative to City Place as desirable and that has been the foundation of recent discussions regarding an alternative plan. There are substantial hurdles that must be overcome to achieve an alternative plan and I am committed to continuing to pursue creative solutions to do so in conjunction with the City.

The seven properties underlying the City Place project were recently acquired by a new ownership group. This new ownership group and a new development team have been actively engaged in funding the construction of City Place which is scheduled to commence presently. The investment perspective of the new ownership group and development team is that the formerly proposed Heritage Row project is not economically viable or financeable.

The new ownership group and development team is willing to consider changing course from City Place to an alternative project, recognizing this would present a very significant additional financial burden to the new project that must be outweighed by additional value creation to present an economically viable alternative investment option. The changes shown in the attached supplemental regulations along with other agreements between the new owners and the City, including the parking arrangement being discussed, likely present an overall investment scenario that meets the investment requirements such that the current owners would change course and proceed with an alternative to City Place.

I encourage you to take the necessary actions to allow our team and the City to continue a productive dialog in pursuit of the creative solutions necessary to devise an alternative development plan that meets the requirements of all involved.

Following is a summary of the revisions to the former Heritage Row supplemental regulations necessary to facilitate a change of direction from City Place to an alternative plan.

- Fifteen rather than eighteen percent of the units would be offered at rates affordable to lower income households.
- The existing houses will be renovated whenever economically viable and reconstruction of certain elements and possible entire buildings, depending on the condition they are determined to be in once construction and relocation begins, will occur as necessary to maintain the single family streetscape previously contemplated in the Heritage Row project.

- A revision to the rear setback to be a consistent ten foot setback rather than a varied setback ranging from ten to thirteen feet.
- The maximum height of the new, rear buildings will remain at the maximum permitted height previously proposed of 39.625 feet. The houses shall be maintained at the existing height unless building code requires modifications to elements such as changing the pitch of stairways that drives nominal increases to the height.
- The project may be constructed in multiple phases rather than in a single phase.
- The maximum FAR would increase from 133% to 150% and the FAR calculation would exclude the basements.
- The maximum number of units would be 85 rather than 82 and the maximum number of bedrooms would be 180 rather than 163.
- The unit type mix would include efficiency, one, two three and four bedroom units with one five bedroom unit being permitted in one of the houses. Six bedroom units would continue to be prohibited.
- No off-street vehicle parking is required and one class C bicycle space shall be provided for each unit.
- Openspace would be a minimum of 30% of the site rather than 53% of the site and the plaza space would be permitted but not a strict requirement.
- The project would require certification from the Society of Environmentally Responsible Facilities rather than Energy Star certification.
- The primary energy source for the building would not be required to be a renewable source.
- There would be no requirement that stormwater would be used for on-site irrigation.
- The affordably restricted housing units would be restricted to the actual rent level that corresponds to the affordable rate at the 80% of AMI level and not subject to further restrictions associated with the fair market rent level.
- Future architectural, floorplan and other related design revisions would be approved by the property owner and the Planning and Development Services Manager rather than requiring review by the Planning Commission or City Council.

Best regards,



Jeffrey P. Helminski