

Target Market Analysis

Grand Traverse County

Michigan

THE MARKET STRATEGY

November 3, 2014



A-B



Prepared for:



Prepared by:



Acknowledgements

Michigan State Housing Development Authority

Gary Heidel, Chief Placemaking Officer
James E. Tischler, AICP, PCP, Director of Community Dev.
Julie Gardner, Community Development Specialist
Diane Karkau, Community Development Specialist
Bryan Robb, Statewide Partnerships/TA Specialist
David Allen, PhD, Chief Market Analyst

Northwest Michigan Council of Governments

Larry C. Inman
Chairman of the Board

Sarah Lucas, AICP
Regional Planner

Consultant Team

Sharon M. Woods, MA, CRE
TMA Team Leader, Project Manager
Principal, LandUse|USA

Nathan Long, PhD
TMA Consultant

Ryan E. Griffith, MA, CFM
TMA Consultant



TMA Team

Prepared for:



Prepared by:



Executive Summary

This Executive Summary of the Target Market Analysis for Benzie County has been prepared as part of a regional study completed for 10 counties comprising the Northwest Michigan Prosperity Region (Region 2). This Executive Summary has been prepared to help facilitate discussion during a series of public presentations that are scheduled for November 12 through 14. After the presentations, this summary will be expanded and used to answer some of the stakeholder's questions.

The Market Potential and Strategy

- ❖ *The Study Areas* – There are 36,533 households in Grand Traverse County as of month-end June 2014. Of these, 19.0% are located in Traverse City, 13.0% are in Garfield Township, 3.4% are in East Bay Township, and 1.4% are in the Village of Kingsley. Just over 41% of all households in the county are located in one of the 9 communities, with the balance scattered throughout the surrounding rural areas.
- ❖ *Place Scores and Walk Scores* – Among the six communities studied in Grand Traverse County, the City of Traverse City is the largest and also has the highest Place Score (22 points out of 30 possible) and the highest Walk Score (98 points out of 100 possible). For its small size, the Village of Fife Lake also has a good Place Score (10 points) and Walk Score (33 points). The Village of Kingsley also has a good Walk Score (44 points) relative to its small size. The three townships (Garfield, East Bay, and Acme) all have low Place Scores, but Garfield Township shines with a Walk Score of 72 points.
- ❖ *Propensity to Move* – Among the 36,533 households currently residing in Grand Traverse County, 988 of the owner households and 3,014 of the renter households moved in the past year. These figures include households that moved within Grand Traverse County, plus households that moved into the county from beyond.
- ❖ *The Target Markets* – There are 11,829 existing households in Grand Traverse County that align with the 12 target markets (i.e., lifestyle clusters), and they represent over 30% of the county's total households. Among these 12 selected target markets, 452 of the owner households and 2,462 of the renter households moved in the past year.
- ❖ *Aggressive Scenario* – There is a maximum annual market potential throughout Grand Traverse County for 452 new owner-occupied units and 2,462 new renter-occupied units, for a total of 2,914 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 2,260 owner-occupied units and 12,310 renter-occupied units over the 5-year term. Again, the aggressive scenario includes households migrating into the county, plus households moving within the same county.

- ❖ *Market Potential by Community* – Most of the market potential is in Traverse City, including 240 owner-occupied units and 1,302 renter-occupied annually over the next five years. Garfield, East Bay, and Acme Township are also well-positioned to compete for a good share of the market. If these communities do not act to capture their full market potential in any given year, then the smaller communities (including Fife Lake) could pursue an aggressive scenario and grab a share of the market before it dissipates.
- ❖ *Conservative Scenario* – There is an annual market potential for at least 219 new owner-occupied units and 996 new renter-occupied units throughout Grand Traverse County, for a total of at least 1215 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 6,075 units over the full 5-year term. Again, the conservative scenario is based on in-migration only, and does not include internal movers.
- ❖ *Owner-Occupied Units* – Under the conservative scenario there is an annual market potential for at least 219 new owner-occupied units throughout Grand Traverse County, or a cumulative of 1,095 units over the next five years. The aggressive scenario is about twice as large as these figures and includes internal migration within the county as well as in-migration from beyond.
- ❖ *Owner-Occupied Values* – Most of the target markets will seek home values of \$250,000 or less in 2012 dollars, which will be closer to \$260,000 by 2015, and will approach \$275,000 by the year 2020.
- ❖ *Renter-Occupied Units* – The conservative scenario generates a market potential for nearly 1,000 renter-occupied units throughout Grand Traverse County each year, or a cumulative total of nearly 5,000 units over the 5-year term (assuming that the potential is fully captured in each consecutive year). The aggressive scenario is 2.5 times larger and includes internal migration as well as in-migration.
- ❖ *Renter-Occupied Prices* – Most of the other target markets will seek monthly contract rents of \$900 or less in 2012 dollars, and these prices will be closer to \$985 by 2015, and \$1,140 by the year 2020. Nearly 15% will seek monthly contract rents of \$500 or less in 2012 dollars, or \$545 or less by 2015, and \$635 or less by the year 2020. Just over 7% of the new renter households will have a tolerance for monthly contract rents of higher than \$900 in 2012 dollars.
- ❖ *HUD Affordability Standards* – Based on the HUD income limits and annual market potential by contract rent bracket, 65% (646 units) of the 996 new rental units should be priced affordably or below market rates, and 45% (450 units) can be priced at market rates or higher.

- ❖ *Detached Building Formats* – Among the county’s annual market potential of 1,215 owner-occupied and renter-occupied units, about 43% of the new households will seek detached houses. Among new-builds, detached houses may include cottages with small footprints and lots, perhaps arranged around a shared courtyard. Detached houses could also be re-introduced by rehabilitating some of the existing stock within the urban neighborhoods.
- ❖ *Luxury Market for Houses* – Grand Traverse’s Middle Peninsula is an exception where detached houses in rural areas are likely to continue being sustainable. Second home buyers seeking vista views of Grand Traverse Bay and surrounding vineyards will continue to drive the demand for detached houses in that niche market.
- ❖ *Attached Building Formats* – About 57% of the target markets moving into Grand Traverse County will seek attached units (i.e., not detached houses) in a range of building sizes. Under the conservative scenario, there is a county-wide market potential for at least 695 attached units annually, or a cumulative of 3,475 attached units over the 5-year term (assuming the potential is met in each consecutive year).
- ❖ *A Focus on Product Types* – Strategy recommendations by product type should be refined by the developers and builders as needed for local context and place, with the urban transect as a general guide. Attached units may include a mix of duplexes, triplexes, quads, condos or row houses (no more than 6 units in a row, with private entrances), and stacked flats or lofts (no more than 6 units along the side of any given building, with shared entrances).
- ❖ *Downtown Formats* – Units above street-front retail and/or located in downtown districts will be well-received by the target markets. In transitional areas around the downtowns, low-rise buildings and row houses might be more appropriate. Detached houses, duplexes, and triplexes could be used as infill within the surrounding neighborhoods.
- ❖ *Unit Sizes and Amenities* – In the individual units, some of the floor area can be traded for unique amenities, quality construction, and modern interior treatments. However, every bedroom must have a full private bath, and 2-bedroom units must have a ½ bath near the entrance. Ideally, kitchens will be centrally located and facing outward onto an open floor plan, with bedrooms on opposite ends (i.e., not sharing common walls.) All units should have balconies or patios that can accommodate at least two chairs.
- ❖ *Construction Costs* – Detached houses built in Grand Traverse County since 2006 has involved a per-unit investment of in the general range of \$180,000 to \$205,000. In general, the average per-unit investment in Grand Traverse County has grown slower than any other county in the Prosperity Region. The assessment of construction costs reinforces the need to a) build smaller houses (such as cottages) with small footprints as part of urban infill; b) build attached units (like lofts, flats, condos, and row houses); and c) rehabilitate the existing housing stock.

Placemaking

Introduction – This Target Market Analysis for Grand Traverse County is part of a regional study completed for 10 counties comprising the Northwest Michigan Prosperity Region (Region 2). This report has been prepared in advance of public presentations that are scheduled for November 12 through 14. After the presentations, this narrative report will be expanded and used to answer some of the stakeholder’s questions.

Summary of Placemaking Criteria – Placemaking is addressed at the beginning of this summary because it is a key ingredient to implementing the optimal market strategy and achieving the target market potential. We evaluated existing Placemaking in Grand Traverse County by scoring each of six (6) communities based on 30 possible attributes, and also compared each community’s Walk Score. Results in Table 1 below include neighboring Leelanau County for comparison purposes.

Table 1
Summary of Place Scores and Walk Scores
Grand Traverse and Leelanau Counties, Michigan

Grand Traverse Co., Michigan	2010	Place Score	Walk Score
Small and Large Urban Places	Population	(30 points)	(100 points)
The City of Traverse City	14,482	22	98
Garfield Township	16,256	10	72
East Bay Township	10,663	8	10
Acme Township	4,375	8	10
The Village of Kingsley	1,480	12	44
The Village of Fife Lake	443	10	33
Leelanau County, Michigan	2010	Place Score	Walk Score
Small and Large Urban Places	Population	(30 points)	(100 points)
The Village of Suttons Bay	618	17	54
The Village of Northport	526	10	52
Greilickville (unincorp.)	1,530	4	10
The Village of Empire	375	12	32

Summary of Placemaking Criteria – The detailed Place Scores for Grand Traverse County are provided in attached [Exhibit B.6](#) and [Exhibit B.7](#), and the criteria include the following categories:

Place Score Criteria (30 points possible)

- ❖ *Local Planning Documents* – Availability of master plans and zoning ordinance, with extra credit for considering a form-based code. (3 points possible)
- ❖ *Downtown Planning Documents* – Evidence of an established Downtown Development Authority (DDA), subareas plans, streetscape and transportation improvement plans, retail and residential market strategies, Tax Increment Financing (TIF) plans, and façade improvement programs. (7 points possible)
- ❖ *Downtown Organization and Marketing* – Accreditation as a Michigan Cool City or active participation in the Michigan Main Street program, and extra credit for any communities following the National Main Street Center’s 4-point approach (even if they are not Main Street members). (3 points possible)
- ❖ *Online Listings of Merchants and Amenities* – Credit for actively promoting business listings on various websites, such as the city or village’s main website, DDA/BID website, and Chamber of Commerce or Convention and Visitor’s Bureau (CVB) website, with extra credit for Facebook pages. (4 points possible)
- ❖ *Unique Downtown Amenities* – Evidence of downtown cinemas, theaters, playhouses, waterfront access, established farmers’ markets, summer music in the park, and national or other major festivals. (5 points possible)
- ❖ *Downtown Street and Environment* – Credit for any evidence of angle parking in front of storefronts, a higher than average Walk Score, free off-street parking, balanced downtown scale with 2-level buildings on both sides of the street, pedestrian crosswalks that are marked and signaled, and two-way traffic flow. (8 points possible)

Online Effectiveness – If the Placemaking criteria are not readily evident or available online, then we considered them to be less effective and more difficult to discover by visitors and households on the move. So, they are not given a point or credit toward the total score. For example, if a community completed a retail market strategy but we couldn’t find the report online, then credit was not given for that criteria. The analysis is imperfect, and any errors or omissions are unintentional. Stakeholder requests for corrections will be verified and then incorporated into the final report.

Place Score v. Market Size – Among all communities within the Northwest Michigan Prosperity Region, there is a correlation between the scores and the market size. If the scores are adjusted for the market size (or calculated based on the score per 1,000 residents), then the results reveal an inverse logarithmic relationship. Smaller markets may have lower scores, but their points per 1,000 residents tend to be higher. Larger markets have higher scores, but their points per 1,000 residents tend to be lower. These relationships are also shown on [Exhibit B.8](#) (Place Score) and [Exhibit B.9](#) (Walk Score).

Summary of the Place Scores – Among the six communities studied in Grand Traverse County, the City of Traverse City is the largest and also has the highest Place Score (22 points out of 30 possible) and the highest Walk Score (98 points out of 100 possible). For its small size, the Village of Fife Lake also has a good Place Score (10 points) and Walk Score (33 points). The Village of Kingsley also has a good Walk Score (44 points) relative to its small size. The three townships (Garfield, East Bay, and Acme) all have low Place Scores, but Garfield Township shines with a Walk Score of 72 points.

The City of Traverse City – Because the City of Traverse City is the county’s largest city/village, we also conducted an assessment of their market Strengths and Opportunities, with results summarized in [Exhibit B.1](#) and [Exhibit B.2](#). Assessments are also provided for the Garfield Township in [Exhibits B.3 and B.4](#) (i.e., the largest of the 3 townships), and the Village of Kingsley in [Exhibit B.5](#) (the largest village). The assessments describe the markets’ relationships with Michigan’s Blue Economy, its regional setting relative to natural resources, the downtown business mix, anchor institutions as key economic drivers, educational facilities, and public transit.

The Market Potential

Introduction – The balance of this report focuses on the optimal market strategy and annual market potential for urban housing formats over the next 5 years (assuming ground-breaking on the first project in 2015; a first full year of 2016; and fifth full year of 2020). We conducted the market analysis for 9 communities in Grand Traverse County, which are shown on the attached [Exhibit A.1](#) map and listed in [Exhibit A.2](#).

Current Households – Based on an analysis of lifestyle clusters, there are 36,533 households in Grand Traverse County as of month-end June 2014. Of these, 19.0% are located in Traverse City, 13.0% are in Garfield Township, 3.4% are in East Bay Township, and 1.4% are in the Village of Kingsley. Just over 41% of all households in the county are located in one of the 9 communities, with the balance scattered throughout the surrounding rural areas.

Propensity to Move – Among the 36,533 households currently residing in Grand Traverse County, 988 of the owner households and 3,014 of the renter households moved in the past year. Among 12 selected target markets (i.e., household lifestyle clusters), 452 of the owner households and 2,462 of the renter households moved in the past year. These figures include households that moved within Grand Traverse County, plus households that moved into the county from beyond. They are also based on the movership rates among households in each of the 12 target markets, and weighted by their prevalence within Grand Traverse County.

Criteria for the Target Markets – The target markets and a subset of 71 lifestyle clusters across the nation, and were carefully selected based on the following criteria:

Target Market Criteria

- ❖ The households have a proven propensity for choosing to live within the Prosperity Region. Some of the target markets might not yet be prevalent in Grand Traverse County, but when they move within the region, they become good targets for developers.
- ❖ The households have some propensity to choose to live in urban places. For some of the target markets, almost all of the households have a propensity to live in urban places.
- ❖ The households have a propensity to choose to live in attached housing units like lofts, flats, row houses, duplexes, and condominiums (i.e., not detached houses). For some of the target markets, almost all of the households have a propensity to live in attached housing units. They may include a mix of both renters and owners.

The Target Markets – There are 11,829 existing households in Grand Traverse County that align with the 12 target markets, and they represent over 30% of the county’s total households. [Exhibit A.3](#) introduces the 12 target markets sorted by their lifestyle cluster code. The exhibit also shows their prevalence in each of Grand Traverse County’s 9 communities.

With the exception of C12 Golfcarts and Gourmets (which is the most affluent target market), every other target market is prevalent in Garfield Township. With the exception of S68 Small Town Shallow Pockets and S70 Tight Money, all of the other target markets are also prevalent in Traverse City. The O51 Digital Dependents target market is prevalent in just about every market except Fife Lake. Acme Township is most represented by the L41 Booming and Consuming, O51 Digital Dependents, and Q62 Reaping Rewards target markets. The C12 Golfcarts and Gourmets target market appears mainly in Traverse City, and to a lesser degree in Acme Township.

Introduction to Two Scenarios – We have prepared two scenarios in the Target Market Analysis for the Northwest Michigan Prosperity Region, including a conservative (minimum) and aggressive (maximum) scenario. Derivation of these two scenarios is also explained in more detail below. In general, the aggressive scenario tends to be about three times as large as the conservative scenario. It is also possible to estimate a mid-point between the conservative and aggressive scenarios, which would generally represent a “progressive” or “proactive” scenario.

Summary of Scenarios	Market Potential	Basis (market parameter)
“Conservative”	Minimum	In-Migration Only
“Progressive”	Mid-Point	- average -
“Aggressive”	Maximum	Plus Migration Within

Aggressive Scenario – [Exhibit A.4](#) and [Exhibit A.5](#) present an aggressive scenario for the market potential among residential units. The urban places are listed alphabetically and span the total of 2 pages. The market potential is also broken-down for owner-occupied households, and renter-occupied households. Finally, the market potential is shown for each of the 12 target markets and for all 12 combined.

The aggressive scenario represents a maximum annual threshold based on current migration patterns both within, and into Grand Traverse County. It assumes that every household moving into and within the county could trade up into a new or refurbished residential unit rather than simply occupying a pre-existing unit.

The aggressive scenario also represents a best-case scenario or not-to-exceed maximum, and can be achieved only if all impediments to development are removed or overcome. For example, it assumes that any impediments to securing loans, approving permits, selling and buying real estate, paying for construction materials and labor, and all other related development challenges are easily resolved.

Results of the aggressive scenario (see [Exhibit A.4](#)) suggest that there is a maximum annual market potential throughout Grand Traverse County for 452 new owner-occupied units and 2,462 new renter-occupied units, for a total of 2,914 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 2,260 owner-occupied units and 12,310 renter-occupied units over the 5-year term.

Market Potential by Community – Some of the communities in Grand Traverse County will continue to be challenged by their smaller size, making it difficult to compete for projects that might otherwise gravitate toward Traverse City and its surrounding townships. However, with a mix of aggressive marketing, Placemaking, and planning, the smaller communities could still divert a modest amount of the county-wide market potential.

Most of the market potential is in Traverse City, including 240 owner-occupied units and 1,302 renter-occupied annually over the next five years. Garfield, East Bay, and Acme Township are also well-positioned to compete for a good share of the market. The annual market potential by community is summarized in [Table 2](#) below, for both owner-occupied and renter-occupied units, and for both the aggressive and conservative scenarios.

Table 2
Annual Market Potential by Tenure and Scenario
Selected Communities in Grand Traverse County, Michigan

Community	Aggressive Scenario			Conservative Scenario		
	Owner	Renter	Total	Owner	Renter	Total
Traverse City	240	1,302	1,542	116	524	640
Garfield Twp.	178	972	1,150	88	394	482
East Bay Twp.	10	74	84	4	28	32
Acme Twp.	8	48	56	2	22	24
Grawn	2	18	20	2	8	10
Chums Corner	2	14	16	0	4	4
Kingley	2	12	14	0	4	4
Interlochen	2	10	12	0	2	2
Grand Traverse Co.	452	2,462	2,914	219	996	1,215

Note: Due to rounding, the figures above might not exactly match the figures in Exhibits A.4 – A.7.

If these communities do not act to capture their full market potential in any given year, then the smaller communities (including Fife Lake) could pursue an aggressive scenario and grab a share of the market before it dissipates. Small communities should focus on appropriately scaled small projects in increments of 2, 3, 4, and 6 attached units per year. Recommended building sizes for all of the communities are addressed again later in this report.

Conservative Scenario – [Exhibit A.6](#) and [Exhibit A.7](#) present the market potential under a conservative scenario that is based on in-migration only, or households moving into Grand Traverse County from beyond. Again, the urban places are listed alphabetically and span the total of 2 pages. The market potential is also detailed for owner and renter households. Finally, the market potential is shown for each of the 12 target markets, with a total for all 12 combined.

The conservative scenario provides an attainable goal with low risk of over-building in the market. It assumes that most of households already living in Grand Traverse County will shuffle among existing housing choices, and that the units they vacate will be occupied by other resident households also on the move within that same county. This pragmatic approach also assumes “business as usual” and that existing master plans, zoning ordinances, real estate prices, property ownership and availability, lending practices, Placemaking initiatives, and overall business development climate all remain as-is.

Results of the conservative scenario (see [Table 2](#) above, and [Exhibit A.6](#), attached) reveal an annual market potential for at least 219 new owner-occupied units and 996 new renter-occupied units throughout Grand Traverse County, for a total of at least 1215 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 6,075 units over the full 5-year term.

The figure for the five-year build-out assumes that the annual potential is fully captured in each year through new-builds, conversions, or rehabilitation of existing units. If the market potential is not captured in each year, then the balance does not roll-over to the next year. Instead, it dissipates into the rural areas or is intercepted by more communities in the surrounding counties. It is assumed that the first projects aligning with the TMA recommendations would break ground as early as 2015, with a first full year of 2016 and fifth full year of 2020.

Owner-Occupied Values – Under the conservative scenario there is an annual market potential for at least 219 new owner-occupied units throughout Grand Traverse County, or a cumulative of 1,095 units over the next five years. [Exhibit A.8](#) shows how these units should be priced in Grand Traverse County, with variations by target market. The market potential by target market is based on their known propensity to choose homes within the given price brackets. Adjustments have also been applied to reflect variances among income profiles for Grand Traverse County relative to other counties in the region.

The owner-occupied home values are stated in 2012 constant dollars but can be forecast based on the median home values over time. Most of the target markets will seek home values of \$250,000 or less in 2012 dollars, which will be closer to \$260,000 by 2015, and will approach \$275,000 by the year 2020.

The allocation is based on the tolerance level of each target market for prices, and has not been adjusted for HUD’s affordability standards. Lower income target markets (particularly S70 Tight Money, S68 Small Town Shallow Pockets, and Q65 Senior Discounts) are most likely to be over-burdened by market-rate prices, and are more likely to be spending more than 35% of their income on gross housing costs, including utilities and associated fees.

Renter-Occupied Units – As shown in [Exhibit A.9](#), the conservative scenario generates a market potential for nearly 1,000 renter-occupied units throughout Grand Traverse County each year, or a cumulative total of nearly 5,000 units over the 5-year term (assuming that the potential is fully captured in each consecutive year).

Renter-Occupied Prices – Most of the other target markets will seek monthly contract rents of \$900 or less in 2012 dollars, and these prices will be closer to \$985 by 2015, and \$1,140 by the year 2020. Nearly 15% will need monthly contract rents of \$500 or less in 2012 dollars, or \$545 or less by 2015; and \$635 or less per month by the year 2020.

Just over 7% of the new renter households will have a tolerance for monthly contract rents of higher than \$900 in 2012 dollars. A few units could be tested with even higher prices, but only if they offer exceptional vista views of Grand Traverse Bay, vineyards (predominantly on the Middle Peninsula), and/or downtown Traverse City.

Detached Building Formats – [Exhibit A.10](#) shows how the market potential is allocated based on each target market's propensity to choose detached houses and attached units in various building sizes. Among the county's annual market potential of 1,215 owner-occupied and renter-occupied units, about 43% of the new households will seek detached houses. Among new-builds, detached houses may include cottages with small footprints and lots, perhaps arranged around a shared courtyard. Detached houses could also be re-introduced by rehabilitating some of the existing stock within the urban neighborhoods.

Grand Traverse's Middle Peninsula is one exception where detached houses in rural areas are likely to be sustainable. Second home buyers seeking vista views of Grand Traverse Bay, and surrounding vineyards will continue to drive the upscale market among detached houses.

Attached Building Formats – As shown in the attached [Exhibit A.10](#), 57% of the target markets moving into Grand Traverse County are likely to seek attached units (i.e., not detached houses) in a range of building sizes. Under the conservative scenario, there is a county-wide market potential for at least 695 attached units annually, or a cumulative of 3,475 attached units over the 5-year term (assuming the potential is met in each consecutive year). These results are also shown in [Table 3](#) on the following page, for both the conservative (minimum) and aggressive (maximum) scenarios.

Table 3
Annual and Cumulative Market Potential by Scenario
Attached Units in Grand Traverse County, Michigan

Target Markets	Conservative (minimum)		Aggressive (maximum)	
	Annual # Units	5-Years # Units	Annual # Units	5-Year # Units
K40 Bohemian Groove	384	1,920	950	4,750
O55 Family Troopers	127	635	314	1,570
Q65 Senior Discounts	85	425	210	1,050
S70 Tight Money	49	245	120	600
O51 Digital Dependents	40	200	100	500
Other Targets	<u>10</u>	<u>50</u>	<u>24</u>	<u>120</u>
Subtotal	695	3,475	1,718	8,590

Note: Due to rounding, the figures shown above do not perfectly match [Exhibit A.10](#). Annual units may not be rolled-over to subsequent years. The 5-year totals assume that the market potential is fully captured in each consecutive year. Otherwise, the potential may be intercepted by other counties in the Prosperity Region.

A Focus on Product Types – Strategy recommendations by product type should be refined by the developers and builders as needed for local context and place, with the urban transect as a general guide. Attached units may include a mix of duplexes, triplexes, quads, condos or row houses (no more than 6 units in a row, with private entrances), and stacked flats or lofts (no more than 6 units along the side of any given building, with shared entrances).

Downtown Formats – Units above street-front retail and/or located in downtown districts will be well-received by the target markets. In transitional areas around the downtowns, low-rise buildings and row houses might be more appropriate. Detached houses, duplexes, and triplexes could be used as infill within the surrounding neighborhoods.

Attached products may include a combination of hard lofts (with exposed ductwork, etc.) and soft lofts that are relatively more finished. Units should include either 1 or 2 bedrooms, anticipating that the markets are likely to include young renters, including singles, couples, and/or have unrelated roommates.

Unit Sizes and Amenities – In the individual units, some of the floor area can be traded for unique amenities, quality construction, and modern interior treatments. However, every bedroom must have a full private bath, and 2-bedroom units must have a ½ bath near the entrance. Ideally, kitchens will be centrally located and facing outward onto an open floor plan, with bedrooms on opposite ends (i.e., not sharing common walls.) All units should have balconies or patios that can accommodate at least two chairs.

Contract Rent v. Gross Rent – [Exhibit A.11](#) shows that on average, gross rents in Grand Traverse County represent about 31% of the area’s median household income. Based on the American Community Survey’s (ACS) 5-year estimates for 2008 through 2012, the median monthly gross rent was \$833 in 2012 and the median monthly contract rent is \$712. The difference of \$121 can be generally attributed to utilities costs paid by the tenant, deposits, and other fees for pets, cleaning, security, parking, storage units, meals, on-call nurses, party rooms, fitness centers, and other memberships. These fees represent about 15% of the county’s median gross rent.

HUD Affordability Standards – [Exhibit A.12](#) provides documentation on the US Department and Housing and Urban Development’s 2014 income limits and affordability levels. Households most likely to be candidates for market-rate prices have incomes at or above 80% of the county’s Area Median Income (AMI). On average, 1-person households in Grand Traverse County should have an income of at least \$33,400; a 2-person household should have an income of at least \$38,200; and a 3-person household should have an income of at least \$42,950.

Renter Affordability Limits – In order for new housing units to be classified by MSHDA as “market rate” and without adding to shelter burden, gross rents should not exceed 35% of AMI for the local market. For Grand Traverse County, this implies the following rents by affordability bracket (see [Table 4](#), below):

Table 4
2014 HUD Income Limits and Affordable Rents
Grand Traverse County, Michigan

	1-Person Household	2-Person Household	3-Person Household
Income Limits			
80% of AMI	\$33,400	\$38,200	\$42,950
100% of AMI	\$41,700	\$47,700	\$53,700
Affordable Rent Limit (35% of income)			
Gross Rent	\$ 975	\$ 1,115	\$ 1,250
Other Fees	- \$ 145	- \$ 165	- \$ 190
Contract Rent	\$ 830	\$ 950	\$ 1,060

Based on the HUD income limits ([Exhibit A.12](#)) and annual market potential by contract rent bracket ([Exhibit A.9](#)), 65% (646 units) of the 996 new rental units should be priced affordably or below market rates, and 45% (450 units) can be priced at market rates or higher.

Construction Costs – This last section of the report for the Grand Traverse County TMA provides a comparison of average construction costs over time, with comparisons between detached (single-family) and attached (multi-family) buildings. As shown in [Exhibit A.13](#), detached houses built in Grand Traverse County since 2006 has involved a per-unit investment of in the general range of \$180,000 to \$205,000. In general, the average investment in Grand Traverse County has grown slower than any other county in the Prosperity Region.

Historically, the per-unit investment into new attached units has fluctuated between 45% and 60% of the investment in detached houses. As might be expected, the average costs per unit have been increasing over time, and there appears to have been a significant increase in cost (or investment) per unit since 2010. This is partly attributed to rising labor costs with recovery from the Great Recession, and also rising costs for lumber and materials.

Overall, the building permit data reinforces the strategy for meeting the needs of the target markets by a) building smaller houses (such as cottages) with small footprints as part of urban infill; b) building attached units (like lofts, flats, condos, and row houses); and c) rehabilitating the existing housing stock.

Contact Information

Questions regarding this target market analysis, work approach, analytic results, and strategy recommendations can be directed to Sharon Woods at LandUse|USA. Questions regarding economic growth initiatives and implementation of these recommendations can be addressed to Sarah Lucas at Networks Northwest.

Sharon M. Woods, CRE
Principal
LandUse|USA, LLC
www.LandUseUSA.com
sharonwoods@landuseusa.com
(517) 290-5531 direct

Sarah Lucas, AICP
Department Manager
Regional Planning, NWNW
www.networksnorthwest.org
SarahLucas@nwm.cog.mi.us
(231) 929-5034 direct

Strategy

Market Strategy A

Placemaking B

Market Analysis

Target Markets C

Movership Rates D

Migration Patterns E

Supply and Demand F

Economics G

Owner Market H

Renter Market I



TOC

Prepared for:



Prepared by:



Target Market Analysis

Grand Traverse County

Michigan

THE MARKET STRATEGY

November 3, 2014



A



Prepared for:



Prepared by:



Existing PARAMETERS (in Households) through June 2014
 Large and Small Urban Places - Grand Traverse County, MI

Exhibit A.2

	Sum of Total 12 Targets	Capture Rate 12 Targets	Sum of Total 71 Clusters	Existing Share 71 Clusters
Existing Households				
GRAND TRAVERSE CO.	11,829	100.0%	36,533	100.0%
Traverse City	4,020	52.9%	6,942	19.0%
Acme Twp. 2 Miles	156	2.1%	570	1.6%
East Bay Twp. 2 Miles	237	3.1%	1,255	3.4%
Garfield Twp. 2 Miles	2,997	39.5%	4,733	13.0%
Chums Corner	45	0.6%	366	1.0%
Fife Lake	5	0.1%	133	0.4%
Grawn	59	0.8%	292	0.8%
Interlochen	34	0.4%	247	0.7%
Kingsley	38	<u>0.5%</u>	523	<u>1.4%</u>
Subtotal		100.0%		41.2%
Inmigration - Owners	219		480	
Inmigration - Renters	996		1,219	
All Movers - Owners	452		988	
All Movers - Renters	2,462		3,014	

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;
 American Community Survey; and Experian Decision Analytics.

Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Existing PARAMETERS (in Households) through June 2014
 Large and Small Urban Places - Grand Traverse County, MI

Exhibit A.3

	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
Existing Households	Golf Carts, Gourmets	Bohemian Groove	Booming, Consuming	Rooted Flower Power	Infants, Debit Cards	True Grit Americans	Digital Dependents	Family Troopers	Reaping Rewards	Senior Discounts	Small Town Shallow Pockets	Tight Money
GRAND TRAVERSE CO.	75	2,634	311	1,006	146	1,266	2,851	469	1,659	1,036	214	162
Traverse City	19	1,349	36	692	6	438	685	145	287	363	0	0
Acme Twp. 2 Miles	3	2	39	0	0	0	46	0	51	15	0	0
East Bay Twp. 2 Miles	0	23	1	11	0	7	132	11	46	0	0	6
Garfield Twp. 2 Miles	0	937	43	248	18	430	278	171	206	504	99	63
Chums Corner	0	2	0	0	0	6	33	0	4	0	0	0
Fife Lake	0	0	0	0	0	0	4	0	0	0	0	1
Grawn	0	0	0	1	7	0	44	7	0	0	0	0
Interlochen	0	0	0	1	0	0	24	0	7	0	0	2
Kingsley	0	1	0	0	0	0	26	7	0	0	0	4
Subtotal												
Inmigration - Owners	1	15	8	11	4	29	134	0	10	4	5	0
Inmigration - Renters	0	464	6	2	6	11	205	154	3	81	8	54
All Movers - Owners	2	30	16	22	8	60	276	0	20	8	10	0
All Movers - Renters	0	1148	14	6	14	28	508	382	8	200	20	134

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.

Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Note: Total might not sum exact due to rounding.

Annual Target Market POTENTIAL in Households for 12 Selected Lifestyle Clusters
 Small and Large Urban Places - Grand Traverse County, MI

Exhibit A.4

		Sum of	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
Tenure	AGGRESSIVE Scenario (Based on All Movers)	Total 12 Targets	Golf Carts, Gourmets	Bohemian Groove	Booming, Consum- ing	Rooted Flower Power	Infants, Debit Cards	True Grit Americans	Digital Depend- ents	Family Troopers	Reaping Rewards	Senior Discounts	Small Town Shallow Pockets	Tight Money
Owners	GRAND TRAVERSE CO.	452	2	30	16	22	8	60	276	0	20	8	10	0
Renters	GRAND TRAVERSE CO.	2,462	0	1,148	14	6	14	28	508	382	8	200	20	134
Total	GRAND TRAVERSE CO.	2,914	2	1,178	30	28	22	88	784	382	28	208	30	134
Owners	Traverse City	240	2	16	8	12	4	32	146	0	10	4	6	0
Renters	Traverse City	1,302	0	608	8	4	8	14	268	202	4	106	10	70
Total	Traverse City	1,542	2	624	16	16	12	46	414	202	14	110	16	70
Owners	Acme Twp. 2 Miles	8	0	0	0	0	0	2	6	0	0	0	0	0
Renters	Acme Twp. 2 Miles	48	0	24	0	0	0	0	10	8	0	4	0	2
Total	Acme Twp. 2 Miles	56	0	24	0	0	0	2	16	8	0	4	0	2
Owners	East Bay Twp. 2 Miles	10	0	0	0	0	0	2	8	0	0	0	0	0
Renters	East Bay Twp. 2 Miles	74	0	36	0	0	0	0	16	12	0	6	0	4
Total	East Bay Twp. 2 Miles	84	0	36	0	0	0	2	24	12	0	6	0	4
Owners	Garfield Twp. 2 Miles	178	0	12	6	8	4	24	108	0	8	4	4	0
Renters	Garfield Twp. 2 Miles	972	0	454	6	2	6	12	200	150	4	78	8	52
Total	Garfield Twp. 2 Miles	1,150	0	466	12	10	10	36	308	150	12	82	12	52

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.

Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Note: Totals might not sum exact due to rounding.

Annual Target Market POTENTIAL in Households for 12 Selected Lifestyle Clusters
 Small and Large Urban Places - Grand Traverse County, MI

Exhibit A.5

		Sum of	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
AGGRESSIVE Scenario		Total	Golf Carts,	Bohemian	Booming,	Rooted	Infants,	True Grit	Digital	Family	Reaping	Senior	Small	Tight
Tenure	(Based on All Movers)	12 Targets	Gourmets	Groove	Consum-	Flower	Debit	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
					ing	Power	Cards		ents				Shallow	Pockets
Owners	Chums Corner	2	0	0	0	0	0	0	2	0	0	0	0	0
Renters	Chums Corner	14	0	6	0	0	0	0	4	2	0	2	0	0
Total	Chums Corner	16	0	6	0	0	0	0	6	2	0	2	0	0
Owners	Fife Lake	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Fife Lake	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Fife Lake	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Grawn	2	0	0	0	0	0	0	2	0	0	0	0	0
Renters	Grawn	18	0	8	0	0	0	0	4	2	0	2	0	2
Total	Grawn	20	0	8	0	0	0	0	6	2	0	2	0	2
Owners	Interlochen	2	0	0	0	0	0	0	2	0	0	0	0	0
Renters	Interlochen	10	0	6	0	0	0	0	2	2	0	0	0	0
Total	Interlochen	12	0	6	0	0	0	0	4	2	0	0	0	0
Owners	Kingsley	2	0	0	0	0	0	0	2	0	0	0	0	0
Renters	Kingsley	12	0	6	0	0	0	0	2	2	0	2	0	0
Total	Kingsley	14	0	6	0	0	0	0	4	2	0	2	0	0

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.
 Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Note: Totals might not sum exact due to rounding.

Annual Target Market POTENTIAL in Housing Units for 12 Selected Lifestyle Clusters
 Small and Large Urban Places - Grand Traverse County, MI

Exhibit A.6

		Sum of	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
CONSERVATIVE Scenario		Total	Golf Carts,	Bohemian	Booming,	Rooted	Infants,	True Grit	Digital	Family	Reaping	Senior	Small	Tight
Tenure	(Per In-Migration Only)	12 Targets	Gourmets	Groove	ing	Power	Cards	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
													Shallow	Pockets
Owners	GRAND TRAVERSE CO.	219	1	15	8	11	4	29	134	0	10	4	5	0
Renters	GRAND TRAVERSE CO.	996	0	464	6	2	6	11	205	154	3	81	8	54
Total	GRAND TRAVERSE CO.	1,215	1	479	13	13	10	40	339	154	13	85	13	54
Owners	Traverse City	116	0	8	4	6	2	16	70	0	6	2	2	0
Renters	Traverse City	524	0	246	2	2	2	6	108	82	2	42	4	28
Total	Traverse City	640	0	254	6	8	4	22	178	82	8	44	6	28
Owners	Acme Twp. 2 Miles	2	0	0	0	0	0	0	2	0	0	0	0	0
Renters	Acme Twp. 2 Miles	22	0	10	0	0	0	0	4	4	0	2	0	2
Total	Acme Twp. 2 Miles	24	0	10	0	0	0	0	6	4	0	2	0	2
Owners	East Bay Twp. 2 Miles	4	0	0	0	0	0	0	4	0	0	0	0	0
Renters	East Bay Twp. 2 Miles	28	0	14	0	0	0	0	6	4	0	2	0	2
Total	East Bay Twp. 2 Miles	32	0	14	0	0	0	0	10	4	0	2	0	2
Owners	Garfield Twp. 2 Miles	88	0	6	4	4	2	12	52	0	4	2	2	0
Renters	Garfield Twp. 2 Miles	394	0	184	2	0	2	4	82	60	2	32	4	22
Total	Garfield Twp. 2 Miles	482	0	190	6	4	4	16	134	60	6	34	6	22

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.
 Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Note: Totals might not sum exact due to rounding.

Annual Target Market POTENTIAL in Housing Units for 12 Selected Lifestyle Clusters
 Small and Large Urban Places - Grand Traverse County, MI

Exhibit A.7

		Sum of	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
CONSERVATIVE Scenario		Total	Golf Carts,	Bohemian	Booming,	Rooted	Infants,	True Grit	Digital	Family	Reaping	Senior	Small	Tight
Tenure	(Per In-Migration Only)	12 Targets	Gourmets	Groove	ing	Power	Debit	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
							Cards		ents				Shallow	
Owners	Chums Corner	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Chums Corner	4	0	2	0	0	0	0	2	0	0	0	0	0
Total	Chums Corner	4	0	2	0	0	0	0	2	0	0	0	0	0
Owners	Fife Lake	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Fife Lake	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Fife Lake	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Grawn	2	0	0	0	0	0	0	2	0	0	0	0	0
Renters	Grawn	8	0	4	0	0	0	0	2	2	0	0	0	0
Total	Grawn	10	0	4	0	0	0	0	4	2	0	0	0	0
Owners	Interlochen	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Interlochen	2	0	2	0	0	0	0	0	0	0	0	0	0
Total	Interlochen	2	0	2	0	0	0	0	0	0	0	0	0	0
Owners	Kingsley	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Kingsley	4	0	2	0	0	0	0	2	0	0	0	0	0
Total	Kingsley	4	0	2	0	0	0	0	2	0	0	0	0	0

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.
 Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Note: Totals might not sum exact due to rounding.

Annual Market Potential by Home Value for 12 Target Markets (in 2012 Constant Dollars)
 Owner-Occupied Units for Grand Traverse County, Michigan

Exhibit A.8

Tenure	CONSERVATIVE SCENARIO Home Value Brackets (2012 Constant Dollars)	Sum of Total 12 Targets	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41 Booming, Consum- ing	L42 Rooted Flower Power	M45 Infants, Debit Cards	N46 True Grit Americans	O51 Digital Depend- ents	O55 Family Troopers	Q62 Reaping Rewards	Q65 Senior Discounts	S68 Small Town Shallow Pockets	S70 Tight Money
Owner	< \$50,000	7	0	0	0	0	1	1	3	0	0	1	2	0
Owner	\$50 - \$74,999	7	0	0	0	0	1	1	4	0	0	0	1	0
Owner	\$75 - \$99,999	22	0	1	0	1	1	3	14	0	0	0	1	0
Owner	\$100 - \$149,999	82	0	5	2	4	1	11	55	0	1	1	1	0
Owner	\$150 - \$174,999	34	0	2	1	2	0	4	23	0	1	0	0	0
Owner	\$175 - \$199,999	22	0	2	1	1	0	3	14	0	1	0	0	0
Owner	\$200 - \$249,999	23	0	1	1	1	0	3	14	0	2	0	0	0
Owner	\$250 - \$299,999	10	0	1	1	1	0	1	5	0	1	0	0	0
Owner	\$300 - \$349,999	4	0	0	0	0	0	1	2	0	1	0	0	0
Owner	\$350 - \$399,999	2	0	0	0	0	0	0	1	0	1	0	0	0
Owner	\$400 - \$499,999	2	0	0	0	0	0	0	1	0	1	0	0	0
Owner	\$500 - \$749,999	1	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$750,000+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	219	1	15	8	11	4	29	134	0	10	4	5	0
Median Home Value														
	2012	--	\$306,625	\$143,048	\$186,227	\$135,876	\$82,358	\$132,315	\$129,938	\$128,558	\$217,378	\$118,271	\$74,115	\$111,425
	2015	--	\$320,369	\$149,459	\$194,575	\$141,966	\$86,049	\$138,246	\$135,762	\$134,321	\$227,122	\$123,573	\$77,437	\$116,419
	2020	--	\$337,221	\$157,322	\$204,810	\$149,435	\$90,576	\$145,519	\$142,904	\$141,387	\$239,069	\$130,073	\$81,510	\$122,543

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;
 American Community Survey; and Experian Decision Analytics.
 Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Note: Totals might not sum exact due to rounding.

Annual Market Potential by Contract Rent for 12 Target Markets (in 2012 Constant Dollars)
 Renter-Occupied Units for Grand Traverse County, Michigan

Exhibit A.9

Tenure	CONSERVATIVE	Sum of Total 12 Targets	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41	L42	M45	N46 True Grit Americans	O51	O55 Family Troopers	Q62 Reaping Rewards	Q65 Senior Discounts	S68	S70 Tight Money
	SCENARIO				Booming, Consum- ing	Rooted Flower Power	Infants, Debit Cards		Digital Depend- ents				Small Town Shallow Pockets	
Renter	<\$500	141	0	57	0	0	0	1	10	18	0	33	2	20
Renter	\$500 - \$599	111	0	56	0	0	0	1	14	16	0	14	1	7
Renter	\$600 - \$699	168	0	79	1	0	1	2	34	29	1	12	2	9
Renter	\$700 - \$799	344	0	180	2	1	2	3	69	56	1	12	2	16
Renter	\$800 - \$899	158	0	53	2	1	2	3	65	26	1	4	1	1
Renter	\$900 - \$999	42	0	21	0	0	0	1	9	7	0	3	0	1
Renter	\$1,000 - \$1,249	21	0	12	0	0	0	0	3	3	0	2	0	0
Renter	\$1,250 - \$1,499	8	0	5	0	0	0	0	1	1	0	1	0	0
Renter	\$1,500 - \$1,999	1	0	0	0	0	0	0	0	0	0	0	0	0
Renter	\$2,000+	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Sum	996	0	464	6	2	6	11	205	154	3	81	8	54
Median Contract Rent														
	2012	--	\$817	\$587	\$650	\$661	\$630	\$639	\$631	\$588	\$613	\$479	\$541	\$486
	2015	--	\$893	\$641	\$710	\$722	\$689	\$698	\$689	\$643	\$669	\$523	\$591	\$531
	2020	--	\$1,036	\$743	\$823	\$837	\$799	\$809	\$799	\$745	\$776	\$607	\$685	\$616

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;
 American Community Survey; and Experian Decision Analytics.
 Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Note: Totals might not sum exact due to rounding.

Annual Market Potential by Building Size for 12 Target Markets
 Total Units for Grand Traverse County, Michigan

Exhibit A.10

Tenure	CONSERVATIVE SCENARIO Units by Building Size	Sum of Total 12 Targets	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41 Booming, Consum- ing	L42 Rooted Flower Power	M45 Infants, Debit Cards	N46 True Grit Americans	O51 Digital Depend- ents	O55 Family Troopers	Q62 Reaping Rewards	Q65 Senior Discounts	S68 Small Town Shallow Pockets	S70 Tight Money
Total	1 unit (house)	520	1	94	12	12	9	38	300	28	10	0	12	5
Total	2 units (duplex)	59	0	37	0	0	0	0	5	10	0	1	0	5
Total	3 units (triplex)	105	0	68	0	0	0	0	9	17	0	1	0	7
Total	4 units (quad)	56	0	37	0	0	0	0	3	11	0	1	0	3
Total	5 - 9 units	192	0	122	1	0	0	1	18	33	1	2	0	14
Total	10 - 19 units	68	0	35	0	0	0	0	1	15	0	9	0	6
Total	20 - 49 units	73	0	32	0	0	0	0	1	14	0	19	0	8
Total	50 - 100 units	58	0	22	0	0	0	0	1	9	0	21	0	4
Total	101+ units	<u>84</u>	<u>0</u>	<u>31</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>17</u>	<u>0</u>	<u>31</u>	<u>0</u>	<u>3</u>
	Total	1,215	1	479	13	13	10	40	339	154	13	85	13	54
Total	Detached Units	520	1	94	12	12	9	38	300	28	10	0	12	5
Total	Attached Units	<u>695</u>	<u>0</u>	<u>384</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>40</u>	<u>127</u>	<u>3</u>	<u>85</u>	<u>1</u>	<u>49</u>
	Total	1,215	1	479	13	13	10	40	339	154	13	85	13	54

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.

Analysis and exhibit prepared by LandUse|USA; ©2014 with all rights reserved.

Note: Totals might not sum exact due to rounding.

Market Parameters - Contract and Gross Rents
Counties in the Northwest Michigan Prosperity Region

County name	Median Gross Rent as a Share of Income	Median Gross Rent	Median Contract Rent	Utilities and Fees	Fees as a Share of Gross
1 Grand Traverse	31%	\$833	\$712	\$121	15%
2 Leelanau	33%	\$794	\$641	\$153	19%
3 Emmet	30%	\$732	\$630	\$102	14%
4 Charlevoix	30%	\$615	\$523	\$92	15%
5 Antrim	38%	\$710	\$515	\$195	27%
6 Benzie	30%	\$763	\$537	\$226	30%
7 Manistee	30%	\$665	\$492	\$173	26%
8 Wexford	32%	\$679	\$521	\$158	23%
9 Missaukee	30%	\$712	\$502	\$210	29%
10 Kalkaska	30%	\$713	\$501	\$212	30%

Source: US Census and American Community Survey 5-year estimates (2008 - 2012); analysis and exhibit prepared by LandUse|USA; 2014.

Contract rents typically align with advertised rents and may not include utilities, deposits, and fees for pets, cleaning, security, parking, storage units, meals, on-call nurse services, meals, party rooms, fitness centers, and other memberships.

HUD Income Limits for Affordability
 Selected Counties in Northwest Michigan - 2014

Exhibit A.12

County Name	HUD Qualifier	Share of AMI	Household Size 1 person	Household Size 2 persons	Household Size 3 persons	Household Size 4 persons
Grand Traverse Co.	Extreme	30%	12,550	14,350	16,150	17,900
Grand Traverse Co.	Very Low	50%	20,900	23,850	26,850	29,800
Grand Traverse Co.	Low	80%	33,400	38,200	42,950	47,700
Grand Traverse Co.	Average	100%	41,700	47,700	53,700	59,600
Leelanau Co.	Extreme	30%	14,200	16,200	18,250	20,250
Leelanau Co.	Very Low	50%	23,650	27,000	30,400	33,750
Leelanau Co.	Low	80%	37,800	43,200	48,600	54,000
Leelanau Co.	Average	100%	47,300	54,000	60,800	67,500

Source: U.S. Housing and Urban Development (HUD) income limits for 2014, with some interpolations by LandUseUSA. AMI indicates Area Median Income.

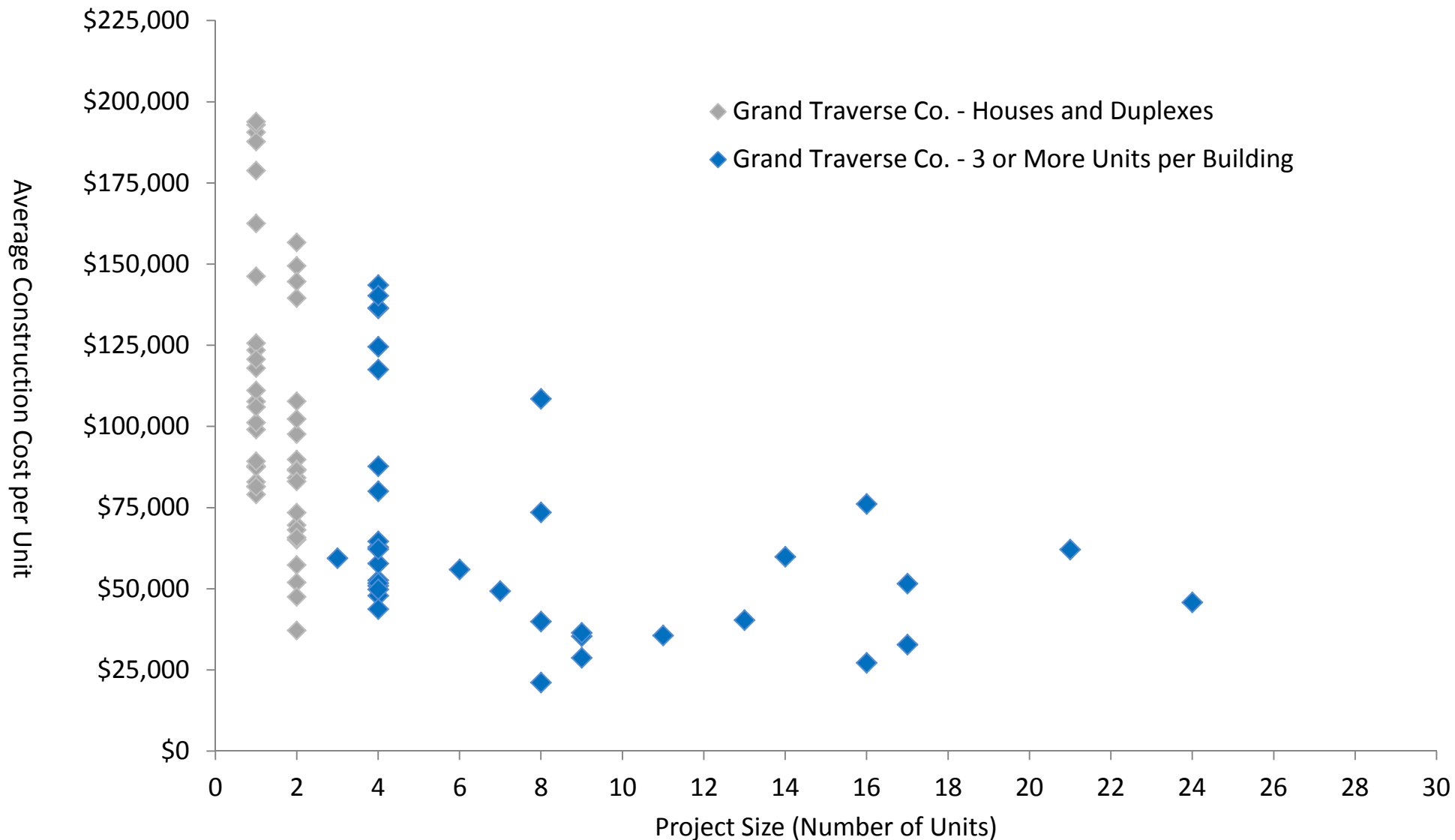
Construction Costs Per Approved Building Permits
Grand Traverse County, Michigan - 2000 through 2013

Year	Units Single- Family	Cost Single- Family	Cost/Unit Single- Family	Units Multi- Family	Cost Multi- Family	Cost/Unit Multi- Family	MF v. SF Cost Index
2013	356	\$73,376,787	\$206,100	37	\$4,353,743	\$117,700	0.57
2012	252	\$48,857,553	\$193,900	21	\$2,510,112	\$119,500	0.62
2011	207	\$39,936,536	\$192,900	26	\$3,564,660	\$137,100	0.71
2010	168	\$31,541,251	\$187,700	13	\$1,858,086	\$142,900	0.76
2009	154	\$27,537,570	\$178,800	48	\$5,787,244	\$120,600	0.67
2008	223	\$36,236,577	\$162,500	14	\$1,332,150	\$95,200	0.59
2007	299	\$56,983,994	\$190,600	52	\$4,024,961	\$77,400	0.41
2006	560	\$81,928,146	\$146,300	143	\$11,775,827	\$82,300	0.56
2005	727	\$87,756,158	\$120,700	436	\$26,781,704	\$61,400	0.51
2004	692	\$86,919,698	\$125,600	276	\$17,817,183	\$64,600	0.51
2003	704	\$86,928,301	\$123,500	72	\$3,211,018	\$44,600	0.36
2002	609	\$71,825,782	\$117,900	77	\$4,322,552	\$56,100	0.48
2001	533	\$56,499,883	\$106,000	105	\$4,599,665	\$43,800	0.41
2000	604	\$67,097,738	\$111,100	375	\$16,650,435	\$44,400	0.40
All Years	6,088	\$853,425,974	\$140,200	1,695	\$108,589,340	\$64,100	0.46
2007-13	1,659	\$314,470,268	\$189,600	211	\$23,430,956	\$111,000	0.59
2000-06	4,429	\$538,955,706	\$121,700	1,484	\$85,158,384	\$57,400	0.47

Source: Underlying data collected by the U.S. Bureau of the Census.
Analysis and exhibit prepared by LandUse|USA, 2014.

Construction Cost per Unit v. Project Size (Number of Units)
Single- and Multi-Family Projects
1990 - 2012

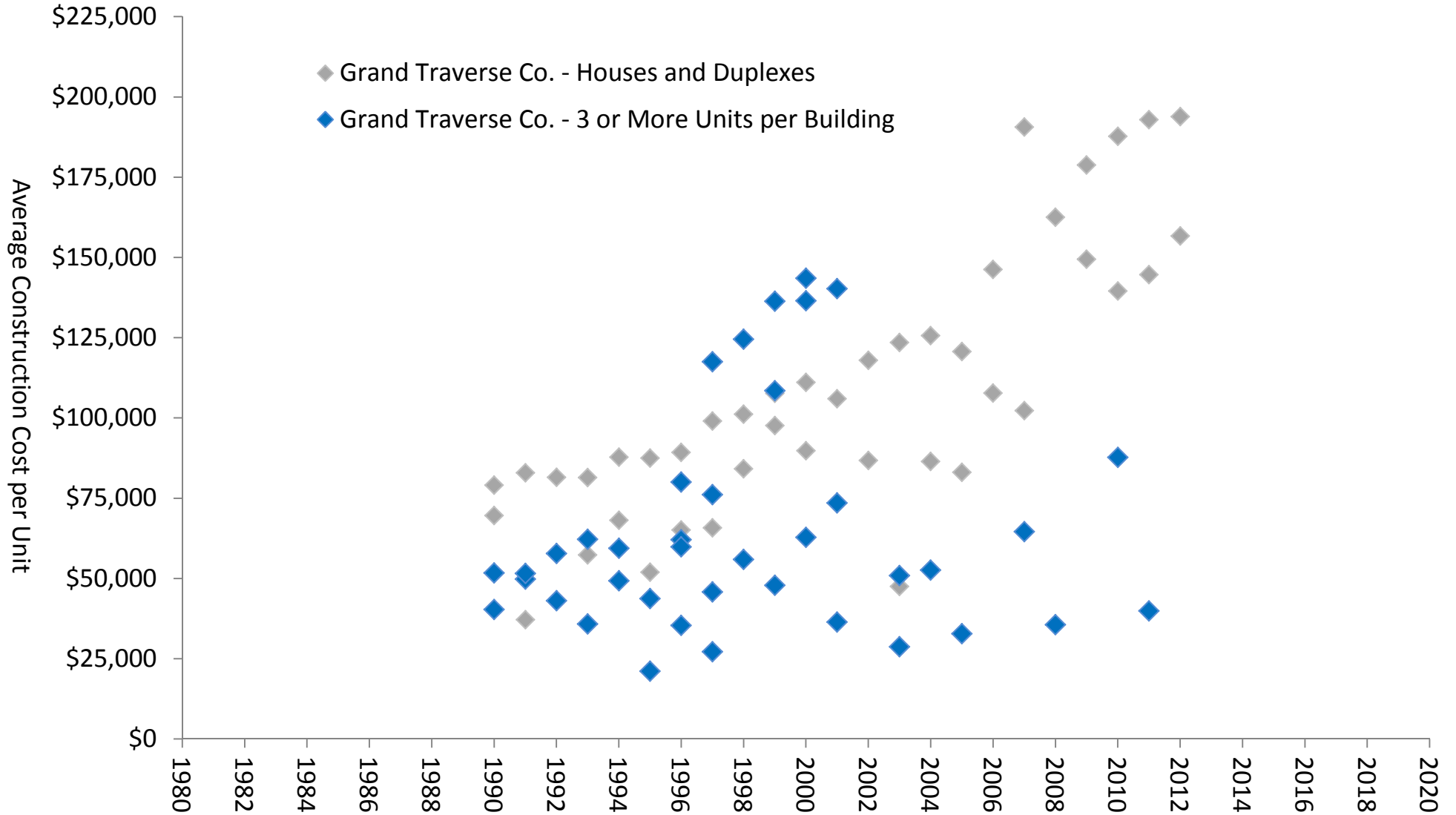
Exhibit A.14



Source: Underlying data from the U.S. Census Bureau; analysis and exhibit prepared by LandUse|USA; 2014.

Average Construction Cost per Unit Over Time
Single- and Multi-Family Projects
1990 - 2012

Exhibit A.15



Source: Underlying data from the U.S. Census Bureau; analysis and exhibit prepared by LandUse|USA; 2014.

Target Market Analysis

Grand Traverse County

Michigan

PLACEMAKING

November 3, 2014



B



Prepared for:



Prepared by:



Strengths

- *Connectivity* – Traverse City is located on US 31 in the Northwestern part of Michigan's Lower Peninsula, and is positioned at the bottom of Grand Traverse Bay. About 23,000 vehicles pass through Traverse City on US 31 daily.
- *Michigan's Blue Economy* – The West Arm of the Grand Traverse Bay provides a main access to the downtown via the newly constructed Traverse City Bayfront. Visitors may arrive by boat, dock in the Duncan L Clinch Marina and be within walking distance of bars, restaurants, shopping and overnight accommodation. Boardman Lake also offers many recreational opportunities, and the area is a major destination for charter fishing.
- *Natural Resources* – Traverse City is just under 40 minutes of Sleeping Bear Dunes, and the region offers diverse opportunities for biking, hiking, boating, scuba diving, golfing snowmobiling, skiing, and snowshoeing.
- *Tourism* - Traverse City's tourism industry is a major contributor to the area's economy and continues to show strong growth through generating increased spending and employment. In 2012 over 3.3 million visitor trips were made to the Traverse City area and resulted in \$1.18 billion in direct spending to the area businesses. Tourism creates and maintains nearly 12,000 jobs in the area that represents nearly 30 percent of the area's employment.
- *International Draw* – In addition to the region's many natural resources, Traverse City is the gateway to over 40 wineries on the Leelanau and Old Mission Peninsula that have gained international recognition.
- *Advanced Education* – Northwest Michigan College calls Traverse City home and enrolls 5,100 students annually.
- *Business Growth and Retention* – Traverse Bay Economic Development Corporation (TBEDC) provides assistance and services in areas such as site location, low interest financing through the Grand Traverse County EDC Revolving Loan Fund, business counseling, business resources, and tax incentive assistance thus providing more opportunities for businesses to expand in the area. In addition, the City has approved Brownfield redevelopment sites located within the City and has repurposed other sites, like the historic Grand Traverse Commons which has available commercial and retail properties.
- *Anchor Institutions* – Traverse City is the economic and retail center of northwest Michigan. The strong and growing local economy is driven by manufacturing, professional and financial services, a leading hospital (Munson) and Crystal Lake Health Clinic, and Northwestern Michigan College. Adding to the economy are major employers like the Turtle Creek Casino, the US Coast Guard, AlcoTec Wire, Boride Engineered Abrasives, Clark Manufacturing, Cone Drive Operations Inc./Textron, Hagerty, Passageways, Plascon, Inc., and Salamander Technologies.
- *Cherry Capital Airport* – This airport offers access to more trade with up to 15 daily flights to Detroit, Chicago, Minneapolis, Cincinnati, Atlanta and other seasonal destinations.

Strengths (continued)

- *Downtown Business Mix* – Traverse City’s historic downtown shopping district has more than 150 unique boutiques, galleries, restaurants and pubs. In addition, the City offers free parking at the Larry C. Hardy Parking Deck on the east end of downtown after 5 p.m. Mondays- Fridays and on weekends every month of the year except in July and August, thus bringing more shoppers to the downtown economy.
- *Streetscape* – Visitors and residents can walk up and down tree-lined streets and stop to admire the Victorian details of the buildings, and enjoy the beauty of the restored City Opera House on Front Street or the city's original fire station.
- *Public Transit* – In addition to being connected to regional bus systems, Traverse City has its own service through the Bay Area Transportation Authority. Students and seniors receive half-off bus fares, children under 5 ride for free, and the Transportation authority has a Bike-n-Ride program that allows bikers to utilize the bus system as well.

Local Market Assessment – OPPORTUNITIES
The City of Traverse City (Grand Traverse Co., Michigan)

Opportunities

- *Consider a Form Based Code* – Traverse City has many development initiatives, and might benefit from refining on how new development should look. In general, form based codes are designed to have a streamlined process for approvals and provide more flexibility in use, in order to connect the built environment to the public realm thus creating more vibrant downtowns.

Strengths

- *Connectivity* – Garfield Charter Township is located adjacent to the City of Traverse City directly on US 31. Roughly 26,000 vehicles pass through the Township on a daily basis.
- *Michigan’s Blue Economy* – The Township benefits from its location adjacent to Traverse City in many ways, and the utilization of water resources is just one of them. Both arms of the Grand Traverse Bay provide access to the area. Boardman Lake also offers many recreational opportunities, and the area is a major destination for charter fishing.
- *Natural Resources* – The Township is just under 40 minutes of Sleeping Bear Dunes, and the region offers diverse opportunities for biking, hiking, boating, scuba diving, golfing, snowmobiling, skiing, and snowshoeing.
- *Tourism* – The region’s tourism industry is a major contributor to the area's economy and continues to show strong growth through generating increased spending and employment. Major destinations in Garfield Charter Township include the Great Wolf Lodge.
- *International Draw* – In addition to the region’s many natural resources, Garfield Charter Township is the gateway to over 40 wineries on the Leelanau and Old Mission Peninsula that have gained international recognition.
- *Advanced Education* – Northwest Michigan College calls the area home and enrolls 5,100 students annually.
- *Business Growth and Retention* – Traverse Bay Economic Development Corporation (TBEDC) provides assistance and services in areas such as site location, low interest financing through the Grand Traverse County EDC Revolving Loan Fund, business counseling, business resources, and tax incentive assistance thus providing more opportunities for businesses to expand in the area.
- *Anchor Institutions* – Grand Traverse County is the economic and retail center of northwest Michigan. The strong and growing local economy is driven by manufacturing, professional and financial services, a leading hospital (Munson), and Northwestern Michigan College. Adding to the economy are major employers like the Turtle Creek Casino, the US Coast Guard, AlcoTec Wire, Boride Engineered Abrasives, Clark Manufacturing, Cone Drive Operations Inc./Textron, Hagerty, Passageways, Plascon, Inc., and Salamander Technologies.
- *Cherry Capital Airport* – This airport offers access to more trade with up to 15 daily flights to Detroit, Chicago, Minneapolis, Cincinnati, Atlanta and other seasonal destinations.
- *Downtown Business Mix* - Much of the remaining township is considered to be a part of the Traverse City's urban area
- *Public Transit* – Garfield Charter Township is serviced through the Bay Area Transportation Authority. Students and seniors receive half-off bus fares, children under 5 ride for free, the Transportation authority has a Bike-n-Ride program that allows bikers to utilize the bus as well.

Opportunities

- *Creation of a Downtown Development Authority/Chamber of Commerce* – While businesses in the Township might be more dispersed, the area would benefit from having an organization that organizes business participation in marketing the Township as a destination for shopping, restaurants, and other services.
- *Creation of a Central Business District* – Because the businesses in the Township area are more dispersed, there is not a central place for those looking to shop, eat, or drink, to go. Many activities are most efficiently performed in downtowns because resources are available within convenient walking distance; a connection of similar resources in the Township could draw more resources into the local economy.

Strengths

- *Connectivity* – Kingsley is situated between M-37 and US 131 on M-113, and an average of 5,000 vehicles pass through Kingsley on a daily basis. Those travelling from the western Part of Michigan from places like Grand Rapids pass close to Kingsley as they travel north to Traverse City.
- *Michigan’s Blue Economy* – Kingsley has staked its position as an important fly fishing destination in Northwest Michigan. Its strategic location between two famous trout fisheries, the Manistee and Boardman Rivers, and its historic claim to the iconic Adams Fly, justify this stance.
- *Developing Tourism* – In recent years, Kingsley has hosted the Adams Fly Festival that has become a signature event for the Village. Streetscape banners with the imagery of a solitary fly fisherman welcomes enthusiasts the first weekend in June for a fly fishing expo and celebration.
- *Natural Resources* – Kingsley has developed its own internal trail system that links its neighborhoods and public parks.
- *Access to Healthcare* – The Village of Kingsley is home to a Crystal Lake Health Center clinic that has a physician on call 24/7, creating access to health services nearby.
- *Streetscape* – The Village has done an incredible job defining a charming inner core by making investments in streetscaping, sidewalks, landscaping, and new construction.
- *Strong Community Assets* – The Village has many great focal points that add to developing the community. Schools in Kingsley perform at levels equal to or above their peers, and the community support for extracurricular activities and local sports teams is high. Kingsley also has a low cost of living, a well-developed park system, pocket parks and a community teen center. These factors combine to make Kingsley a preferred “hometown” for young families.

Opportunities

- *TBEDC Study* – The Village has a great opportunity to create economic growth by following the goals and tactics of the Traverse Bay Economic Development Corporation’s 2013 economic development study, in order to:
 - Attract new businesses that locals demand such as a family restaurant;
 - Develop an incentive package for the industrial park;
 - Promote Kingsley as a bedroom community for Traverse City and Cadillac;
 - Work with other “South County” community leaders to develop a “South County” brand.
- *Marketing for Tourism* - While the Village is located directly on M-113, it still remains in a more remote location. It could be a potential connection for towns like Traverse City and Cadillac, from US 131 to US 31; however, there are other routes available that are much faster. The Village might benefit from advertising Kingsley as a year-round tourist destination, or as a potential stop for travelers traversing through the state.

Place Scores

Local Placemaking Initiatives and Amenities (Evident through Online Search Engines)
 Selected Communities in Grand Traverse County, Michigan - 2014

Exhibit B.6

	City of Traverse City	Garfield Township	East Bay Township	Acme Township	Village of Kingsley	Village of Fife Lake
2010 Census Population	14,482	16,256	10,663	4,375	1,480	443
City/Village-Wide Planning Documents						
1 City-Wide Master Plan (not county)	1	1	1	1	1	0
2 Has a Zoning Ordinance Online	1	1	1	1	1	0
3 Considering a Form Based Code	0	0	0	0	0	0
Downtown Planning Documents						
4 Established DDA	1	0	0	0	1	1
5 DT Master Plan, Subarea Plan	0	0	0	0	0	0
6 Streetscape, Transp. Improvmt. Plan	1	0	0	0	1	1
7 Retail Market Study or Strategy	0	0	0	0	0	0
8 Residential Market Study, Strategy	0	0	0	0	0	0
9 Downtown TIF Plan (Fiscal Plan)	1	0	0	0	0	0
10 Façade Improvement Program	0	0	0	0	0	0
Downtown Organization and Marketing						
11 Designation as a Michigan Cool City	1	0	0	0	0	0
12 Member of Michigan Main Street	0	0	0	0	0	0
13 Main Street 4-Point Approach	0	0	0	0	0	0
Listing or Map of Merchants and Amenities						
14 City/Village Main Website	1	0	0	0	1	1
15 DDA, BID, or Main Street Website	1	0	0	0	0	0
16 Chamber or CVB Website	1	0	0	0	0	1
17 Facebook	1	1	1	1	1	1
Subtotal Score (17 points possible)	10	3	3	3	6	5

The assessment is based only on internet research, and have not been field verified.

Desk-top analysis and qualitative assessment by LandUse|USA; © 2014 with all rights reserved.

If a community's amenities and resources are not listed, then the challenge is to improve marking efforts, and ensure that the resources are available and easy to find through mainstream online search engines.

Exhibit B.7

Place Scores

Local Placemaking Initiatives and Amenities (Evident through Online Search Engines)
 Selected Communities in Grand Traverse County, Michigan - 2014

Jurisdiction Name	City of Traverse City	Garfield Township	East Bay Township	Acme Township	Village of Kingsley	Village of Fife Lake
2010 Census Population	14,482	16,256	10,663	4,375	1,480	443
Unique Downtown Amenities						
1 Cinema/Theater, Playhouse	1	1	0	0	0	0
2 Waterfront Access/Parks	1	1	1	1	0	1
3 Established Farmer's Market ²	1	1	0	0	1	0
4 Summer Music in the Park	1	0	0	0	0	0
5 National or Other Major Festival	1	0	0	0	0	0
Downtown Street and Environment						
6 Street Views by GoogleEarth	1	1	1	1	1	1
7 Angle Storefront Parking	1	0	0	0	0	0
8 Walk Score/1,000 is 40 or Higher	0	0	0	0	0	1
9 Off Street Parking is Evident	1	1	1	1	1	0
10 2-Level Scale of Historic Buildings	1	0	0	0	1	1
11 Balanced Scale 2 Sides of Street	1	0	0	0	0	0
12 Pedestrian Crosswalks, Signaled	1	1	1	1	1	0
13 Two-way Traffic Flow	1	1	1	1	1	1
Subtotal Score (13 points possible)	12	7	5	5	6	5
Total Score (30 Points Possible)	22	10	8	8	12	10
Points per 1,000 Residents	2	1	1	2	8	23
Reported Walk Score (avg. = 42)	98	72	10	10	44	33
Walk Score per 1,000 Residents	7	4	1	2	30	74

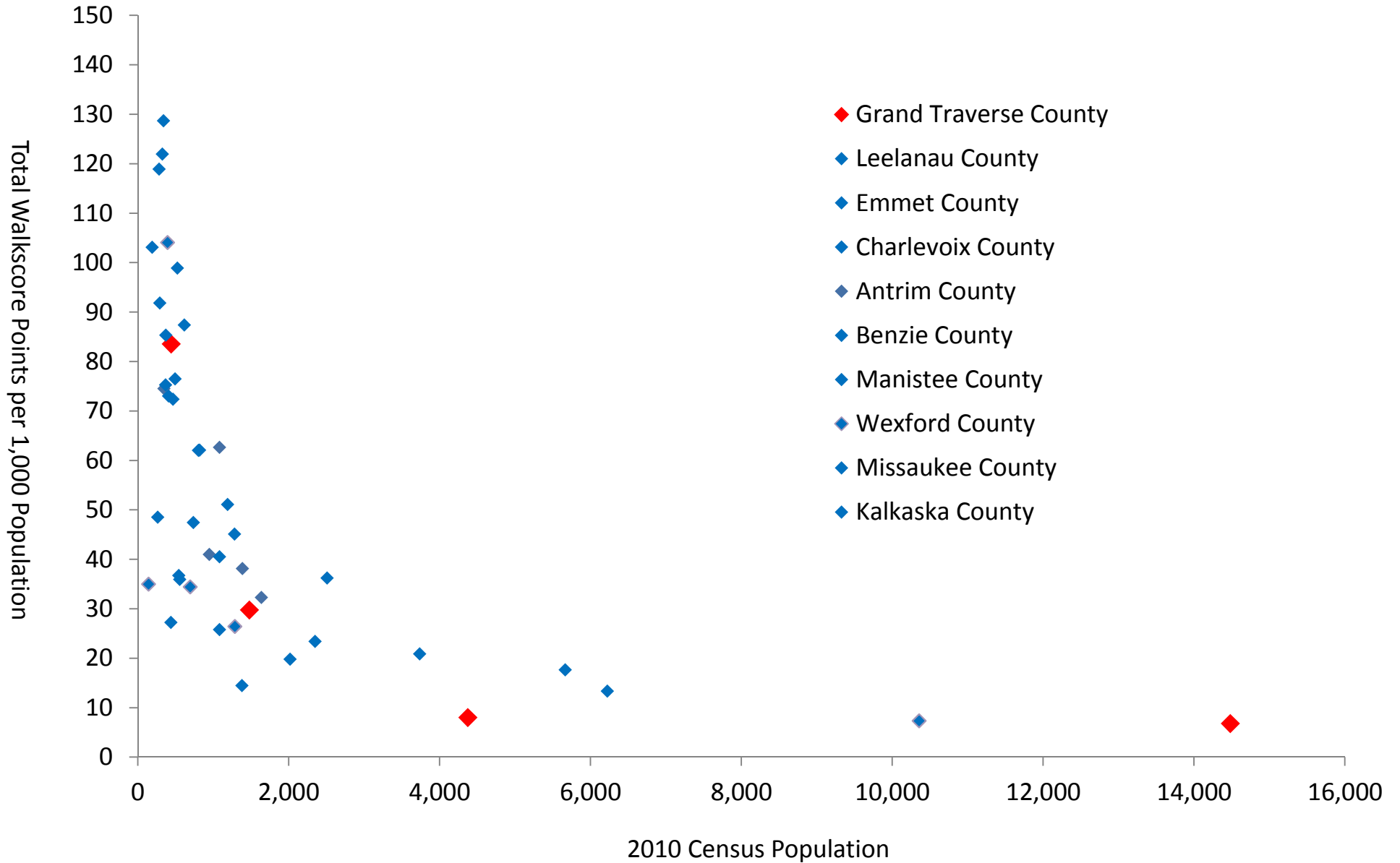
The assessment is based only on internet research, and have not been field verified.

Desk-top analysis and qualitative assessment by LandUse|USA; © 2014 with all rights reserved.

If a community's amenities and resources are not listed, then the challenge is to improve marking efforts, and ensure that the resources are available and easy to find through mainstream online search engines.

Reported Walk Score / 1,000 Population
 45 Communities in the NW Michigan Prosperity Region
 (i.e., the score is adjusted for market size)

Exhibit B.9



Source: Based on a subjective analysis of 30 Placemaking attributes.
 Analysis and exhibit prepared by LandUse|USA and Lonex Consulting; 2014.