

Target Market Analysis

Missaukee County

Michigan

THE MARKET STRATEGY

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A-B



Prepared for:



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Market Strategy Report

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Executive Summary

This Executive Summary of the Target Market Analysis for Missaukee County has been prepared as part of a regional study completed for 10 counties comprising the Northwest Michigan Prosperity Region (Region 2). The more complete narrative report begins on page 4 of this report, and includes a more complete explanation of the Place Scores; market potential for both aggressive and conservative scenarios; and housing affordability.

The Market Potential and Strategy

- ❖ *The Study Areas* – There are 5,938 households in Missaukee County as of month-end June 2014. Of these, 359 households (6.0%) are located in Lake City; 245 households (6.2%) are in McBain; and 107 are in Jennings. Only 12.0% of all households in the county reside in these 3 communities, and the remaining 88.0% are scattered throughout the surrounding rural areas.
- ❖ *Place Scores and Walk Scores* – Among the two communities tested, Lake City has the higher Place Score (14 points out of a possible of 30), and also the higher Walk Score (44 points out of a possible 100). Even after adjusting for McBain’s relatively smaller population, it still has a lower Place Score and Walk Score compared to Lake City.
- ❖ *Propensity to Move* – Among the 5,938 households currently residing in Missaukee County, 106 of the owner households and 152 of the renter households moved in the past year. These figures include households that moved within Benzie County, plus households that moved into the county from beyond.
- ❖ *The Target Markets* – There are 454 existing households in Missaukee County that align with the 12 target markets (i.e., household lifestyle clusters), and they represent less than 8% of the county’s total households. Among these 12 target markets, 16 of the owner households and 112 of the renter households moved in the past year.
- ❖ *Aggressive Scenario* – There is a maximum annual market potential throughout Missaukee County for 16 new owner-occupied units and 112 new renter-occupied units, for a total of 128 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 640 units over the full 5-year term. Again, the aggressive scenario includes households migrating into the county, plus household moving within the same county.
- ❖ *Market Potential by Community* – Most of the market potential is in Lake City and McBain, but if these cities do not act to capture their full market potential in any given year, then Jennings could pursue an aggressive scenario and grab a share of the market before it dissipates.

- ❖ *Conservative Scenario* – Under the conservative scenario there is an annual market potential for at least 8 new owner-occupied units and at least 59 new renter-occupied units throughout Missaukee County, for a total of at least 68 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 340 units over the 5-year term. Again, these figures are 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 8 new owner-occupied units throughout Missaukee County, or a cumulative of 40 units over the next five years. The aggressive scenario or maximum market potential is twice as large and includes internal migration within the county as well as in-migration from beyond.
- ❖ *Owner-Occupied Values* – The owner-occupied home values are stated in 2012 constant dollars but can be forecast based on the median home values over time. Almost all of the target markets will seek home values of \$150,000 or less in 2012 dollars, which will be closer to \$165,000 by 2015, and will approach \$190,000 by the year 2020.
- ❖ *Renter-Occupied Units* – The conservative scenario generates a market potential for at least 59 renter-occupied units throughout Missaukee County each year, or a cumulative total of 295 units over the 5-year term (assuming that the potential is fully captured in each consecutive year). The aggressive scenario or maximum market potential is almost twice as large and includes internal migration as well as in-migration.
- ❖ *Renter-Occupied Prices* – All of the target markets will seek monthly contract rents of \$800 or less in 2012 dollars. These prices will be closer to \$890 per month by 2015, and will approach \$1,030 per month by the year 2020. Over 10% of the county’s new households will have a tolerance for monthly contract rents over \$700 (in 2012 dollars).
- ❖ *HUD Affordability Standards* – Based on the HUD income limits and annual market potential by contract rent bracket, about 55% of the 59 new rental units should be priced at market rates and above; and 45% should be priced in more affordable ranges.
- ❖ *Detached Building Formats* – Among the annual market potential of 68 owner-occupied and renter-occupied units, just over 45% 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.
- ❖ *Attached Building Formats* – Nearly 55% of the target markets moving into Missaukee 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 37 attached units annually, or a cumulative of 185 attached units over the 5-year term.

- ❖ *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, and applying 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* –The average detached house built in Missaukee County since 2007 has involved an investment in the range of \$150,000 to \$160,000. Overall, the assessment of building costs reinforces the needs for 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.

Placemaking

Summary of Placemaking Criteria – Placemaking is addressed early in this report because it is a key ingredient to implementing the optimal market strategy and achieving the market’s full potential under the aggressive scenario. In the absence of effective Placemaking, the market potential will be more limited and could even be as low as the conservative scenario.

We evaluated existing Placemaking in Missaukee County by scoring two (2) communities based on 30 possible attributes, and also compared each community’s Walk Score. Results in [Table 1](#) below include Wexford and Kalkaska Counties for comparison purposes.

Table 1
Summary of Place Scores and Walk Scores
Missaukee, Wexford, and Kalkaska Cos., Michigan

Missaukee County, Michigan Small and Large Urban Places	2010 Population	Place Score (30 points)	Walk Score (100 points)
The City of Lake City	836	14	44
The City of McBain	656	9	28
Wexford County, Michigan Small and Large Urban Places	2010 Population	Place Score (30 points)	Walk Score (100 points)
The City of Cadillac	10,356	21	76
The City of Manton	1,287	9	34
The Village of Buckley	697	4	24
The Village of Mesick	394	9	41
The Village of Harrietta	143	3	10
Kalkaska County, Michigan Small and Large Urban Places	2010 Population	Place Score (30 points)	Walk Score (100 points)
The Village of Kalkaska	2,020	15	40
Rapid City (unincorporated)	1,384	1	10
South Boardman (unincorp.)	545	2	10

Summary of Placemaking Criteria – The detailed Place Scores for Missaukee County are provided in attached [Exhibit B.2](#) and [Exhibit B.3](#), and the criteria include the following general 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.4](#) (Place Score) and [Exhibit B.5](#) (Walk Score).

Summary of Place Scores – In Missaukee County, the City of Lake City and the City of McBain are the largest communities. Each has a population of less than 1,000 residents (based on the 2010 census) and their Place Scores should be evaluated with that in mind. As the larger of the two cities, Lake City has the higher Place Score (14 points out of 30 possible) and also the higher Walk Score (44 points out of 100 possible). Even after adjusting for slight differences in population size, Lake City still has the higher score.

The Cities of Lake City – Since Lake City is the county’s largest community and has the higher Place Score and Walk Score, we conducted an additional assessment of its market Strengths and Opportunities. Results are summarized in the attached [Exhibit B.1](#) and describe the market’s relationship 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 3 communities in Missaukee County, which are shown on the attached [Exhibit A.1](#) map and listed in [Exhibit A.2](#). The communities include the Cities of Lake City and McBain, and unincorporated Jennings.

Current Households – As shown in [Exhibit A.2](#), there are 5,938 households in Missaukee County as of month-end June 2014. Of these, 359 households (6.0%) are located in Lake City; 245 households (6.2%) are in McBain; and 107 are in Jennings. Only 12.0% of all households in the county reside in these 3 communities, and the vast majority (88.0%) are scattered throughout the surrounding rural areas.

Propensity to Move – Among the 5,938 households currently residing in Missaukee County, 106 of the owner households and 152 of the renter households moved in the past year. Among 12 target markets (i.e., household lifestyle clusters), 16 of the owner households and 112 of the renter households moved in the past year. These figures include households that moved within Missaukee County, plus households that moved into the county from beyond. They are also based on the movership rates of households in each target market, and weighted by their prevalence within Missaukee 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 Missaukee 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, nearly 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, nearly 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 454 existing households in Missaukee County that align with the 12 target markets, and they represent less than 8% 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 Missaukee County’s 3 communities. For example, households in the K40 Bohemian Groove category are in Lake City; whereas households in the L41 Booming and Consuming target market are all in Jennings; and the O51 Digital Dependents are prevalent in McBain.

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. In general, the aggressive scenario tends to be about three times as large as the conservative scenario. It is easy 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](#) presents an aggressive scenario for the market potential among residential units. The market potential is also broken-down for owner-occupied and renter-occupied households. Finally, the market potential is also shown for each of the 12 target markets and all 12 combined.

The aggressive scenario represents a maximum annual threshold based on current migration patterns both within, and into Missaukee 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 surmounted.

Results of the aggressive scenario (see [Exhibit A.4](#)) reveal a maximum annual market potential throughout Missaukee County for 16 new owner-occupied units and 112 new renter-occupied units, for a total of 128 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 640 units over the full 5-year term.

Market Potential by Community – The communities in Missaukee County will be challenged by their small size, making it difficult to compete for projects that might otherwise gravitate toward neighboring counties (particularly toward the City of Cadillac in neighboring Wexford County). 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 Lake City and McBain, but if these cities do not act to capture their full market potential in any given year, then Jennings could pursue an aggressive scenario and grab a share of the market before it dissipates. In general, smaller communities like Jennings should focus on appropriately scaled small projects in increments of 2, 3, 4, and 6 attached units per year. Building sizes are addressed in more detail in the following sections of this report.

Conservative Scenario – [Exhibit A.5](#) presents the market potential under a conservative scenario that is based on in-migration only, or households moving into Missaukee County from beyond. The market potential is detailed for both owner and renter households. The market potential is also 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 Missaukee 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.

The conservative scenario is highlighted in the remaining sections of this report. In general, the conservative (or minimum) market potential numbers can be tripled to estimate the aggressive (or maximum) market potential.

Results of the conservative scenario (see [Exhibit A.5](#)) reveal an annual market potential for at least 8 new owner-occupied units and at least 59 new renter-occupied units throughout Missaukee County, for a total of at least 68 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 340 units over the 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 8 new owner-occupied units throughout Missaukee County, or a cumulative of 40 units over the next five years. [Exhibit A.6](#) provides details on how these units should be priced in Missaukee 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 Missaukee 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. Almost all of the target markets will seek home values of \$150,000 or less in 2012 dollars, which will be closer to \$165,000 by 2015, and will approach \$190,000 by the year 2020.

The allocation of units by home value 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.7](#), the conservative scenario generates a market potential for at least 59 renter-occupied units throughout Missaukee County each year, or a cumulative total of 295 units over the 5-year term (assuming that the potential is fully captured in each consecutive year).

Renter-Occupied Prices – With adjustments for income, all of the target markets will seek monthly contract rents of \$800 or less in 2012 dollars. These prices will be closer to \$890 per month by 2015, and will approach \$1,030 per month by the year 2020. Over 10% of the county's new households will have a tolerance for monthly contract rents over \$700 (in 2012 dollars). A few units could be tested with prices approaching \$1,000 per month, but only if they offer exceptional vista views of Lake Missaukee.

Detached Building Formats – [Exhibit A.8](#) 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 annual market potential of 68 owner-occupied and renter-occupied units, just over 45% 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.

New-builds for detached houses in suburbs and rural areas are explicitly not recommended as part of the housing strategy for Missaukee County. That traditional path of real estate investment should be redirected toward the creation of more attached units in the markets, and within each of the 3 communities (allocated by market size).

Attached Building Formats – As shown in the attached [Exhibit A.8](#), nearly 55% of the target markets moving into Missaukee 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 37 attached units annually, or a cumulative of 185 attached units over the 5-year term. These results are also shown below in [Table 2](#), for both the conservative (minimum) and aggressive (maximum) scenarios.

Table 2
Annual and Cumulative Market Potential
Attached Units in Missaukee County, Michigan

Target Markets	Conservative (minimum)		Aggressive (maximum)	
	Annual # Units	5-Years # Units	Annual # Units	5-Year # Units
O55 Family Troopers	14	70	26	130
S70 Tight Money	12	60	22	110
Q55 Senior Discounts	6	30	12	60
O51 Digital Dependents	3	15	6	30
K40 Bohemian Groove	<u>2</u>	<u>10</u>	<u>4</u>	<u>20</u>
Subtotal	37	185	70	350

Note: Due to rounding, the figures shown above do not perfectly match [Exhibit A.8](#). 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, and applying 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.9](#) shows that on average, gross rents in Missaukee County represent about 29% 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 \$712 in 2012, and the median monthly contract rent is \$502. The difference of \$210 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 29% of the county’s median gross rent.

HUD Affordability Standards – [Exhibit A.10](#) 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 should have an income of at least \$29,600; a 2-person household should have an income of at least \$33,800; and a 3-person household should have an income of at least \$38,050.

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 Missaukee County, this implies the following rents by affordability bracket (see [Table 3](#) on the following page).

Table 3
2014 HUD Income Limits and Affordable Rents
Missaukee County, Michigan

	1-Person Household	2-Person Household	3-Person Household
Income Limits			
80% of AMI	\$29,600	\$33,800	\$38,050
100% of AMI	\$33,800	\$38,600	\$43,500
Affordable Rent Limit (35% of income)			
Gross Rent	\$ 865	\$ 985	\$ 1,110
Other Fees	- \$ 250	- \$ 285	- \$ 320
Contract Rent	\$ 615	\$ 700	\$ 790

Based on the HUD income limits ([Exhibit A.10](#)) and annual market potential by contract rent bracket ([Exhibit A.7](#)), about 55% of the 59 new rental units should be priced at market rates and above; and 45% should be priced in more affordable ranges.

Construction Costs – This last section of the report for the Missaukee 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.11](#), the average detached house built in Missaukee County since 2007 has involved an investment in the range of \$150,000 to \$160,000.

Historically, per-unit investment into attached units has averaged between 45% and 55% of the investment in detached houses. As might be expected, the average costs per unit have been increasing over time, and has 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.

Developers are often motivated to build larger houses because they can get a better return on a square foot basis (the cost per square foot decrease as the footprint size increases). The for-sale price per square foot is also lower for larger footprints, but the net profit is larger for larger units

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.

Regional Comparisons

The last table in Section A compares the total market potential for each of the 10 counties within the Northwest Michigan Prosperity Region, under the conservative (minimum) scenario only. The county totals include both renter- and owner-occupied units, and also includes the potential for detached houses as well as units in attached products. The numbers include small and large urban areas, plus surrounding rural areas in the counties. The magnitude of opportunity is a reflection of the each county's current size (in number of households); recent in-migration patterns (but not internal migration); and prevalence of the target markets weighted by their respective movership rates.

Under the minimum or conservative scenario, Grand Traverse County has the largest market potential, or 1,215 units annually over the next five years. Among the urban places in Grand Traverse County, the City of Traverse City will capture the largest market share.

Emmet County has the second largest market potential, and the City of Petoskey will capture the largest share among its urban places. The third largest is Wexford County, and the City of Cadillac will capture the largest share. The Cities of Charlevoix and Manistee will also capture significant shares within their respective counties.

It is important to note gaps in the target market potential between counties. For example, the conservative scenario implies that there is not market for units that would be targeted at the S68 Small Town Shallow Pockets and S70 Tight Money lifestyle clusters. The results reflect the fact that they are not yet demonstrating a propensity to live in Leelanau County.

However, it is equally likely that the low-to-moderate income households simply can't afford to live in Leelanau County, so have found alternatives in the surrounding counties. Deductive reasoning can be used to gauge the magnitude of upside potential for some of the missing lifestyle clusters, and particularly those earning less than 50% of AMI and seeking affordable prices.

On the flip side, most of the market potential for the C12 Golf Carts and Gourmet lifestyle cluster is allocated to Leelanau and Emmet Counties – because they have already demonstrated a high propensity to live there. Similarly, the market potential in the K40 Bohemian Groove lifestyle cluster is weighted toward Grand Traverse and Emmet Counties – where they have already demonstrated a tendency to live. Again, deductive reasoning can be used to argue that Antrim, Benzie, and Manistee Counties could capture a larger share of the region's households in that target market.

The conservative scenario represents a minimum threshold, with plenty of “upside” opportunity to more aggressively pursue moderate-to-low income households and divert migrating households from one county to another. For example, if Manistee County can support a minimum of 20 units annually to meet the needs of the S68 Small Town Shallow Pockets target market, then Benzie and Leelanau Counties should be able to match that. Similarly, Kalkaska County should be able to improve its capture of the M45 Infants and Debit Cards and N46 True Grit Americans target markets.

We recommend all counties in the region focus on the need for affordable housing options. In addition, this Target Market Analysis should be updated after about 5 years to gauge the effects of adding missing middle housing formats – particularly affordable lofts, flats, and other attached products in the downtowns and urban neighborhoods.

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.

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Strategy

Market Strategy A

Placemaking B

Market Analysis

Target Markets C

Movership Rates D

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TOC

Prepared for:



Prepared by:



Target Market Analysis

Missaukee County

Michigan

THE MARKET STRATEGY

November 3, 2014



A

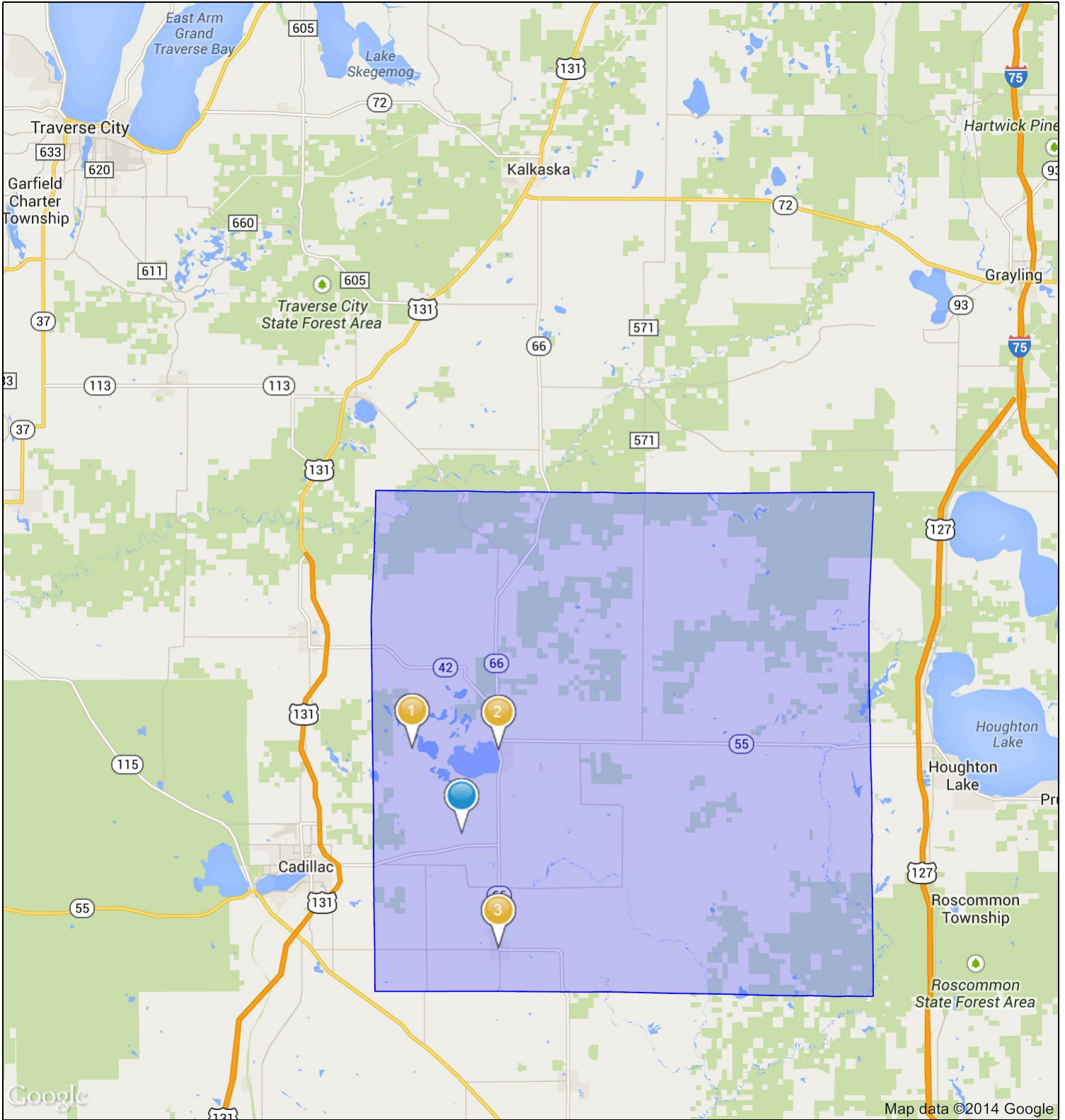


Prepared for:



Prepared by:





Missaukee County, Michigan

Exhibit A.1



1. Jennings



2. Lake City



3. McBain

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

Exhibit A.2

Existing Number of Households	Sum of Total 12 Targets	Capture Rate 12 Targets	Sum of Total 71 Clusters	Existing Share 71 Clusters
MISSAUKEE COUNTY	454	100.0%	5,938	100.0%
Jennings	7	5.0%	107	1.8%
Lake City	106	75.7%	359	6.0%
McBain	<u>27</u>	<u>19.3%</u>	<u>245</u>	<u>4.1%</u>
Subtotal	140	100.0%	711	12.0%
Inflow - Owners	8		56	
Inflow - Renters	59		80	
All Movers - Owners	16		106	
All Movers - Renters	112		152	

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

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

Exhibit A.3

Existing Number of Households	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
	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
MISSAUKEE COUNTY	19	7	25	0	13	76	180	38	0	56	12	28
Jennings	1	0	2	0	1	0	2	1	0	0	0	0
Lake City	0	5	0	0	0	44	37	3	0	13	4	0
McBain	0	0	0	0	0	0	11	4	0	7	1	4
Subtotal												
Inflow - Owners	0	0	0	0	0	1	7	0	0	0	0	0
Inflow - Renters	0	2	1	0	1	1	17	17	0	6	1	13
All Movers - Owners	0	0	0	0	0	2	14	0	0	0	0	0
All Movers - Renters	0	4	2	0	2	2	32	32	0	12	2	24

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

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Note: Sums might not total exact due to rounding.

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

Exhibit A.4

		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	
Owners	MISSAUKEE COUNTY	16	0	0	0	0	0	2	14	0	0	0	0	0
Renters	MISSAUKEE COUNTY	112	0	4	2	0	2	2	32	32	0	12	2	24
Total	MISSAUKEE COUNTY	128	0	4	2	0	2	4	46	32	0	12	2	24
Owners	Jennings	1	0	0	0	0	0	0	1	0	0	0	0	0
Renters	Jennings	6	0	0	0	0	0	0	2	2	0	1	0	1
Total	Jennings	6	0	0	0	0	0	0	2	2	0	1	0	1
Owners	Lake City	12	0	0	0	0	0	2	11	0	0	0	0	0
Renters	Lake City	85	0	3	2	0	2	2	24	24	0	9	2	18
Total	Lake City	97	0	3	2	0	2	3	35	24	0	9	2	18
Owners	McBain	3	0	0	0	0	0	0	3	0	0	0	0	0
Renters	McBain	22	0	1	0	0	0	0	6	6	0	2	0	5
Total	McBain	25	0	1	0	0	0	1	9	6	0	2	0	5

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.
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Note: Sums might not total exact due to rounding.

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

Exhibit A.5

		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	Consum-	Flower	Debit	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
					ing	Power	Cards		ents				Shallow	Pockets
Owners	MISSAUKEE COUNTY	8	0	0	0	0	0	1	7	0	0	0	0	0
Renters	MISSAUKEE COUNTY	59	0	2	1	0	1	1	17	17	0	6	1	13
Total	MISSAUKEE COUNTY	68	0	2	1	0	1	2	24	17	0	6	1	13
Owners	Jennings	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Jennings	3	0	0	0	0	0	0	1	1	0	0	0	1
Total	Jennings	3	0	0	0	0	0	0	1	1	0	0	0	1
Owners	Lake City	6	0	0	0	0	0	1	6	0	0	0	0	0
Renters	Lake City	45	0	2	1	0	1	1	13	13	0	5	1	10
Total	Lake City	51	0	2	1	0	1	2	18	13	0	5	1	10
Owners	McBain	2	0	0	0	0	0	0	1	0	0	0	0	0
Renters	McBain	11	0	0	0	0	0	0	3	3	0	1	0	2
Total	McBain	13	0	0	0	0	0	0	5	3	0	1	0	2

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.
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Note: Sums might not total exact due to rounding.

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

Exhibit A.6

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	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$50 - \$74,999	1	0	0	0	0	0	0	1	0	0	0	0	0
Owner	\$75 - \$99,999	2	0	0	0	0	0	0	2	0	0	0	0	0
Owner	\$100 - \$149,999	3	0	0	0	0	0	0	3	0	0	0	0	0
Owner	\$150 - \$174,999	1	0	0	0	0	0	0	1	0	0	0	0	0
Owner	\$175 - \$199,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$200 - \$249,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$250 - \$299,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$300 - \$349,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$350 - \$399,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$400 - \$499,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$500 - \$749,999	0	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	8	0	0	0	0	0	1	7	0	0	0	0	0
Median Home Value														
Owner	2012	--	\$291,367	\$124,108	\$167,549	\$123,847	\$77,140	\$115,505	\$119,105	\$110,889	\$212,063	\$100,094	\$71,110	\$94,152
Owner	2015	--	\$320,962	\$136,714	\$184,567	\$136,427	\$84,975	\$127,237	\$131,202	\$122,152	\$233,603	\$110,261	\$78,332	\$103,715
Owner	2020	--	\$359,504	\$153,131	\$206,731	\$152,809	\$95,180	\$142,516	\$146,958	\$136,821	\$261,655	\$123,501	\$87,739	\$116,170

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;
 American Community Survey; and Experian Decision Analytics.
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Note: Sums might not total exact due to rounding.

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

Exhibit A.7

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	0	0	0	0	0	0	0	0	0	0	0	0	0
Renter	\$500 - \$599	24	0	1	0	0	0	0	4	6	0	4	0	8
Renter	\$600 - \$699	14	0	1	0	0	0	0	4	4	0	1	0	2
Renter	\$700 - \$799	14	0	0	0	0	0	0	6	4	0	1	0	2
Renter	\$800 - \$899	5	0	0	0	0	0	0	2	2	0	0	0	1
Renter	\$900 - \$999	0	0	0	0	0	0	0	0	0	0	0	0	0
Renter	\$1,000 - \$1,249	1	0	0	0	0	0	0	0	0	0	0	0	0
Renter	\$1,250 - \$1,499	1	0	0	0	0	0	0	0	0	0	0	0	0
Renter	\$1,500 - \$1,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Renter	\$2,000+	<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	59	0	2	1	0	1	1	17	17	0	6	1	13
Median Contract Rent														
Renter	2012	--	\$596	\$480	\$510	\$524	\$506	\$501	\$504	\$480	\$496	\$442	\$460	\$445
Renter	2015	--	\$661	\$532	\$565	\$581	\$561	\$555	\$558	\$532	\$550	\$490	\$510	\$493
Renter	2020	--	\$767	\$617	\$655	\$674	\$650	\$643	\$647	\$617	\$637	\$568	\$592	\$572

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;
 American Community Survey; and Experian Decision Analytics.
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Note: Sums might not total exact due to rounding.

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

Exhibit A.8

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)	31	0	0	1	0	1	2	21	3	0	0	1	1
Total	2 units (duplex)	3	0	0	0	0	0	0	0	1	0	0	0	1
Total	3 units (triplex)	5	0	0	0	0	0	0	1	2	0	0	0	2
Total	4 units (quad)	2	0	0	0	0	0	0	0	1	0	0	0	1
Total	5 - 9 units	9	0	1	0	0	0	0	1	4	0	0	0	3
Total	10 - 19 units	4	0	0	0	0	0	0	0	2	0	1	0	1
Total	20 - 49 units	5	0	0	0	0	0	0	0	2	0	1	0	2
Total	50 - 100 units	4	0	0	0	0	0	0	0	1	0	2	0	1
Total	101+ units	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>1</u>
	Total	68	0	2	1	0	1	2	24	17	0	6	1	13
Total	Detached Units	31	0	0	1	0	1	2	21	3	0	0	1	1
Total	Attached Units	<u>37</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>14</u>	<u>0</u>	<u>6</u>	<u>0</u>	<u>12</u>
	Total	68	0	2	1	0	1	2	24	17	0	6	1	13

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

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Note: Sums might not total 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.10

County Name	HUD Qualifier	Share of AMI	Household Size 1 person	Household Size 2 persons	Household Size 3 persons	Household Size 4 persons
Wexford Co.	Extreme	30%	11,100	12,700	14,300	15,850
Wexford Co.	Very Low	50%	18,500	21,150	23,800	26,400
Wexford Co.	Low	80%	29,600	33,800	38,050	42,250
Wexford Co.	Average	100%	36,100	41,200	46,400	51,500
Missaukee Co.	Extreme	30%	11,100	12,700	14,300	15,850
Missaukee Co.	Very Low	50%	18,500	21,150	23,800	26,400
Missaukee Co.	Low	80%	29,600	33,800	38,050	42,250
Missaukee Co.	Average	100%	33,800	38,600	43,500	48,300
Kalkaska Co.	Extreme	30%	11,100	12,700	14,300	15,850
Kalkaska Co.	Very Low	50%	18,500	21,150	23,800	26,400
Kalkaska Co.	Low	80%	29,600	33,800	38,050	42,250
Kalkaska Co.	Average	100%	34,300	39,100	44,000	48,900

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

Construction Costs Per Approved Building Permits
Missaukee 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	18	\$2,885,256	\$160,300	--	--	--	--
2012	16	\$2,564,681	\$160,300	--	--	--	--
2011	14	\$2,244,047	\$160,300	--	--	--	--
2010	16	\$2,564,926	\$160,300	3	\$220,055	\$73,400	0.46
2009	20	\$3,219,902	\$161,000	3	\$220,055	\$73,400	0.46
2008	32	\$5,041,499	\$157,500	--	--	--	--
2007	47	\$7,175,401	\$152,700	--	--	--	--
2006	51	\$7,499,251	\$147,000	2	\$198,498	\$99,200	0.67
2005	84	\$11,477,532	\$136,600	--	--	--	--
2004	79	\$10,273,026	\$130,000	--	--	--	--
2003	90	\$10,983,730	\$122,000	--	--	--	--
2002	85	\$9,853,408	\$115,900	7	\$477,803	\$68,300	0.59
2001	79	\$8,808,765	\$111,500	--	--	--	--
2000	87	\$9,275,651	\$106,600	6	\$294,360	\$49,100	0.46
All Years	718	\$93,867,075	\$130,700	21	\$1,410,771	\$67,200	0.51
2007-13	163	\$25,695,712	\$157,600	6	\$440,110	\$73,400	0.47
2000-06	555	\$68,171,363	\$122,800	15	\$970,661	\$64,700	0.53

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

Exhibit A.12

Annual Target Market POTENTIAL in Housing Units for 12 Selected Lifestyle Clusters
10 Counties in the Northwest Michigan Prosperity Region (Region 2)

CONSERVATIVE Scenario (Per In-Migration Only)	Sum of 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
10-COUNTY REGION	2,908	20	694	136	18	91	197	705	411	33	209	68	328
GRAND TRAVERSE CO.	1,215	1	479	13	13	10	40	339	154	13	85	13	54
LEELANAU COUNTY	134	11	12	29	0	0	0	52	15	8	7	0	0
EMMET COUNTY	463	3	143	20	2	0	17	75	91	5	35	0	72
CHARLEVOIX COUNTY	274	1	40	12	1	1	26	53	24	3	33	0	80
ANTRIM COUNTY	113	2	1	30	0	8	6	24	12	3	4	7	17
BENZIE COUNTY	67	2	2	18	0	0	13	16	4	1	3	0	10
MANISTEE COUNTY	157	0	6	9	1	17	40	20	12	0	15	20	17
WEXFORD COUNTY	324	0	9	3	1	50	50	72	59	1	15	22	41
MISSAUKEE COUNTY	68	0	2	1	0	1	2	24	17	0	6	1	13
KALKASKA COUNTY	93	0	0	0	0	5	1	30	22	0	6	5	24

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics.
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Annual Target Market POTENTIAL in Housing Units for 12 Selected Target Markets
 10 Counties in the Northwest Michigan Prosperity Region (Region 2)

AGGRESSIVE Scenario (Per All Migration)	Sum of 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
10-COUNTY REGION	7,062	36	1,720	286	38	230	420	1,620	1,086	66	528	170	862
GRAND TRAVERSE CO.	2,914	2	1,178	30	28	22	88	784	382	28	208	30	134
LEELANAU COUNTY	232	18	22	48	0	0	0	90	28	12	14	0	0
EMMET COUNTY	1,162	6	368	46	4	0	38	178	236	10	90	0	186
CHARLEVOIX COUNTY	592	2	88	24	2	2	52	112	54	6	72	0	178
ANTRIM COUNTY	274	4	2	68	0	18	14	58	32	6	10	16	46
BENZIE COUNTY	172	4	6	40	0	0	26	40	12	2	10	0	32
MANISTEE COUNTY	398	0	18	20	2	42	86	50	36	0	44	50	50
WEXFORD COUNTY	962	0	34	8	2	134	110	194	216	2	52	60	150
MISSAUKEE COUNTY	128	0	4	2	0	2	4	46	32	0	12	2	24
KALKASKA COUNTY	228	0	0	0	0	10	2	68	58	0	16	12	62

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

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Target Market Analysis

Missaukee County

Michigan

PLACEMAKING

November 3, 2014



B



Prepared for:



Prepared by:



Strengths

- *Connectivity* – While Lake City is located in a remote location on M-66, travelers use the route through Lake City to cut over from US 131 to I-75 on travels north to Mackinaw City. There are 11,000 vehicle trips daily on M-66 through Lake City.
- *Michigan’s Blue Economy* – Missaukee County is home to 4,800 acres of inland lakes and many miles of excellent fishing streams. The three inland lakes that are around Lake City are Lake Missaukee, Lake Sapphire and Crooked Lake. Lake City sits directly on Lake Missaukee, and provides access to the lake through Miltner Park.
- *Natural Resources* – Missaukee County has over 100,000 acres of wild public land, woods, parks, campgrounds and an abundance of wildlife that act as Lake City’s backyard. For cross-country skiers, snowmobilers, off-road vehicles and hikers, there are over a hundred miles of marked and groomed wilderness trails.
- *Tourism* – Lake City is home to Missaukee Mountain, just 3.5 miles north of Lake City on M-66. Missaukee Mountain is open on the weekends and has a bunny hill, cross-country trails, tow ropes and short but snappy runs. Within an hour’s drive are six major ski resorts – Caberfae, Crystal Mountain, Shanty Creek, Sugarloaf, Schuss Mountain and Grayling. For golfers, nearby Missaukee Golf Course and Country Green Golf Center are just five miles south of Lake City.
- *Anchor Institutions* – Several businesses bolster Lake City’s economy. Missaukee County Government resides in Lake City, and the Home Acres Sky Ranch (airport) provides more access to trade for the area.

Opportunities

- *Creation of a Master Plan* – Based on our Scorecard for Placemaking initiatives, Lake City currently does not have a Master Plan to guide development in the City. A Master Plan would complement the work that the DDA is doing, by planning appropriately for future growth and development.
- *Creation of Web-based Resources* – The Lake City Chamber of Commerce’s website is extremely helpful and provides much needed information, but there are gaps in the information that is available. The framework that would provide details on available buildings and land, the City’s zoning ordinance, and sign, special use, and building permits is currently on the DDA’s page, but these are not active links. Putting all of these resources in one place would create a “one-stop-shop” for potential future businesses and downtown developers, in order to have all of the pieces that they need to make their vision a reality in Lake City.
- *Regional Marketing* – Lake City could potentially be marketing its downtown resources, small town pace, and lakefront atmosphere to places nearby such as Kalkaska and Cadillac. There is also the potential to leverage visitor traffic passing through by promoting the goods and services that travelers might need, such as gas options, restaurants, and lodging.

Place Score: Local Placemaking Initiatives and Amenities (Evident through Online Search Engines)
Selected Communities in Missaukee County, Michigan - 2014

	City of Lake City	City of McBain
2010 Census Population	836	656
City/Village-Wide Planning Documents		
1 City-Wide Master Plan (not county)	0	0
2 Has a Zoning Ordinance Online	1	0
3 Considering a Form Based Code	0	0
Downtown Planning Documents		
4 Established DDA	1	1
5 DT Master Plan, Subarea Plan	0	0
6 Streetscape, Transp. Improvmt. Plan	1	1
7 Retail Market Study or Strategy	0	0
8 Residential Market Study, Strategy	0	0
9 Downtown TIF Plan (Fiscal Plan)	1	1
10 Façade Improvement Program	0	0
Downtown Organization and Marketing		
11 Designation as a Michigan Cool City	0	0
12 Member of Michigan Main Street	1	0
13 Main Street 4-Point Approach	1	0
Listing or Map of Merchants and Amenities		
14 City/Village Main Website	0	0
15 DDA, BID, or Main Street Website	0	0
16 Chamber or CVB Website	1	1
17 Facebook	1	1
Subtotal Score (17 points possible)	8	5

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

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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.

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

Jurisdiction Name	City of Lake City	City of McBain
2010 Census Population	836	656
Unique Downtown Amenities		
1 Cinema/Theater, Playhouse	1	0
2 Waterfront Access/Parks	1	0
3 Established Farmer's Market ²	0	0
4 Summer Music in the Park	0	0
5 National or Other Major Festival	0	0
Downtown Street and Environment		
6 Street Views by GoogleEarth	1	1
7 Angle Storefront Parking	0	1
8 Walk Score/1,000 is 40 or Higher	1	1
9 Off Street Parking is Evident	0	0
10 2-Level Scale of Historic Buildings	0	0
11 Balanced Scale 2 Sides of Street	0	0
12 Pedestrian Crosswalks, Signaled	1	0
13 Two-way Traffic Flow	1	1
Subtotal Score (13 points possible)	6	4
Total Score (30 Points Possible)	14	9
Points per 1,000 Residents	17	14
Reported Walk Score (avg. = 42)	44	28
Walk Score per 1,000 Residents	53	43

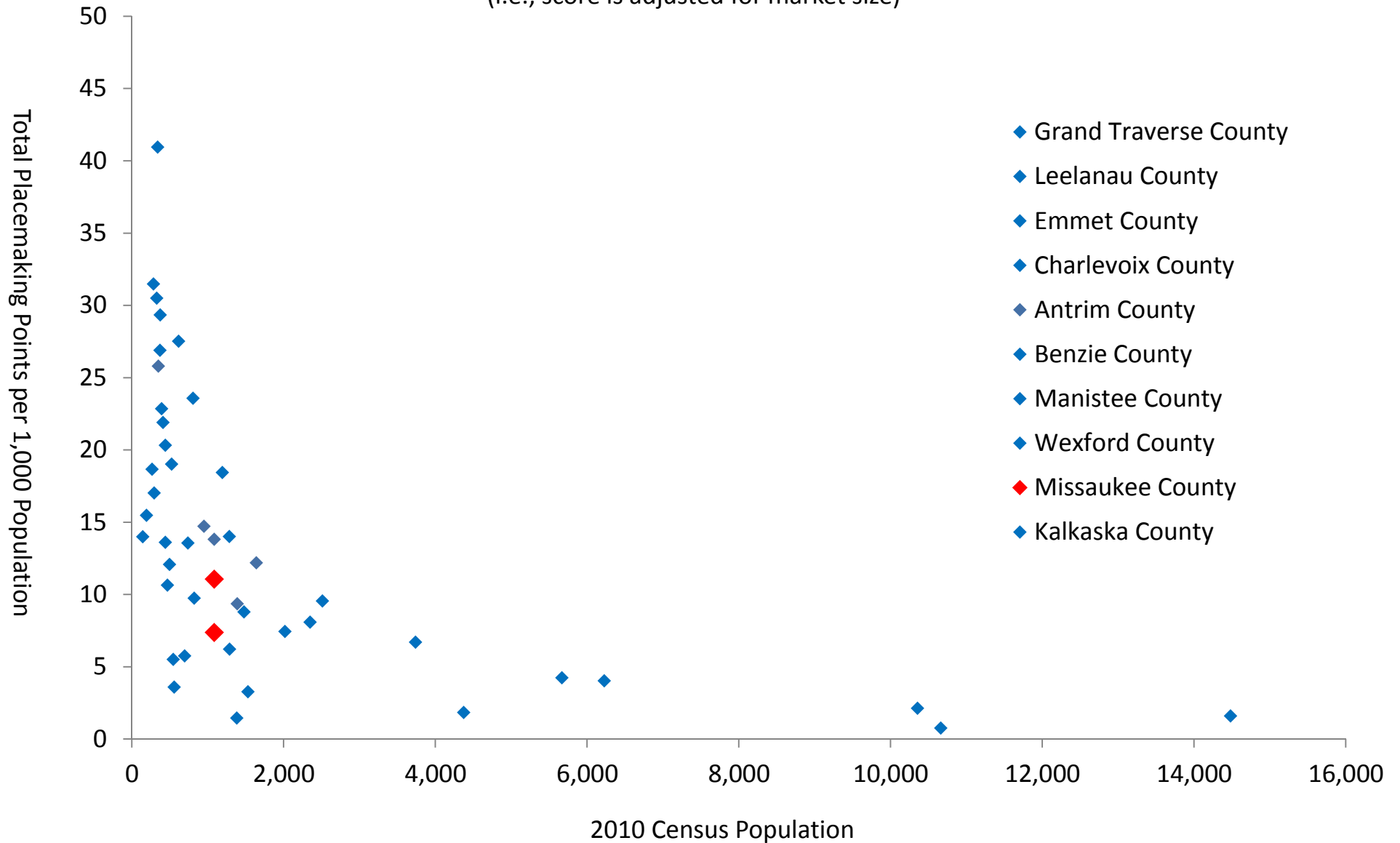
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If a community's amenities and resources are not listed, then the challenge is to improve marking efforts, and ensure that the resources are available and easy to find through mainstream online search engines.

Total 30-Point Place Score / 1,000 Population
 47 Communities in the NW Michigan Prosperity Region
 (i.e., score is adjusted for market size)

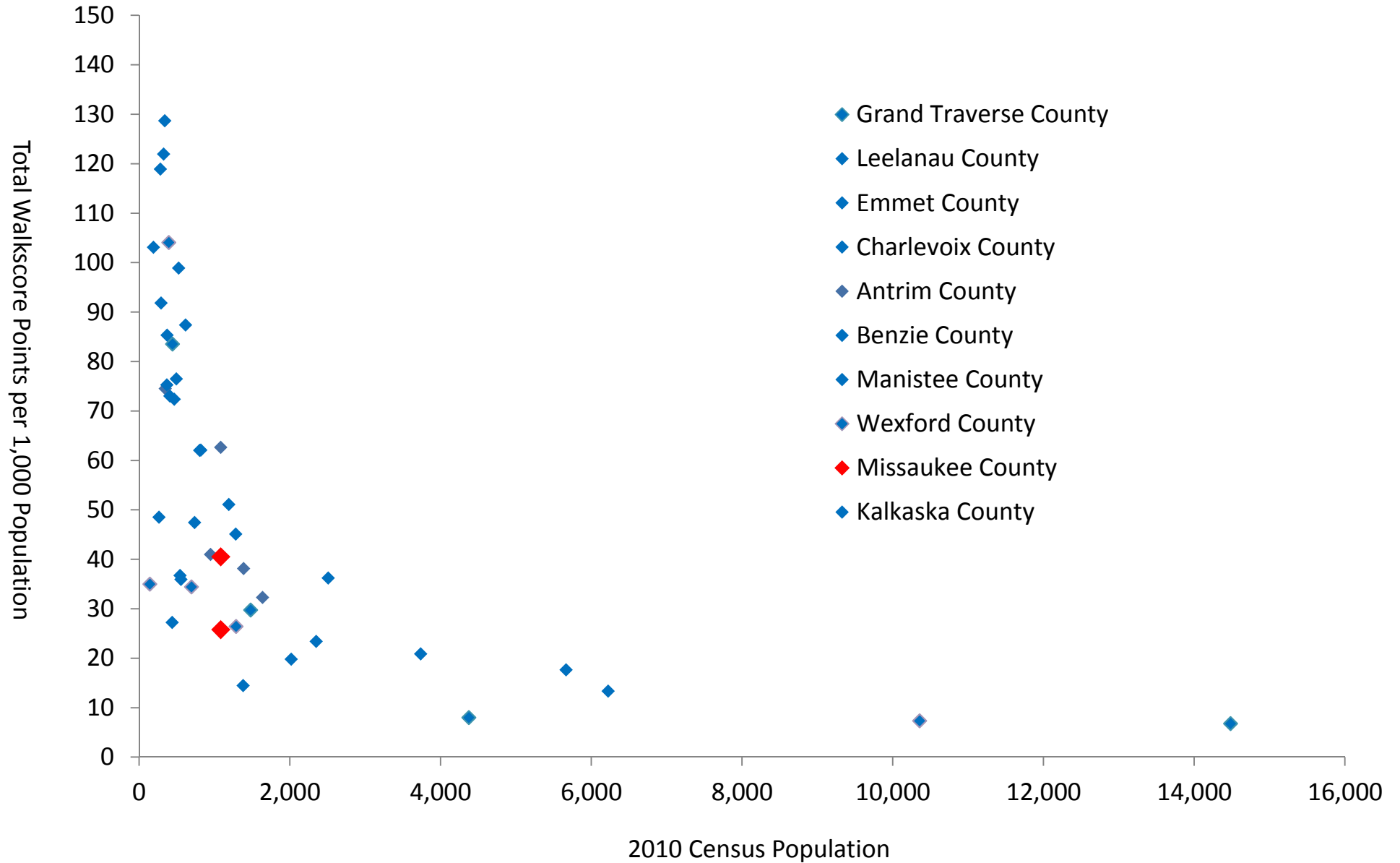
Exhibit B.4



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

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.5



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