

Target Market Analysis

Benzie County

Michigan

THE MARKET STRATEGY

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Market Strategy Report

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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). 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 7,576 households in Benzie County as of month-end June 2014. Of these, 8.1% are located in Frankfort; 3.1% are Benzonia; 2.4% are in Thompsonville; 2.1% are in Beulah; and smaller shares are residing in other small urban places and throughout the surrounding rural areas. A total of 26.5% of all households in the county are located in one of the 14 communities, and the balance are scattered throughout the surrounding rural areas.
- ❖ *Place Scores and Walk Scores* – Four communities in the county have the highest Walk Scores, including: Frankfort (58 point out of 100 possible), Benzonia (55 point), Beulah (44 points), and Honor (38 points). Four of the communities in Benzie County have the highest Place Scores, including Frankfort (18 points out of 30 possible); Beulah (14 points); Elberta (11 points); and Honor (10 points).
- ❖ *Propensity to Move* – Among the 7,576 households currently residing in Benzie County, 126 of the owner households and 150 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 1,802 existing households in Benzie County that align with the 12 target markets (i.e., household lifestyle clusters), and they represent nearly 25% of the county's total households. Among these 12 selected target markets, 52 of the owner households and 120 of the renter households moved in the past year.
- ❖ *Aggressive Scenario* – There is a maximum annual market potential throughout Benzie County for 52 new owner-occupied units and 120 new renter-occupied units, for a total of 172 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 860 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 Frankfort, with smaller market potentials for Benzonia and Beulah. If these communities do not act to capture their full market potential in any given year, then the smaller communities 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 32 new owner-occupied units and 36 new renter-occupied units throughout Benzie County, for a total of at least 67 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 335 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 32 new owner-occupied units throughout Benzie County, or a cumulative of 160 units over the next five years. The aggressive scenario or maximum market potential is about 60% larger than these figures, and includes internal migration within the county as well as in-migration from beyond.
- ❖ *Owner-Occupied Values* – Almost all of the target markets will seek home values of \$250,000 or less (in 2012 dollars). This value will approach \$290,000 by 2015, and \$350,000 by the year 2020.
- ❖ *Renter-Occupied Units* – The conservative scenario generates a market potential for at least 36 renter-occupied units throughout Benzie County each year, or a cumulative total of 180 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 more than twice as large and includes internal migration as well as in-migration.
- ❖ *Renter-Occupied Prices* – Almost all of the target markets will seek monthly contract rents of \$900 or less in 2012 dollars. These prices will approach \$1,000 by 2015, and \$1,200 by the year 2020. At least one-third of the new households will be seeking contract rents of \$500 or less in 2012 dollars, and these prices will be closer to \$600 or less by 2015; and \$700 or less by the year 2020. About one-third of the county’s new households will have a tolerance for contract rents in the range of \$700 to \$1,000 (in 2012 dollars).
- ❖ *HUD Affordability Standards* – Based on the HUD income limits and annual market potential by contract rent bracket, 33% (12 units) of the 36 new rental units can be priced at market rates and above; and 66% (24 units) should be priced in more affordable ranges.
- ❖ *Detached Building Formats* – Among the annual market potential of 67 owner-occupied and renter-occupied units, nearly 70% 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* – About 33% of new households moving into Benzie 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 22 attached units annually, or a cumulative of 110 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, 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* –The average detached house built in Benzie County since 2010 has involved an investment in the range of \$200,000 to \$250,000. The assessment of construction costs for detached houses reinforces the need 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 Benzie County by scoring each of seven (7) communities based on 30 possible attributes, and also compared each community’s Walk Score. Results in Table 1 below include Manistee County for comparisons to Benzie County.

Table 1
Summary of Place Scores and Walk Scores
Benzie and Manistee Counties, Michigan

Benzie County, Michigan Small and Large Urban Places	2010 Population	Place Score (30 points)	Walk Score (100 points)
The City of Frankfort	1,286	18	58
The Village of Benzonia	497	7	55
The Village of Thompsonville	441	6	12
The Village of Elberta	372	11	17
The Village of Beulah	342	14	44
The Village of Honor	328	10	38
The Village of Lake Ann	268	5	10
Manistee County, Michigan Small and Large Urban Places	2010 Population	Place Score (30 points)	Walk Score (100 points)
The City of Manistee	6,226	24	83
The Village of Eastlake	557	2	10
The Village of Kaleva	470	6	27
The Village of Onekama	411	10	37
The Village of Bear Lake	286	10	30
The Village of Copemish	194	4	13

Summary of Placemaking Criteria – The detailed Place Scores for Benzie County are provided in attached [Exhibit B.3](#) and [Exhibit B.4](#), 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.5](#) (Place Score) and [Exhibit B.6](#) (Walk Score).

Summary of the Place Scores – All seven of the communities in Benzie County have populations of less than 2,000 residents, and their Place Scores should be evaluated with that in mind. For its market size of 1,286 residents, the City of Frankfort has an exceptionally good overall score. Elberta, Beulah, and Honor also have good overall scores after adjusting for their small market size. Even after adjusting for their small populations, Benzonia and Thompsonville have the lowest scores.

The City of Frankfort – The largest market in Benzie County is the City of Frankfort, and an assessment of its market Strengths and Opportunities is provided in [Exhibit B.1](#) and [B.2](#). The assessment describes 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 14 communities in Benzie 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 7,576 households in Benzie County as of month-end June 2014. Of these, 8.1% are located in Frankfort; 3.1% are in Benzonia; 2.4% are in Thompsonville; 2.1% are in Beulah; and smaller shares are residing in other small urban places and throughout the surrounding rural areas. A total of 26.5% of all households in the county are located in one of the 14 communities, and the balance are scattered throughout the surrounding rural areas.

Propensity to Move – Among the 7,576 households currently residing in Benzie County, 126 of the owner households and 150 of the renter households moved in the past year. Among 12 selected target markets (i.e., household lifestyle clusters), 52 of the owner households and 120 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. They are also based on the movership rates among households in each of the 12 target markets, and weighted by their prevalence within Benzie 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 Benzie 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 1,802 existing households in Benzie County that align with the 12 target markets, and they represent nearly 25% 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 Benzie County’s 14 communities. For example, households in the C12 Golfcarts and Gourmet target market are almost exclusively in Frankfort and Crystal Downs. However, the K40 Bohemian Groove households are more likely to be in Benzonia and Beulah. Households in the O51 Digital Dependents group have percolated throughout the market.

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 Benzie 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 Benzie County for 52 new owner-occupied units and 120 new renter-occupied units, for a total of 172 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 860 units over the 5-year term.

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

Most of the market potential is in Frankfort, with smaller market potentials for Benzonia and Beulah. If these communities do not act to capture their full market potential in any given year, then the smaller communities 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. Building sizes are addressed in more detail in the following sections of 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 Benzie 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 Benzie 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 [Exhibit A.6](#)) reveal an annual market potential for at least 32 new owner-occupied units and 36 new renter-occupied units throughout Benzie County, for a total of at least 67 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 335 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 32 new owner-occupied units throughout Benzie County, or a cumulative of 160 units over the next five years. [Exhibit A.8](#) provides details on how these units should be priced in Benzie 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 Benzie 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 \$250,000 or less in 2012 dollars, which will be closer to \$290,000 by 2015, and will approach \$350,000 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 overburdened 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 at least 36 renter-occupied units throughout Benzie County each year, or a cumulative total of 180 units over the 5-year term (assuming that the potential is fully captured in each consecutive year).

Renter-Occupied Prices – With adjustments for income, almost all of the target markets will seek monthly contract rents of \$900 or less in 2012 dollars. These prices will be closer to \$1,000 per month by 2015, and \$1,200 per month by the year 2020. Similarly, at least one-third of the new households will be seeking contract rents of \$500 or less per month in 2012 dollars, and these prices will be closer to \$600 or less per month by 2015; and \$700 or less per month by the year 2020.

About one-third of the county's new households will have a tolerance for monthly contract rents in the range of \$700 to \$1,000 (in 2012 dollars). A few units could be tested with higher prices, but only if they offer exceptional vista views of Lake Michigan and/or downtown Frankfort.

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 annual market potential of 67 owner-occupied and renter-occupied units, nearly 70% 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 Benzie 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 14 communities (allocated by market size).

Attached Building Formats – As shown in the attached [Exhibit A.10](#), about 33% of the target markets moving into Benzie 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 22 attached units annually, or a cumulative of 110 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 Benzie County, Michigan

Target Markets	Conservative (minimum)		Aggressive (maximum)	
	Annual # Units	5-Years # Units	Annual # Units	5-Year # Units
S71 Tight Money	8	40	27	135
Q65 Senior Discounts	3	15	10	50
Q55 Family Troopers	3	15	10	50
K40 Bohemian Groove	2	10	7	35
O51 Digital Dependents	2	10	7	35
L41 Booming, Consuming	2	10	7	35
N46 True Grit Americans	1	5	3	15
C12 Golfcarts, Gourmets	<u>1</u>	<u>5</u>	<u>3</u>	<u>15</u>
Subtotal	22	110	74	370

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 Benzie County represent about 30% 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 \$763 in 2012 and the median monthly contract rent is \$537. The difference of \$226 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 30% 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 Benzie County should have an income of at least \$31,950; a 2-person household should have an income of at least \$36,500; and a 3-person household should have an income of at least \$41,050.

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 Benzie County, this implies the following rents by affordability bracket (see Table 3, below):

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

	1-Person Household	2-Person Household	3-Person Household
Income Limits			
80% of AMI	\$31,950	\$36,500	\$41,050
100% of AMI	\$39,900	\$45,600	\$51,300
Affordable Rent Limit (35% of income)			
Gross Rent	\$ 930	\$ 1,065	\$ 1,195
Other Fees	- \$ 280	- \$ 320	- \$ 360
Contract Rent	\$ 650	\$ 745	\$ 835

Based on the HUD income limits ([Exhibit A.12](#)) and annual market potential by contract rent bracket ([Exhibit A.9](#)), 33% (12 units) of the 36 new rental units can be priced at market rates and above; and 66% (24 units) should be priced in more affordable ranges.

Construction Costs – This last section of the report for the Benzie 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](#), the average detached house built in Benzie County since 2010 has involved an investment in the range of \$200,000 to \$250,000.

Historically, the per-unit investment into new attached units has fluctuated between 40% and 80% 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.

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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TOC

Prepared for:



Prepared by:



Target Market Analysis

Benzie 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 - Benzie 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
BENZIE COUNTY	1,802	100.0%	7,576	100.0%
Bendon	2	0.3%	84	1.1%
Benzonia	140	18.0%	233	3.1%
Beulah	96	12.3%	160	2.1%
Crystal Mountain	2	0.3%	21	0.3%
Elberta	59	7.6%	173	2.3%
Frankfort	417	53.5%	612	8.1%
Honor	17	2.2%	143	1.9%
Lake Ann	5	0.6%	112	1.5%
Nessen City	1	0.1%	41	0.5%
Thompsonville	8	1.0%	182	2.4%
Maple Grove	2	0.3%	55	0.7%
Hardwood Acres	8	1.0%	162	2.1%
Crystal Downs Country	20	2.6%	26	0.3%
Pilgrim	2	<u>0.3%</u>	3	<u>0.0%</u>
Subtotal		100.0%		26.5%
Inmigration - Owners	32		77	
Inmigration - Renters	36		45	
All Movers - Owners	52		126	
All Movers - Renters	120		150	

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 - Benzie County, MI

Exhibit A.3

Existing Number of Households	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	S70
											Small Town Shallow Pockets	Tight Money
BENZIE COUNTY	162	14	580	0	0	539	190	17	194	61	0	45
Bendon	0	0	0	0	0	0	1	0	0	0	0	1
Benzonia	2	6	47	0	0	70	8	0	7	0	0	0
Beulah	2	4	32	0	0	47	5	0	6	0	0	0
Crystal Mountain	0	0	0	0	0	1	1	0	0	0	0	0
Elberta	0	0	9	0	0	40	5	1	0	4	0	0
Frankfort	12	0	150	0	0	167	4	8	29	31	0	16
Honor	0	0	9	0	0	0	3	0	5	0	0	0
Lake Ann	0	0	0	0	0	0	5	0	0	0	0	0
Nessen City	0	0	0	0	0	0	1	0	0	0	0	0
Thompsonville	0	0	2	0	0	0	3	0	0	0	0	3
Maple Grove	0	0	0	0	0	0	2	0	0	0	0	0
Hardwood Acres	0	0	0	0	0	0	8	0	0	0	0	0
Crystal Downs Country	8	0	7	0	0	0	0	0	5	0	0	0
Pilgrim	0	0	2	0	0	0	0	0	0	0	0	0
Subtotal												
Immigration - Owners	1	0	12	0	0	10	7	0	1	0	0	0
Immigration - Renters	1	2	6	0	0	3	8	4	0	3	0	10
All Movers - Owners	2	0	20	0	0	16	12	0	2	0	0	0
All Movers - Renters	2	6	20	0	0	10	28	12	0	10	0	32

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 - Benzie 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	ing	Power	Cards	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
Owners	BENZIE COUNTY	52	2	0	20	0	0	16	12	0	2	0	0	0
Renters	BENZIE COUNTY	120	2	6	20	0	0	10	28	12	0	10	0	32
Total	BENZIE COUNTY	172	4	6	40	0	0	26	40	12	2	10	0	32
Owners	Bendon	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Bendon	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Bendon	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Benzonia	9	0	0	4	0	0	3	2	0	0	0	0	0
Renters	Benzonia	22	0	1	4	0	0	2	5	2	0	2	0	6
Total	Benzonia	31	1	1	7	0	0	5	7	2	0	2	0	6
Owners	Beulah	6	0	0	2	0	0	2	1	0	0	0	0	0
Renters	Beulah	15	0	1	2	0	0	1	3	1	0	1	0	4
Total	Beulah	21	0	1	5	0	0	3	5	1	0	1	0	4
Owners	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Elberta	4	0	0	2	0	0	1	1	0	0	0	0	0
Renters	Elberta	9	0	0	2	0	0	1	2	1	0	1	0	2
Total	Elberta	13	0	0	3	0	0	2	3	1	0	1	0	2
Owners	Frankfort	28	1	0	11	0	0	9	6	0	1	0	0	0
Renters	Frankfort	64	1	3	11	0	0	5	15	6	0	5	0	17
Total	Frankfort	92	2	3	21	0	0	14	21	6	1	5	0	17

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 - Benzie 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	ing	Power	Cards	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
Owners	Honor	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Honor	3	0	0	0	0	0	0	1	0	0	0	0	1
Total	Honor	4	0	0	1	0	0	1	1	0	0	0	0	1
Owners	Lake Ann	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Lake Ann	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Lake Ann	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Nessen City	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Nessen City	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Nessen City	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Thompsonville	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Thompsonville	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Thompsonville	2	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Maple Grove	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Maple Grove	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Maple Grove	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Hardwood Acres	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Hardwood Acres	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Hardwood Acres	2	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Crystal Downs Country Cl	1	0	0	1	0	0	0	0	0	0	0	0	0
Renters	Crystal Downs Country Cl	3	0	0	1	0	0	0	1	0	0	0	0	1
Total	Crystal Downs Country Cl	4	0	0	1	0	0	1	1	0	0	0	0	1
Owners	Pilgrim	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Pilgrim	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Pilgrim	0	0	0	0	0	0	0	0	0	0	0	0	0

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 - Benzie 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	Debit	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
							Cards		ents				Shallow	
Owners	BENZIE COUNTY	32	1	0	12	0	0	10	7	0	1	0	0	0
Renters	BENZIE COUNTY	36	1	2	6	0	0	3	8	4	0	3	0	10
Total	BENZIE COUNTY	67	2	2	18	0	0	13	16	4	1	3	0	10
Owners	Bendon	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Bendon	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Bendon	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Benzonia	6	0	0	2	0	0	2	1	0	0	0	0	0
Renters	Benzonia	6	0	0	1	0	0	1	1	1	0	1	0	2
Total	Benzonia	12	0	0	3	0	0	2	3	1	0	1	0	2
Owners	Beulah	4	0	0	2	0	0	1	1	0	0	0	0	0
Renters	Beulah	4	0	0	1	0	0	0	1	0	0	0	0	1
Total	Beulah	8	0	0	2	0	0	2	2	0	0	0	0	1
Owners	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Crystal Mountain	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Elberta	2	0	0	1	0	0	1	1	0	0	0	0	0
Renters	Elberta	3	0	0	0	0	0	0	1	0	0	0	0	1
Total	Elberta	5	0	0	1	0	0	1	1	0	0	0	0	1
Owners	Frankfort	17	1	0	7	0	0	5	4	0	1	0	0	0
Renters	Frankfort	19	0	1	3	0	0	2	4	2	0	2	0	5
Total	Frankfort	36	1	1	10	0	0	7	8	2	1	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 - Benzie County, MI

Exhibit A.7

		Sum of	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
Tenure	CONSERVATIVE Scenario (Per In-Migration Only)	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	Honor	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Honor	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Honor	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Lake Ann	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Lake Ann	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Lake Ann	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Nessen City	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Nessen City	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Nessen City	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Thompsonville	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Thompsonville	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Thompsonville	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Maple Grove	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Maple Grove	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Maple Grove	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Hardwood Acres	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Hardwood Acres	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Hardwood Acres	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Crystal Downs CC	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Crystal Downs CC	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Crystal Downs CC	2	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Pilgrim	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Pilgrim	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Pilgrim	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census;
 American Community Survey; and Experian Decision Analytics.
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Annual Market Potential by Home Value for 12 Target Markets (in 2012 Constant Dollars)
 Owner-Occupied Units for Benzie County, Michigan

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	2	0	0	0	0	1	0	0	0	0	0	0	0
Owner	\$75 - \$99,999	3	0	0	1	0	2	1	0	0	0	0	0	0
Owner	\$100 - \$149,999	11	0	0	3	0	4	3	0	0	0	0	0	0
Owner	\$150 - \$174,999	4	0	0	2	0	1	1	0	0	0	0	0	0
Owner	\$175 - \$199,999	4	0	0	2	0	1	1	0	0	0	0	0	0
Owner	\$200 - \$249,999	3	0	0	2	0	1	1	0	0	0	0	0	0
Owner	\$250 - \$299,999	2	0	0	1	0	0	0	0	0	0	0	0	0
Owner	\$300 - \$349,999	1	0	0	1	0	0	0	0	0	0	0	0	0
Owner	\$350 - \$399,999	1	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$400 - \$499,999	1	0	0	0	0	0	0	0	0	0	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	32	1	0	12	0	0	10	7	0	1	0	0	0
Median Home Value														
Owner	2012	--	\$334,063	\$140,972	\$190,304	\$135,389	\$83,526	\$130,955	\$129,855	\$127,391	\$228,147	\$117,705	\$76,514	\$110,880
Owner	2015	--	\$346,003	\$146,011	\$197,106	\$140,229	\$86,512	\$135,636	\$134,496	\$131,944	\$236,302	\$121,912	\$79,249	\$114,843
Owner	2020	--	\$360,500	\$152,128	\$205,364	\$146,104	\$90,136	\$141,318	\$140,131	\$137,472	\$246,202	\$127,020	\$82,569	\$119,655

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 Benzie County, Michigan

Tenure	CONSERVATIVE SCENARIO Contract Rent 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
Renter	<\$500	13	0	1	1	0	0	1	2	1	0	2	0	6
Renter	\$500 - \$599	7	0	0	1	0	0	1	2	1	0	1	0	2
Renter	\$600 - \$699	4	0	0	1	0	0	0	1	1	0	0	0	1
Renter	\$700 - \$799	5	0	0	1	0	0	1	2	1	0	0	0	1
Renter	\$800 - \$899	4	0	0	1	0	0	0	1	0	0	0	0	0
Renter	\$900 - \$999	1	0	0	0	0	0	0	0	0	0	0	0	0
Renter	\$1,000 - \$1,249	0	0	0	0	0	0	0	0	0	0	0	0	0
Renter	\$1,250 - \$1,499	0	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	36	1	2	6	0	0	3	8	4	0	3	0	10
Median Contract Rent														
Renter	2012	--	\$822	\$450	\$522	\$542	\$515	\$511	\$510	\$452	\$466	\$361	\$408	\$364
Renter	2015	--	\$872	\$477	\$554	\$576	\$547	\$542	\$541	\$480	\$494	\$383	\$433	\$387
Renter	2020	--	\$963	\$527	\$611	\$636	\$604	\$599	\$598	\$530	\$546	\$423	\$478	\$427

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 Benzie County, Michigan

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)	46	1	0	16	0	0	12	14	1	1	0	0	1
Total	2 units (duplex)	2	0	0	0	0	0	0	0	0	0	0	0	1
Total	3 units (triplex)	3	0	0	0	0	0	0	0	0	0	0	0	1
Total	4 units (quad)	1	0	0	0	0	0	0	0	0	0	0	0	1
Total	5 - 9 units	6	0	0	1	0	0	0	1	1	0	0	0	2
Total	10 - 19 units	2	0	0	0	0	0	0	0	0	0	0	0	1
Total	20 - 49 units	3	0	0	0	0	0	0	0	0	0	1	0	1
Total	50 - 100 units	2	0	0	0	0	0	0	0	0	0	1	0	1
Total	101+ units	<u>2</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>1</u>	<u>0</u>	<u>1</u>
	Total	67	2	2	18	0	0	13	16	4	1	3	0	10
Total	Detached Units	46	1	0	16	0	0	12	14	1	1	0	0	1
Total	Attached Units	<u>22</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>9</u>
	Total	67	2	2	18	0	0	13	16	4	1	3	0	10

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

County Name	HUD Qualifier	Share of AMI	Household Size 1 person	Household Size 2 persons	Household Size 3 persons	Household Size 4 persons
Benzie Co.	Extreme	30%	12,000	13,700	15,400	17,100
Benzie Co.	Very Low	50%	19,950	22,800	25,650	28,500
Benzie Co.	Low	80%	31,950	36,500	41,050	45,600
Benzie Co.	Average	100%	39,900	45,600	51,300	57,000
Manistee Co.	Extreme	30%	11,100	12,700	14,300	15,850
Manistee Co.	Very Low	50%	18,500	21,150	23,800	26,400
Manistee Co.	Low	80%	29,600	33,800	38,050	42,250
Manistee Co.	Average	100%	36,600	41,800	47,000	52,200

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

Construction Costs Per Approved Building Permits
Benzie 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	53	\$12,541,672	\$236,600	--	--	--	--
2012	54	\$13,373,955	\$247,700	--	--	--	--
2011	35	\$7,152,053	\$204,300	3	\$616,477	\$205,500	1.01
2010	58	\$8,406,064	\$144,900	--	--	--	--
2009	50	\$6,114,157	\$122,300	36	\$2,845,478	\$79,000	0.65
2008	77	\$10,857,016	\$141,000	--	--	--	--
2007	136	\$17,313,000	\$127,300	--	--	--	--
2006	158	\$30,242,000	\$191,400	--	--	--	--
2005	222	\$40,547,000	\$182,600	--	--	--	--
2004	211	\$36,662,000	\$173,800	--	--	--	--
2003	298	\$46,081,000	\$154,600	--	--	--	--
2002	209	\$33,205,000	\$158,900	3	\$274,000	\$91,300	0.57
2001	274	\$30,714,000	\$112,100	--	--	--	--
2000	250	\$27,157,000	\$108,600	--	--	--	--
All Years	2,085	\$320,365,917	\$153,700	42	\$3,735,955	\$89,000	0.58
2007-13	463	\$75,757,917	\$163,600	39	\$3,461,955	\$88,800	0.54
2000-06	1,622	\$244,608,000	\$150,800	3	\$274,000	\$91,300	0.61

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

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

Benzie County

Michigan

PLACEMAKING

November 3, 2014



B



Prepared for:



Prepared by:



Strengths

- *Michigan's Blue Economy* – The City of Frankfort is ideally located on Lake Michigan, which supports marine related industries in the blue economy, and ecotourism. There are over 20 charter fishing boats that operate on Lake Michigan from the City of Frankfort.
- *Connectivity* – Frankfort is located along M-22 and M-115, and is about 10 minutes from the Highway 31 corridor, which is thoroughfare for vacationing families travelling between Chicago and the Traverse City area. Traffic counts are estimated to be 5,000 vehicles per day on M-115.
- *Natural Resources* – Frankfort, the “Gateway to Sleeping Bear Dunes” is within 40 minutes of Sleeping Bear Dunes, 20 minutes from Arcadia Dunes and Arcadia Bluffs, and local resources include Betsie Lake, the Betsie River, Crystal Lake, Interlochen State Park, and the Green Point Dunes, which all help boost ecotourism. The City’s recreation areas include several beaches and the 22 mile Betsie Valley Trail that runs from Frankfort to Thompsonville.
- *Regional Draw* – In addition to the region’s many natural resources, Frankfort is within an hour to many of the world class wineries in the Leelanau Peninsula. Also, just north of the town center is Point Betsie Lighthouse, one of Michigan's most photographed structures.
- *Downtown Business Mix* – The city’s central business district is located on Lake Betsie and benefits from being directly connected to the lake. It includes a good spectrum of small businesses, including grocery stores, restaurants, and numerous merchants.
- *Anchor Institutions* – Frankfort and its region have other economic assets that will help facilitate economic growth. It benefits from major employers such as the Frankfort Manufacturing Company, Graceland Fruit, Paul Oliver Memorial Hospital, Smeltzer Orchard Co, and the Maples. In addition, the Frankfort Dow Memorial Field is a public use airport that allows the City more access to trade.
- *Education* – Frankfort is less than an hour from Traverse City which is home of Northwest Michigan College, making college accessible to students who wish to reside in Frankfort. In addition, its public school system, Benzie County Central Schools, ranks 10th in the state.
- *Public Transit* – The Benzie County Transportation Authority has a bus system, the “Benzie Bus,” which has both morning and afternoon departures that links Frankfort to Traverse City.

Opportunities

- *Creation of a Downtown Development Authority* – Because of other efforts that the City of Frankfort is currently undertaking such as considering a form based code and implementing a streetscape improvement plan, the City is probably ripe for the creation of a DDA to help assist with investment opportunities in the downtown.
- *Marketing Opportunities* – While the City is located only 10 minutes away from US 31, it is still off of the beaten path. The region might be able to intercept more visitors and attract new residents by improving its downstate advertising efforts. Vacationing families traveling north along Lake Michigan’s shoreline should see advertisements for Frankfort long before they arrive in Manistee.

Place Scores

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

Exhibit B.3

	City of Frankfort	Village of Benzonia	Village Thomp- sonville	Village of Elberta	Village of Beulah	Village of Honor	Village of Lake Ann
2010 Census Population	1,286	497	441	372	342	328	268
City/Village-Wide Planning Documents							
1 City-Wide Master Plan (not county)	1	0	0	1	1	1	0
2 Has a Zoning Ordinance Online	1	0	0	1	1	1	0
3 Considering a Form Based Code	1	0	0	0	0	0	0
Downtown Planning Documents							
4 Established DDA	0	0	0	0	0	0	0
5 DT Master Plan, Subarea Plan	0	0	0	0	0	0	0
6 Streetscape, Transp. Improvmt. Plan	1	0	0	1	1	0	0
7 Retail Market Study or Strategy	0	0	0	0	0	0	0
8 Residential Market Study, Strategy	0	0	0	0	0	0	0
9 Downtown TIF Plan (Fiscal Plan)	0	0	0	0	0	0	0
10 Façade Improvement Program	0	0	0	0	0	0	0
Downtown Organization and Marketing							
11 Designation as a Michigan Cool City	0	0	0	0	0	0	0
12 Member of Michigan Main Street	0	0	0	0	0	0	0
13 Main Street 4-Point Approach	0	0	0	0	0	0	0
Listing or Map of Merchants and Amenities							
14 City/Village Main Website	0	0	0	0	0	0	1
15 DDA, BID, or Main Street Website	0	0	0	0	0	0	0
16 Chamber or CVB Website	1	1	1	1	1	1	1
17 Facebook	1	1	1	1	1	1	0
Subtotal Score (17 points possible)	6	2	2	5	5	4	2

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.

Place Scores

Exhibit B.4

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

Jurisdiction Name	City of Franfort	Village of Benzonia	Village Thomp- sonville	Village of Elberta	Village of Beulah	Village of Honor	Village of Lake Ann
2010 Census Population	1,286	497	441	372	342	328	268
Unique Downtown Amenities							
1 Cinema/Theater, Playhouse	1	0	0	0	0	1	0
2 Waterfront Access/Parks	1	0	0	1	1	0	1
3 Established Farmer's Market ²	1	1	1	1	0	1	0
4 Summer Music in the Park	0	0	0	0	1	0	0
5 National or Other Major Festival	1	0	0	1	0	0	0
Downtown Street and Environment							
6 Street Views by GoogleEarth	1	1	1	1	1	1	1
7 Angle Storefront Parking	1	0	0	0	1	0	0
8 Walk Score/1,000 is 40 or Higher	1	1	0	1	1	1	0
9 Off Street Parking is Evident	1	1	0	0	1	0	0
10 2-Level Scale of Historic Buildings	1	0	0	0	1	1	0
11 Balanced Scale 2 Sides of Street	1	0	0	0	1	0	0
12 Pedestrian Crosswalks, Signaled	1	0	1	0	0	0	0
13 Two-way Traffic Flow	1	1	1	1	1	1	1
Subtotal Score (13 points possible)	12	5	4	6	9	6	3
Total Score (30 Points Possible)	18	7	6	11	14	10	5
Points per 1,000 Residents	14	14	14	30	41	30	19
Reported Walk Score (avg. = 42)	58	55	12	17	44	38	10
Walk Score per 1,000 Residents	45	111	27	46	129	116	37

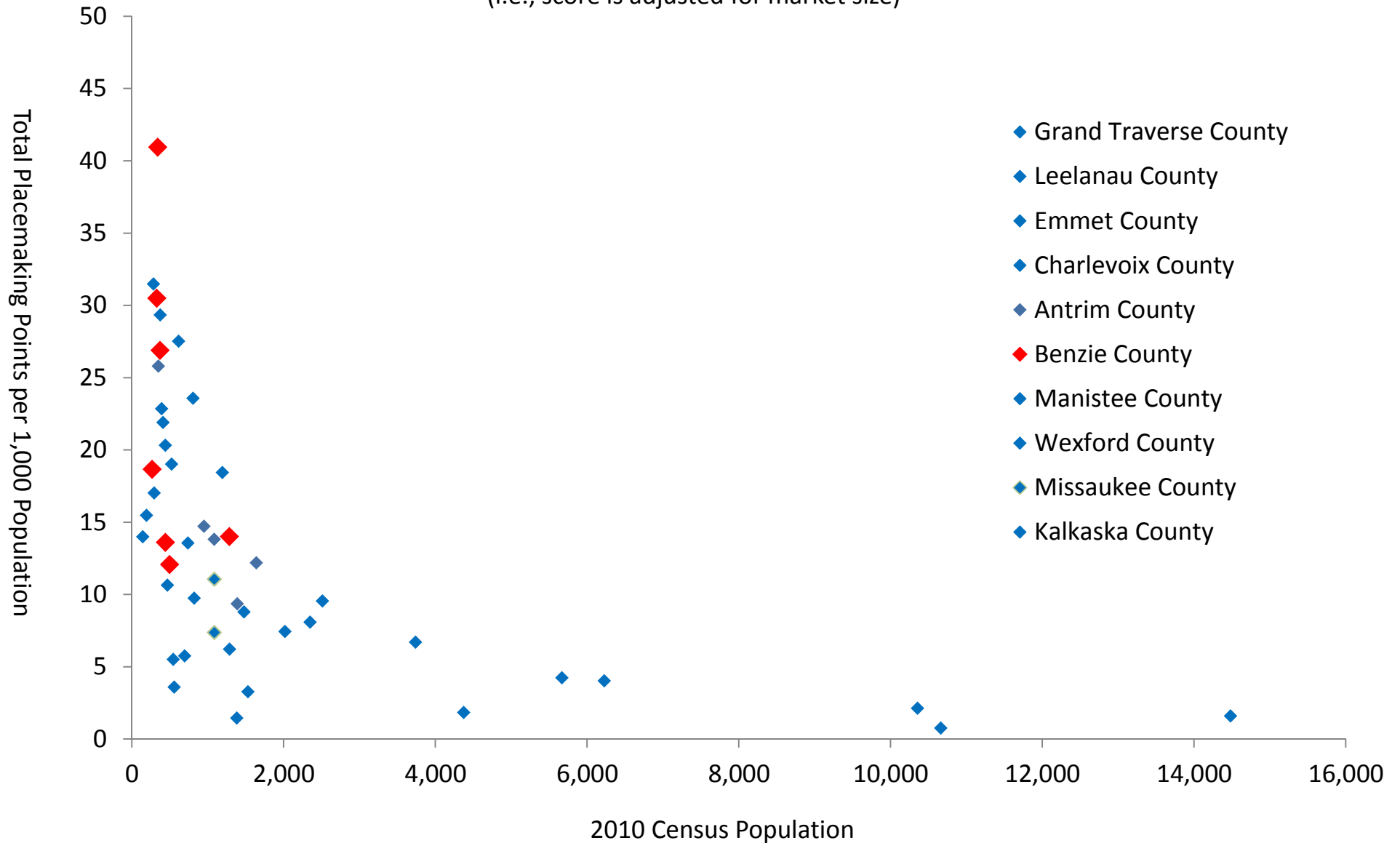
The assessment is based only on internet research, and have not been field verified.

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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.

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

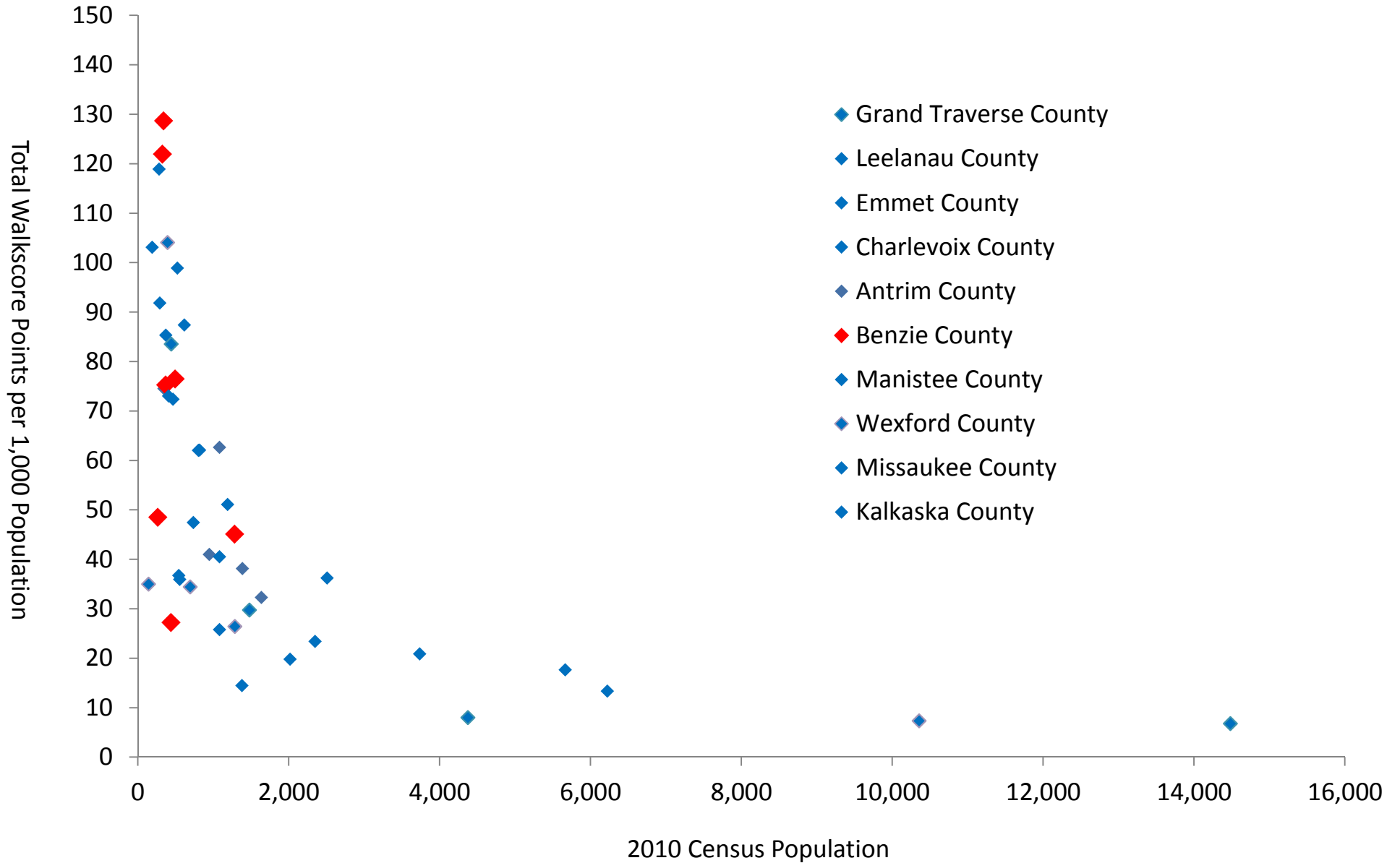
Exhibit B.5



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.6



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