

Target Market Analysis

Antrim County

Michigan

THE MARKET STRATEGY

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A-B



Prepared for:



Prepared by:



Acknowledgements

Michigan State Housing Development Authority

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

Northwest Michigan Council of Governments

Larry C. Inman
Chairman of the Board

Sarah Lucas, AICP
Regional Planner

Consultant Team

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

Nathan Long, PhD
TMA Consultant

Ryan E. Griffith, MA, CFM
TMA Consultant



TMA Team

Prepared for:



Prepared by:



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Prepared for:



Prepared by:



Executive Summary

This Executive Summary of the Target Market Analysis for Antrim 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* – Based on an analysis of lifestyle clusters, there are 10,193 households in Antrim County as of month-end June 2014. Of these, 7.7% are located in Elk Rapids; 5.2% are in Mancelona; 4.7% are in Bellaire; 4.1% are in Central Lake; and smaller shares are residing in other small urban places and throughout the surrounding rural areas. A total of 29.6% of all households in the county are located in one of the 9 communities.
- ❖ *Place Scores and Walk Scores* – For its market size of 1,642 residents, the Village of Elk Rapids has a good overall Place Score (19 out of 30 possible points) and a good Walk Score (53 out of 100 points). After adjusting for its small population, Ellsworth has high scores for both the Place Score (29 points) and Walk Score (74 points).
- ❖ *Propensity to Move* – Among the 10,193 households currently residing in Antrim County, 170 of the owner households and 264 of the renter households moved in the past year. These figures include households that moved within Antrim County, plus households that moved into the county from beyond.
- ❖ *The Target Markets* – There are 2,403 existing households in Antrim 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 12 selected target markets, 72 of the owner households and 202 of the renter households moved in the past year.
- ❖ *Aggressive Scenario* – There is a maximum annual market potential throughout Antrim County for 72 new owner-occupied units and 202 new renter-occupied units, for a total of 274 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 1,370 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 Elk Rapids, with smaller market potential for Mancelona. 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 37 new owner-occupied units and 76 new renter-occupied units throughout Antrim County, for a total of at least 113 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 565 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 37 new owner-occupied units throughout Antrim County, or a cumulative of 185 units over the next five years. The aggressive scenario or maximum market potential is about 51% larger than these figures, and includes internal migration within the county as well as in-migration from beyond.
- ❖ *Owner-Occupied Values* – Almost 80% of the target markets will seek home values of \$250,000 or less in 2012 dollars, which will be closer to \$280,000 by 2015, and will approach \$320,000 by the year 2020.
- ❖ *Renter-Occupied Units* – The conservative scenario generates a market potential for at least 76 renter-occupied units throughout Antrim County each year, or a cumulative total of 380 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 38% larger and includes internal migration as well as in-migration.
- ❖ *Renter-Occupied Prices* – With adjustments for income, almost all of the target markets will seek monthly contract rents of \$800 or less in 2012 dollars. These prices will be closer to \$900 by 2015 and \$1,100 by the year 2020. Similarly, over 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 \$560 or less by 2015; and \$650 or less by the year 2020. Almost 40% of the county's new households will have a tolerance for contract rents in the range of \$600 to \$900 (in 2012 dollars). A few units could be tested with higher prices (\$900 - \$1,250 range).
- ❖ *HUD Affordability Standards* – Based on the HUD income limits and annual market potential by contract rent bracket, 35% (27 units) of the 36 new rental units can be priced at market rates and above; and 65% (49 units) should be priced in more affordable ranges.
- ❖ *Detached Building Formats* – Among the annual market potential of 113 owner-occupied and renter-occupied units, 65% 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 35% of the target markets moving into Antrim 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 40 attached units annually, or a cumulative of 200 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.
- ❖ *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 Antrim County since 2010 has involved an investment in the range of \$190,000 to \$210,000. 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 Antrim County by scoring each of five (5) communities based on 30 possible attributes, and also compared each community’s Walk Score. Results in [Table 1](#) below include Emmet and Charlevoix County for comparisons to Antrim County.

Table 1
Summary of Place Scores and Walk Scores
Antrim, Charlevoix, and Emmet Counties, Michigan

Antrim County, Michigan	2010	Place Score	Walk Score
Small and Large Urban Places	Population	(30 points)	(100 points)
The Village of Elk Rapids	1,642	19	53
The Village of Mancelona	1,390	13	53
The Village of Bellaire	1,086	15	68
The Village of Central Lake	952	16	39
The Village of Ellsworth	349	10	26
Charlevoix County, Michigan	2010	Place Score	Walk Score
Small and Large Urban Places	Population	(30 points)	(100 points)
The City of Boyne City	3,739	24	78
The City of Charlevoix	2,513	23	91
The City of East Jordan	2,351	18	55
The Village of Boyne Falls	294	6	27
Emmet County, Michigan	2010	Place Score	Walk Score
Small and Large Urban Places	Population	(30 points)	(100 points)
The City of Petoskey	5,668	23	100
The City of Harbor Springs	1,194	22	61
The Village of Pellston	822	8	51
The Village of Mackinaw City	806	18	50
The Village of Alanson	738	11	35

Summary of Placemaking Criteria – The detailed Place Scores for Antrim County are provided in attached [Exhibit B.7](#) and [Exhibit B.8](#), 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.9](#) (Place Score) and [Exhibit B.10](#) (Walk Score).

Summary of the Place Scores – All five of the communities in Antrim 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 1,642 residents, the Village of Elk Rapids has a good overall Place Score (19 out of 30 possible points) and a good Walk Score (53 out of 100 points). After adjusting for its small population, Ellsworth has high scores for both the Place Score (29 points) and Walk Score (74 points).

Local Market Assessment – The largest markets in Antrim County are the Village of Elk Rapids, the Village of Mancelona, the Village of Bellaire, and the Village of Central Lake and assessments of their market Strengths and Opportunities are provided in [Exhibit B.1](#) through [Exhibit B.6](#). The assessments 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 Executive Summary focuses on the optimal market strategy and annual market potential for urban housing formats over the next 5 years (assuming ground-breaking on the first project in 2015; a first full year of 2016; and fifth full year of 2020). We conducted the market analysis for 9 communities in Antrim 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 10,193 households in Antrim County as of month-end June 2014. Of these, 7.7% are located in Elk Rapids; 5.2% are in Mancelona; 4.7% are in Bellaire; 4.1% are in Central Lake; and smaller shares are residing in other small urban places and throughout the surrounding rural areas. A total of 29.6% of all households in the county are located in one of the 9 communities, and the balance are scattered throughout the surrounding rural areas.

Propensity to Move – Among the 10,193 households currently residing in Antrim County, 170 of the owner households and 264 of the renter households moved in the past year. Among 12 selected target markets (i.e., household lifestyle clusters), 72 of the owner households and 202 of the renter households moved in the past year. These figures include households that moved within Antrim 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 Antrim 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 Antrim 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 2,403 existing households in Antrim County that align with the 12 target markets, and they represent almost 24% 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 Antrim County's 9 communities. For example, households in the M45 Infants, Debit Cards target market is almost exclusively in Mancelona. However, the C12 Golfcarts, Gourmets households are most prevalent in Elk Rapids. 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 Antrim 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 Antrim County for 72 new owner-occupied units and 202 new renter-occupied units, for a total of 274 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 1,370 units over the 5-year term.

Some of the communities in Antrim County will continue to be challenged by their smaller size, making it difficult to compete for projects that might otherwise gravitate toward Elk Rapids, Mancelona, Bellaire, and Central Lake. 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.

Market Potential by Community – Most of the market potential is in Elk Rapids and Mancelona, with a smaller market potential for Central Lake and Bellaire. 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 Executive Summary.

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 Antrim County from beyond. Again, the urban places are listed alphabetically and span the total of 2 pages. The market potential is also broken-down 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 Antrim 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 37 new owner-occupied units and 76 new renter-occupied units throughout Antrim County, for a total of at least 113 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 565 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 37 new owner-occupied units throughout Antrim County, or a cumulative of 185 units over the next five years. [Exhibit A.8](#) provides details on how these units should be priced in Antrim 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 Antrim 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 80% of the target markets will seek home values of \$250,000 or less in 2012 dollars, which will be closer to \$280,000 by 2015, and will approach \$320,000 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.9, the conservative scenario generates a market potential for at least 76 renter-occupied units throughout Antrim County each year, or a cumulative total of 380 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 \$800 or less in 2012 dollars. These prices will be closer to \$900 by 2015 and \$1,100 by the year 2020. Similarly, over 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 \$560 or less by 2015; and \$650 or less by the year 2020. Almost 40% of the county's new households will have a tolerance for contract rents in the range of \$600 to \$900 (in 2012 dollars). A few units could be tested with higher prices (\$900 - \$1,250 range), but only if they offer exceptional vista views of Lake Michigan and/or downtown Elk Rapids.

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 113 owner-occupied and renter-occupied units, about 65% 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 Antrim 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 35% of the target markets moving into Antrim 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 40 attached units annually, or a cumulative of 200 attached units over the 5-year term. These results are also shown in Table 2 on the following page, for both the conservative (minimum) and aggressive (maximum) scenarios.

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

		Conservative (minimum)		Aggressive (maximum)	
		Annual	5-Years	Annual	5-Year
Target Markets		# Units	# Units	# Units	# Units
S71	Tight Money	16	80	22	110
Q55	Family Troopers	10	50	14	70
Q65	Senior Discounts	4	20	6	30
L41	Booming, Consuming	4	20	6	30
O51	Digital Dependents	3	15	5	25
K40	Bohemian Groove	1	5	2	10
S68	Sm. Town, Shallow Pockets	1	5	2	10
Q62	Reaping Rewards	1	5	2	10
C12	Golfcarts, Gourmets	<u>1</u>	<u>5</u>	<u>2</u>	<u>10</u>
Subtotal		41	205	61	305

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 Antrim County represent about 38% 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 \$710 in 2012 and the median monthly contract rent is \$515. The difference of \$195 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 27% 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 Antrim County 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 Antrim County, this implies the following rents by affordability bracket (see Table 3, below):

Table 3
2014 HUD Income Limits and Affordable Rents
Antrim 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	\$36,800	\$42,000	\$47,300
Affordable Rent Limit (35% of income)			
Gross Rent	\$ 860	\$ 985	\$ 1,110
Other Fees	- \$ 230	- \$ 270	- \$ 300
Contract Rent	\$ 620	\$ 715	\$ 810

Based on the HUD income limits ([Exhibit A.11](#)) and annual market potential by contract rent bracket ([Exhibit A.9](#)), 35% (27 units) of the 36 new rental units can be priced at market rates and above; and 65% (49 units) should be priced in more affordable ranges.

Construction Costs – This last section of the Executive Summary for the Antrim 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 Antrim County since 2010 has involved an investment in the range of \$190,000 to \$210,000.

Historically, the per-unit investment into new attached units has averaged between 75% and 96% 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.

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

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

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TOC

Prepared for:



Prepared by:



Target Market Analysis

Antrim 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 - Antrim 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
ANTRIM COUNTY	2,403	100.0%	10,193	100.0%
Alba	3	0.3%	122	1.2%
Alden	1	0.1%	58	0.6%
Bellaire	120	13.0%	478	4.7%
Central Lake	98	10.6%	418	4.1%
Eastport	46	5.0%	107	1.0%
Elk Rapids	410	44.5%	780	7.7%
Ellsworth	10	1.1%	140	1.4%
Lakes of the North	11	1.2%	393	3.9%
Mancelona	223	<u>24.2%</u>	526	<u>5.2%</u>
Subtotal		100.0%		29.6%
Inmigration - Owners	37		88	
Inmigration - Renters	76		100	
All Movers - Owners	72		170	
All Movers - Renters	202		264	

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 - Antrim County, MI

Exhibit A.3

			L41	L42	M45		O51				S68	
	C12	K40	Booming,	Rooted	Infants,	N46	Digital	O55	Q62	Q65	Small	S70
Existing	Golf Carts,	Bohemian	Consum-	Flower	Debit	True Grit	Depend-	Family	Reaping	Senior	Town	Tight
Number of Households	Gourmets	Groove	ing	Power	Cards	Americans	ents	Troopers	Rewards	Discounts	Shallow	Money
ANTRIM COUNTY	121	3	912	3	148	259	242	41	440	55	122	57
Alba	0	0	0	0	0	0	2	1	0	0	0	0
Alden	0	0	1	0	0	0	0	0	0	0	0	0
Bellaire	0	0	15	2	0	73	10	0	6	9	0	5
Central Lake	0	0	1	0	0	48	31	0	6	0	4	8
Eastport	2	0	37	0	0	0	2	0	5	0	0	0
Elk Rapids	33	2	194	0	0	11	28	5	119	18	0	0
Ellsworth	0	0	7	0	0	0	2	0	1	0	0	0
Lakes of the North	0	0	0	0	1	0	8	1	0	0	1	0
Mancelona	0	0	0	0	115	4	19	12	0	0	71	2
Subtotal												
Inmigration - Owners	1	0	17	0	3	4	8	0	2	0	2	0
Inmigration - Renters	1	1	14	0	5	2	16	12	1	4	5	17
All Movers - Owners	2	0	32	0	6	8	16	0	4	0	4	0
All Movers - Renters	2	2	36	0	12	6	42	32	2	10	12	46

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 - Antrim 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
Owners	ANTRIM COUNTY	72	2	0	32	0	6	8	16	0	4	0	4	0
Renters	ANTRIM COUNTY	202	2	2	36	0	12	6	42	32	2	10	12	46
Total	ANTRIM COUNTY	274	4	2	68	0	18	14	58	32	6	10	16	46
Owners	Alba	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Alba	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Alba	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Alden	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Alden	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Alden	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Bellaire	9	0	0	4	0	1	1	2	0	1	0	1	0
Renters	Bellaire	26	0	0	5	0	2	1	5	4	0	1	2	6
Total	Bellaire	36	1	0	9	0	2	2	8	4	1	1	2	6
Owners	Central Lake	8	0	0	3	0	1	1	2	0	0	0	0	0
Renters	Central Lake	21	0	0	4	0	1	1	4	3	0	1	1	5
Total	Central Lake	29	0	0	7	0	2	1	6	3	1	1	2	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 - Antrim County, MI

Exhibit A.5

		Sum of	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
AGGRESSIVE Scenario		Total	Golf Carts,	Bohemian	Booming,	Rooted	Infants,	True Grit	Digital	Family	Reaping	Senior	Small	Tight
Tenure	(Based on All Movers)	12 Targets	Gourmets	Groove	Consum-	Flower	Debit	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
Owners	Eastport	4	0	0	2	0	0	0	1	0	0	0	0	0
Renters	Eastport	10	0	0	2	0	1	0	2	2	0	0	1	2
Total	Eastport	14	0	0	3	0	1	1	3	2	0	0	1	2
Owners	Elk Rapids	32	1	0	14	0	3	4	7	0	2	0	2	0
Renters	Elk Rapids	90	1	1	16	0	5	3	19	14	1	4	5	20
Total	Elk Rapids	122	2	1	30	0	8	6	26	14	3	4	7	20
Owners	Ellsworth	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Ellsworth	2	0	0	0	0	0	0	0	0	0	0	0	0
Total	Ellsworth	3	0	0	1	0	0	0	1	0	0	0	0	0
Owners	Lakes of the North	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Lakes of the North	2	0	0	0	0	0	0	1	0	0	0	0	1
Total	Lakes of the North	3	0	0	1	0	0	0	1	0	0	0	0	1
Owners	Mancelona	17	0	0	8	0	1	2	4	0	1	0	1	0
Renters	Mancelona	49	0	0	9	0	3	1	10	8	0	2	3	11
Total	Mancelona	66	1	0	16	0	4	3	14	8	1	2	4	11

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.

Exhibit A.6

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

		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
Owners	ANTRIM COUNTY	37	1	0	17	0	3	4	8	0	2	0	2	0
Renters	ANTRIM COUNTY	76	1	1	14	0	5	2	16	12	1	4	5	17
Total	ANTRIM COUNTY	113	2	1	30	0	8	6	24	12	3	4	7	17
Owners	Alba	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Alba	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Alba	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Alden	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Alden	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Alden	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Bellaire	5	0	0	2	0	0	1	1	0	0	0	0	0
Renters	Bellaire	10	0	0	2	0	1	0	2	2	0	0	1	2
Total	Bellaire	15	0	0	4	0	1	1	3	2	0	0	1	2
Owners	Central Lake	4	0	0	2	0	0	0	1	0	0	0	0	0
Renters	Central Lake	8	0	0	1	0	0	0	2	1	0	0	0	2
Total	Central Lake	12	0	0	3	0	1	1	3	1	0	0	1	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.

Exhibit A.7

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

		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
Owners	Eastport	2	0	0	1	0	0	0	0	0	0	0	0	0
Renters	Eastport	4	0	0	1	0	0	0	1	1	0	0	0	1
Total	Eastport	6	0	0	2	0	0	0	1	1	0	0	0	1
Owners	Elk Rapids	17	0	0	7	0	1	2	4	0	1	0	1	0
Renters	Elk Rapids	34	0	0	6	0	2	1	7	5	0	2	2	8
Total	Elk Rapids	50	1	0	13	0	3	3	11	5	1	2	3	8
Owners	Ellsworth	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Ellsworth	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Ellsworth	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Lakes of the North	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Lakes of the North	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Lakes of the North	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Mancelona	9	0	0	4	0	1	1	2	0	0	0	0	0
Renters	Mancelona	18	0	0	3	0	1	1	4	3	0	1	1	4
Total	Mancelona	27	0	0	7	0	2	2	6	3	1	1	2	4

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 Antrim County, Michigan

Tenure	CONSERVATIVE	Sum of	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
	SCENARIO													
	Home Value Brackets	Total	Golf Carts,	Bohemian	Booming,	Rooted	Infants,	True Grit	Digital	Family	Reaping	Senior	Town	Tight
	(2012 Constant Dollars)	12 Targets	Gourmets	Groove	Consum-	Flower	Debit	Americans	Depend-	Troopers	Rewards	Discounts	Shallow	Money
Owner	< \$50,000	1	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$50 - \$74,999	4	0	0	1	0	1	0	1	0	0	0	1	0
Owner	\$75 - \$99,999	5	0	0	1	0	1	1	1	0	0	0	0	0
Owner	\$100 - \$149,999	10	0	0	4	0	1	2	3	0	0	0	0	0
Owner	\$150 - \$174,999	4	0	0	2	0	0	0	1	0	0	0	0	0
Owner	\$175 - \$199,999	3	0	0	2	0	0	0	1	0	0	0	0	0
Owner	\$200 - \$249,999	3	0	0	2	0	0	0	1	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	1	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	1	0	0	0	0	0	0	0	0	0
Owner	\$750,000+	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	37	1	0	17	0	3	4	8	0	2	0	2	0
Median Home Value														
Owner	2012	--	\$383,037	\$133,233	\$194,315	\$126,635	\$75,234	\$123,375	\$121,822	\$117,399	\$237,810	\$106,323	\$69,027	\$103,500
Owner	2015	--	\$428,429	\$149,022	\$217,343	\$141,642	\$84,150	\$137,996	\$136,259	\$131,312	\$265,992	\$118,923	\$77,207	\$115,766
Owner	2020	--	\$488,586	\$169,947	\$247,860	\$161,530	\$95,965	\$157,372	\$155,392	\$149,750	\$303,340	\$135,621	\$88,048	\$132,020

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.

Exhibit A.9

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

Tenure	CONSERVATIVE	Sum of Total 12 Targets	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41	L42	M45	N46 True Grit Americans	O51	O55	Q62	Q65	S68	S70
	SCENARIO Contract Rent Brackets (2012 Constant Dollars)				Booming, Consum- ing	Rooted Flower Power	Infants, Debit Cards		Digital Depend- ents	Family Troopers	Reaping Rewards	Senior Discounts	Small Town Shallow Pockets	Tight Money
Renter	<\$500	27	0	0	3	0	1	1	3	4	0	2	2	11
Renter	\$500 - \$599	18	0	0	3	0	1	1	4	3	0	1	1	3
Renter	\$600 - \$699	18	0	0	4	0	1	1	5	3	0	0	1	2
Renter	\$700 - \$799	10	0	0	2	0	1	0	3	2	0	0	0	1
Renter	\$800 - \$899	1	0	0	0	0	0	0	0	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	1	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	76	1	1	14	0	5	2	16	12	1	4	5	17
	Median Contract Rent													
Renter	2012	--	\$744	\$448	\$495	\$515	\$492	\$485	\$487	\$448	\$469	\$373	\$415	\$378
Renter	2015	--	\$837	\$504	\$557	\$579	\$553	\$546	\$548	\$504	\$527	\$420	\$467	\$425
Renter	2020	--	\$971	\$585	\$646	\$671	\$641	\$633	\$635	\$584	\$611	\$487	\$541	\$493

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 Antrim County, Michigan

Tenure	CONSERVATIVE SCENARIO Units by Building Size	Sum of Total 12 Targets	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41	L42	M45	N46 True Grit Americans	O51 Digital Depend- ents	O55 Family Troopers	Q62 Reaping Rewards	Q65 Senior Discounts	S68	S70 Tight Money
					Booming, Consum- ing	Rooted Flower Power	Infants, Debit Cards						Small Town Shallow Pockets	
Total	1 unit (house)	74	1	0	26	0	7	6	21	2	2	0	6	2
Total	2 units (duplex)	3	0	0	0	0	0	0	0	1	0	0	0	1
Total	3 units (triplex)	6	0	0	1	0	0	0	1	1	0	0	0	2
Total	4 units (quad)	3	0	0	0	0	0	0	0	1	0	0	0	1
Total	5 - 9 units	11	0	0	2	0	0	0	1	3	0	0	0	4
Total	10 - 19 units	4	0	0	0	0	0	0	0	1	0	0	0	2
Total	20 - 49 units	5	0	0	0	0	0	0	0	1	0	1	0	2
Total	50 - 100 units	3	0	0	0	0	0	0	0	1	0	1	0	1
Total	101+ units	<u>4</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>	<u>0</u>	<u>1</u>
	Total	113	2	1	30	0	8	6	24	12	3	4	7	17
Total	Detached Units	74	1	0	26	0	7	6	21	2	2	0	6	2
Total	Attached Units	<u>40</u>	<u>1</u>	<u>1</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>10</u>	<u>1</u>	<u>4</u>	<u>1</u>	<u>16</u>
	Total	113	2	1	30	0	8	6	24	12	3	4	7	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.

Exhibit A.11

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

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

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

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

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

Exhibit A.12

County Name	HUD Qualifier	Share of AMI	Household Size 1 person	Household Size 2 persons	Household Size 3 persons	Household Size 4 persons
Emmet Co.	Extreme	30%	13,800	15,750	17,700	19,650
Emmet Co.	Very Low	50%	22,950	26,200	29,500	32,750
Emmet Co.	Low	80%	36,700	41,950	47,200	52,400
Emmet Co.	Average	100%	45,900	52,400	59,000	65,500
Charlevoix Co.	Extreme	30%	12,600	14,400	16,200	17,950
Charlevoix Co.	Very Low	50%	21,000	24,000	27,000	29,950
Charlevoix Co.	Low	80%	33,550	38,350	43,150	47,900
Charlevoix Co.	Average	100%	42,000	48,000	54,000	59,900
Antrim Co.	Extreme	30%	11,100	12,700	14,300	15,850
Antrim Co.	Very Low	50%	18,500	21,150	23,800	26,400
Antrim Co.	Low	80%	29,600	33,800	38,050	42,250
Antrim Co.	Average	100%	36,800	42,000	47,300	52,500

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

Construction Costs Per Approved Building Permits
Antrim 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	62	\$12,790,241	\$206,300	--	--	--	--
2012	51	\$8,723,715	\$171,100	--	--	--	--
2011	42	\$8,020,161	\$191,000	--	--	--	--
2010	42	\$8,007,453	\$190,700	--	--	--	--
2009	40	\$6,647,958	\$166,200	--	--	--	--
2008	74	\$11,397,210	\$154,000	--	--	--	--
2007	120	\$19,543,486	\$162,900	2	\$261,440	\$130,700	0.80
2006	161	\$23,632,788	\$146,800	--	--	--	--
2005	142	\$20,684,255	\$145,700	--	--	--	--
2004	137	\$20,950,133	\$152,900	11	\$1,889,167	\$171,700	1.12
2003	298	\$40,882,348	\$137,200	26	\$2,978,000	\$114,500	0.83
2002	253	\$35,603,739	\$140,700	18	\$2,860,455	\$158,900	1.13
2001	250	\$36,610,071	\$146,400	4	\$420,000	\$105,000	0.72
2000	308	\$44,147,228	\$143,300	--	--	--	--
All Years	1,980	\$297,640,786	\$150,300	61	\$8,409,062	\$137,900	0.92
2007-13	431	\$75,130,224	\$174,300	2	\$261,440	\$130,700	0.75
2000-06	1,549	\$222,510,562	\$143,600	59	\$8,147,622	\$138,100	0.96

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

Antrim County

Michigan

PLACEMAKING

November 3, 2014



B



Prepared for:



Prepared by:



Strengths

- *Connectivity* - The Village is located on scenic US 31, which is a popular gateway for traffic heading north to from the lower parts of Michigan and Traverse City to the Upper Peninsula and Canada. Traffic counts are estimated to be 7,000 per day along US 31.
- *Michigan's Blue Economy* - Seated between southeast shore of the Little Traverse Bay of Lake Michigan and on the west edge of Elk Lake, Elk Rapids is a quintessential tourism destination in Michigan for local, national, and international travelers, and has been advertised as such throughout the state. Everything is within walking distance, including public beaches and a modern marina for boaters navigating the waters of Lake Michigan and Grand Traverse Bay. A port town, Elk Rapids is also a hub for charter fishing and boating.
- *Creation of a Master Plan* – In 2013, the Village of Elk Rapids and Elk Rapids Township approved a collaborative master plan, a critical tool in guiding future growth that will undoubtedly continue in Elk Rapids.
- *Education* – Elk Rapids area Middle and High Schools have great ratings for education (84), thus making Elk Rapids an attraction for year-round residents. Nearby, Northwest Michigan College calls Traverse City home and enrolls 5,100 students annually.
- *Anchor Institutions* – Elk Rapids has other economic assets that will help it continue to grow economically and help it be sustainable long-term. Anchor institutions include Burnette Foods (Food Processing) and Paddlebuoy (Paddleboards).
- *Downtown Business Mix* – The central business district includes shopping, restaurants, cottages, hotels, a museum, music venues, art galleries, and a theatre – the Historic Elk Rapids Town Hall.
- *Public Transit* – Available through Antrim County Transportation: Dial-A-Ride & Health Ride, and there is limited bus service available from Petoskey to Traverse City.
- *Streetscape* - The Village of Elk Rapids has benefitted from aesthetic enhancements that make the area more attractive to pedestrians and preserve its historic character, and has a walkable, tree-lined streetscape with views of the Grand Traverse Bay and Elk River that flows alongside the downtown.

Opportunities

- *Downtown Investment* – Because of the adoption of the collaborative master plan, the recent development of a harbor master plan, and other enhancements and initiatives in the downtown core, there is probably a lucrative market for developers seeking investment opportunities in this area.
- *Opportunity for a year-round economy* – From our interviews with year round residents, there is an opportunity for businesses to stay open year round to service residents, and a demand from locals for businesses to do so.
- *Opportunities for Locals* – From our interviews with year round residents, locals would like to see more cultural and recreational opportunities catered towards them in the summertime, in order to avoid the crowds.

Strengths

- *Connectivity* – Mancelona is intersected by US 66/131, just south of where US 66 splits with US 131. US 131 is a major corridor for travelers north and south in Michigan; 10,000 visitors per day pass directly through Mancelona on this major thoroughfare. M-88 also provides access to the town as well, and the Village is served by Amtrak via throughway bus only.
- *Anchor Institutions* – Several businesses contribute to Mancelona's local economy by providing more access to trade, tourism, and potential revenue. These contributing businesses are the Mancelona Municipal Airport, Sundendorf at Schuss Mountain – a European style resort that remains open year round, and Flannery Machine & Tool, a major employer.
- *Streetscape* - The DDA has worked to improve the look of the downtown area and has cleaned up much of the blight within the district. They have funded projects through matching grants in order to put decorative street lights up and new sidewalks, and hope to build a pavilion for their Farmers Market.
- *Natural resources* – Mancelona and Antrim County offer year round outdoor activities, including snowmobiling, golfing, horseback riding, hiking, canoeing, camping, hunting, fishing, and skiing.

Local Market Assessment – OPPORTUNITIES The Village of Mancelona (Antrim County, Michigan)

Opportunities

- *Engage travelers on US 131* – Mancelona has an economic goldmine in its backyard – US 131. There is the potential to leverage visitor traffic passing through on US 131 by promoting the goods and services that travelers might need as they pass through, such as gas options, restaurants, and lodging.
- *Creation of a Master Plan* – The Village, while not very large in square miles, has enough residents and development potential to create a Master Plan. This will help the Village be thoughtful in its approach as it guides new development within Mancelona.
- *Economic Development Initiatives* – Mancelona has a great downtown, with ample storefront opportunities that could be used to attract new businesses with promotion through the DDA. One of those businesses to attract might be a movie theater, as this is the type of business that future potential residents demand.

Strengths

- *Connectivity* - M-88 winds through the Village, giving residents, tourists, and commerce easy access to area businesses. While the Village is located directly on M-88, it still remains in a more remote location, which in some ways is part of Bellaire's charm. It could be a potential connection for towns like Kalkaska and Mancelona up to US 31 but there are other routes available that are much faster. Passers through would have to intentionally include the Village of Bellaire as a point of interest on their travels north or south. Traffic counts on M-88 that pass through Bellaire are estimated to be 6,000 vehicles per day, annually.
- *Michigan's Blue Economy* – The water that once carried timber is now used for recreation. Lake Bellaire, the Cedar River, the Intermediate River, and Blair Lake all offer ample fishing and recreational opportunities.
- *Downtown Business Mix* – Bellaire's downtown is home to a diverse offering of businesses, including bars, breweries, restaurants, coffee shops, art galleries, clothing and home furnishing stores, and bed and breakfasts.
- *Organizations with National and Regional Draw* – The Institute for Sustainable Living, Art, and Natural Design (ISLAND) calls Bellaire home. The organization hosts the Northern Michigan Small Farms Conference every year that brings in almost 1,000 people from around the state, and also has a competitive residency program in which people from all over the United States apply. In addition, Shanty Creek Resort is a regional attraction for golfers, skier, conventioners, and tourists, with 4 golf courses, 53 downhill ski runs, 5 terrain parks, cross-country ski trails, and a hotel & conference center.
- *Anchor Institutions* – The Village of Bellaire has other economic assets that will help the community to expand its economic base and be sustainable long term. The Antrim County Airport, Antrim County Offices, the US Air Force base are all institutions that are vital to the local economy. In addition, the Shanty Creek Resort is a major employer for Bellaire and attracts tourists year round.
- *Public Transit* – Antrim County Transportation has a Dial-a-Ride program and offers lower rates for students and those who need rides to the hospital.

Opportunities

- *Creation of a Downtown Master Plan* – Because of the size of the Village, and the work of marketing initiatives like “Destination Bellaire”, there is an opportunity for Bellaire to create a Downtown Master Planning document in order to plan appropriately for the potential impacts of tourism, development and growth.
- *Marketing Opportunities* – The Village is home to businesses that have a year round draw, and there could be an opportunity to market Bellaire as a winter destination with Shanty Creek Resort and Shorts Brewery as key focal points.
- *Economic Growth Initiatives* – Based on the format of the Village’s main street, as well as the “Destination Bellaire” initiative, there appears to be opportunity for new businesses and entrepreneurs to relocate to the downtown area of the Village. This might also allow for the creation of a Downtown Development Authority.

Strengths

- *Connectivity* – The Village of Central Lake is situated on M-88, and is only about 6 miles south of scenic US 31. Roughly 1,000 vehicles pass through Central Lake on a daily basis.
- *Michigan's Blue Economy* – As the center of the 75 mile Chain of Lakes region, the Village encompasses the north part of Intermediate Lake and southern portion of Hanley Lake. In addition, Central Lake is approximately 3 miles east of Torch Lake, a major boating and fishing destination.
- *Anchor Institutions* – The Village is home to many institutions that contribute to the economic vitality of the town, such as Central Lake Armor Express, Central Lake Public Schools, and the East Jordan Family Health Center. Torchport and Antrim County Airports are both less than ten miles from the village giving the Village even more access to trade. Traverse City Cherry Capital Airport is 45 minutes away.
- *Downtown Business Mix* – The downtown of Central Lake hosts a number of businesses, including a grocery store, restaurants, a hotel, and other local services.

Local Market Assessment – OPPORTUNITIES The Village of Central Lake (Antrim County, Michigan)

Opportunities

- *Streetscape and Downtown Development* – Currently, there is a mix of building types that sit at the downtown intersection of State Street and Main Street, varying from two story brick façades, to a garage, to a two story brick façade with no windows facing the intersection. Central Lake is a Main Street Associate community, so there might be incentive for façade improvement, as well as a lucrative market for developers seeking investment opportunities in the downtown.
- *Economic Development Initiatives* – Central Lake has a great downtown, with ample storefront opportunities that could be used to attract new businesses with promotion through the DDA. One of those businesses to attract might be a movie theater, as this is the type of business that future potential residents demand.
- *Marketing Opportunities* – The City might be able to intercept more visitors and attract new residents by improving its advertising efforts on US 31. Vacationing families traveling north along Lake Michigan's might make the short 6 mile drive to see what Central Lake has to offer.

Place Scores

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

Exhibit B.7

	Village of Elk Rapids	Village of Mancelona	Village of Bellaire	Village of Central Lake	Village of Ellsworth
2010 Census Population	1,642	1,390	1,086	952	349
City/Village-Wide Planning Documents					
1 City-Wide Master Plan (not county)	1	0	1	1	1
2 Has a Zoning Ordinance Online	1	1	1	1	1
3 Considering a Form Based Code	0	0	0	0	0
Downtown Planning Documents					
4 Established DDA	1	1	0	1	0
5 DT Master Plan, Subarea Plan	1	0	0	0	0
6 Streetscape, Transp. Improvmt. Plan	1	1	1	1	0
7 Retail Market Study or Strategy	0	0	0	0	0
8 Residential Market Study, Strategy	0	0	0	0	0
9 Downtown TIF Plan (Fiscal Plan)	1	1	0	1	0
10 Façade Improvement Program	1	0	0	0	1
Downtown Organization and Marketing					
11 Designation as a Michigan Cool City	0	0	0	0	0
12 Member of Michigan Main Street	0	0	0	1	0
13 Main Street 4-Point Approach	0	0	0		0
Listing or Map of Merchants and Amenities					
14 City/Village Main Website	0	0	0	0	0
15 DDA, BID, or Main Street Website	0	0	0	0	0
16 Chamber or CVB Website	1	1	1	1	0
17 Facebook	1	0	1	1	0
Subtotal Score (17 points possible)	9	5	5	9	3

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.

Exhibit B.8

Place Scores

Local Placemaking Initiatives and Amenities (Evident through Online Search Engines)

Selected Communities in Antrim County, Michigan - 2014

Jurisdiction Name	Village of Elk Rapids	Village of Mancelona	Village of Bellaire	Village of Central Lake	Village of Ellsworth
2010 Census Population	1,642	1,390	1,086	952	349
Unique Downtown Amenities					
1 Cinema/Theater, Playhouse	1	0	1	0	0
2 Waterfront Access/Parks	1	0	1	1	1
3 Established Farmer's Market ²	1	1	1	0	1
4 Summer Music in the Park	0	0	0	0	0
5 National or Other Major Festival	1	0	0	0	0
Downtown Street and Environment					
6 Street Views by GoogleEarth	1	1	1	1	1
7 Angle Storefront Parking	1	1	0	0	0
8 Walk Score/1,000 is 40 or Higher	0	0	1	1	1
9 Off Street Parking is Evident	1	1	1	1	1
10 2-Level Scale of Historic Buildings	0	1	1	1	0
11 Balanced Scale 2 Sides of Street	1	1	1	0	0
12 Pedestrian Crosswalks, Signaled	1	1	1	1	1
13 Two-way Traffic Flow	1	1	1	1	1
Subtotal Score (13 points possible)	10	8	10	7	7
Total Score (30 Points Possible)	19	13	15	16	10
Points per 1,000 Residents	12	9	14	17	29
Reported Walk Score (avg. = 42)	53	53	68	39	26
Walk Score per 1,000 Residents	32	38	63	41	74

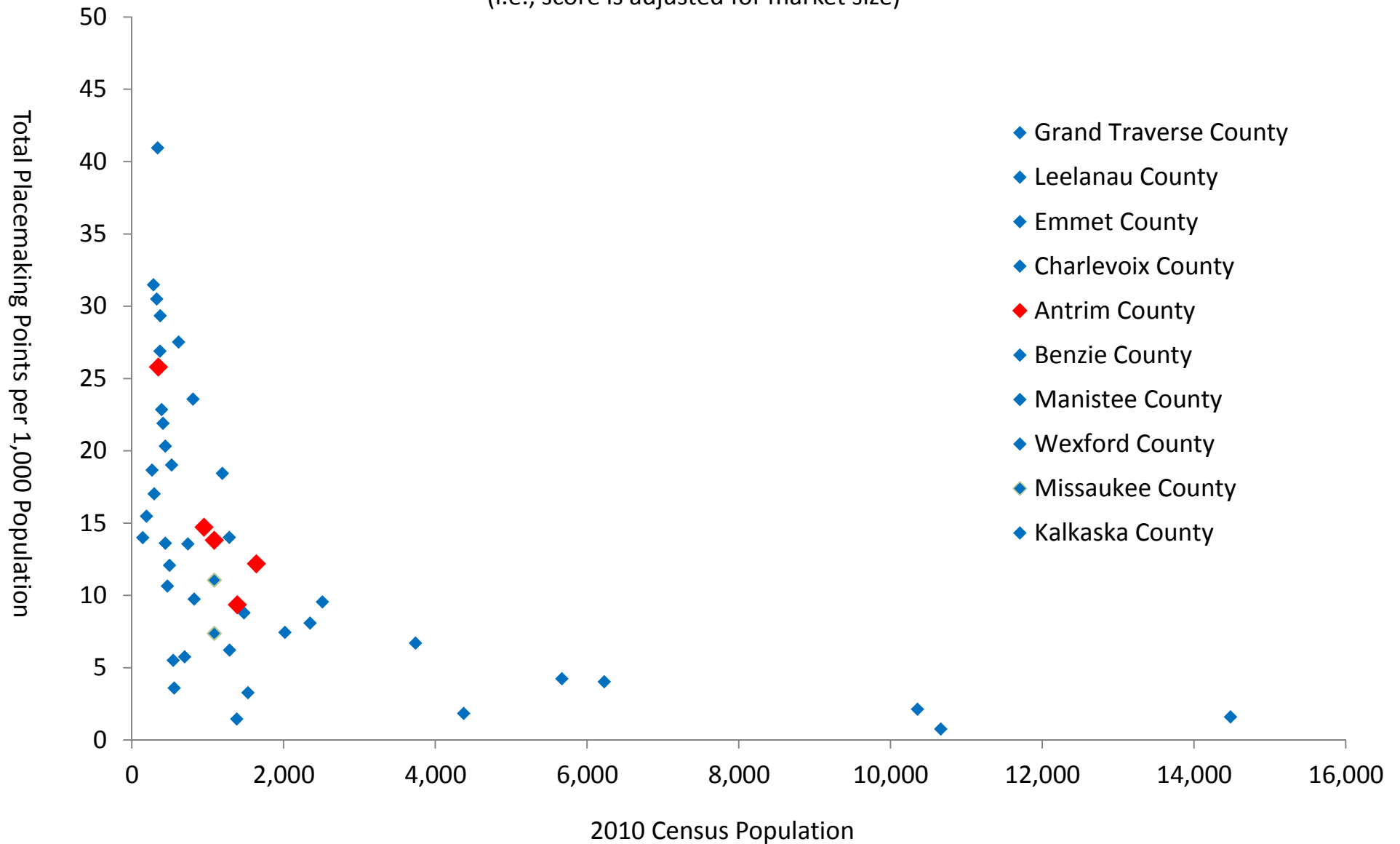
The assessment is based only on internet research, and have not been field verified.

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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)

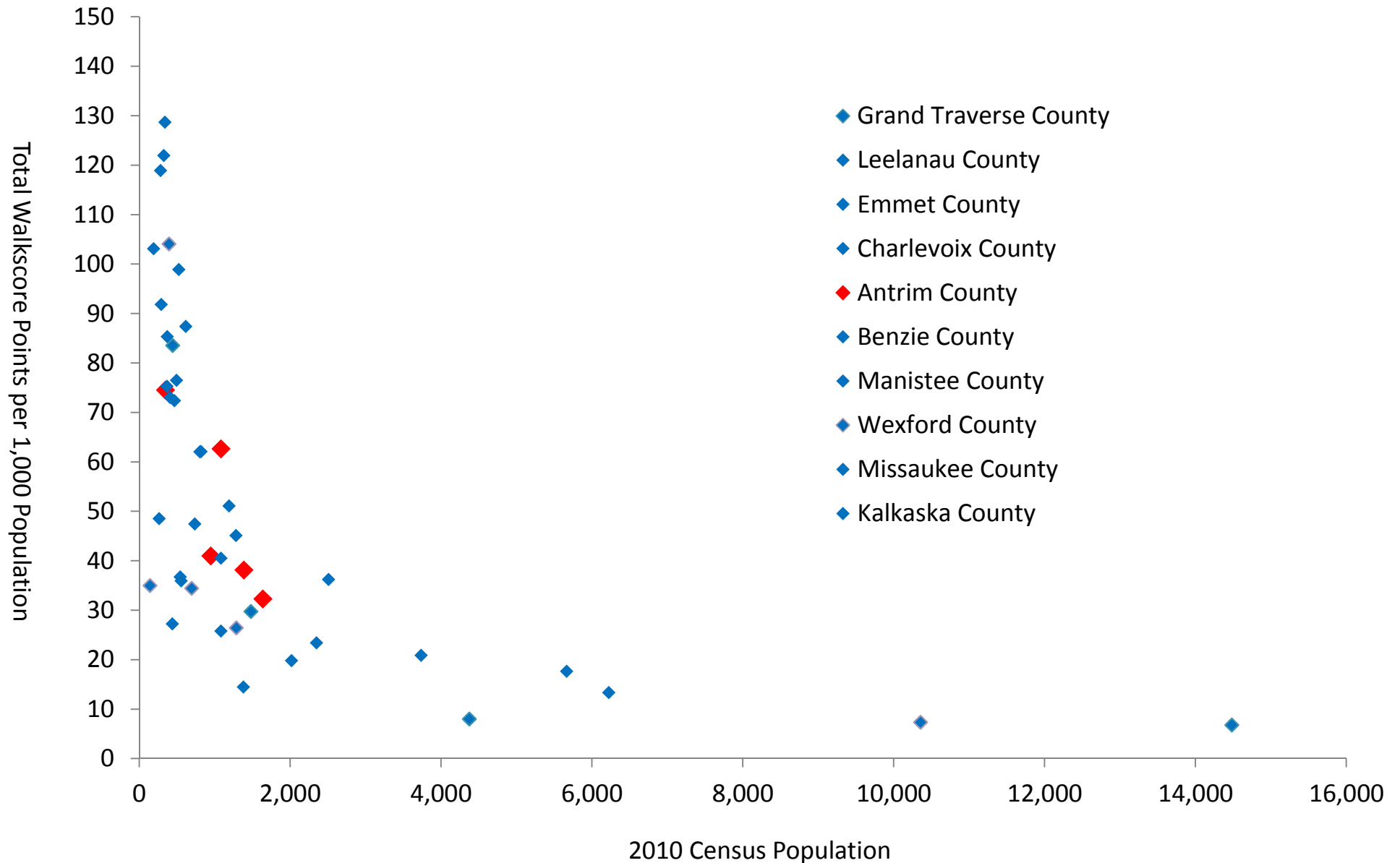
Exhibit B.9



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.10



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