

Target Market Analysis

Wexford County

Michigan

THE MARKET STRATEGY

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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

Networks Northwest

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:



Market Strategy Report

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Prepared for:



Prepared by:



Executive Summary

This Executive Summary of the Target Market Analysis for Wexford 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 13,321 households in Wexford County as of month-end June 2014. Of these, 4,299 households (32.3%) are located in Cadillac; 822 households (6.2%) are in within 2 miles of Haring Township; 479 households (3.6%) are in Manton, and the balance is in the other communities. A total of 47.2% of all households in the county reside in the 9 communities, and the remaining 52.8% are scattered throughout the surrounding rural areas.
- ❖ *Place Scores and Walk Scores* – Among the 5 communities in Wexford County, the City of Cadillac has the highest Walk Score (76 points out of a possible 100), and also has the highest Place Score (21 points out of a possible 30). The Village of Mesick also has a high Walk Score and Place Score relative to its size, and particularly when compared to the larger Village of Buckley.
- ❖ *Propensity to Move* – Among the 13,321 households currently residing in Wexford County, 428 of the owner households and 984 of the renter households moved in the past year. These figures include households that moved within Wexford County, plus households that moved into the county from beyond.
- ❖ *The Target Markets* – There are 4,336 existing households in Wexford County that align with the 12 target markets (i.e., household lifestyle clusters), and they represent about 33% of the county's total households. Among these 12 target markets, 220 of the owner households and 742 of the renter households moved in the past year.
- ❖ *Aggressive Scenario* – There is a maximum annual market potential throughout Wexford County for 220 new owner-occupied units and 742 new renter-occupied units, for a total of 962 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 4,810 units over the full 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 Cadillac, but if that city does not act to capture its 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 121 new owner-occupied units and at least 203 new renter-occupied units throughout Wexford County, for a total of at least 324 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 785 units over the 5-year term. Again, the conservative scenario is based on in-migration only, and does not include internal movers.
- ❖ *Owner-Occupied Values* – Under the conservative scenario there is an annual market potential for at least 121 new owner-occupied units throughout Wexford County, or a cumulative of 605 units over the next five years. The aggressive scenario or maximum market potential is about more than three times larger than these figures, and includes internal migration within the county as well as in-migration from beyond.
- ❖ *Owner-Occupied Prices* – Almost all of the target markets will seek home values of \$250,000 or less in 2012 dollars, which will be closer to \$275,000 by 2015, and will approach \$300,000 by the year 2020.
- ❖ *Renter-Occupied Units* – The conservative scenario generates a market potential for at least 203 renter-occupied units throughout Wexford County each year, or a cumulative total of 1,015 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 nearly three times larger 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 be closer to \$1,000 by 2015, and \$1,150 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, only 10% of the 203 new rental units should be priced at market rates and above; and 90% should be priced in more affordable ranges.
- ❖ *Detached Building Formats* – Among the annual market potential of 324 owner-occupied and renter-occupied units, over 60% of the new households will seek detached houses. Among new-builds, detached houses may include cottages with small footprints and lots, perhaps arranged around a shared courtyard. Detached houses could also be re-introduced by rehabilitating some of the existing stock within the urban neighborhoods.

- ❖ *Attached Building Formats* – Nearly 40% of the target markets moving into Wexford 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 125 attached units annually, or a cumulative of 625 attached units over the 5-year term.
- ❖ *A Focus on Product Types* – Strategy recommendations by product type should be refined by the developers and builders as needed for local context and place, and applying the urban transect as a general guide. Attached units may include a mix of duplexes, triplexes, quads, condos or row houses (no more than 6 units in a row, with private entrances), and stacked flats or lofts (no more than 6 units along the side of any given building, with shared entrances).
- ❖ *Downtown Formats* – Units above street-front retail and/or located in downtown districts will be well-received by the target markets. In transitional areas around the downtowns, low-rise buildings and row houses might be more appropriate. Detached houses, duplexes, and triplexes could be used as infill within the surrounding neighborhoods.
- ❖ *Unit Sizes and Amenities* – In the individual units, some of the floor area can be traded for unique amenities, quality construction, and modern interior treatments. However, every bedroom must have a full private bath, and 2-bedroom units must have a ½ bath near the entrance. Ideally, kitchens will be centrally located and facing outward onto an open floor plan, with bedrooms on opposite ends (i.e., not sharing common walls.) All units should have balconies or patios that can accommodate at least two chairs.
- ❖ *Construction Costs* – The average detached house built in Wexford County since 2010 has involved an investment in the range of \$120,000 to \$155,000. 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 Wexford 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 Missaukee and Kalkaska Counties for comparison purposes.

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

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

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

Place Score Criteria (30 points possible)

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

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

Place Score v. Market Size – Among all communities within the Northwest Michigan Prosperity Region, there is a correlation between the scores and the market size. If the scores are adjusted for the market size (or calculated based on the score per 1,000 residents), then the results reveal an inverse logarithmic relationship. Smaller markets may have lower scores, but their points per 1,000 residents tend to be higher. Larger markets have higher scores, but their points per 1,000 residents tend to be lower. These relationships are also shown on [Exhibit B.6](#) (Place Score) and [Exhibit B.7](#) (Walk Score).

Summary of Place Scores – In Wexford County, the City of Cadillac is the largest community and overshadows the other with a population of 10,356 residents (based on the 2010 census.) The City of Manton takes second place with a population of 1,287, and all of the other communities have populations of less than 1,000 residents. Their Place Scores should be evaluated with that in mind. For example, Cadillac has the highest Place Score of 21 points (out of 30 possible), but the Village of Mesick also has a good score (9 points) relative to its small population size (less than 500 residents).

The Cities of Cadillac and Manton – Since Cadillac and Manton are the county’s two largest community, we conducted an additional assessment of their market Strengths and Opportunities, which are summarized in the attached [Exhibit B.1](#) through [Exhibit B.3](#). The assessments describe the markets’ 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 Wexford County, which are shown on the attached [Exhibit A.1](#) map and listed in [Exhibit A.2](#).

Current Households – As shown in [Exhibit A.2](#), there are 13,321 households in Wexford County as of month-end June 2014. Of these, 4,299 households (32.3%) are located in Cadillac; 822 households (6.2%) are in within 2 miles of Haring Township; and 479 households (3.6%) are in Manton. A total of 47.2% of all households in the county reside in the 9 communities, and the remaining 52.8% are scattered throughout the surrounding rural areas.

Propensity to Move – Among the 13,321 households currently residing in Wexford County, 428 of the owner households and 984 of the renter households moved in the past year. Among 12 target markets (i.e., household lifestyle clusters), 220 of the owner households and 742 of the renter households moved in the past year. These figures include households that moved within Wexford County, plus households that moved into the county from beyond. They are also based on the movership rates of households in each target market, and weighted by their prevalence within Wexford 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 Wexford 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 4,336 existing households in Wexford County that align with the 12 target markets, and they represent about 33% 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 Wexford County’s 9 communities. For example, households in the K40 Bohemian Groove and L41 Booming and Consuming target markets are almost exclusively in Cadillac; whereas the O51 Digital Dependents also appear in Buckley, Haring, and Manton.

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

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

Aggressive Scenario – [Exhibit A.4](#) 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 also shown for each of the 12 target markets and all 12 combined.

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

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

Results of the aggressive scenario (see [Exhibit A.4](#)) reveal a maximum annual market potential throughout Wexford County for 220 new owner-occupied units and 742 new renter-occupied units, for a total of 962 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 4,810 units over the full 5-year term.

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

Most of the market potential is in Cadillac, but if that city does not act to capture its 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 Wexford County from beyond. The market potential is also detailed for owner and renter households. The market potential is also shown for each of the 12 target markets, with a total for all 12 combined.

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

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

Results of the conservative scenario (see [Exhibit A.6](#)) reveal an annual market potential for at least 121 new owner-occupied units and at least 203 new renter-occupied units throughout Wexford County, for a total of at least 324 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 785 units over the 5-year term.

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

Owner-Occupied Values – Under the conservative scenario there is an annual market potential for at least 121 new owner-occupied units throughout Wexford County, or a cumulative of 605 units over the next five years. [Exhibit A.8](#) provides details on how these units should be priced in Wexford 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 Wexford 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 \$275,000 by 2015, and will approach \$300,000 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 203 renter-occupied units throughout Wexford County each year, or a cumulative total of 1,015 units over the 5-year term (assuming that the potential is fully captured in each consecutive year).

Renter-Occupied Prices – With adjustments for income, all of the target markets will seek monthly contract rents of \$900 or less in 2012 dollars. These prices will be closer to \$1,000 per month by 2015, and \$1,150 per month by the year 2020. Similarly, at least one-third of the new households will be seeking monthly contract rents of \$500 or less 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 Cadillac and/or the City of Cadillac's downtown.

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 324 owner-occupied and renter-occupied units, over 60% 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 Wexford 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 9 communities (allocated by market size).

Attached Building Formats – As shown in the attached [Exhibit A.10](#), nearly 40% of the target markets moving into Wexford 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 125 attached units annually, or a cumulative of 625 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 Wexford County, Michigan

Target Markets		Conservative (minimum)		Aggressive (maximum)	
		Annual # Units	5-Years # Units	Annual # Units	5-Year # Units
O55	Family Troopers	49	250	180	900
S70	Tight Money	37	185	135	675
Q55	Senior Discounts	15	75	55	375
O51	Digital Dependents	8	40	30	150
K40	Bohemian Groove	7	35	25	125
M45	Infants, Debit Cards	3	15	11	55
N46	True Grit Americans	3	15	11	55
S68	Small Town, Pockets	<u>2</u>	<u>10</u>	<u>8</u>	<u>40</u>
Subtotal		125	625	455	2,275

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, and applying the urban transect as a general guide. Attached units may include a mix of duplexes, triplexes, quads, condos or row houses (no more than 6 units in a row, with private entrances), and stacked flats or lofts (no more than 6 units along the side of any given building, with shared entrances).

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

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

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

Contract Rent v. Gross Rent – [Exhibit A.11](#) shows that on average, gross rents in Wexford County represent about 32% 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 \$679 in 2012, and the median monthly contract rent is \$521. The difference of \$158 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 23% 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 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 Wexford County, this implies the following rents by affordability bracket (see [Table 3](#) on the following page).

Table 3
2014 HUD Income Limits and Affordable Rents
Wexford 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	\$36,100	\$41,200	\$46,400
Affordable Rent Limit (35% of income)			
Gross Rent	\$ 865	\$ 985	\$ 1,110
Other Fees	- \$ 200	- \$ 225	- \$ 255
Contract Rent	\$ 665	\$ 760	\$ 855

Based on the HUD income limits ([Exhibit A.12](#)) and annual market potential by contract rent bracket ([Exhibit A.9](#)), only 10% of the 203 new rental units should be priced at market rates and above; and 90% should be priced in more affordable ranges.

Construction Costs – This last section of the Executive Summary for the Wexford 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 Wexford County since 2010 has involved an investment in the range of \$120,000 to \$155,000.

Historically, per-unit investment into attached units has averaged between 66% and 85% of the investment in detached houses. As might be expected, the average costs per unit have been increasing over time, and has been a significant increase in cost (or investment) per unit since 2010. This is partly attributed to rising labor costs with recovery from the Great Recession, and also rising costs for lumber and materials.

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

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

Regional Comparisons

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

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

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

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

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

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

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

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

Contact Information

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

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

Wexford County

Michigan

THE MARKET STRATEGY

November 3, 2014



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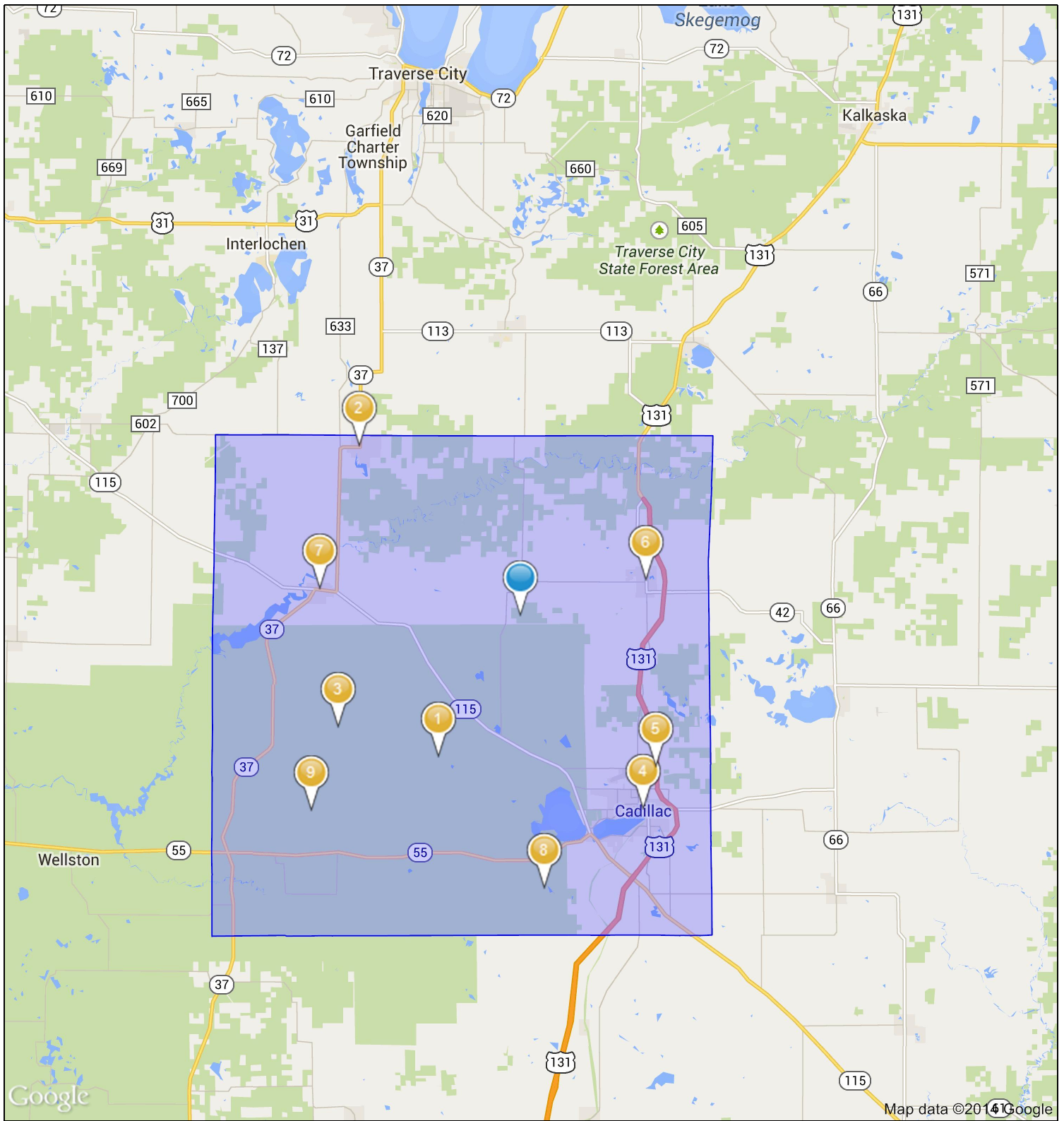


Prepared for:



Prepared by:





Wexford County, Michigan

Exhibit A.1



- | | |
|--------------|--------------|
| 1. Boon | 6. Manton |
| 2. Buckley | 7. Mesick |
| 3. Harrietta | 8. Wedgewood |
| 4. Cadillac | 9. Caberfae |
| 5. Haring | |

Existing PARAMETERS (in Households) through June 2014
Large and Small Urban Places - Wexford 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
WEXFORD COUNTY	4,336	100.0%	13,321	100.0%
Boon	4	0.1%	70	0.5%
Buckley	32	0.9%	263	2.0%
Caberfae	1	0.0%	26	0.2%
Harrietta	1	0.0%	64	0.5%
Cadillac	3,191	87.3%	4,299	32.3%
Haring Twp. 2 Miles	273	7.5%	822	6.2%
Manton	139	3.8%	479	3.6%
Mesick	9	0.2%	163	1.2%
Wedgewood	<u>4</u>	<u>0.1%</u>	<u>98</u>	<u>0.7%</u>
Subtotal	3,654	100.0%	6,284	47.2%
Inmigration - Owners	121		235	
Inmigration - Renters	203		270	
All Movers - Owners	220		428	
All Movers - Renters	742		984	

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 - Wexford 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
WEXFORD COUNTY	12	69	90	69	881	1,468	644	241	81	232	386	163
Boon	0	0	0	0	0	1	2	0	0	0	0	1
Buckley	0	0	0	0	0	0	25	4	0	0	0	3
Caberfae	0	0	0	0	0	0	1	0	0	0	0	0
Harrietta	0	0	0	0	0	0	1	0	0	0	0	0
Cadillac	0	57	46	68	818	1,218	243	142	67	168	339	25
Haring Twp. 2 Miles	0	0	0	5	54	128	21	3	3	12	46	1
Manton	0	0	0	0	35	1	33	10	0	7	35	18
Mesick	0	0	0	0	0	2	5	0	0	0	0	2
Wedgewood	0	0	0	0	0	2	1	0	0	0	0	1
Subtotal												
Immigration - Owners	0	0	2	1	26	41	37	0	1	1	11	0
Immigration - Renters	0	9	1	0	24	10	35	59	0	14	11	41
All Movers - Owners	0	0	4	2	48	74	68	0	2	2	20	0
All Movers - Renters	0	34	4	0	86	36	126	216	0	50	40	150

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 - Wexford 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	WEXFORD COUNTY	220	0	0	4	2	48	74	68	0	2	2	20	0
Renters	WEXFORD COUNTY	742	0	34	4	0	86	36	126	216	0	50	40	150
Total	WEXFORD COUNTY	962	0	34	8	2	134	110	194	216	2	52	60	150
Owners	Boon	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Boon	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Boon	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Buckley	2	0	0	0	0	0	1	1	0	0	0	0	0
Renters	Buckley	6	0	0	0	0	1	0	1	2	0	0	0	1
Total	Buckley	8	0	0	0	0	1	1	2	2	0	0	1	1
Owners	Caberfae	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Caberfae	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Caberfae	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Harrietta	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Harrietta	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Harrietta	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 - Wexford 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	Cadillac	192	0	0	3	2	42	65	59	0	2	2	17	0
Renters	Cadillac	648	0	30	3	0	75	31	110	189	0	44	35	131
Total	Cadillac	840	0	30	7	2	117	96	169	189	2	45	52	131
Owners	Haring Twp. 2 Miles	16	0	0	0	0	4	6	5	0	0	0	1	0
Renters	Haring Twp. 2 Miles	55	0	3	0	0	6	3	9	16	0	4	3	11
Total	Haring Twp. 2 Miles	72	0	3	1	0	10	8	14	16	0	4	4	11
Owners	Manton	8	0	0	0	0	2	3	3	0	0	0	1	0
Renters	Manton	28	0	1	0	0	3	1	5	8	0	2	2	6
Total	Manton	37	0	1	0	0	5	4	7	8	0	2	2	6
Owners	Mesick	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Mesick	2	0	0	0	0	0	0	0	1	0	0	0	0
Total	Mesick	2	0	0	0	0	0	0	0	1	0	0	0	0
Owners	Wedgewood	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Wedgewood	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Wedgewood	1	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 - Wexford 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	Consum-	Flower	Debit	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
Owners	WEXFORD COUNTY	121	0	0	2	1	26	41	37	0	1	1	11	0
Renters	WEXFORD COUNTY	203	0	9	1	0	24	10	35	59	0	14	11	41
Total	WEXFORD COUNTY	324	0	9	3	1	50	50	72	59	1	15	22	41
Owners	Boon	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Boon	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Boon	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Buckley	1	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Buckley	2	0	0	0	0	0	0	0	1	0	0	0	0
Total	Buckley	3	0	0	0	0	0	0	1	1	0	0	0	0
Owners	Caberfae	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Caberfae	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Caberfae	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Harrietta	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Harrietta	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Harrietta	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 - Wexford County, MI

Exhibit A.7

		Sum of	C12	K40	L41	L42	M45	N46	O51	O55	Q62	Q65	S68	S70
CONSERVATIVE Scenario		Total	Golf Carts,	Bohemian	Booming,	Rooted	Infants,	True Grit	Digital	Family	Reaping	Senior	Small	Tight
Tenure	(Per In-Migration Only)	12 Targets	Gourmets	Groove	Consum-	Flower	Debit	Americans	Depend-	Troopers	Rewards	Discounts	Town	Money
Owners	Cadillac	105	0	0	2	1	23	35	33	0	1	1	10	0
Renters	Cadillac	178	0	8	1	0	21	9	30	52	0	12	10	36
Total	Cadillac	283	0	8	3	1	44	44	63	52	1	13	19	36
Owners	Haring Twp. 2 Miles	9	0	0	0	0	2	3	3	0	0	0	1	0
Renters	Haring Twp. 2 Miles	15	0	1	0	0	2	1	3	4	0	1	1	3
Total	Haring Twp. 2 Miles	24	0	1	0	0	4	4	5	4	0	1	2	3
Owners	Manton	5	0	0	0	0	1	2	1	0	0	0	0	0
Renters	Manton	8	0	0	0	0	1	0	1	2	0	1	0	2
Total	Manton	12	0	0	0	0	2	2	3	2	0	1	1	2
Owners	Mesick	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Mesick	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	Mesick	1	0	0	0	0	0	0	0	0	0	0	0	0
Owners	Wedgewood	0	0	0	0	0	0	0	0	0	0	0	0	0
Renters	Wedgewood	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Wedgewood	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 Market Potential by Home Value for 12 Target Markets (in 2012 Constant Dollars)
Owner-Occupied Units for Wexford County, Michigan

Exhibit A.8

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	9	0	0	0	0	4	2	1	0	0	0	3	0
Owner	\$50 - \$74,999	27	0	0	0	0	10	7	5	0	0	0	5	0
Owner	\$75 - \$99,999	28	0	0	0	0	7	9	8	0	0	0	2	0
Owner	\$100 - \$149,999	37	0	0	1	0	4	15	15	0	0	0	1	0
Owner	\$150 - \$174,999	9	0	0	0	0	1	3	4	0	0	0	0	0
Owner	\$175 - \$199,999	5	0	0	0	0	0	2	2	0	0	0	0	0
Owner	\$200 - \$249,999	4	0	0	0	0	0	2	2	0	0	0	0	0
Owner	\$250 - \$299,999	2	0	0	0	0	0	1	1	0	0	0	0	0
Owner	\$300 - \$349,999	1	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$350 - \$399,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$400 - \$499,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$500 - \$749,999	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner	\$750,000+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	121	0	0	2	1	26	41	37	0	1	1	11	0
Median Home Value														
Owner	2012	--	\$261,189	\$110,943	\$146,396	\$112,145	\$70,838	\$104,322	\$108,042	\$100,141	\$182,846	\$90,299	\$65,098	\$85,869
Owner	2015	--	\$285,492	\$121,266	\$160,019	\$122,580	\$77,430	\$114,029	\$118,095	\$109,460	\$199,860	\$98,701	\$71,156	\$93,859
Owner	2020	--	\$316,865	\$134,592	\$177,603	\$136,051	\$85,938	\$126,559	\$131,073	\$121,488	\$221,823	\$109,548	\$78,975	\$104,173

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 Wexford County, Michigan

Exhibit A.9

Tenure	CONSERVATIVE	Sum of Total 12 Targets	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41	L42	M45	N46 True Grit Americans	O51	O55 Family Troopers	Q62 Reaping Rewards	Q65 Senior Discounts	S68	S70 Tight Money
	SCENARIO Contract Rent Brackets (2012 Constant Dollars)				Booming, Consum- ing	Rooted Flower Power	Infants, Debit Cards		Digital Depend- ents				Small Town Shallow Pockets	
Renter	<\$500	69	0	3	0	0	4	2	6	17	0	8	4	24
Renter	\$500 - \$599	52	0	3	0	0	6	3	8	16	0	3	3	9
Renter	\$600 - \$699	45	0	2	0	0	7	3	10	14	0	1	2	5
Renter	\$700 - \$799	29	0	1	0	0	6	2	7	9	0	0	1	3
Renter	\$800 - \$899	4	0	0	0	0	1	0	2	1	0	0	0	0
Renter	\$900 - \$999	4	0	0	0	0	1	0	1	1	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	203	0	9	1	0	24	10	35	59	0	14	11	41
Median Contract Rent														
Renter	2012	--	\$652	\$464	\$508	\$529	\$515	\$501	\$508	\$467	\$477	\$388	\$434	\$395
Renter	2015	--	\$712	\$507	\$555	\$578	\$563	\$547	\$555	\$511	\$521	\$424	\$475	\$432
Renter	2020	--	\$826	\$588	\$643	\$670	\$652	\$634	\$643	\$592	\$604	\$491	\$550	\$500

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 Wexford County, Michigan

Exhibit A.10

Tenure	CONSERVATIVE SCENARIO Units by Building Size	Sum of Total 12 Targets	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41	L42	M45	N46 True Grit Americans	O51	O55	Q62	Q65	S68	S70
					Booming, Consum- ing	Rooted Flower Power	Infants, Debit Cards		Digital Depend- ents	Family Troopers	Reaping Rewards	Senior Discounts	Small Town Shallow Pockets	Tight Money
Total	1 unit (house)	199	0	2	3	1	47	48	63	11	1	0	20	4
Total	2 units (duplex)	11	0	1	0	0	1	0	1	4	0	0	0	3
Total	3 units (triplex)	17	0	1	0	0	1	1	2	7	0	0	0	5
Total	4 units (quad)	9	0	1	0	0	0	0	1	4	0	0	0	2
Total	5 - 9 units	33	0	2	0	0	1	1	4	13	0	0	1	10
Total	10 - 19 units	13	0	1	0	0	0	0	0	6	0	2	0	5
Total	20 - 49 units	15	0	1	0	0	0	0	0	5	0	3	0	6
Total	50 - 100 units	11	0	0	0	0	0	0	0	3	0	4	0	3
Total	101+ units	<u>16</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>2</u>
	Total	324	0	9	3	1	50	50	72	59	1	15	22	41
Total	Detached Units	199	0	2	3	1	47	48	63	11	1	0	20	4
Total	Attached Units	<u>125</u>	<u>0</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>8</u>	<u>49</u>	<u>0</u>	<u>15</u>	<u>2</u>	<u>37</u>
	Total	324	0	9	3	1	50	50	72	59	1	15	22	41

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

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

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

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

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

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

Exhibit A.12

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

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

Construction Costs Per Approved Building Permits
Wexford 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	17	\$2,396,000	\$140,900	11	\$3,443,312	\$313,000	2.22
2012	20	\$3,098,600	\$154,900	9	\$2,817,255	\$313,000	2.02
2011	27	\$3,363,994	\$124,600	8	\$2,504,227	\$313,000	2.51
2010	39	\$4,674,852	\$119,900	--	--	--	--
2009	26	\$2,551,302	\$98,100	--	--	--	--
2008	58	\$7,300,143	\$125,900	--	--	--	--
2007	93	\$10,207,959	\$109,800	4	\$523,000	\$130,800	1.19
2006	144	\$16,394,180	\$113,800	82	\$4,425,000	\$54,000	0.47
2005	227	\$25,153,412	\$110,800	72	\$4,889,250	\$67,900	0.61
2004	212	\$24,857,891	\$117,300	4	\$315,000	\$78,800	0.67
2003	206	\$24,367,962	\$118,300	14	\$955,938	\$68,300	0.58
2002	189	\$19,893,087	\$105,300	28	\$2,573,000	\$91,900	0.87
2001	172	\$15,698,768	\$91,300	44	\$2,674,108	\$60,800	0.67
2000	164	\$14,276,859	\$87,100	62	\$5,310,000	\$85,600	0.98
All Years	1,594	\$174,235,009	\$109,300	338	\$30,430,090	\$90,000	0.82
2007-13	280	\$33,592,850	\$120,000	32	\$9,287,794	\$290,200	2.42
2000-06	1,314	\$140,642,159	\$107,000	306	\$21,142,296	\$69,100	0.65

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 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
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 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
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

Wexford County

Michigan

PLACEMAKING

November 3, 2014



B



Prepared for:



Prepared by:



Strengths

- *Connectivity* – Cadillac is located directly off of US 131 on Business US 131 in the Northwestern part of Michigan's Lower Peninsula, and is well positioned between Grand Rapids (1.5 hours) and Traverse City (1 hour) as well as other points in the northern part of the state such as Mackinaw City (just over 2 hours). About 19,000 vehicles pass through Cadillac on Business US 131 daily. A subarea of Cadillac, called Cadillac West, is a small commercial area that sits on the west side of Lake Cadillac where M-55 intersects M-115.
- *Michigan's Blue Economy* – Lake Cadillac and Lake Mitchell helps sustain a thriving tourism industry in Cadillac. People come to the community year-round to enjoy activities such as fishing, boating, swimming, kayaking and canoeing, ice fishing, and snowmobiling. Cadillac boasts a scenic 7 mile paved path around Lake Cadillac for running, biking, walking, and skating.
- *Natural Resources* – Cadillac has 500,000 acres of state and national forest nearby, such as the Manistee National Forest (10 minutes), William Mitchell State Park (10 minutes), and the Cadillac State Forest Area (45 minutes), and the region offers diverse opportunities for biking, hiking, boating, golfing, snowmobiling, skiing, and snowshoeing.
- *Tourism* - Tourism is a vital component of Cadillac's economic health. Cadillac is a four-season destination for vacationers and outdoor enthusiasts, due in large part to the natural assets found in the area.
- *Advanced Education* – Baker College calls Cadillac home, and is an open enrollment college. Ferris State University is 30 minutes south of Cadillac in Big Rapids, providing even more access to higher education.
- *Anchor Institutions* – Several entities in Cadillac play a large role in Cadillac's economic development, such as Mercy Hospital Cadillac (recently purchased by Munson Medical Center), Wexford County Airport, the Wexford County offices, the National Guard Armory, Caberfae Peaks Ski and Golf Resort, and the Eldorado Golf Resort. The agricultural industry is also an integral part of Cadillac, and takes the form of Christmas tree farming.
- *Downtown Business Mix* – Cadillac's historic downtown district contains a movie theater, gift shops, restaurants, a bookstore, specialty food stores, jewelers, clothing retailers and various other businesses. The Courthouse Hill Historic District, established in April 2005, lies adjacent to the city's commercial center and contains a number of large Victorian-style residences. Population and building density is highest in this area.
- *Streetscape* – The commercial center is located on the eastern edge of Lake Cadillac. Most downtown buildings range from two to five stories in height and face the traditional corridor of travel through town, Mitchell Street, which is the city's tree-lined main street. The Cadillac DDA, in partnership with the City of Cadillac and the Cadillac Downtown Fund, has created a Downtown Façade Improvement Program that stimulates façade design improvements in a coordinated fashion, and stresses overall compatibility with downtown structures.
- *Public Transit* – Cadillac is served by the Cadillac Wexford Transit Authority that offers a dial-a-ride service, as well as a scheduled service to the Traverse City Mall.

Opportunities

- *Downtown Investment and Economic Development Initiatives* – Based on the city’s website, this could be a lucrative market for businesses and developers seeking investment opportunities in the downtown. There are many available properties in the downtown core that might be ripe for development. In addition, there are other initiatives in place, such as the Retail Bounty Program, public infrastructure improvements, the Façade Improvement Program, and the Elevator Grant Program that offer economic support to those wanting to invest in Cadillac’s downtown.
- *Creation of a Master Plan* – A Master Plan for the City of Cadillac would complement the work being done by many organizations that are invested in downtown development by assisting in the determination of where that development should happen, and what it should look like. A Master Plan would allow the City to plan appropriately for the potential impacts of tourism, development and growth.
- *Local Public Transit with a Regular Schedule* – The City of Cadillac could potentially be large enough to run a regular bus schedule in order to accommodate the workforce.

Strengths

- *Connectivity* – Manton is located 10 miles north of Cadillac at the crossroads of Business US 131 and M-42, or 35 miles southeast of Traverse City. An average of 6,000 vehicles per day travel through Manton on Business US 131.
- *Michigan's Blue Economy* – Lake Billings is nestled in the City of Manton and provides fishing, swimming beaches, boating, canoeing and campgrounds. There are several local streams feeding the Manistee River system, which crosses US-131 approximately 6 miles north of Manton. There are state campgrounds on the Manistee River, with opportunities for fishing, tubing, canoeing and wildlife watching. Manton is also only 45 minutes from Traverse City and all of the water amenities that the Bay Area has to offer.
- *Natural Resources* – Manton has nearly 500,000 acres of state and national forest nearby, such as the Pere Marquette State Forest (3 miles), Manistee National Forest (3 miles), and William Mitchell State Park (20 minutes), and the region offers diverse opportunities for biking, hiking, boating, golfing, snowmobiling, skiing, and snowshoeing.
- *Tourism* – Manton is a four-season destination for vacationers and outdoor enthusiasts, due in large part to the natural assets found in the area. The area is especially known for its snowmobile trails that crisscross Wexford County and run throughout the City of Manton.
- *Advanced Education* – Baker College calls Cadillac home, and is only 15 minutes south of Manton. Ferris State University is 45 minutes south of Manton in Big Rapids, providing even more access to higher education.
- *Public Transit* – Indian Trails provides daily intercity bus service between Grand Rapids and Petoskey; Manton is also served by the Cadillac Wexford Transit Authority that offers a dial-a-ride service.

Opportunities

- *Engage travelers on US 131* – Manton 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, such as gas options, restaurants, and lodging.
- *Creation of a Master Plan* – Because of the size of the City, there is an opportunity to create a Master Planning document in order to plan appropriately for the potential impacts of tourism, development and growth.
- *Marketing Opportunities* – The City is home to businesses that have a year round draw, and there could be an opportunity to market the area as a winter destination with the miles of snowmobiling trails as key focal point.
- *Economic Growth Initiatives* – Based on the format of the City's main street, there might be an opportunity for new businesses and entrepreneurs to relocate to the downtown area of the City. This might also allow for the creation of a Downtown Development Authority.

Place Scores

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

Exhibit B.4

	City of Cadillac	City of Manton	Village of Buckley	Village of Mesick	Village of Harrietta
2010 Census Population	10,356	1,287	697	394	143
City/Village-Wide Planning Documents					
1 City-Wide Master Plan (not county)	0	0	0	1	0
2 Has a Zoning Ordinance Online	1	1	0	0	0
3 Considering a Form Based Code	0	0	0	0	0
Downtown Planning Documents					
4 Established DDA	1	0	0	0	0
5 DT Master Plan, Subarea Plan	0	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	0	0	0	0
10 Façade Improvement Program	1	0	0	0	0
Downtown Organization and Marketing					
11 Designation as a Michigan Cool City	1	0	0	0	0
12 Member of Michigan Main Street	0	0	0	0	0
13 Main Street 4-Point Approach	0	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	1	0	0	0	0
16 Chamber or CVB Website	1	1	0	0	0
17 Facebook	1	1	0	0	0
Subtotal Score (17 points possible)	9	4	1	2	0

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.5

Place Scores

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

Jurisdiction Name	City of Cadillac	City of Manton	Village of Buckley	Village of Mesick	Village of Harrietta
2010 Census Population	10,356	1,287	697	394	143
Unique Downtown Amenities					
1 Cinema/Theater, Playhouse	1	0	0	0	0
2 Waterfront Access/Parks	1	1	0	0	0
3 Established Farmer's Market ²	1	1	0	0	0
4 Summer Music in the Park	1	0	0	0	0
5 National or Other Major Festival	1	0	0	1	0
Downtown Street and Environment					
6 Street Views by GoogleEarth	1	1	1	1	1
7 Angle Storefront Parking	1	0	0	1	0
8 Walk Score/1,000 is 40 or Higher	0	0	0	1	1
9 Off Street Parking is Evident	1	0	0	1	0
10 2-Level Scale of Historic Buildings	1	0	0	0	0
11 Balanced Scale 2 Sides of Street	1	0	0	0	0
12 Pedestrian Crosswalks, Signaled	1	1	1	1	0
13 Two-way Traffic Flow	1	1	1	1	1
Subtotal Score (13 points possible)	12	5	3	7	3
Total Score (30 Points Possible)	21	9	4	9	3
Points per 1,000 Residents	2	7	6	23	21
Reported Walk Score (avg. = 42)	76	34	24	41	10
Walk Score per 1,000 Residents	7	26	34	104	70

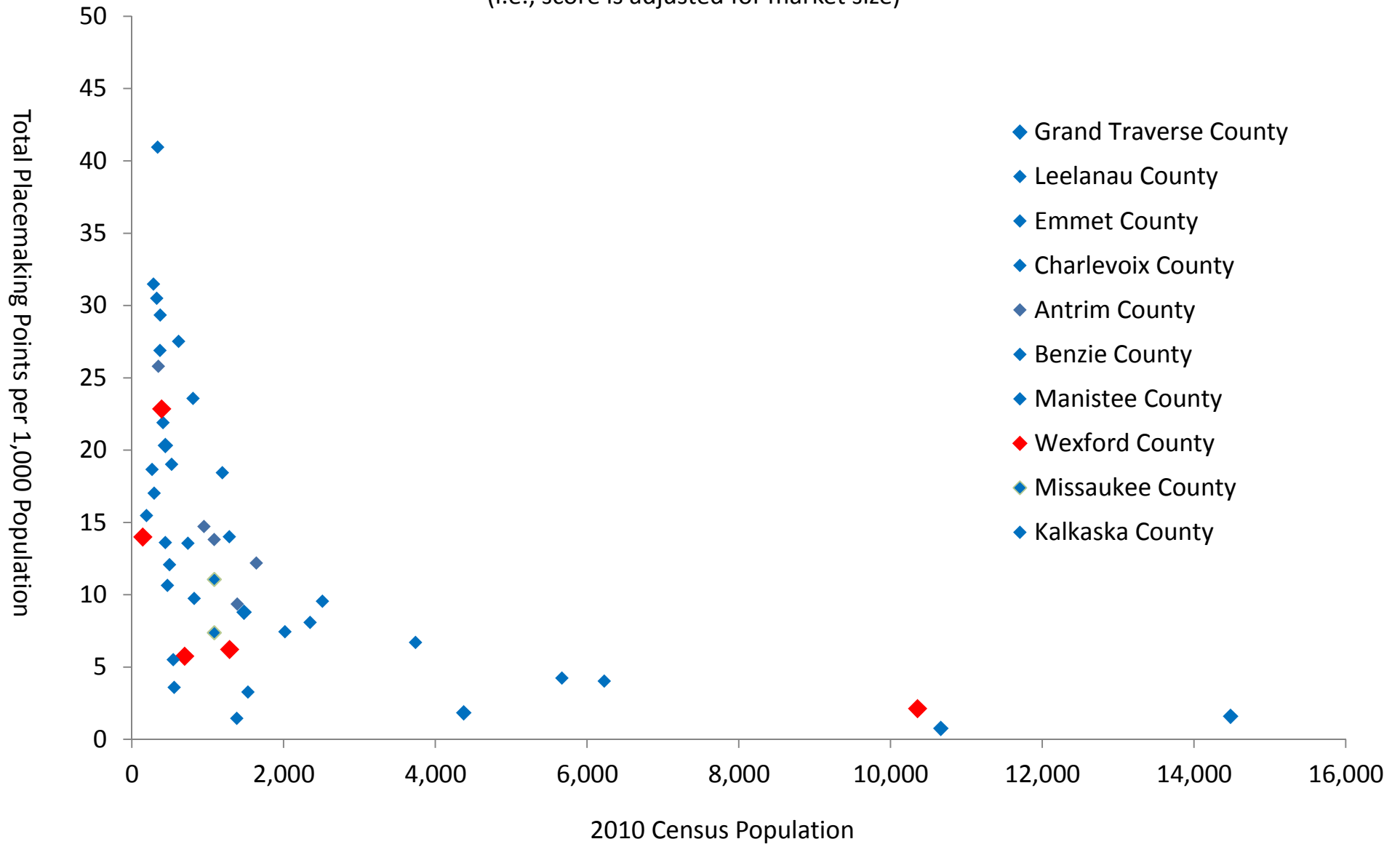
The assessment is based only on internet research, and have not been field verified.

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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)

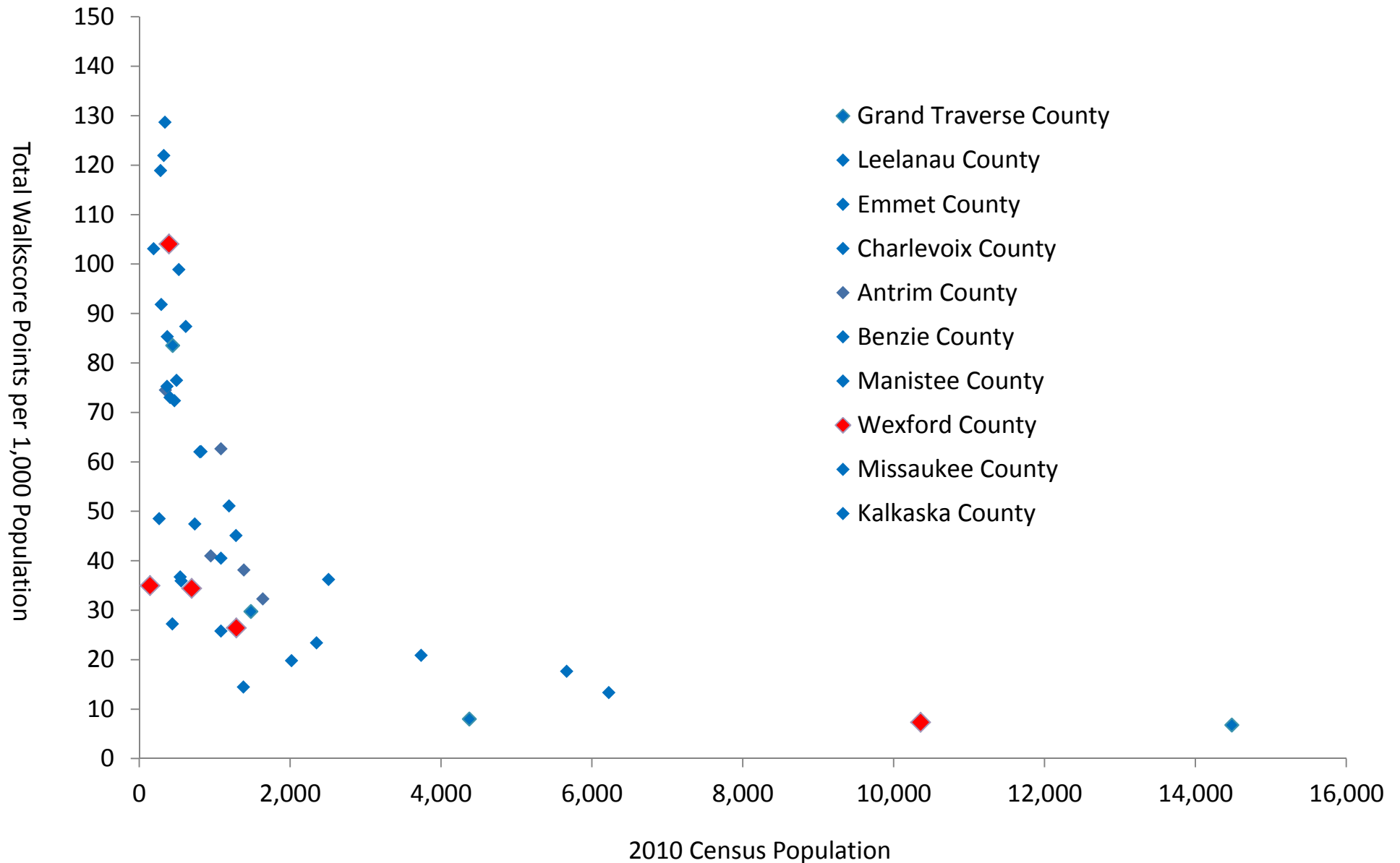
Exhibit B.6



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.7



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