



City of Petoskey

Agenda

CITY COUNCIL

December 2, 2019

Special Meeting

1. Call to Order – 6:00 P.M. - City Hall Council Chambers
2. Recitation - Pledge of Allegiance to the Flag of the United States of America
3. Roll Call
4. New Business – Hear presentation by Dan Leonard, MEDC representative, and discuss the Redevelopment Ready Communities Program
5. Adjournment



City of Petoskey

Agenda Memo

BOARD: City Council

MEETING DATE: December 2, 2019 – **6:00 P.M.** **PREPARED:** November 22, 2019

AGENDA SUBJECT: Presentation/Discussion on the Redevelopment Ready Communities Program

RECOMMENDATION: That the City Council hear presentation

Dan Leonard from MEDC will provide an overview of the City's progress in the program and how the identification of priority sites assists redevelopment of said sites.

Enclosed are fact sheets on several MEDC programs and the City Economic Development Strategic Plan.

at
Enclosures

CORE COMMUNITIES

In June of 2000, the State of Michigan initiated an effort to spur private development in its urban communities and traditional centers of commerce. The incentives, unique to core communities, target critical needs of older communities through new housing development, redevelopment of obsolete facilities and development of contaminated properties.

The core communities designation provides the community with three economic development tools:

Brownfield Redevelopment Incentives

Core communities have the ability to use brownfield tools not only on contaminated property, but blighted and functionally obsolete sites as well. In addition, the tax increment financing component can pay for demolition, site preparation, public infrastructure and lead and asbestos abatement, as well as environmental remediation.

Neighborhood Enterprise Zones

This program provides property tax incentives for new home construction and home rehabilitation. For new home construction, instead of the full millage rate, the new home

is taxed at half of the statewide average. For rehabilitation projects, the assessment is frozen at pre-improvement levels. Each of these abatements can be approved for six to 15 years. Land is not abated.

Obsolete Property Rehabilitation Exemption

Available only in core communities, this incentive is designed to assist in the redevelopment of contaminated, blighted and functionally obsolete properties. The goal is to convert these underutilized buildings into vibrant commercial and/or commercial housing opportunities. The incentive offers the community the ability to freeze local property taxes at the pre-development level for up to 12 years. The developer can also apply to the state treasurer to freeze half of the state education millage for up to six years. Land is not abated.

CONTACT INFORMATION

For more information on core communities and the unique incentives available in those areas, contact the [Community Assistance Team specialist](#) assigned to your territory or visit www.miplace.org.

QUALIFIED LOCAL GOVERNMENTAL UNITS

OBSOLETE PROPERTY REHABILITATION ACT (OPRA) PA 146 OF 2000, AS AMENDED

Section 2(k) of the act gives the qualifications which must be met in order for a local unit to be a qualified local governmental unit. There are separate qualifications for cities, townships and villages.

TOWNSHIPS

Benton Charter Twp.
(Berrien County)
Bridgeport Twp.
(Saginaw County)
Buena Vista Charter Twp.
(Saginaw County)
Genesee Twp.
(Genesee County)
Leoni Twp. (Jackson County)
Mt. Morris Charter Twp.
(Genesee County)
Redford Charter Twp.
(Wayne County)
Royal Oak Charter Twp.
(Oakland County)

VILLAGES

Baldwin
Lake County

CITIES

Adrian
Albion
Allegan
Alma
Alpena
Ann Arbor
Bad Axe
Bangor
Battle Creek
Bay City
Benton Harbor
Bessemer
Big Rapids
Bronson
Buchanan
Burton
Cadillac
Caro
Carson City
Caspian
Center Line
Charlevoix
Charlotte
Cheboygan
Coldwater
Coleman
Corunna
Crystal Falls
Dearborn
Dearborn Heights
Detroit
Dowagiac

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

CITIES *continued*

Durand	Holland	Menominee	Saginaw
East Lansing	Houghton	Midland	St. Ignace
Eastpointe	Howell	Monroe	St. Johns
Ecorse	Inkster	Montrose	St. Joseph
Escanaba	Ionia	Mt. Clemens	St. Louis
Ferndale	Iron Mountain	Mt. Morris	Sandusky
Flint	Iron River	Mt. Pleasant	Sault Ste. Marie
Frankfort	Ironwood	Munising	Southfield
Gaastra	Ishpeming	Muskegon	Standish
Gaylord	Ithaca	Muskegon Hts.	Stanton
Gibraltar	Jackson	Niles	Sturgis
Gladstone	Kalamazoo	Norton Shores	Tawas City
Gladwin	Kingsford	Norway	Taylor
Grand Haven	Lake City	Oak Park	Three Rivers
Grand Rapids	Lansing	Olivet	Trenton
Grayling	Lapeer	Omer	Traverse City
Hamtramck	Lincoln Park	Onaway	Vassar
Harbor Beach	Livonia	Owosso	Wakefield
Harper Woods	Ludington	Petoskey	Warren
Harrison	Madison Heights	Pinconning	Wayne
Harrisville	Manistee	Pontiac	West Branch
Hart	Manistique	Port Huron	White Cloud
Hartford	Marine City	Portage	Whittemore
Hastings	Marquette	Reading	Wyandotte
Hazel Park	Marshall	Reed City	Wyoming
Highland Park	Mason	River Rouge	Ypsilanti
Hillsdale	Melvindale	Rogers City	

148 TOTAL QUALIFYING COMMUNITIES

Adopted by the State Tax Commission on August 23, 2016.

COMMERCIAL REHABILITATION ACT

[Public Act 210 of 2005](#), as amended, encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years. As defined, commercial property is a qualified facility that includes a building or group of contiguous buildings of commercial property that is 15 years or older, of which the primary purpose is the operation of a commercial business enterprise or multifamily residential use. A qualified facility may also include vacant property or other commercial property which, within the immediately preceding 15 years, was commercial property. Types of commercial business enterprises include office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Multi-family residential is housing that consists of five or more units. Commercial properties allocated new market tax credits are also considered a qualified facility.

Qualified retail food establishments are considered a qualified facility for purposes of granting the tax abatement. These establishments include a retail supermarket, grocery store, produce market, or delicatessen that offer unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public. The qualified retail food establishment must be located in a “core community” as defined in the Obsolete Property Rehabilitation Act (PA 146 of 2000) or in an area designated as rural as defined by the United States Census Bureau and is located in an underserved area.

Commercial property does not include property that is to be used as a professional sports stadium or a casino. Land and personal property are not eligible for abatement under this act.

Note: This document is offered as a general guide only and the legislation should be reviewed by local officials.

WHO IS ELIGIBLE?

“Qualified local government units” mean any city, village or township.

WHAT IS REHABILITATION?

Rehabilitation is defined as changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. The new investment in the rehabbed property must result in improvements aggregating to more than 10 percent of

the true cash value of the property at commencement of the rehabilitation of the qualified facility. Rehabilitation includes the following: improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition.

Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if the new construction is an economic benefit to the local community as determined by the qualified local governmental unit.

Rehabilitation for a qualified retail food establishment also includes new construction.

WHAT IS THE PROCESS?

Before the Commercial Rehabilitation Exemption Certificate (i.e., property tax abatement) can be granted to the commercial property owner, the city, village or township by resolution of its legislative body, must establish a Commercial Rehabilitation District. The establishment of the district may be initiated by the local government unit or by owners of property comprising 50 percent of all taxable value of the property in the proposed district. The district must be at least three acres in size unless it is located in a downtown or business area or contains a qualified retail food establishment.

The city, village or township must hold a hearing to establish a Commercial Rehabilitation District. Notification of the hearing must be given to the county board of commissioners and all real property owners in the proposed district.

After the hearing is held and the local unit of government determines the district meets the requirements of the act, a copy of the resolution adopting the district shall be provided to the county where the district is established. Within 28 days, the county may accept or reject the establishment of the district. In a county with a county executive, the executive can write a letter rejecting the establishment of the district. In all other counties, the county board of commissioners can pass a resolution rejecting the establishment of the district.

Once the district is established, the property owners may file an application with the local clerk for a commercial rehabilitation exemption certificate. Applications are available from the Michigan Department of Treasury. The local clerk shall provide written notification to the assessor of the local unit of government and each taxing jurisdiction that levies ad valorem property taxes of the application hearing. The city, village or township has 60 days after receipt of the application to either approve or disapprove the application. If denied, a reason must be given in the resolution. The assessor and applicant shall be sent a copy of the unapproved resolution by certified mail. If approved, the application and resolution must be sent to the State Tax Commission, which will certify or deny the application within 60 days. A resolution is not effective unless approved by the State Tax Commission.

COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE

Upon approval by the State Tax Commission, a commercial rehabilitation certificate is issued. The property owner must pay a Commercial Rehabilitation Tax rather than the normal property tax. The certificate must be issued for a period of at least one year, but cannot exceed 10 years. Certificates initially issued for less than 10 years may be extended, but shall not exceed 10 years. The criteria for extensions must be included in the resolution approving the abatement.

The Commercial Rehabilitation Tax freezes the taxable value of the building and exempts the new investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act.

DISCUSSION

In addition to the Commercial Rehabilitation Act (PA 210 of 2005), several other property tax abatements are available for the rehabilitation of commercial property in Michigan, including the Commercial Redevelopment Act (PA 255 of 1978) and the Obsolete Property Rehabilitation Act (PA 146 of 2000). Each act has unique eligibility requirements, processes, and lengths and terms of the abatement. Please refer to the Michigan Economic Development Corporation (MEDC) fact sheet for more information on each program and consult the authorizing statute to determine the best fit for your project needs.

SUPPORTING STATUTE

[Public Act 210 of 2005: Commercial Rehabilitation Act](#)

CONTACT INFORMATION

For more information on the Commercial Rehabilitation Act, contact the [Community Assistance Team \(CAT\) specialist](#) assigned to your territory or visit www.miplace.org.

COMMUNITY DEVELOPMENT BROWNFIELD PROGRAM OVERVIEW

The Brownfield Program uses tax increment financing (TIF) to reimburse brownfield related costs incurred while redeveloping contaminated, functionally obsolete, blighted or historic properties. It is also responsible for managing the Single Business Tax and Michigan Business Tax Brownfield Credit legacy programs (SBT/MBT Brownfield Credits).

The Michigan Strategic Fund (MSF) with assistance from the Michigan Economic Development Corporation (MEDC), administers the reimbursement of costs using state school taxes (School Operating and State Education Tax) for non-environmental eligible activities that support redevelopment, revitalization and reuse of eligible property. The MEDC also manages amendments to SBT/MBT Brownfield Credit projects approved by MSF. The Michigan Department of Environmental Quality (MDEQ) administers the reimbursement of environmental response costs using state school taxes for environmental activities, and local units of government sometimes use only local taxes to reimburse for eligible activities (i.e., “local-only” plans). The state statutory authority for the Brownfield Redevelopment Financing Act program is Act 381 of 1996, as amended (Act 381).

Two categories of eligible activities under TIF are available across the state; demolition and lead and asbestos abatement. Two additional eligible activities are available in any qualified local government unit¹ (QLGU) or on property owned by a land bank; site preparation and infrastructure improvements. Land banks may also be reimbursed for costs related to conveying and managing property that is in their possession. The non-environmental program generally targets industrial site reuse, and urban development with mixed-use components.

The Brownfield Redevelopment Authority (BRA) is the local jurisdiction entity that manages the development of brownfield plans. After approval of a brownfield plan by the local governing body, the BRA may request capture of state school taxes via a work plan submitted to the MEDC and/or MDEQ. There are 295 BRAs in Michigan, and approximately 467 brownfield plans that are active or have been completed across the state (as reported to the MEDC in September 2015). These

authorities vary in terms of their participation with MSF and/or MDEQ to request state school taxes for TIF reimbursement.

MEDC staff recommends policy documents, school tax capture work plans, school tax capture amendments and amendments to SBT/MBT brownfield credits to the MSF for consideration. The MEDC manages all work plans and SBT/MBT brownfield credits approved by the board, including assuring reporting obligations and compliance.

Eligible program uses under TIF include:

- Demolition
- Lead and asbestos abatement
- Site preparation
- Infrastructure improvements
- Assistance to land banks and local government units

Eligible program uses under legacy SBT/MBT Brownfield Credits include:

- Demolition
- Lead and asbestos abatement
- Building renovation
- New construction
- Purchased or leased equipment

TAX INCREMENT FINANCING PROCESS

The work plan submission and approval is a multiple step process. Work plans are received on an ongoing basis and eligible activities must be in accordance with the Act 381 guidance issued by MEDC. Once a project is identified, the BRA or local government representative works with MEDC staff to perform the following steps:

I. Initial evaluation

- a. Project scoping and submittal of a draft work plan and other supporting documentation provided to MEDC community assistance team or business development manager to determine initial support.
- b. MEDC leadership consideration of initial support and if supported, letter of interest provided.

¹As defined in PA 146 of 2000, MCL 125.2781 to 125.2797

II. Work plan submission, review and MSF consideration

- a. BRA or local government representative submits a work plan or amended work plan, brownfield plan, approving resolutions, transmittal letter, and executed reimbursement agreement to MEDC after project is approved by local governing body.
- b. Due diligence performed to verify that BRA is compliant with Act 381 reporting requirements. MEDC staff reviews proposed eligible activities for compliance with MSF guidance, and makes a recommendation to the MSF board or delegated representative.
- c. MSF board or delegated representative determines support for the project.
- d. Local government unit administers TIF capture and is subject to reporting requirements.

III. Reporting requirements (TIF work plans only)

- a. BRA submits information annually to MEDC via online portal for each project currently collecting tax increment revenue
- b. MEDC and MDEQ compiles information and provides report to legislature.

SBT/MBT BROWNFIELD CREDITS

I. Amendments

- a. Amendment application is submitted and amendment request is vetted by brownfield program staff and brownfield program leadership.
- b. If amendment is supported, remaining amendment request forms and any other materials required for review is submitted to brownfield program staff.
- c. MSF board or delegated representative determines support for the project.

II. Project completion

- a. Qualified taxpayer sends certificate of completion request to MEDC brownfield staff.
- b. Certificate of completion request is reviewed and sent to MEDC compliance for review.
- c. If certificate of completion request fulfills statutory requirements, certificate of completion is issued. Qualified taxpayer may then submit the certificate of completion to Department of Treasury for refund, or tax abatement

CONTACT INFORMATION

For more information, contact the MEDC customer contact center at 517.373.9808.

MICHIGAN COMMUNITY REVITALIZATION PROGRAM

The Michigan Community Revitalization Program (MCRP) is an incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC). The focus of the MCRP is to encourage and promote structural renovations and redevelopment of brownfield and historic preservation sites located in traditional downtowns and high-impact corridors. MCRP provides gap financing in the form of performance-based grants, loans, or other economic assistance for eligible investment projects in Michigan.

WHO IS ELIGIBLE?

A person or multiple persons may apply to the MSF for approval of MCRP incentives associated with a project.

ELIGIBLE PROPERTY

Any property meeting one or more of the following conditions (MCL 125.2090a[e]):

- Facility;
- Historic resource;
- Blighted;
- Functionally obsolete;
- Neighborhood and Commercial Corridor Food Initiative;
- Adjacent or Contiguous;
- Any Other Property; promoting community development as determined by the MSF Board.

ELIGIBLE INVESTMENT

Eligible investment to an eligible property is considered based on one or more of the following categories as further determined by the MSF Board (MCL 125.2090a[d]):

- Any alteration, construction, improvement, demolition or rehabilitation of buildings;
- Site improvement;
- The addition of machinery, equipment or fixtures; and
- Architectural, engineering, surveying and similar professional fees for a project including third-party green building certification.

PROGRAM PROVISIONS AND GUIDELINES

MSF support for a single project shall not exceed 25% of the eligible investment, and in no event shall the MSF support exceed a total of \$10,000,000 for any project (including any combination of loan, grant or other economic assistance). However, in a city, village, or township with a population of 15,000 or less (based on the most recent federal decennial census), the amount of community revitalization incentives for a project shall not exceed 50% of a project's eligible investment up to \$10,000,000. Additionally, the statute also allows that annually the MSF or its delegates may consider support for up to three single projects that shall not exceed 50% of the eligible investment for the specific purpose of historic preservation. Further, no part of the MSF support that is in the form of a grant shall exceed \$1,500,000 for any project.

The MSF shall consider the following factors (as applicable) when considering a project for MSF support:

1. The applicant's financial need for the incentive and whether the project is financially and economically sound;
2. The importance of the project to the community, the amount of local financial support to the project, and the level of private sector and other contributions to the project, such as federal tax credits;
3. Whether the project incorporates basic tenants of urban design by promoting mixed-use development, walkable communities and/or increasing the density of the area;
4. Whether the project will redevelop a brownfield and/or historic resource and/or a vacant structure; if historic, whether the project will follow the federal secretary of the interior's standards for rehabilitation of historic buildings;
5. Whether the project promotes sustainable development;
6. The level and extent of environmental contamination;
7. If the project will act as a catalyst for additional revitalization and/or addresses area-wide redevelopment strategies;
8. Creation of jobs;
9. Whether the project addresses underserved markets of commerce; converts abandoned public buildings to private use; and if the project will compete with or affect existing Michigan businesses; and
10. Any other additional criteria approved by the board that are specific to each individual project.

MSF support shall be memorialized by final written grant, loan or other economic assistance agreements, with terms and conditions in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, without limitation, requiring performance-based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF and the Michigan legislature, including periodic reporting after completion of a project.

FEES

The program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the award.

PROCESS

All projects are subject to an application and due diligence process conducted by the MEDC. The following steps are examples of typical steps, timelines and responsibilities.

Step 1: Contact your local community for review and evaluation. If support is confirmed at local level, contact [Community Assistance Team \(CATEam\) specialist](#) for review and evaluation of the project. If the project evaluation is determined to meet the criteria of the MCRP, the applicant shall complete a pre-application and provide specific supporting documents.

Step 2: Following submission of the pre-application and supporting documents, the project will undergo a needs analysis and MEDC leadership will consider the project based on [Community Development Guidance](#) standards and financial need.

Step 3: If appropriate, the MEDC will provide a letter of interest (LOI) for the project. Along with the LOI, the applicant is provided with a list of the required financial due diligence and statutory requirements needed to move the project forward within a specified time period.

Step 4: Applicant provides a final application package with all supporting documents.

Step 5: MEDC completes statutory review, full financial review and provides proposed financial structure and term sheet.

Step 6: Michigan Strategic Fund Board considers the project.

Step 7: Upon approval the applicant pays any required pre-closing fees.

Step 8: The MEDC drafts appropriate legal agreements and agreements are executed at closing.

Step 9: Applicant completes milestones necessary for disbursement of funds by the MEDC.

Step 10: Applicant completes all required reporting.

Step 11: MEDC completes compliance verification and project closeout.

CONTACT INFORMATION

For more information on the MCRP incentives, please contact the [CATEam specialist](#) assigned to your territory.

LINKS TO OTHER RESOURCES

[Michigan Strategic Fund Act 270 of 1984, Chapter 8C](#)

[Michigan Community Revitalization Program Guidelines](#)



City of Petoskey

Economic Development Strategic Plan

A Framework for
Creating
Businesses, Jobs
and Housing

February 20, 2017

Overview

This Economic Development Strategic Plan, hereafter referred to as the Strategy, is the result of the City of Petoskey's desire to better define and improve upon local economic conditions that affect the community and our overall economic development efforts. Stakeholder involvement in the development of this document included the Petoskey Regional Chamber of Commerce and the Downtown Management Board, as well as the Planning Commission and City Council.

The primary goal of the Strategy is the creation of new private sector jobs and housing opportunities that will bring new wealth and drive economic growth. The City will continue to vigorously pursue many economic development and redevelopment activities throughout the City. Because our economy is regional and not confined to our corporate limits we realize that there is much out of our control, but it is imperative that we leverage our strengths and capitalize on our unique opportunities to grow our piece of the economic pie. The City must also encourage, assist and partner with institutions and businesses, large and small, to achieve the same. And, while we recognize we may not have all the necessary resources to achieve every objective, we also realize we must undertake the implementation of this Strategy sooner than later.

An effective Economic Development Strategic plan should promote economic development and opportunity, foster effective transportation access, enhance and protect the environment, expand and diversify the housing stock, and balance the resources through sound management of development. The Strategy should take into account, and where appropriate, incorporate other planning efforts in the community. It should be useful as a guide for local decision making encouraging broad-based public engagement and commitment of partners.

More specifically, this Strategy will articulate a clear economic development direction providing five simple, but significant elements:

1. Articulating a vision/mission (Why do it?)
2. Defining strategy and tactics (What to do?)
3. Describing projects, initiatives, methods and means (How to do it?)
4. Identifying priorities (When to do it?)
5. Assignment of responsibility (Who will do it?)

Implementation of this Strategy will be integrated into daily operations of the City. The Strategy is supported and implemented by the active involvement of the entire City organization, including elected officials, management and all City departments. The City's employees understand the value of their contributions to the strategies and will align their work to support the City's economic growth. The City strongly recognizes the connection between an economic development strategy and a capital improvement. To this end, the City will identify capital improvement projects that are catalytic in the sense that they signal public sector support for private development in an area that may also link up with other initiatives. The City also recognizes that the high quality environment that is Petoskey takes the collective effort of the private and public sector through development processes and regulations that create a predictable expectation for excellence. Additionally, regional partners from business, education, labor, government and the community collectively play important roles in advancing the prosperity of the City.

The City of Petoskey and greater region have many economic strengths and opportunities. To fully succeed, the community must harness the City's resources and put competitive strengths to work while addressing any competitive disadvantages. With alignment, cooperation and clear direction we can fully realize our economic potential!

Economic Vision/Mission Statement

Petoskey has historically been and will continue to be a resort community. Our abundant natural resources and historically significant places are our greatest assets. We will continue to protect and enhance these assets to maintain our position as a place for economic opportunity. From traditional employment options to entrepreneurial endeavors and development opportunities, Petoskey will be a fully supportive partner in private efforts to create local and regional prosperity. Where necessary, Petoskey will take steps to help create the physical and social environment conducive to economic success and wealth creation.



Economic and Demographic Data

As a resort community within a larger regional economy, the basic demographic information provided by the U.S. Census only gives a partial picture of the Petoskey economy due to the amount of seasonal population and demand. Data from the recent City of Petoskey Master Plan update, as well as regional economic development strategies developed through Networks Northwest for the U.S. 131 Corridor Economic Development Strategy are provided here as a basic assessment of economic development related issues.

As indicated by the data below, the regional population growth is occurring outside the City limits. While the trend nationwide is for movement back to city centers, there is little new housing construction within the Petoskey city limits. A 2014 Target Market Analysis performed for Networks Northwest indicates that there is potential market demand for the “missing middle” housing type of around 348 housing units, 87% of which would be rental. Limited land availability in the City core means that new housing will likely be provided in multiple unit dwellings. The other area for future residential growth is Bay Harbor, but this will be high-end resort residential.

Population and Housing Trends

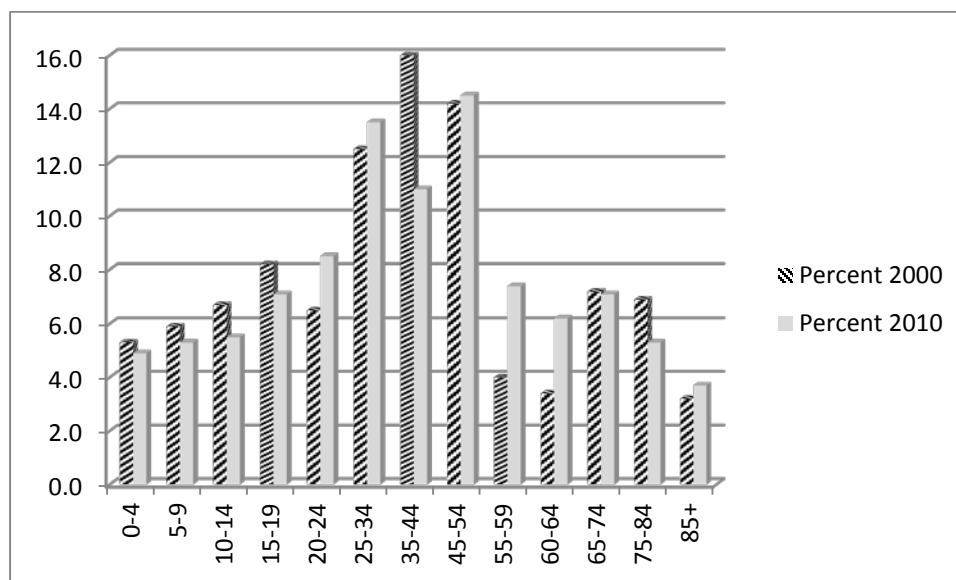
	Core Place¹	Growth and Investment Area²
Total Population	5,803	14,568
% Change from 2000	-7.3%	+5.4%
Total Housing Units	3,853	8,514
% Change from 2000	0.5%	13.1%
Total Households	2,597	6,130
% HH without children	71%	67%

Source: US Census 2010; based on the US 131 Corridor Economic Development Strategy by Networks Northwest

¹Core place includes the City of Petoskey and Bay View CDP Census Block Groups

²Growth and Investment Area includes the City of Petoskey, Resort Township, Bear Creek Township

National demographic changes are impacting the City and regional ability to maintain a workforce. As shown in the chart below the 55-64 age groups increased from 7.5% of the City's population in 2000 to 13.6% in 2010. The most current estimate (2011-2015 American Community Survey) puts this cohort at 14.8%.



Source: US Census

The comparison data below indicates that while the City has a higher median age than Emmet County and other area communities, its over-65 population is significantly less than other cities in the region. The City appears to have a competitive regional advantage for attracting an educated population as indicated by the table below, but also has a comparably low median household income. The scarcity of professional positions in the area has been identified as a challenge by large employers such as McClaren Northern Michigan that recruit employees of a dual professional household.

	Petoskey	Harbor Springs	Emmet County	Boyne City	City of Charlevoix
Population 65+	17.4%	40.4%	18.8%	15.9%	29.4%
Median Age	49	61	44.3	41.8	50.9
Percent Bachelor's Degree or higher	42.9%	37.2%	33.2%	24%	39.2%
Median HH income	\$37,556	\$45,000	\$51,018	\$43,226	\$32,060

Source: ACS Estimates 2011-2015

The 2011-2015 ACS estimates indicate an increase of employment over the 2008-2012 period with increases among private sector and self-employed workers.

Class of Worker

Class of Worker	Number	Percent
Private Wage and Salary	2,525	79.9
Government	337	10.7
Self-employed in Own Un-Incorporated Business	290	9.2
Unpaid Family Workers	9	0.3

Source: 2011-2015 American Community Survey 5-Year Estimates

Recent labor force statistics show an improving employment rate, however, the City has not yet reached pre-recession job numbers. North American Industry Classification System (NAICS) data indicate the retail and accommodation and food services as the top two job creating industries over the past four years. Health Care and Social Assistance remain the industries in the City with the largest number of jobs, but saw a decline from 2010-2014.

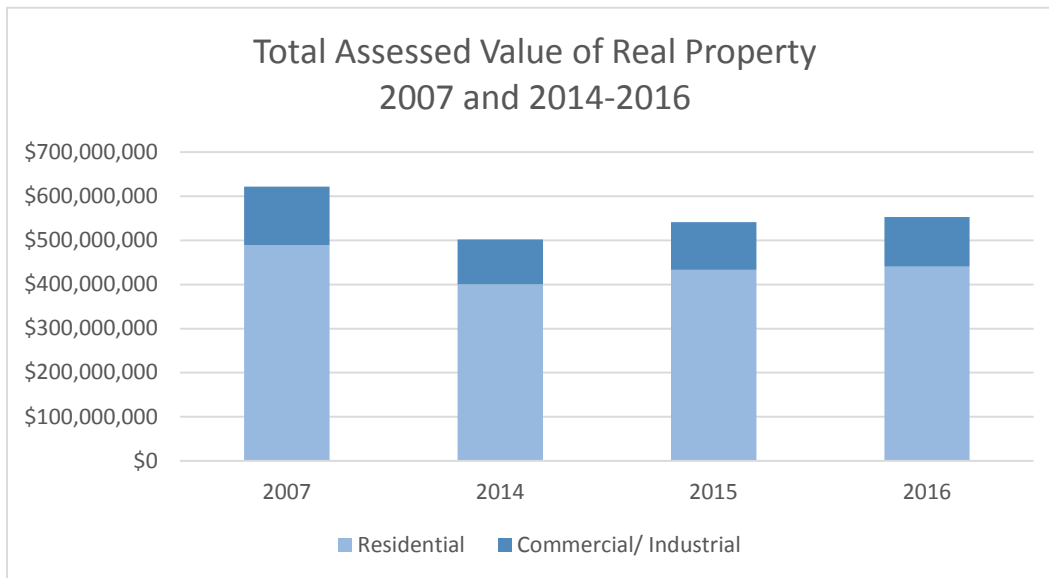
Employment Sectors

NAICS Sector	Largest Job Sectors 2014	2010-2014 Job Growth	2010-2014 Job Growth Rank
Health Care and Social Services	2901	-114	17
Accommodation and Food Services	1450	652	1
Retail Trade	1408	131	2
Education Services	493	-120	18
Administrative and Support and Waste Management and Remediation Services	359	-213	20

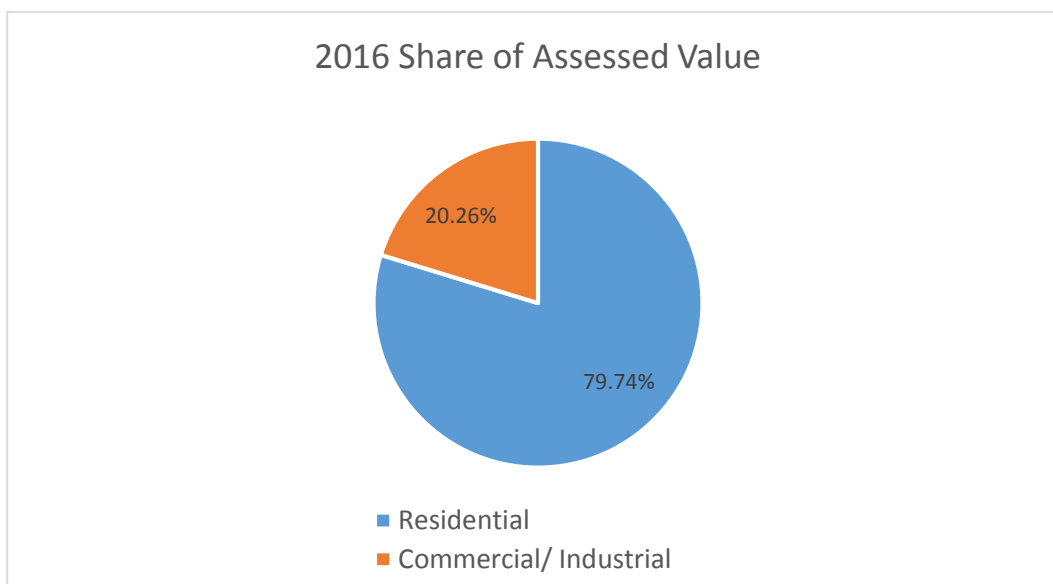
Source: Networks Northwest; US Census LEHD LODES V7.2 dataset

The strong growth in the hospitality industry is likely the reason for a 2.6% decrease in the Emmet County unemployment rate from 2014 to 2015 (492 persons) indicated by the most recent Benchmarks Northwest report. However, as these are low wage jobs, the issue of affordable housing is becoming more pronounced.

A common measurement of community economic condition is the total real property assessed value. The charts below illustrate the impact of the "Great Recession" on the value of Petoskey's real property, as well as the heavy reliance on residential development in a resort community. The City assessed value in 2016 is 11% less than it was at the height of the residential market around 2007, with a modest 4-7% increase over the past two years.



Source: City of Petoskey Assessor



Source: City of Petoskey Assessor

Opportunities

Given the strong showing of the hospitality industry, Petoskey has a wide variety of unique attributes and opportunities for which the City can collaboratively partner with the private sector to leverage a wealth of natural resources, historic downtown authenticity, high quality infrastructure and unique sense of place to continue to serve and grow the service economy.

One such asset is the Petoskey Downtown Historic District consisting of commercial properties occupying portions of ten blocks in the central business district. Taken together, the community's districts and properties on the National Register Historic District are critical resources that define the physical history and heritage of the community.

Conscious preservation efforts and adherence to the City-adopted International Property Management Code (IPMC) will continue to ensure these resources remain viable for future generations creating that unique sense of place for both residents and visitors to enjoy.

Petoskey's rich arts and cultural resources continue to grow with the construction of the Great Lakes Center for the Arts to open in 2018. The venue will add to the area's ability to draw national and international acts, and received public support through the approval of a brownfield tax increment financing plan.

Pristine natural resources and high quality recreational opportunities abound throughout the community. Bayfront Park, with its spectacular vistas of Little Traverse Bay, is easily accessible from the downtown area by a five minute walk. Bayfront Park offers many green open space areas, a City marina, softball diamonds, picnic areas and many walkable trails. The park trail system serves as a pedestrian/bicyclists hub connecting to the Little Traverse Wheelway, Downtown Greenway Corridor, Bear River Valley Recreation Area and the North Country National Scenic Trail. This comprehensive trail system contributes to the City designation as "highly walkable" through Walkscore®, a national rating system. Lastly, Pennsylvania Park is also situated in the central downtown area and offers a quiet, shaded place for respite, picnics or community events.



Transportation

Proximity to two major state highways, U.S. 131 and U.S. 31, is also a key economic driver for the community. On average, 27,900 motorists per day travel the U.S. 31 Highway adjacent to the downtown area.

There is growing interest in reestablishing passenger rail service from Ann Arbor to Traverse City, with an ancillary route to Cadillac and Petoskey. Though repairs to the tracks may be necessary, the tracks are already in place and owned by the State, which significantly reduces startup costs and increases the likelihood of the rail's success. There appears to be widespread public support for the conceptual passenger line and it is marked as a goal by State transportation plans. Although the rail service will not begin for many years, Petoskey could potentially leverage the current railroad tracks in the community catering to a future rail passenger service.

Capitalizing on Petoskey's strong railroading history, the current railroad network could be a springboard for future growth of manufacturing. An inexpensive option for freight, rail plays an important role for industries within the Petoskey region. Demand for rail access from industries that need to ship large volumes of product throughout the State and beyond puts a premium on industrial properties with railroad access. The existing Clarion Road Transfer Station is currently used only by Petoskey Plastics, but is available for future industrial needs.



For alternative forms of transportation, the City has been a leader in non-motorized trail development, with portions of the Little Traverse Wheelway through Bayfront Park reaching 25 years of age. As part of the U.S. 131 Corridor Economic Strategy, we will work with neighboring communities and organizations such as the North Country Trail Chapters to make connections to larger regional trail systems such as the Iron Belle and market our trail resources. The infrastructure is in place, the next step will be to increase use of the system for transportation as well as recreational purposes.

The City Master Plan also contemplates the creation of a Little Traverse Bay passenger ferry that could connect the City with Harbor Springs and Bay Harbor. Such a ferry could provide commuter service as well as another activity for area visitors.

Entrepreneurial Spirit

Petoskey is an entrepreneurial community. Many small businesses have started in Petoskey and grown to be national in scope (e.g., Kilwin's and American Spoon Foods, Petoskey Plastics), while others open a downtown storefront and stay for generations (Cutlers, Grandpa Shorters, Circus Shop, Reid Furniture). We believe that being accessible and responsive as a local government helps these types of businesses thrive and we will continue to work with the Chamber of Commerce and Northern Lakes Economic Alliance to support entrepreneurs. The Petoskey Area Chamber of Commerce is actively working to identify, nurture and promote businesses that follow the "Conscious Capitalism" business model and we have many area examples of businesses that value the "Triple-Bottom-Line" value system (measure of sustainability that includes, social, environmental and financial factors). From the public side, we will continue to strengthen those aspects of Petoskey that make a high-quality place, creating an environment where our place-based businesses can succeed and in turn reinvest in the community they value.

Education

In addition to a strong education network through our private and public schools, Petoskey is home to North Central Michigan College that adds educational, cultural and recreational facilities to the community. The college has been instrumental in identifying and training the workforce needed by area industry through its FabLab, as well as providing the University Center partnership program that allows students to complete the first two or three years of a bachelor degree program at substantial cost savings.

The City has worked with the school system, college and Emmet County Road Commission to improve access to these campuses.

Health Care

There are many changes occurring in the health care industry, but the Petoskey area is fortunate to have a regional referral center in McLaren Northern Michigan. With nearly 1,700 employees, the presence of a high quality medical center in a community of our size is a great economic asset. The City will support the efforts of McLaren Northern Michigan to update its facilities and grow its portion of the regional health care economy.

Public Utilities

With the exception of natural gas, the City is the local utility provider. The local ownership of the electric utility has enabled the City to convert almost half of the electric lines to underground, improving reliability. The City has an Insurance Services Office (ISO) 4 rating, which puts the City in the top 15% of communities nationally and helps residents and business receive lower insurance rates.

Local control of public utilities can also serve as an opportunity to provide incentives for desired economic development projects.

Challenges

Despite a vast array of natural resources, historic buildings, recreational amenities and strong sense of place, Downtown Petoskey, not unlike other Michigan communities, has its challenges. The seasonality of local economy is most likely the biggest impediment to further economic growth. Nevertheless, the Downtown Management Board, Chamber of Commerce and Petoskey Visitor's Bureau have mitigated some of the seasonal impacts by promoting the "shoulder seasons" as well as outdoor winter events, promotion of the City's Winter Sports Park and various marketing efforts to attract visitors to the downtown area during the winter months.

A shortage of housing-particularly rentals- that are affordable or available to all income levels is impacting the ability of businesses and industry to recruit skilled workers to the community. Petoskey's housing market is also heavily impacted by the seasonality of its economy whereby vacation rentals and seasonal housing take rentals and other housing stock off the year-round market. Even when seasonal homes are rented on a short-term lease basis during the winter months to families and the workforce, these homes come off the long-term rental market in the summer, as property owners move to the area for the summer and/or rent the property on a daily or weekly basis. This creates added pressure on the rental market, creating additional difficulties for those seeking affordable rental housing. Identifying locations for new housing development and working with potential developers is a role the City can play, as well as identifying possible incentive programs to develop affordable housing. However, affordable housing is an issue that truly needs to be addressed at the regional level given employee commuting patterns.

Public transportation is the other challenge identified by employers that goes hand-in-hand with the affordable housing crisis given the rural nature of the majority of Emmet County. There is an active effort underway to enhance the current system to address employment, shopping and service needs of residents. Such an endeavor would likely require a voter-approved transportation millage.

A challenge for downtown is lack of a covered public parking deck. Various parking studies cite a shortage of public parking for tourists in the busy summer months. Additionally, developers have anecdotally stated that a lack of covered parking in the wintertime is a main obstacle to investing in downtown housing opportunities. Construction of a covered parking deck would spur rehabilitation and investment in many now vacant or underutilized second and third-stories. Creating more year-around downtown housing options will stimulate the downtown economy and help to alleviate the seasonal nature of Downtown Petoskey, but structured parking is necessary both from a supply standpoint and a practical standpoint of covered parking in winter. A formal study has been commissioned to look at costs and initial designs of a parking deck at the Darling Lot on Michigan Street and the combined City and County lots on E. Lake Street.

The City will continue to strongly invest in community-wide infrastructure to spur future business opportunities, job creation and local tax base expansion. Over the years, the City has invested millions of dollars in the road network, parking amenities, parklands and local utilities. Future planned infrastructure improvements downtown include an extension of the Greenway Corridor to connect downtown and the Old Town Emmet Neighborhood, construction of a parking deck, expansion and renovation of the public bathrooms and widening of the Park Avenue sidewalk in Pennsylvania Park to accommodate outdoor dining options.

Strategy and Tactics Summary

As the regional economic and cultural center, Petoskey has unique challenges and opportunities that economic development efforts need to address. Efforts in all areas will focus on promoting economic development that protects, enhances, and keeps relevant the community's natural, historic, social and cultural resources. These will include continuing support for our first-class park system and downtown area that define the community's unique sense of place, working with developers on priority redevelopment sites to address needed housing and infrastructure such as a parking structure, and partnering with other units of government to improve our regional transportation system. A summary of the many economic development tools the City has used in the past is attached as Appendix A, and the City is open to other programs as they present themselves.

The public sector will continue its investment in the downtown to create an appealing public realm. Public investments in physical improvements and other programmatic commitments are intended to set the stage for the high quality environment that defines Petoskey, providing opportunities for new private investments where there exists under-utilized or vacant land or buildings.

Future development will contribute to the unique sense of place, reflecting the culture and history of the community while promoting a wide array of mixed uses, quality pedestrian environments and scale of buildings. Redevelopment and in-fill development will be sensitive to their context relative to scale, character and placement and should have high community appeal and acceptance.

Redevelopment Priorities

Through public meetings with both the Planning Commission and City Council, City officials agreed to focus on three main geographical areas within the City for economic redevelopment efforts. These areas could enhance the area's ability to absorb future growth in the hospitality sector, allow for small scale manufacturing and create various levels of housing. The areas and specific priority sites are detailed further in Appendix B.

1. **Downtown Petoskey** – Downtown Petoskey is bounded by Michigan Street on the south, Emmet Street and U.S. 31 on the west, Rose Street on the North and Division and Waukazoo on the east. The following projects will be undertaken over the next six years as detailed in the 2017-2022 Capital Improvements Plan to entice further economic development activity. Additional projects may be identified during the update of the Downtown Strategic Plan in 2017.



The following projects will work to achieve our Strategy by enhancing downtown park and business amenities.

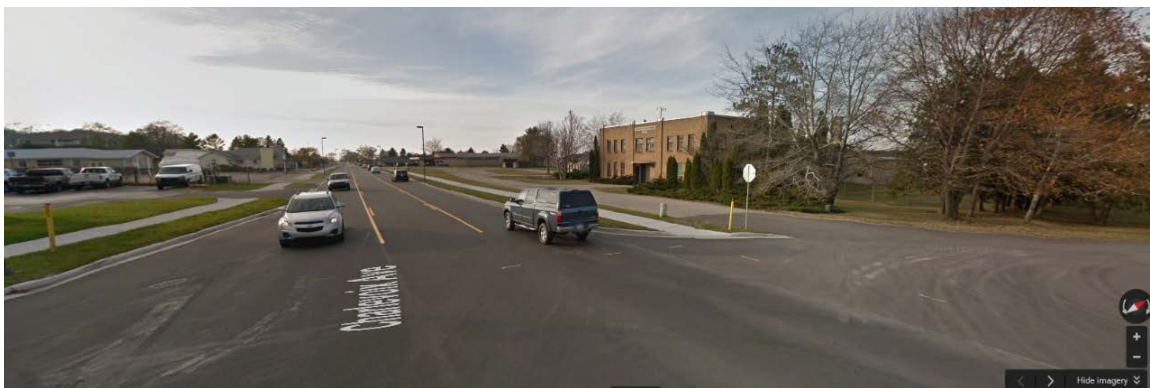
- Completion of the Downtown Greenway Corridor;
- Engineering and construction of a parking structure;
- Engineering and expansion of downtown restroom facilities;
- Repaving of East Lake Street, Petoskey Street and East Mitchell Street around 200 East Lake Street;
- Repaving of existing parking lots and installation of pay stations where appropriate;
- On the north end of downtown, U.S. 31 will be reconstructed by MDOT in 2019. As a critical entrance to downtown, the project will realign Lewis Street and create an improved access point for northbound traffic. The City will coordinate infrastructure work, as well as potential changes to Arlington Park and parking alignment.

2. **Old Town Emmet Neighborhood** – Generally bordered by Michigan Street on the north, Petoskey Street to the east, the Bear River to the west and Standish Avenue to the south. The neighborhood has a wide mix of uses from residential to industrial, and thus holds great potential for redevelopment. Projects discussed in the neighborhood plan and anticipated in future years include:

- Reconstruction of Emmet Street to improve pedestrian access and business parking (2017);
- Completion of the Downtown Greenway Corridor to connect the neighborhood to Downtown (2017);
- Improved access and amenities for Washington Park.



3. **US 31 and US 131 Corridor** – In recent years the City has worked closely with MDOT on implementation of an access management plan for the US 31 Corridor that was created in collaboration with Emmet County, Bear Creek Township and MDOT. Reconstruction of Charlevoix Avenue, and West Mitchell Street have improved traffic flow while enhancing pedestrian.



Charlevoix Avenue/U.S. 31

The City is currently coordinating with MDOT on the 2019 reconstruction and realignment of U.S. 31 from East Mitchell Street to the east City Limit. Given the Average Annual Daily Traffic (AADT) of these principal arterials ranges between 12,000 and 20,000, they are attractive locations for commercial development and therefore potential redevelopment areas. The City will continue to encourage mixed-use environments when working with property owners in these areas.

Monitoring Progress

In addition to completing the projects identified, progress toward achieving the Strategy will be measured through collection of the following variables. Several of these are already tracked for the DDA District. The City Planner will coordinate collection of the information.

- Building permits – residential and commercial
- New and closing businesses
- Job creation and loss
- Home sales- number and values
- Demographics including population, income, poverty rates
- Public investment in parks, arts and culture

Monitoring efforts will be a critical component of evaluating the effectiveness of this Economic Development Strategy. Staff will track progress of the aforementioned variables throughout the year and develop a final progress report for City Council's review. Based upon overall yearly progress and completion of several capital improvements projects, the Economic Development Strategy may be updated in future years to focus efforts on other areas of the City.

APPENDIX A

ECONOMIC DEVELOPMENT TOOLS UTILIZED BY THE CITY OF PETOSKEY

<u>UTILIZED</u>	<u>YEAR</u>	<u>PROJECT</u>	<u>OUTCOME</u>
Downtown Streetscape	1995-1996 2007	Downtown Streetscape; East Mitchell Street islands	Continual efforts at improving pedestrian and biking amenities
Downtown Cooperative Advertising	1992		
Downtown Development Authority Created	1993		
Principal Shopping District/DMB Created	1994		Downtown Assessment created to fund activities
Downtown Wayfinding	2004		
Downtown Branding & Marketing	2008		
Tax Increment Finance Authority	1985 2004	Waterfront TIF; Downtown Parking Structures TIF	Redevelopment of Bayfront Park; Bear River Valley
Downtown Façade Grants	2009	Façade improvements throughout downtown	\$93,400 expended from Parking Fund to achieve \$382,900 in building improvements
Economic Enhancement Study and Downtown Plans	1997 2007 2013	Hyett Palma; Downtown Blueprint (Cool Cities designation); Downtown Strategic Plan	
PILOT (Payment in Lieu of Taxes)	1977 1991 2008	Riverview Terrace; Harbor Village Senior and Family; Little Traverse Woods	172 senior and 114 family affordable units
Brownfield TIF	2000 2004 2016	Petoskey Manufacturing site; Great Lakes Center for the Performing Arts	Superfund site reclamation into 17 condominium units. Beginning value \$97,000, current taxable value \$2.25M
Waterfront Redevelopment Grants; Brownfield Grants	2000 2016	200 West Lake Street Condos; Petoskey Pointe	See above
DDA Redevelopment Liquor License	2011		3 licenses issued (Twisted Olive, Thai Orchid, Cigar Bar)
Rental Rehab	2014	Rehab existing housing units	7 rental units to be renovated
CDBG for Blight Elimination	2015	Grant Application for 316-318 East Lake Street – in process	Rehab vacant upper story to 6 units
Industrial Facilities Tax Exemptions (IFTs)	2007 2009	Cygnus, Demmer, Kilwins	Jobs retained/created
Personal Property Exemptions	2009	Kilwins	Jobs retained/created

<u>UTILIZED</u>	<u>YEAR</u>	<u>PROJECT</u>	<u>OUTCOME</u>
Site Conceptual Plans Developed	2007 2015	Blueprint Petoskey Charrett; Old Town Emmet Neighborhood Workshops	Conceptual plans developed for redevelopment sites
<i><u>Grants for Placemaking</u></i>			
Natural Resources Trust Fund		Little Traverse Wheelway; Downtown Greenway Corridor; Skyline Trail acquisition	
TEA Programs through MDOT		Little Traverse Wheelway; Waterfront Redevelopment including pedestrian tunnel	
Water and Land Conservation		Marina	
<i><u>Programs Explored but not enacted</u></i>			
Neighborhood Enterprise Zone	Discussed in 2011	To encourage new residential development downtown and in Old Town Emmet Neighborhood	
Main Street	2007	Declined invitation to be grandfathered in 2007	
Corridor Improvement District	2010	Discussed with Resort Township for US 31	
Local Historic Districts		Recommendation in Downtown Plans since 2007	

Appendix B

Priority Redevelopment Sites

Downtown Petoskey

There are two main focus areas for downtown redevelopment: 200 East Lake Street and the Michigan Street Parking Lot (Darling Lot). Although these two distinct sites both have unique challenges and opportunities, development on one of the sites may spur investment on the other. Both sites are critical to future economic development and growth in downtown Petoskey that may complement other current economic initiatives, including rehabilitation of upper story units for residential uses.

200 East Lake Street

Zoning:	PUD
Allowed uses:	Mixed residential, commercial
Adjacent uses:	Commercial
Approximate Size:	City block, just under 2 acres
Utilities:	All stubbed to property lines
Location attributes:	Anchor to Downtown Petoskey, located on US 31, views of Little Traverse Bay



This critical two-acre site serves as an important gateway to the downtown area and has been partially developed or vacant for many years before the Petoskey Pointe proposal was approved in 2004. It is the top development priority for both the Planning Commission and City Council. The City is open to a wide variety of uses consistent with the downtown area and may consider economic incentives to spur development based upon a mixed-use proposal. Some development ideas brought forward from City officials include mixed income housing, areas for public art, green infrastructure and underground public and private parking. Initial public parking needs are thought to be between 75-125 spaces.

A review of the site's history may be beneficial to prospective developers. Based upon a mixed-use development that was approved in 2004, a former developer excavated several thousand cubic yards in anticipation of constructing an underground parking facility to serve both the mixed-use development and some of downtown public parking needs. As a result of the 2008-09 recession, the developer's funding was lost and the project has been inactive ever since. The site is currently for sale. Water, sewer and electric utilities are adjacent to the site and ready for connection.

The City executed an agreement to utilize a DDA TIF Plan for the original development that would have dedicated tax increment dollars for the purchase of a level of underground public parking.

The site now also qualifies for a **Brownfield TIF** and the City may entertain tax increment financing to fund eligible activities including an underground parking deck. The number of needed parking spaces for both private and public uses will be dependent upon the overall development and cannot be fully determined at this time. The City may consider a variety of parking options that include private, public and possibly shared parking.

Michigan Economic Development Council (MEDC) representatives have stated there may be **Community Revitalization Program (CRP)** dollars available in the form of grants, loans, or other economic assistance. This State funding program promotes community revitalization that will accelerate private investment in areas of:

- Historical disinvestment;
- Contribute to job creation;
- Foster redevelopment of functionally obsolete or historic properties;
- Reduce blight and protect the natural resources of the State.

Eligible parties for CRP assistance include two or more individuals that may apply to the Michigan Strategic Fund for economic assistance. Loans are available up to \$10 million or grants up to \$1 million. The State considers many factors when reviewing applications such as job creation, private investment amount, need for a loan or grant, environmental contamination, promotion of mixed-uses and the importance of the project to the community.

Lastly, the City will continue to pursue **Redevelopment Ready Community** certification through the Michigan Economic Development Corporation. This program supports communities in efforts to become development ready and competitive. It encourages innovative redevelopment strategies and efficient processes which build confidence among businesses and developers. It provides assistance in establishing deliberate, fair and consistent development practices-making the City more attractive for investments that create desirable places.

Certification as a RRC community signals that a community has effective development practices in place, such as well-defined development procedures, a community-supported vision, an open and predictable review process, and compelling sites for developers to locate projects. The City has been working on the RRC certification for several months and hopes to be certified by early 2017.

The 200 East Lake Street property is the highest priority redevelopment site for the City with the City Manager, City Planner and DMB Director fully committed to working with developers in a cooperative manner to expedite development in this area.

Michigan Street Parking Lot (Darling Lot)

Zoning: B2 Central Business District
Allowed uses: Commercial, residential, parking
Adjacent uses: Commercial
Approximate Size: 1.1 acres
Utilities: All utilities available
Location attributes: Southern end of CBD, adjacent to Downtown Greenway Corridor



Also a priority site in the Downtown Development Area is the public parking lot at the corner of Michigan and Petoskey Streets. Plans to build a covered, structured parking lot on the site of the Michigan Street Parking Lot (Darling Lot) have also been on-going for many decades. The site is viewed as a strong catalyst for both downtown economic development/job creation and investment in second and third story downtown housing opportunities. The site was chosen because of its central location to the downtown and its size. There is some grade to the site that might help with parking structure design. The location could also help to spur redevelopment south of downtown along the Downtown Greenway Corridor.

Past surveys have shown that 64% of residents and 76% of businesses wanted to improve parking availability and that 62% of residents and 70% of business owners wanted to improve parking convenience. Additionally, a 2013 Downtown Strategic Plan states, *“The creation of additional parking is a much cited priority of stakeholders and may likely be a top priority over the next five years.”* The plan also places a high priority on developing upper story housing stating, *“That if upper floor housing is truly wanted, the main roadblock to residential development – available parking, preferably covered parking – has to be developed.”*

Recently, both the Downtown Management Board (DMB) and City Council commissioned a parking study with Walker Parking Consultants that was undertaken in the summer of 2016. The scope of work includes the creation of two separate conceptual plans: one for a basic parking structure, and another for a parking structure that includes housing options on the top floor. Geotechnical work has been completed on the site to determine structural loading capacities for a future parking deck. Soil studies were also completed showing the site contains contaminated soils that may qualify the land for **Brownfield Tax Increment Financing (TIF)**. Officially declaring the site a Brownfield will also make it eligible for State funding. An additional option may be to use tax increment financing from future development at the 200 East Lake Street site to fund parking improvements at the Michigan Lot. This option may or may not be pursued and is dependent upon future parking demands associated with development at 200 East Lake Street. Once the parking study has been completed, the City Council, DMB and City Staff will explore planning and possible funding options to construct a future parking deck.

The Michigan Street Parking Lot is also a high priority for redevelopment. Based upon the results of the aforementioned parking lot study, City Staff and DMB officials will actively pursue plans and a financing strategy to fund this critical downtown capital improvement.

Old Town Emmet Neighborhood

The area south of downtown, the Old Town Emmet Neighborhood is another area the City will encourage redevelopment. Historically, the Old Town Emmet Neighborhood held many industries that took advantage of the Bear River, including several mills and power generating plants. The area has ten properties currently listed on the National Register of Historic Places, with many others that meet the criteria to be placed on the register. Emmet Street bisects the neighborhood and was historically the main road into Petoskey from the south. As a major collector thoroughfare, the street continues to carry significant traffic with an average of 5,400 for daily traffic counts. The “four corners” of Emmet and Washington Streets is the commercial center of the neighborhood and has most recently been known for its cluster of resale shops. The corner also houses a convenience store.



Of specific interest for redevelopment in the next 2-5 years is the property at 900 Emmet Street that formerly housed Hankey Lumber Company and is now owned by Gruler's Pet Supplies.

900 Emmet Street (Gruler Property)

Zoning:	B-2B Mixed Use Corridor
Allowed uses:	Mixed residential, commercial
Adjacent uses:	Residential, commercial, industrial
Approximate Size:	~ 1.3 acres
Utilities:	All utilities available in adjacent streets
Location attributes:	Adjacent to high volume collector and rail; mixed-use site concept developed; potential for expansion of Downtown Greenway Corridor along tracks



The one block area has been the focus of economic development efforts for many years and is poised for private redevelopment. In 2013, the City developed, *"The Old Town Emmet Neighborhood Plan"* that addressed several challenges and opportunities for economic growth and creates a specific road map for private/public investments.

Building upon the momentum created through the 2013 Neighborhood Plan and follow-up public workshops to focus on the Emmet Street streetscape, the City will be undertaking major capital improvement projects in 2017 that will directly benefit the Old Town Neighborhood. The project will fully reconstruct the street, maintaining on-street parking for businesses while tying the neighborhood into the Downtown Greenway Corridor. Once constructed, the Downtown Greenway Corridor will connect the Emmet Street neighborhood with downtown Petoskey, Little Traverse Wheelway, Bear River Valley Recreation Area, and the North Country National Scenic Trail.



The City is fully committed to investing heavily in infrastructure improvements in this area in hopes of stimulating growth in the coming years for the Old Town Neighborhood. It is through public investment that the City can create unique public/private partnerships to spur future business and housing opportunities, job creation and building the local tax base.

The current zoning of Mixed Use Corridor aligns accurately with the overall concept of balancing future residential and commercial development that contributes to the unique sense of place while reflecting the culture and history of the neighborhood. Redevelopment should include a quality pedestrian environment with buildings built on a similar scale to the existing neighborhood that preserve the unique residential aspect of the Emmet Corridor. This current zoning district promotes commercial and retail businesses on the first floor with housing opportunities for second and third floor buildings. The City strongly encourages development of a wide range of housing-both type and price- to cater to diverse populations of future residents.



Incentive programs that may be available to property owners include the **Neighborhood Enterprise Zone (NEZ)** program which provides a tax incentive for the development and rehabilitation of residential housing to spur development and rehabilitation of residential housing where it may not otherwise occur. This program can reduce the taxes on property for up to 15 years in designated areas to promote the revitalization of those neighborhoods by creating a NEZ. The City would need to initially approve the NEZ District before any tax incentives are executed.

Further south and adjacent to the river is a large tract of former industrial land-the Poquette property and Continental Structural Plastics. It is currently home to several contractor businesses, but is seen as a longer-term redevelopment site given the success of the Bear River Valley Recreation Area across the river. It is a site that would likely have significant remediation costs and would therefore be a priority location for a Brownfield TIF.

The Old Town Emmet Neighborhood has many attributes to be built upon creating great potential to transform the neighborhood to a vibrant, pedestrian-friendly and diverse neighborhood where small shops and a wide array of housing opportunities exist side by side. The City will continue to prioritize this area to incent development through economic development initiatives and strong investment in public infrastructure. The Public Works Director, City Planner and City Manager are fully committed to seeing this area to its full potential.

U.S. 31 Northside Petoskey-KQC Property

900-1000 Bay View Road (KQC Property, formerly the Tallberg Site)

Zoning:	B3 General Business
Allowed uses:	Commercial, residential
Adjacent uses:	Parkland, commercial
Approximate Size:	3 acres +/-; significant elevation change
Utilities:	All utilities available including 3 phase electric
Other:	In Waterfront TIFA District
Location attributes:	Excellent views of Little Traverse Bay, Adjacent to Bayfront Park and Little Traverse Wheelway



The third priority location for redevelopment in the next 2-5 years has been vacant or underutilized for 15 years. However, given its location on U.S. 31 and excellent views of Little Traverse Bay, it is seen as a logical redevelopment site. The site was chosen by the Planning Commission and City Council as a high priority redevelopment site due to its long-term underutilization and appearance on a heavily travelled corridor.

With over 22,000 average daily vehicle trips on US 31 and expansive views of Little Traverse Bay, the lot is a prime location for a mix of residential and commercial development.

The City may consider incentives to preserve public viewsheds on the property with the right mix of housing and commercial development. The property is adjacent to Bayfront Park and there is easy access to the popular Little Traverse Wheelway. The land is currently privately owned and no formal development plans have been discussed with City Staff. Nevertheless, both the City Manager and City Planner are fully committed to working with property owners on any future development plans.

In 2019, a major U.S. 31 Highway reconstruction project will be undertaken by MDOT. The project will encompass highway realignment and resurfacing, new underground utilities, sidewalk extensions, new LED lighting improvements, new signalization at McDonald Drive and expansion of green landscaped areas including tree plantings.