

**Notice
City Commission
Joint Study Session
with the Downtown Development
Authority Board of Trustees**



7:00 pm

Wednesday, November 2, 2022

*****Timothy J. Nelson Innovation Center
at Northwestern Michigan College
1720 College Drive, Rooms 106 and 107 ***
Traverse City, Michigan 49686**

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If you are planning to attend and you have a disability requiring any special assistance at the meeting and/or if you have any concerns, please immediately notify the ADA Coordinator.

The City Commission for the City of Traverse City is committed to a dialog that is constructive, respectful and civil. We ask that all individuals interacting verbally or in writing with the Commission honor these values.

At the request of City Manager Marty Colburn, City Clerk Benjamin Marentette has called this Study Session.

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c/o Benjamin Marentette, MMC, City Clerk
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Traverse City, MI 49684

The mission of the Traverse City City Commission is to guide the preservation and development of the City's infrastructure, services, and planning based on extensive participation by its citizens coupled with the expertise of the city's staff. The Commission will both lead and serve Traverse City in developing a vision for sustainability and the future that is rooted in the hopes and input of its citizens and organizations, as well as cooperation from surrounding units of government.

Welcome to the Traverse City Commission Study Session!

Agenda

Any interested person or group may address the City Commission on any agenda item when recognized by the presiding officer or upon request of any Commissioner. Also, any interested person or group may address the City Commission on any matter of City concern not on the Agenda during the agenda item designated Public Comment. The comment of any member of the public or any special interest group may be limited in time. Such limitation shall not be less than three minutes unless otherwise explained by the presiding officer, subject to appeal by the Commission.

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ROLL CALL

ANNOUNCEMENTS

- (1) Announcements from the City Manager
 - (2) Announcements from the City Clerk.
-

TOPICS FOR DISCUSSION

- (1) Presentation of and discussion regarding the Moving Downtown Forward Initiative. (Marty Colburn, Jean Derenzy) 5 -
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[Final Draft Report Presentation - Moving Downtown Forward - Pdf](#)
- (2) Public Comment.
- (3) Adjournment.



CITY COMMISSION

GOALS & OBJECTIVES

2022-2023



HOUSING & HOMELESSNESS

Increase opportunities for more diverse housing through public and private options.



ACCESS & MOBILITY

Invest in multi-modal mobility strategies and existing and future infrastructure so that individuals of all ages, abilities and income have a network of complete, barrier free, safe, year round access to our community's amenities and basic needs.



CONNECTING PEOPLE WITH EACH OTHER AND NATURE

Invest in facilities and amenities in order to create vibrant City spaces that connect all people to nature and to each other.



ECONOMIC DEVELOPMENT

The City will foster economic development by adopting a growth mentality and by conserving and maintaining natural resources. It will work with partners to invest in and maintain amenities that support a wide variety of industries, build the workforce, and attract well-paying jobs with the region's future in mind.



WATER SYSTEMS

Proactively and consistently maintain, conserve, and manage water and water systems to reduce harm to the systems themselves as well as public health and safety.



CLIMATE CHANGE

Address climate within all of our City priorities, goals, policies, and actions.



Communication to the City Commission

TO: City Commission & DDA Board of Directors

COPY:

FROM: Martin Colburn, City Manager

MEMO DATE: October 27, 2022

SUBJECT: Final Draft Report Presentation - Moving Downtown Forward

EXECUTIVE SUMMARY:

Attached is a memo from DDA CEO Jean Derenzy, discussing *Moving Downtown Forward*, the final draft report from consultants Brad Segal and Amanda Kannard of Progressive Urban Management Associates (PUMA). Mr. Segal and Ms. Kannard will be in attendance at the study session to present the findings, and discuss with commissioners.



Memorandum

TO: City Commission, DDA Board of Directors & Marty Colburn, City Manager

COPY:

FROM: Jean Derenzy, CEO

MEMO DATE: October 26, 2022

SUBJECT: November 2, Joint City Commission & DDA Board Meeting - Moving Downtown Forward

EXECUTIVE SUMMARY:

At the November 2nd joint meeting, Brad Segal and Amanda Kannard from Progressive Urban Management Associates (PUMA) will be presenting the final draft report and recommendations for *Moving Downtown Forward*. The final draft report (attached) is based on the work completed throughout the last 8 months which included community engagement and feedback from more than 1,300 Downtown stakeholders and Traverse City area residents, an examination of best practices, and a market assessment. The report reflects the consultant team's observations and recommendations regarding priorities for future physical public improvements, future services, a governance model to support the future vision for Downtown, and financing tools.

Below are some of the key takeaways from the report, which Mr. Segal and Ms. Kannard will discuss in more detail on November 2nd.

- Downtown Traverse City Has Emerged as a Strong Economic Engine and Gathering Place for the Region
- Despite its Vitality, Downtown Has Vulnerabilities
- Regional Prosperity is Tied to a Vital Downtown
- Community Priorities for New Physical Improvements Are Clear
- Community Priorities for New Services Are Clear
- The DDA's Mission Continues

On November 2, Mr. Segal and Ms. Kannard will present a new governance and operating structure that will serve to maximize the way the DDA fulfills its purpose, including the opportunity to expand services to two corridors, 8th street and West Front Street. They will also discuss the continued funding that will be required to implement the community's desired public infrastructure and physical improvements, along with recommendations that Tax Increment Financing (TIF) is a tool that should be used and extended.

I look forward to meeting with you on November 2nd.



MOVING DOWNTOWN **FORWARD**

What's Next for Downtown Traverse City and the Downtown Development Authority

DRAFT - OCT 2022



EXECUTIVE SUMMARY

BACKGROUND

*The Downtown Traverse City **Moving Downtown Forward** process was initiated to engage community members and Downtown stakeholders regarding their perspectives on what has worked well and what needs to change, as well as their vision for Downtown, its needs, and the way it relates to the surrounding region. This plan identifies both the shared and competing values and interests of stakeholders, as well as the potential approaches, structures, and resources available to help the DDA effectively provide ‘clean, green, and safe’ programs, public infrastructure, and placemaking to move Downtown forward.*

About the Traverse City DDA: Like many downtowns in post-industrial cities throughout the Midwest during the second half of the 20th century, Downtown Traverse City suffered from a lack of private investment, job loss, empty storefronts, crumbling infrastructure, polluted properties and underutilized parcels. Looking to spark new investment and promote additional opportunities for community and economic development, city leaders established the Downtown Development Authority (DDA) in 1978. Since then, the DDA serves as the lead agent working to enhance Downtown, focused on placemaking, infrastructure, events, parking and business procurement, promotion, and growth.

The primary funding mechanism used by the DDA to finance **public infrastructure initiatives** is Tax Increment Financing (TIF). TIF is a commonly-applied, state-authorized financial tool used by DDAs throughout Michigan and the nation to develop, construct, and maintain critical public infrastructure that supports and promotes economic development within a downtown and region. Infrastructure improvements within the Downtown District are funded through two TIF Districts – “TIF 97” which was established in 1997 for a period of 30 years and “Old Town TIF” which was created in 1985 and renewed in 2016 for an additional 25 years.

The DDA also provides **services** that create a vibrant Downtown environment. To fund services, the DDA is funded also through a 2-mill levy on property owners within the Downtown District as well as management contracts for services that include parking, community arts and events, and promotions.

In Downtown Traverse City, Tax Increment Financing (TIF) dollars have been used to support a number of public infrastructure projects within Downtown, including:

- » City streetscapes, including bump-outs and snow melt systems
- » Hardy and Old Town Parking Garages
- » Farmer’s Market
- » Downtown Wi-Fi
- » Placemaking elements
- » Pedestrian and vehicular wayfinding signage
- » Garland Street
- » City Opera House Improvements
- » Maintenance and community safety services
- » Clinch Park Improvements
- » Pine Street Pedestrian Bridge
- » Boardman Riverwalk
- » Public Restrooms
- » Bridge Repairs

WHAT DOES THE DDA DO?

*The DDA **does**:*

- ✓ **Implement critical physical improvements, including public infrastructure projects and initiatives:**
 - Issues bonds to help build capital projects, including parking structures, streetscape beautification, pedestrian bridges and trails, and other public amenities.
 - Contribute to and offer leadership for the planning, design, and construction of a wide variety of public improvements.
- ✓ **Provide services that create a vital Downtown experience, including:**
 - Work with, advocate for and promote Downtown businesses.
 - » Manage the Downtown Traverse City Association (DTCA), the Downtown merchant association, and lead Downtown events, promotions, and gift certificate programs
 - » Plan and implements way-finding program
 - » Operate and manage the Sara Hardy Farmers Market
 - » Plan and facilitates Downtown cleaning
 - » Plan and facilitates holiday lights
 - » Plan and facilitates Downtown planting program
 - » Apply for grants
 - » Convene Downtown stakeholders
 - Work with partners to create a vital Downtown experience.
 - » Manage Parking Services on behalf of the City
 - » Manage Arts Commission on behalf of the City

WHAT DOESN'T THE DDA DO?

*The DDA **does not**:*

- ✗ **Maintain street and sidewalk infrastructure**
 - The physical maintenance of streets and sidewalk infrastructure is managed by the City, although the DDA is exploring ways to provide enhanced cleaning and snow removal.
- ✗ **Provide direct funding to private developers**
 - The DDA can help fund infrastructure in support of and associated with a private development (e.g., streetscaping, heated sidewalks).
- ✗ **Approve and reject private development proposals**
 - The DDA can work only with private developers to help identify possible locations and additional resources for existing building rehabilitation and improvements.
- ✗ **Take a cut of parking revenue**
 - The City pays an administrative fee to the DDA to manage parking for the City. All other revenue is allocated to the City.

PLANNING PROCESS

To assist in the Moving Downtown Forward planning process, the Traverse City DDA contracted with Progressive Urban Management Associates (P.U.M.A.), a Denver-based national firm specializing in strategic planning for Downtown management organizations, and Parallel Solutions, a Traverse City-based consultancy specializing in organizational development and strategy, facilitation, and community engagement.

The consultant team and the DDA, along with a Project Working Group and Leadership Team, worked collaboratively to chart and complete a planning process with the following major elements:

- » Review and **build upon prior plans**
- » Conduct **community outreach** – more than 1,300 Downtown and community stakeholders were engaged through interviews, roundtables, open houses, and an online survey
- » Conduct a **market assessment** to identify market conditions and trends impacting Downtown and the greater region
- » Identify comparable **best practices** to apply in Traverse City
- » Identify **priority projects and services** for the DDA moving forward
- » Provide **implementation and funding strategies**

KEY TAKEAWAYS

Six key takeaways arose through both the *community engagement process* and the *Downtown market assessment*.

1. **Downtown Traverse City Has Emerged as a Strong Economic Engine and Gathering Place for the Region.**

Just 25 years ago Downtown Traverse City suffered from a lack of private investment, job loss, empty storefronts, crumbling infrastructure, polluted properties, and underutilized parcels. The DDA's leadership, services, and strategic use of TIF has been instrumental in creating the Downtown that the region enjoys today.

2. **Despite its Vitality, Downtown Has Vulnerabilities.**

Vulnerabilities facing Downtown include retaining and supporting small, independent, and distinctive businesses, availability of housing affordable to the workforce, lower income, and younger populations, determining how new infrastructure and investment in Downtown can support sustainability in all of its dimensions (economic, environmental, and equity), and protecting and preserving a vital Downtown in the uncertain times ahead.

3. **Regional Prosperity is Tied to a Vital Downtown.**

The market assessment reveals that the entire Traverse City region is challenged by shifting demographics that are found in similar destination resort and amenity-rich communities around the nation. Aging demographics and a shortage of affordable housing will make it increasingly difficult to attract service and front-line workers and keep growing families that are essential to maintaining a healthy economy. Downtown is a critical regional amenity that can appeal to younger demographics, foster innovation, and embrace the values of sustainability that are critical to the next generations, including environmental stewardship and societal inclusion.

4. **Priorities for New Physical Improvements Are Clear.**

Priorities for physical improvements from Downtown stakeholders and community members from both the city and the region align with DDA Board priorities. The top priorities that were identified from the community-wide online survey, in order, include:

- Improve stormwater and wastewater management in Downtown
- Increase parking supply by adding more parking structure(s)
- Make Downtown more pedestrian-friendly and accessible
- Increase Downtown housing options

5. **Priorities for New Services Are Clear.**

Top service and program priorities of Downtown stakeholders, the DDA Board, and City Commission also mirror the top priorities for services from the online survey (in order):

- Create opportunities for affordable and local workforce housing in Downtown
- Help protect and promote local independent businesses in Downtown
- Become a national leader for sustainability and climate resilience

6. **The DDA's Mission Continues.**

Downtown Traverse City serves as the economic anchor not only for the City, but for the region. Downtown isn't 'done' and the community has clear priorities for Downtown moving forward. Downtown continues to need a champion to implement and finance these shared priorities. If the DDA and TIF go away, City of Traverse City taxpayers will bear 100% of the financial burden of implementing the region's priority physical improvements and services for Downtown.

MOVING FORWARD

GUIDING PRINCIPLES

Like many civic issues in Traverse City, community members are passionate about Downtown and have a variety of ideas for its future. With input from more than 1,300 community members, the Moving Downtown Forward process revealed that Downtown stakeholders, City leaders, and community residents from throughout the region are in alignment around priorities for the next generation of investment and improvements. These aligned priorities, coupled with findings from the Moving Downtown Forward market assessment, create a set of five guiding principles for evaluating how the DDA will allocate resources to invest in projects and services.



Design a Great Place All Ages and for Future Generations: Downtowns throughout the nation are known for their appeal to younger generations, including Millennials and Gen Z'ers under the age of 40. The market assessment revealed that the Traverse City region needs an infusion of younger people. With a regional median age of 47, compared with other cities around the country, Traverse City is quickly becoming a national outlier as an aging community. While being a retirement community is not necessarily undesirable, Traverse City is a relatively remote community located in the snowbelt and dependent on a tourism-based economy that requires a large number of service and front-line workers. Furthermore, any healthy economy needs younger generations, including families with children, to sustain, innovate, and grow.



Advance Environmental Sustainability and Stewardship: The Moving Downtown Forward process brought to light the themes of sustainability and climate resilience as core values of the entire community. For the DDA, the guiding principle may be incorporated into the environmental sustainability practices in both the public infrastructure improvements and services sides of its work program. For example, the number one capital improvement priority from the community survey, improving stormwater and wastewater management, is a capital responsibility shared by many agencies within the City and the region. The DDA can respond to this priority by designing and constructing projects that relieve pressures on these systems within the Downtown.



Protect and Preserve Small Local Independent Businesses: Downtown Traverse City has achieved its current success based on a unique storefront economy that features a high concentration of local independent stores. The market assessment found that 94% of retail and restaurant tenants are either one-of-a-kind or “chainlets,” regional tenants with a handful of other locations. This remarkable and cherished retail experience is at risk as rents increase and pressures of displacement mount. Moving forward, the DDA will need to provide a variety of promotions, investments, and incentives to protect Downtown's small businesses. The Downtown will also need to be actively programmed throughout the year with a series of promotions, events, and marketing. Special considerations for the local and regional markets, particularly during shoulder and winter seasons, should be pursued to help local businesses move beyond their reliance on the summer.



Champion the Development of Attainable and Workforce Housing: Perhaps the biggest challenge facing the region, and by extension Downtown, is the evaporation of affordable and attainable housing. In the Moving Downtown Forward process, creating opportunities for workforce housing was the top priority from an online survey which received 1,172 responses from city and regional residents. Additional concern was voiced by Downtown business owners who are finding it increasingly difficult to recruit workers, due, in part, to the high cost of housing. Downtown cannot solve the region's housing affordability challenge alone, but it can be a significant contributor in the discussion. For the region, creative solutions and a strong political commitment are needed, and the “fear of change” and accompanying litigious reflexes revealed in the Moving Forward process need to be overcome.



Support Job Growth and Varied Career Opportunities: While Downtown Traverse City is perhaps best known for the retail experience along Front Street, it is also a major employment center for the region. An enormous strength is Downtown's high concentration of knowledge-sector employment, including nearly 2,000 jobs in the areas of professional and technology services, financing and insurance, real estate, and information. Moving forward, Downtown can continue to attract businesses that build upon the strong knowledge-sector core. Post-pandemic, Traverse City has an advantage as a lifestyle city, and companies are more flexible on location choices than in the past.

MOVING FORWARD CAPITAL PROJECTS

Applying the preceding guiding principles to the DDA's menu of prospective public infrastructure projects, a set of physical improvements stand out as transformative for Downtown and the region at-large.



Lower Boardman (Ottaway) River Improvements:

The DDA recently engaged in a planning process to create the Unified Plan for the Lower Boardman (Ottaway) River, which provides a cohesive vision for the river corridor, as well as steps to address land use, public access, infrastructure, culture, and habitat. The Plan, completed in 2021, also identifies key capital improvement projects related to the Boardman (Ottaway) River, many of which work toward implementing priorities identified in this planning process, including improving stormwater and wastewater management, improving the land along the river by incorporating green space and community amenities, and increasing public access to the river.

West End Parking Structure:

While the DDA has already planned, financed, and built two parking structures within Downtown Traverse City, adding additional parking remains a clear priority for Downtown stakeholders. The DDA has long planned a public parking structure on the west-end of Downtown as a key step in addressing the community's parking concerns. The proposed structure would bring several hundred new parking spaces, and offers the DDA the opportunity to tie in community benefits to address stakeholder challenges and concerns that were identified through this process. Those community benefits could include dedicating a certain number of parking spaces for businesses on Front Street or current and future office employers, or providing an incentive for the inclusion of affordable housing units in new housing projects on the redevelopment site. The impact of this structure in this location will also make it more feasible to remove surface lots and parking on riverbanks to create a more walkable and appealing pedestrian environment throughout Downtown.

Civic Square:

Creating a Civic Square in Downtown Traverse City has been a long-held priority for the DDA and Downtown stakeholders. This central gathering place is envisioned to have year-round programming and events that draws the community together. In 2021, a site at the southwest corner of State and Union Streets was identified and purchased by the DDA. The next step in implementing the Civic Square project is a community visioning process that will be led by the DDA which will help determine how this potential signature gathering space could look and function.



Other civic investments that help the DDA meet its guiding principles:

Continuing to improve the public realm in Downtown to make the environment more comfortable for pedestrians is a top priority. Improvements that contribute to this include adding a more comprehensive snowmelt system to make sidewalks easily navigable year-round, widening sidewalks where possible, and improving alleys in Downtown to make them usable and comfortable for pedestrians.

MOVING FORWARD SERVICES

In addition to physical improvements, the DDA delivers a suite of services that help make Downtown a reliably vital and lively destination. Moving forward, the following service bundles, emphasized by participants during community outreach, are priorities for Downtown.

Protect and promote local independent businesses:

The challenge for the DDA when it was formed 45 years ago was to create business opportunities in a largely vacant downtown. Today, the challenge is different but no less daunting: preventing the loss of small businesses amidst a successful real estate market with rising rents, coupled with operational challenges posed by a tight labor market, systemic inflation, and a possible economic recession.

The DDA will need to act aggressively in the future to support small businesses. This includes continued support for the Downtown Traverse City Association (DTCA), the Downtown merchant association managed by the DDA, building upon DTCA's promotions and events, as well as "Buy Local" programming and messaging. The DDA can play a role in helping property owners understand the value of supporting a unique, local business mix. Flexible leases, equity participation, multiple tenancing, incubators, maker spaces, and cooperatives are all examples of how real estate profits can be maximized for an owner, yet retain affordability for the tenant. Lastly, the DDA can be a clearinghouse of market information, maintaining a variety of datapoints that include properties, businesses, pedestrian counts, sales tax trends, and other key indicators.



Champion the development of affordable and attainable housing:

The Traverse City region is confronting a growing housing affordability crisis, and this issue was a top priority identified by survey respondents and downtown stakeholders during outreach. Despite the urgency of the issue, Downtown alone will not be able to significantly address the region's housing challenge and the DDA has limitations in what it can do in this realm. While it cannot regulate land uses, develop housing, or incentivize density directly, the DDA can support and advocate on behalf of these efforts. Additionally, the Downtown business community offers knowledge and awareness that can help City, Township, and County officials craft policy and incentives. Transit and mobility will also factor into solutions, as affordable housing that is strategically developed along transit routes could make Downtown accessible to more service and front-line workers.

Sustainability and climate resilience:

Moving forward, DDA services can be intentionally deployed to address goals of sustainability and climate resilience that are top priorities for the community. These principles could be deployed in a variety of subtle ways, from deploying a Downtown recycling program, a composting initiative for restaurants, or the use of environmentally-friendly products for maintenance and cleaning.

MOVING FORWARD FUNDING OPTIONS

The following are funding recommendations to help bring the above capital projects and services to fruition in Downtown Traverse City.

Capital Projects:

In the State of Michigan, there are limited options for raising funds for public infrastructure projects. Funding is limited to Capital Improvement Project (CIP) budgets of local governments, competitive grants that are offered by the State or federal government, or tax increment financing (TIF) through a DDA. **TIF is the only mechanism in the State that enables regional cost-sharing of localized improvements.** In the case of a downtown, the logic follows that downtowns typically provide economic benefits beyond the boundaries of a local government, and that downtowns are often utilized by residents and visitors from outside of a local government boundary. Therefore, it is fair and reasonable to ask regional beneficiaries to share in the cost of downtown improvements. There is the potential to extend the largest Downtown TIF district, TIF 97, for another 30 years. This will allow TIF to continue to help finance needed public improvements, namely the transformative projects discussed above. Given the absence of other financing tools and resources, **it is recommended that the smart, cost-efficient, and fair option to fund additional public infrastructure projects in Downtown Traverse City is with a 30-year extension of TIF 97 through a revised tax increment financing plan.**

To provide a framework for a new Downtown Tax Increment Financing Plan ("Moving Forward TIF Plan"), a series of targets were developed for three cost bundles for future DDA TIF revenues. The following table provides general "targets" for allocating TIF revenues into each of these bundles. The analysis will need to be updated in a more expansive Moving Forward TIF Plan, but the following targets are offered to set expectations.

Moving Forward TIF Plan: Target Assumptions Beginning in 2028

Cost Bundle	Target Share of Total Annual Revenue	First Year Revenue Projection (2028 - \$4M)
Bond Issue for Transformative Projects	70% to 80%	\$2.8M to \$3.2M
DDA Operations and Services	15% to 20%	\$600,000 to \$800,000
Revenue Share with Taxing Authorities	10%	\$400,000

Services:

Unlike public infrastructure improvements for Downtown, services afford more latitude for diversifying DDA funding sources. Services can be defined as efforts to maintain and market a vital downtown. Examples including enhanced maintenance and landscaping, marketing and events to support retailers, public art and other ways to showcase local culture, and installing cosmetic improvements, such as banners or accent lighting, that do not require a large capital investment. Options that should be employed by the DDA to fund services include:

- » **DDA Mill Levy:** The DDA mill levy, which by Michigan statute cannot exceed 2 mills, is the foundational source of funding for services. This source currently raises about \$250,000 each year.
- » **Event Sponsorships:** Events, ranging from festivals to more low-key activations, are prime for sponsorship from a range of interests from private businesses to community-serving organizations.
- » **Contracts for Service:** Many downtown organizations receive contracts from local government to provide enhanced services, most often for maintenance-related activities that range from supplemental trash collection to enhanced cleaning in parks.
- » **Charitable Contributions:** Tax-deductible contributions are a common source of funding for downtown organizations that create enhancements to public space. Examples include public art, celebrations of local culture and diversity, and amenities such as water features and playgrounds. Donors can include corporations, foundations, and individuals. In the next round of DDA projects, both the Lower Boardman (Ottaway) River and Civic Square improvements could benefit from charitable contributions. The creation of a nonprofit 501(c)(3) affiliate under the DDA would create the opportunity for charitable contributions, and help to leverage other funding for Downtown services and improvements.

MOVING FORWARD

SERVICES BEYOND DDA'S CORE MISSION

DDA also has responsibility for services beyond core services discussed above. There is opportunity to clarify these roles, refresh the delineation between City and DDA responsibilities in Downtown, and lastly, expand DDA services beyond its current borders.

Base Level of Service Agreement:

Over its long tenure, delineation of responsibilities between the City and the DDA have naturally blurred. In downtowns with a DDA or similar management entity, it is common for both the City and the DDA to clearly spell out their responsibilities for service delivery. Cities are charged with delivering a “base level of services” – perhaps best defined as services that the City would deliver if there was no DDA. DDAs then provide “enhanced services” – services one would not expect to get from a local government, such as graffiti removal, caring for landscaping, and installing flower baskets. These responsibilities, parsed between City and DDA, can be delineated in a “base level of service agreement.” It is recommended that this agreement be developed and finalized to provide a basis for Downtown moving forward, establishing parameters for which services should be reasonably provided by the City, and which are enhanced responsibilities of the DDA.

Parking Management:

Parking – often the first and last thing many visitors experience in a downtown – is critical to how people evaluate their visit. The DDA manages Downtown's public parking for the City of Traverse City. (Of note, parking revenue goes into a City Enterprise Fund controlled by the City; the DDA is only reimbursed for employee costs directly associated with managing parking.) There are several benefits to having downtown-based organizations like the DDA manage parking. Doing so allows the parking system to be viewed holistically and from the business owner, downtown employee, and downtown customer perspective, and treated as a key part of the larger downtown experience.

City leaders and community members have long envisioned a parking supply strategy that reduces the number of surface parking lots Downtown while largely consolidating parking into three parking structures. The DDA through TIF financing built the first two structures, and the planned West Front Street parking structure will bring this vision to fruition. Renewal of TIF 97 is required to provide adequate funding for the development of the West Front structure. It is recommended that TIF be renewed to make sure this parking strategy is realized. Continuing to manage parking on behalf of the City, and ensuring that parking supports, not hinders, businesses and economic development in Downtown are key service roles for the DDA moving forward.

Expansion of Services into Edge Districts:

Downtown has grown over the DDA's years, and its edge districts have evolved. While TIF boundaries are firm, DDA district boundaries are more flexible and adaptable. Therefore, there are opportunities to bridge the borders of Downtown's varied subdistricts moving forward, creating a more seamless experience throughout the greater Downtown area.

Two important edge districts are West Front Street (locally branded as the West End) and East Eighth Street (locally branded as North Boardman Lake District, or NOBO). Both districts have recently built out streetscape improvements that create a more appealing pedestrian and multi-modal environment. There is a need to create a more seamless level of service to maintain these improved spaces. There is an opportunity for the City to utilize the services of the DDA (such as cleaning, planting and landscaping, events, etc.) along these corridors. There are several options for bringing DDA services to these districts – including expansion of the DDA District, creating an opt-in to the existing mill levy, with an overlay of a Downtown Improvement District. Having an overlay district creates the linkage and further establishes a “core” of the City. The second option, would be establishing a separate Business Improvement District. Each of these options should be further evaluated by the DDA, City, and district stakeholders.

MOVING FORWARD GOVERNANCE

The DDA's organizational and governance structures have remained intact since its creation more than 40 years ago. The DDA remains a quasi-governmental entity with its board of directors that is appointed by the City Commission. The City Commission provides general oversight of the entity and must approve any debt or bonding actions by the DDA. DDA employees work for the DDA, and not the City.

Since the DDA was formed, public/private partnership models have evolved for downtown management organizations throughout the nation. In this scenario, the DDA is part of a broader organization, or “umbrella,” that might include affiliates such as a nonprofit partner. This business model offers the benefits of leveraging more funding for downtown improvements and services, plus provides more avenues of participation by both Downtown stakeholders and community members that want to support downtown. In Michigan, the public/private partnership organizational model is prevalent in many downtowns, with Ann Arbor and Grand Rapids highlighted as “best practices.” Another best practice of a DDA as part of a broader partnership that can inform Traverse City is found in Colorado Springs, Colorado.

Moving forward, the Traverse City DDA can benefit from many of these organizational advantages by strengthening and repurposing its existing 501(c)(3) affiliate, the Downtown Traverse City Association (DTCA). Recommended organizational changes to explore include the following:

- » **Repurposing the DTCA:** Dating back to 1931, the Downtown Traverse City Association (DTCA) is a 501(c)(3) nonprofit membership organization that serves as a Downtown business association. Currently, the DTCA brings the Downtown business voice and energy into the mix. Moving forward, the DTCA bylaws could be amended to broaden its ability to 1) create a conduit to diversify funding for Downtown projects; 2) offer board and committee involvement options that are inclusive of a variety of Downtown stakeholders; and 3) be an advocate for Downtown by providing education and analysis on issues impacting Downtown. Its activities would also continue to deliver promotions and events, and build a sense of community to preserve and protect Downtown's high concentration of local independent businesses.
- » **DDA Remains the Anchor:** The Traverse City DDA remains the anchor of the two organizations, bringing the advantages of TIF and mill levy financing and its connection to local government and regional taxing authorities. The board of the DDA remains as it is, a 12-member group appointed by the City Commission. Moving forward, stronger definition of board seats is recommended to ensure that Downtown stakeholders and directly represented. Within the boundaries of the DDA, board members should include a mix of property and business owners and use types. A seat for a downtown resident should also be considered.

Importantly, the DDA should also consider organizational options and opportunities that might not be able to be envisioned today. Additional affiliates may be needed over time to accommodate a new improvement district (i.e., 8th Street), management of a new public space (i.e., Civic Square), or perhaps a joint venture development and management opportunity with a community and/or civic partner.



MOVING FORWARD **IMPLEMENTATION**

TO COME

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PROJECT OVERVIEW

PROJECT BACKGROUND

The Downtown Traverse City *Moving Downtown Forward* process was initiated to engage community members and stakeholders regarding their perspectives on what has worked well and what needs to change, as well as their vision for the Downtown and its needs and the way it relates to the surrounding region. This plan identifies both the shared and competing values and interests of stakeholders, as well as the potential approaches, organizational structures, and resources available to address the needs the DDA has identified to effectively provide for 'clean, green, and safe' programs, public infrastructure, and placemaking.

To assist in the Moving Downtown Forward planning process, the Traverse City DDA contracted with Progressive Urban Management Associates (P.U.M.A.), a Denver-based real estate economics and planning firm specializing in Downtown and strategic planning for Downtown management organizations, and Parallel Solutions, a Traverse City-based consultancy specializing in organizational development and strategy, facilitation, and community engagement.

Like many downtowns in post-industrial cities throughout the Midwest during the second half of the 20th century, Downtown Traverse City suffered from a lack of private investment, job loss, empty storefronts, crumbling infrastructure, polluted properties, and underutilized parcels. Looking to spark new investment and promote additional opportunities for community and economic development, city leaders established the Downtown Development Authority (DDA) in 1978. The DDA serves as the lead agent working to enhance Downtown, focused on placemaking, infrastructure, events, parking and business procurement, promotion, and growth. The Traverse City Downtown District can be seen in the map to the right.



The primary funding mechanism used by the DDA to finance public infrastructure initiatives is Tax Increment Financing (TIF). TIF is a commonly-applied, state-authorized financial tool utilized by DDAs throughout Michigan and the nation to develop, construct, and maintain critical public infrastructure that supports and promotes economic development within a downtown and region. Infrastructure improvements within the Downtown District are funded through two TIF Districts – “TIF 97” which was established in 1997 for a period of 30 years and “Old Town TIF” which was created in 1985 and renewed in 2016 for an additional 25 years. The two TIF districts in Downtown Traverse City can be seen in the map below.



In addition to providing public infrastructure improvements, the DDA also provides services that create a vibrant Downtown environment. In addition to TIF, the DDA is also funded through a 2-mill levy on property owners within the Downtown District as well as management contracts for services that include parking, community arts and events, and promotions. Additional services provided by the DDA include providing support to Downtown businesses, cleaning of sidewalks and parks in Downtown, and place enhancements like holiday lighting, wayfinding signs, and planters.

Over the last 40 years, the DDA has implemented a number of successful and transformative projects that have contributed to the overwhelming success of Downtown Traverse City. Today, Downtown Traverse City serves as the economic and cultural hub of Northwest Michigan. Its tree lined and pedestrian-friendly streets, boutique shops, unique restaurants and microbreweries, signature celebrations, and position on Lake Michigan and the Boardman/Ottaway River attract over 3 million visitors annually – helping to routinely place Traverse City on several enviable “top-ten” lists every year. These amenities have recently spurred the creation of several new start-up companies, an emerging tech presence and a growing spirit of entrepreneurship. Early 2020 Census results revealed that the population of Traverse City grew by nearly 7% over the last ten years and Grand Traverse County grew by nearly 10%, making it the second-fastest growing county by percentage in Michigan. As a result of

this business and population growth, over the last 25-plus years, the value of property in the TIF 97 district has increased nearly 300%. The value of property in the Old Town TIF district has increased 34% over the same period.

Despite its success, Downtown Traverse City and the Downtown Development Authority are at a critical juncture. The City and DDA face significant obstacles to creating a thriving Downtown including issues and needs that cannot be solved through the DDA's current operating and financial models, including a shortage of affordable housing close to the urban core, rising property values and increasing rents, a disjointed transportation network, the attraction and retention of workers, and future development and maintenance costs for public infrastructure projects.

PLAN PROCESS

The Moving Downtown Forward plan is intended to guide the evolution of the DDA over the next five years and beyond. The planning process is aimed to meet the following objectives:

- Work with DDA leadership to formally establish a refreshed organizational entity and financial structure to manage and oversee Downtown development.
- Develop a comprehensive market assessment to understand current and future market influences affecting Downtown Traverse City, including a focus on how the district's real estate sub-markets may evolve post-pandemic.
- Engage the organization's leadership, business and civic leaders, the general public, and other Downtown stakeholders in a participatory process to develop Moving Downtown Forward.
- In concert with DDA staff and board leadership, develop recommendations to guide the organization's evolution and enhance its value proposition.

To provide input, direction, and an overall "sense of reality," the DDA formed a **Project Working Group** and **Leadership Team** to meet with the consultant team at strategic intervals during the planning process. The Working Group included DDA board members as well as additional representatives from neighborhood associations, businesses, and community-serving organizations. The Leadership Team was comprised of representatives from the City of Traverse City and DDA Board leadership.

To accomplish the preceding objectives, the strategic planning process was comprised of four steps – preparation and Community Engagement Plan, an external market and community priorities assessment, an internal organizational and financial assessment, and synthesis into the Moving Downtown Forward plan.

1. During Step 1 of the Moving Downtown Forward process, the P.U.M.A. team engaged in **plan preparation** and created a **Community Engagement Plan (CEP)**. Plan preparation involved compiling background materials and data for the following two steps, reviewing and summarizing past planning efforts relevant to Downtown, and creating a CEP for the overall planning process. The CEP defined strategies and tactics to connect with property owners, businesses, neighborhoods, employees, residents, local tax jurisdiction partners in TIF, local community and economic development organizations, and civic constituents throughout the Moving Downtown Forward planning process.
2. The **External Community Priorities and Market Assessment** informed the plan through a detailed assessment of market trends and a discovery of stakeholder priorities for Downtown. The P.U.M.A. Team engaged a variety of Downtown and community stakeholders during this step through individual interviews and roundtable meetings to understand community priorities and aspirations, as well as an online survey distributed throughout Traverse City and beyond. Over **1,300 Downtown and community stakeholder inputs** were collected through these means. Leadership meetings were also conducted with members of both the City Commission and the DDA Board of Directors. Themes from stakeholder outreach are described in the next section.

The **market assessment** included a compilation of data on Downtown's key economic indicators and opportunities in a variety of segments through an analysis of secondary data from existing economic agencies, real estate professionals, Census, and other widely accessed sources that can be easily updated and monitored over time.

3. The **Internal Organizational and Financial Assessment** reviewed the DDA's ability to effectively address challenges and capitalize on opportunities identified in the external assessment. This assessment included a comprehensive review of the programs, financing tools, budgets, and organizational structure of the DDA. This step considered organizational and programmatic "best practices" from comparable downtown management organizations in Michigan. Work was also advanced on a "base level of services agreement" with the City that identifies service obligations by the City in Downtown versus enhanced and supplemental services that can be provided by the DDA.
4. Following completion of the steps above, the consultant team prepared a **Moving Downtown Forward framework and draft plan report** with findings from the external and internal assessments, and recommendations for an updated organizational and financial structure for the DDA. The plan was finalized through review and feedback from DDA staff and ultimately DDA Board of Directors approval.

WHAT IS A DOWNTOWN DEVELOPMENT AUTHORITY?

Downtown Development Authorities (DDAs) are quasi-public agencies that provide both organization and financing to support Downtown capital projects and enhanced services that focus on the city center's vitality and attractiveness. DDAs serve as the caretakers of Downtown, facilitating partnerships, joining businesses and property owners with local government to create a self-sustaining organization designed to maintain a vibrant city center that is economically healthy and champion downtown for the long term. Property owners, business owners, residents and tenants within the proposed DDA area must vote on the DDA's creation and funding. The governing board is made up of these stakeholders as well as representatives from the City, appointed by the City Commission. Downtown Development Authorities were enacted on August 13, 1975 under the Public Act 197 of 1975, otherwise known as the "DDA Act." Public Act 197, and subsequently the Public Act 57 of 2018, authorize the use of Tax Increment Finance (TIF) to correct and prevent the deterioration of downtown areas in the State of Michigan. DDAs are common in downtown areas throughout the state, and are found in many states throughout the nation.

DDA operations and projects are typically funded through an operations tax of up to two mills within the district, and TIF, both of which must be approved by stakeholders in the district as well as by City Commission. TIF allows a DDA to leverage increases in property taxes over and above that of taxes collected during the base year when the DDA is formed, to help finance development and improvement projects. Other financing tools that can be used by DDAs in Michigan in addition to millage and TIF include special assessments, revenue bonds, revenues from property owned or leased by the DDA, donations and grants to the authority, and contributions from the local unit of government.¹

The Traverse City DDA is guided by the following mission statement:

Collaborate with all stakeholders to provide a world class downtown that is active, thriving, and inclusive. Through investments in sound, sustainable infrastructure and civic amenities, the DDA corrects and prevents deterioration in the Downtown District to encourage historic preservation, to create and implement development plans and to promote economic growth.

An overview of what the DDA can and cannot do can be found in the Executive Summary of this document.

WHAT HAS THE DDA ACCOMPLISHED WITH TIF?

Tax increment financing (TIF) is a commonly used, state-authorized tool utilized by DDAs throughout Michigan and the nation to develop, construct, and maintain critical public infrastructure that supports and promotes economic development within a downtown and region. These investments may be City-led investments such as utilities, public art or plazas, lighting, streetscape improvements, etc., that occur independently from any particular

¹ Information from: <https://www.michiganbusiness.org/4a8170/globalassets/documents/reports/fact-sheets/downtowndevelopmentauthority.pdf>

development. DDAs, however, more typically partner on development activities in ways that advance community vision. This is due in part to the way that TIF financing is generated.

TIF is generated over time as a range of activities and infrastructure investments improve property values incrementally within a designated district. In Michigan, TIF districts have an initial lifespan of 30 years and can be extended for up to another 30 years. Under TIF, the DDA “captures” property tax revenue on the incremental increases on assessed property values within the Downtown district over time. These captured tax revenues are then used to fund public infrastructure improvements within the Downtown district. Downtown Traverse City has two TIF Districts – “TIF 97” was established in 1997 and covers the majority of Downtown. “Old Town TIF” was established in 1985 (and renewed in 2016) and covers the Old Town area.

TIF 97, the largest source of funding revenue for critical infrastructure within the Downtown, is scheduled to expire in 2028. There are a number of projects identified within the existing TIF 97 Plan that are currently in the planning and/or development phase and will require several years to fully mature and ultimately be realized. In addition, there are a handful of projects that have not yet started, but have been identified by the DDA Board, property owners, business owners, City Commissioners, and other community members as critical to the future development and growth of Downtown. In Downtown Traverse City, TIF dollars have been used to support several public infrastructure projects with Downtown, which include:

- City streetscapes, e.g., sidewalks, bump-outs, and snow melt systems
- Hardy and Old Town Parking Garages
- Farmer’s Market
- Downtown Wi-Fi
- Placemaking elements
- Pedestrian and vehicular wayfinding signage
- Garland Street
- City Opera House Improvements
- Maintenance
- Clinch Park Improvements
- Pine Street Pedestrian Bridge
- Boardman Riverwalk
- Public Restrooms
- Community safety services
- Bridge Repairs

Regional Cost Sharing for Regional Benefit

For every dollar of TIF revenue, 53% comes from the City and 47% comes from other jurisdictions and regional authorities. While Traverse City’s population hovers around 15,000 people, roughly 50,000 people from throughout the region come into or pass through the city each day (not to mention the millions of tourists each year). This influx of people places tremendous stress on the city’s infrastructure. TIF is the only regional municipal revenue-sharing tool that uses dollars from regional taxing jurisdictions to fund and maintain critical public infrastructure in the city. Quite simply, the City’s general fund would not be able to support or maintain Downtown infrastructure without TIF. Studies continue to show that investing in Downtown and utilizing tools such as TIF has consistently proven to increase economic development, jobs, and the tax base for the entire region.

WHAT'S NEXT FOR DOWNTOWN

– KEY TAKEAWAYS

Key takeaways from the discovery phase of this planning process are summarized below, and are based on input received from more than 1,300 Downtown Traverse City stakeholders, community members and leaders, and an assessment of market conditions in Downtown and the region. Additional detail on community outreach and the market assessment are provided in the chapters that follow, and in Appendices A, B, and C.

1. **Downtown Traverse City Has Emerged as a Strong Economic Engine and Gathering Place for the Region.** Just 25 years ago Downtown Traverse City suffered from a lack of private investment, job loss, empty storefronts, crumbling infrastructure, polluted properties, and underutilized parcels. The DDA's leadership, services, and strategic use of TIF has been instrumental in creating the Downtown that the region enjoys today.
2. **Despite its Vitality, Downtown Has Vulnerabilities.** Vulnerabilities facing Downtown include retaining and supporting small, independent, and distinctive businesses, availability of housing affordable to the workforce, lower income, and younger populations, determining how new infrastructure and investment in Downtown can support sustainability in all of its dimensions (economic, environmental, and equity), and protecting and preserving a vital Downtown in the uncertain times ahead.
3. **Regional Prosperity is Tied to a Vital Downtown.** The market assessment reveals that the entire Traverse City region is challenged by shifting demographics that are found in similar destination resort and amenity-rich communities around the nation. Aging demographics and a shortage of affordable housing will make it increasingly difficult to attract service and front-line workers and keep growing families that are essential to maintaining a healthy economy. Downtown is a critical regional amenity that can appeal to younger demographics, foster innovation, and embrace the values of sustainability that are critical to the next generations, including environmental stewardship and societal inclusion.
4. **Priorities for New Physical Improvements Are Clear.** Priorities for physical improvements from Downtown stakeholders and community members from both the city and the region align with DDA Board priorities. The top priorities that were identified from the community-wide online survey, in order, include:
 - Improve stormwater and wastewater management in Downtown
 - Increase parking supply by adding more parking structure(s)
 - Make Downtown more pedestrian-friendly and accessible
 - Increase Downtown housing options
5. **Priorities for New Services Are Clear.** Top service and program priorities of Downtown stakeholders, the DDA Board, and City Commission also mirror the top priorities for services from the online survey (in order):
 - Create opportunities for affordable and local workforce housing in Downtown
 - Help protect and promote local independent businesses in Downtown
 - Become a national leader for sustainability and climate resilience
6. **The DDA's Mission Continues.** Downtown Traverse City serves as the economic anchor not only for the City, but for the region. Downtown isn't 'done' and the community has clear priorities for Downtown moving forward. Downtown continues to need a champion to implement and finance these shared priorities. If the DDA and TIF go away, City of Traverse City taxpayers will bear 100% of the financial burden of implementing the region's priority physical improvements and services for Downtown.

WHAT'S NEXT FOR DOWNTOWN – COMMUNITY PRIORITIES

An essential component of the Moving Downtown Forward process was to engage a variety of stakeholders to understand the current strengths, challenges, and future opportunities for Downtown Traverse City. Community priorities for Downtown revealed by the outreach were used to inform the DDA's priorities and recommended governance adjustments moving forward.

Community input was gathered in a number of different formats and included meeting with **nearly 100 Downtown stakeholders** through virtual and in-person interviews, small group discussions, and roundtable meetings. Stakeholder groups included property owners (commercial and residential), business owners, residents, representatives from the various Downtown and adjacent neighborhoods, employers, local taxing jurisdictions, City leadership, DDA Board members, and other key partners. The broader Traverse City community was also invited to participate through **an online survey that collected 1,172 responses** plus through two in-person community open houses that attracted about 50 additional participants.

THEMES FROM INTERVIEWS & ROUNDTABLE DISCUSSIONS

Interviews and roundtable discussions in the first phase of the Moving Downtown Forward process were intended to gain an understanding of strengths and challenges of Downtown Traverse City, and to gather input on two key questions – What is next for Downtown Traverse City?, and What's next for the Traverse City DDA? The following are themes commonly expressed during interviews and roundtable discussions with nearly 100 Downtown stakeholders, including business owners, property owners, residents, employers, and employees.

DOWNTOWN TRAVERSE CITY STRENGTHS

- **Storefront economy:** Downtown Traverse City has a unique mix of retail and restaurants, many of which are locally owned and operated. Furthermore, Downtown has retained a low commercial vacancy rate, showcasing resiliency in the storefront economy even through the Covid-19 pandemic, which was also bolstered by the closure of Front Street to vehicular traffic for outdoor dining and shopping.
- **Character and authenticity:** The character of Downtown is distinct and authentic to Traverse City, as a number of historic buildings have been retained and adaptively reused throughout Downtown, particularly along Front Street. There is also a strong sense of community amongst Downtown stakeholders, and in several instances, there is a multigenerational legacy of business and property owners.
- **Natural amenities:** Downtown has several natural and open space amenities both within the Downtown district and adjacent to it. Amenities include the Lower Boardman River, Grand Traverse Bay, the Tart Trail, and Clinch Park.
- **Reasons to come Downtown:** There are no shortage of reasons to come to Downtown Traverse City, as it serves as a regional economic and cultural hub and a destination for local, regional, and national tourists. Regular events and activation of public spaces and place enhancements like public art create an inviting

atmosphere for locals and visitors alike. In addition to large-scale events that draw people from elsewhere in Michigan and beyond, there are also a number of locally-serving entertainment venues, including the State Theatre, City Opera House, and Bijou by the Bay, and locally-serving events like Shop Community Day and Restaurant Week.

- **Multi-modal options:** Downtown is accessible by multiple modes of transportation beyond just vehicles. Downtown is largely pedestrian-friendly, has comfortable bike infrastructure and amenities, and is accessible by the Bay Area Transportation Authority (BATA) transit system.
- **DDA stewardship of Downtown:** As a champion for Downtown and financing entity for key Downtown improvements, the Traverse City DDA has been instrumental in the revitalization of Downtown that has occurred over the last 30 years.

DOWNTOWN TRAVERSE CITY CHALLENGES

- **Affordability:** Affordability has become a major challenge to Downtown Traverse City in recent years. Increasing housing costs and the cost of living have become prohibitive for service employees hoping to live near Downtown retail and restaurant jobs. Housing affordability challenges have been further exasperated by an increase in short-term rentals in Downtown. Additionally, the storefront economy is challenged by increasing commercial lease rates, particularly along Front Street. The higher-end, boutique nature of many Downtown stores and restaurants can also be exclusionary for lower income community members.
- **Lack of consensus around the future of Traverse City and growth:** There is not one unifying vision for the future of Downtown and Traverse City as a whole, as community members have competing ideas around what the future should look like. Some community members have concerns about rising residential and commercial costs as the population grows and development continues, while other citizens are concerned about losing Traverse City's small-town charm, while other stakeholders are worried about the impact of development on the environment. Additionally, among some community members, there is a fear of change and growth that has manifested in the form of aversion to higher density development and the resulting restrictions on building heights in Downtown. Traverse City also has a uniquely litigious environment, and the combination of these conditions has restricted the community's ability to adapt and address many of the challenges facing Downtown.
- **Parking:** There are several challenges around the parking experience in Downtown Traverse City, including the lack of availability of parking in key locations, particularly in the winter months, the price of on-street and structured parking, the ease of use of the technology, fines for businesses feeding meters for their patrons, the location of existing parking decks and the decks' proximity to businesses on Front Street, and surface parking that creates gaps in the Downtown environment.
- **Seasonal nature of tourism:** While tourism is a key economic driver in Traverse City, the seasonal nature of tourism presents several challenges. Congestion during peak tourism season creates a difficult environment for locals hoping to enjoy Downtown's amenities. Additionally, while summertime tourism fuels the Downtown economy, Downtown business patronage significantly slows during the offseason.
- **Small business challenges:** Small, locally-owned businesses are a big part of what makes Downtown Traverse City unique, and yet those businesses face some significant threats. Service workers are increasingly unable to afford housing near Downtown, and those challenges have resulted in reduced staff capacity and business operation hours as a result. Increasing commercial lease rates threaten to displace small businesses on Front Street, and businesses off Front Street face challenges with visibility to potential patrons.

- **Traffic patterns:** One-way streets and the speed of traffic along Front Street and State Street are challenging for people navigating streets and sidewalks using other modes like walking, using mobility aid equipment, or bicycling.

IMPROVEMENTS FOR DOWNTOWN TRAVERSE CITY OVER THE NEXT 5-10 YEARS

Physical Improvements for Downtown Traverse City

- **Enhance connections to the natural environment,** including implementing the Lower Boardman/Ottaway River improvements identified in the Unified Plan, bringing the river into Downtown and vice versa, activating and improving the alleyways along the river, improving stormwater and wastewater management, and improving physical connections to the Grand Traverse Bay.
- **Improve the non-vehicular Downtown experience,** including expanding the snowmelt system for Downtown sidewalks and consider leveraging a snow melt system, strengthening non-vehicular connectivity and wayfinding between Downtown districts, continuing to make Downtown streets multi-modal and improve bicycle and pedestrian amenities, and considering the closure of 100 and 200 block of Front Street during certain days of the week.
- **Improve the parking experience,** including increasing the parking supply by adding the proposed West Front Street parking structure, embracing infill development of surface parking lots to improve the pedestrian experience and encourage additional housing, and improving advertising of existing parking garages.
- **Enhance the public realm,** including ensuring the proposed Civic Square project moves forward, enhancing existing and creating new public spaces along the Lower Boardman River, adding more greenery and landscaping into the Downtown environment, adding more outdoor dining options, constructing gateways in and out of Downtown, improving lighting, improving the cleanliness and maintenance of streetscape amenities like crosswalks, streets, and trash receptacles, building more public restrooms in Downtown, and adding more public art.
- **Cater to locals as well as tourists,** including encouraging programming and events that are relevant to Traverse City residents, employees, and businesses and considering incentives for locals to spend dollars Downtown like Downtown gift certificates, or credits for 30 minutes of meter parking.
- **Spread energy throughout Downtown beyond Front Street,** including implementing the Eighth Street vision plan, improving connections between that corridor and Downtown, and improving the storefront economy and pedestrian experience along State Street.

Service Improvements for Downtown Traverse City

- **Make Downtown more inclusive and welcoming,** including enriching the cultural diversity in retail and restaurant offerings, increasing the visibility and history of indigenous cultures in the region, improving engagement with the next generation of leadership representing Downtown businesses, property owners, residents, civic partners, and the DDA board, and providing additional services for the unhoused population.
- **Ensure transit is convenient and accessible,** including increasing advertising of existing BATA system services to residents and Downtown employees, such as Destination Downtown services, satellite parking lots connected to Downtown via the BATA services, and availability of on-demand BATA ride requests.
- **Support affordable housing in Downtown,** including increasing housing density in Downtown by revisiting 60' height restrictions in exchange for community benefits like affordable housing and considering tax

abatements or similar incentives to allow property owners to make improvements to facades or develop second floors into long-term rentals.

- **Support businesses and storefronts in Downtown**, including continuing to encourage active ground floor uses like restaurants and retail, working to ensure Downtown storefronts remain predominately local, independent businesses, recruiting office users to Downtown second floor vacancies, ensuring business offerings cater to locals as well as tourists, identifying affordable spaces for businesses to relocate to within Downtown, supporting job creation and job creators, encouraging creative and affordable retail formats like cooperatives, incubators, and a year-round farmers or makers market, and creating design standards for Downtown buildings.
- **Improve communication and marketing of Downtown**, including streamlining communication with and improving marketing to Downtown businesses, property owners, and the general public on events and other happenings occurring in Downtown.
- **Increase year-round events and programming in Downtown public spaces**, including events and activities in outdoor public spaces for year-round events, creating wintertime activation such as adding fireplaces or speakers for holiday music, and creating an interactive, experiential wayfinding system by utilizing apps and technology.
- **Become a precedent for sustainability and environmental resilience**, including appealing to younger demographics by prioritizing sustainability in all Downtown investments and improvements.

TRAVERSE CITY DDA PRIORITIES MOVING FORWARD

- **Focus on implementation of priorities**, including charting a course for implementing what the DDA can accomplish from the priorities laid out in recent planning efforts for Downtown.
- **Continue championing Downtown**, including creating a compelling vision and course for Downtown moving forward and becoming the leading advocate for that vision.
- **Improve intentional communication of what the DDA does**, including clarifying and communicating the roles and responsibilities of the DDA, versus the City, County, or other jurisdictions, continuing to tell Downtown's story, and improving communication of existing services provided by the DDA.
- **Reevaluate and diversify organizational structure**, including reevaluating the DDA's role as an advisory body to the City Commission, diversifying the DDA board to maximize representation from Downtown stakeholders, and encourage the next generation of leadership to engage in the civic environment. Other organizational suggestions included diversifying DDA revenue streams, such as leveraging state and federal dollars to fund improvements, and considering options for extending the DDA's purview to the 8th Street Corridor and West Front Street.


ONLINE SURVEY SNAPSHOT

An online survey was prepared as part of the Moving Downtown Forward process for the Traverse City DDA. This survey was open to the public from June 6th to July 5th, 2022 and had the goal of gathering information from a broad audience about their experience and desires for Downtown Traverse City for the future. The survey collected **1,172 responses**. Full online survey results can be found in Appendix B: Online Survey Results.

Demographics: Survey respondents represented a cross-section of Downtown Traverse City stakeholders. Respondents were typically 35-64 years old (61%), white (96%), female (66%), and representing a range of household incomes. 83% of respondents identified as local residents, with 58% living in Traverse City and 25% elsewhere in Grand Traverse County.

- A majority of respondents come Downtown once a week (38%), or daily due to living or working Downtown (33%).
- The top three amenities that bring respondents to Downtown were:
 - **Restaurants and bars (73%)**
 - **Shopping/markets (55%)**
 - **Recreational opportunities (36%)**
- When it came to respondents' perceptions of whether certain Downtown characteristics have gotten better or worse over the past five years, there was strong consensus.
 - **Better: general appearance (61%), mix of restaurants and nightlife (54%), and pedestrian & bicycle friendliness (47%)** were the top three characteristics respondents rated as slightly or much better.
 - **No Change: public safety (51%), cleanliness (47%), arts and cultural activities (47%), parks and open space (46%), mix of retail and shopping options (43%), and businesses and jobs (43%)** were the characteristics that respondents heavily rated as no change.
 - **Worse: housing options and affordability (86%), unhouse population (63%), and parking options (58%)** were the top three characteristics respondents rated as slightly or much worse.

Downtown Traverse City in the Future

- The top five words that capture respondents' vision for Downtown Traverse City in 2030 were:
 - Walkable (16%),
 - Parking [more/easier/free] (15%)
 - Affordable (12%)
 - Clean (10%)
 - Safe (9%)
 - The physical improvements respondents considered to be the most important (i.e., those given the most ratings of important or very important) to implement in order to achieve their vision for Downtown Traverse City were:
 - Improve stormwater and wastewater management in Downtown (89%)
 - Implement proposed Lower Boardman River improvements (79%)
 - Make Downtown more pedestrian-friendly and accessible (77%)
 - When asked to select the **most** important of those physical improvements listed, respondents' top choices were:
 - Improve stormwater and wastewater management in Downtown (22%)
 - Increase parking supply by adding more parking structure(s) (15%)
 - Make Downtown more pedestrian-friendly and accessible (12%)
 - Increase Downtown housing options (12%)
 - The programs and services respondents considered to be the most important (i.e., those given the most ratings of important or very important) to implement in order to achieve their vision for Downtown were:
 - Help protect and promote local independent businesses in Downtown (85%)
 - Ensure transit (BATA system) is convenient and accessible (75%)
 - Attract new employers and jobs, including working to fill office vacancies (69%)
- 

- Create opportunities for affordable and local workforce housing (68%)
- When asked to select the **most** important of those programs and services listed, respondents' top choices were:
 - **Create opportunities for affordable and local workforce housing in Downtown (29%)**
 - **Help protect and promote local independent businesses in Downtown (18%)**
 - **Become a national leader for sustainability and climate resilience (12%)**

COMMUNITY OPEN HOUSES

COMMUNITY OPEN HOUSE #1

On June 22, DDA staff and the consultant team hosted two Open House sessions at the City Opera House from 11:30am-1:30pm and 5:30-7:30pm. The purpose of the Open Houses was to share input received so far, and encourage participants to offer their thoughts, hopes, and preferences for the future of Downtown via the online community survey. The format for the session included a formal presentation and opportunity for participants to ask questions and share thoughts and ideas, and informal opportunities for participants to have one-on-one conversations with DDA staff and the consultant team.

The presentation at the Open House included the same information that was shared at the joint Commission and DDA board session:

- National data, trends, and perspectives.
- Preliminary data and perspectives from the public survey about the future of downtown, and reviewed themes and highlights shared by stakeholders at listening sessions held in May.
- An overview of the current framework of the DDA, including reviewing its purpose and why it was originally formed, what the DDA has done and what it does now, how the DDA is structured, where the DDA provides services, and the sources and uses of funding.

COMMUNITY OPEN HOUSE #2

Forthcoming - description/summary of second community open house

COMMUNITY LEADER PRIORITIES

JOINT CITY COMMISSION AND DOWNTOWN DEVELOPMENT AUTHORITY BOARD MEETING #1

City Commissions and DDA Board members met for a joint session on June 21, 2022. The purpose of the meeting was to share information and identify additional questions and key issues to be addressed through the *Moving Downtown Forward* process. At the meeting, the consultant team shared:

- National data, trends, and perspectives
- Preliminary data and perspectives from the public survey about the future of downtown, and reviewed themes and highlights shared by stakeholders at listening sessions held in May
- An overview of the current framework of the DDA, including reviewing its purpose and why it was originally formed, what the DDA has done and what it does now, how the DDA is structured, where the DDA provides services, and the sources and uses of funding

The team guided and facilitated discussion and listened to and documented issues and questions shared by joint session participants during discussion as well as in a pre-session survey.

Future of Downtown

The following unprioritized issues, needs, and ideas were identified in the pre-session survey and discussed at the joint session:

- Housing, including more affordable and workforce housing, housing and office mix based on market needs, the potential conversion of vacant offices to housing, the availability and the potential for future housing opportunities tied to the use of existing parking lots and the potential development of West End parking deck, and the need for partnerships to address housing solutions
- Parking and the need to address the West End parking structure was also shared by several respondents. This included: whether the structure is needed, whether there is the political will to build it, whether it will be funded by extending TIF97 or by another funding source, and the need to understand the community impacts of not building it
- Getting rid of building height restrictions
- Maintaining character and appeal while managing growth and change
- Developing and articulating a bold and creative vision for the community we want to become, and then working toward it
- Finding a better compromise between the motorized and non-motorized communities so that we do what is best for all citizens in the area
- Clearly defining the roles of the DDA and City, including a communications plan for the public so they know who is responsible for what
- Seeking a more equitable distribution of TIF dollars
- Addressing vacancies and decreased utilization of office space
- Needing diversity of people and ideas
- Attracting and retaining downtown employees
- Riverwalk
- Civic Square
- Storm and sewer infrastructure
- Enabling ample time and opportunities for the public to review and comment on downtown plans and projects

Future of the Downtown Development Authority

The following unprioritized issues, needs, and ideas were discussed at the joint session and shared in the pre-session survey:

- Rethinking and taking an innovative approach to the structures and management of downtown programs and services including parking, the management of the Arts Commission, housing programs and services, and the DTCA. Exploring models such as 501(c)(3), the roles of City Department(s), the potential for privatized parking services, etc.
- Clarifying the City and the DDA's roles and responsibilities, including:
 - A common vision, streamlined communication, a coordinated effort between the two groups, and a true and deep partnership. Joint committee meetings on a regular basis
 - Maintaining a group (however that looks) to remain focused on the core downtown area.
 - Clarifying the level of autonomy the DDA would have to develop its own strategies for its future, which may or may not be dependent on the City
 - Integrating project management/software for internal (City and DDA) use, especially with large scale, complicated projects, with long timelines

- Transparency for the public related to the West End Parking Deck, Riverwalk, and Civic Square.
- Creating consistent communications, including a need for a communications plan as part of any structural transition plan
- Determining the funding sources and financing structure(s) for future downtown needs and developing pro-formas for each proposed infrastructure project stating sources and uses of funds.
- Taking a more regional approach to infrastructure improvements and looking at relationships with taxing jurisdictions. Partnering on similar priorities by getting rid of “siloes” commissions and boards to address issues
- Exploring housing partnerships, including figuring out how to pay for housing, and the potential to use TIF funding for housing

Commissioners and DDA board members also shared an openness to new concepts and the outcomes of the effort, a focus on action (“this is not just another study”), and a desire for a more robust and deeper understanding of where the increased property tax revenues (TIF dollars) are invested.

JOINT CITY COMMISSION AND DOWNTOWN DEVELOPMENT AUTHORITY BOARD MEETING #2

Forthcoming – brief write-up

WHAT'S NEXT FOR DOWNTOWN

– MARKET ASSESSMENT

A market assessment was completed during the summer of 2022 to help inform what is next for Downtown Traverse City. The market assessment considered three main market areas – Downtown (DDA footprint), the City of Traverse City, and the 5-county region, including Grand Traverse, Benzie, Leelanau, Antrim, and Kalkaska counties. When applicable, Downtown Traverse City is also compared to the peer cities of Bozeman, Montana, Rapid City, South Dakota, Burlington, Vermont, and Bend, Oregon to offer new perspective and considerations for benchmarking. The following summary provides an overview of key findings from the market assessment by sector (Live, Work, Shop and Dine, Visit and Stay). The full market assessment can be found in Appendix D.

LIVE

DEMOGRAPHICS

- The region has experienced **steady but modest population growth** since 2000, growing 15% between 2000 and 2022. Traverse City, after experiencing a *shrinking* population between 2000-2010, rebounded nicely, and its growth rate has outpaced that of the region over the last 12 years.
- The region, and in turn, Traverse City and Downtown, is made up of a relatively older population. The **regional median age is 47 years old**. This is the oldest – significantly so – amongst Traverse City's peer cities, as the table to the right shows. Furthermore, **40% of the region's residents are 55 and older**, and this proportion is trending upward
- Compared to citywide and regional demographics, Downtown has much smaller households on average, fewer households with children, a lower median household income, a more highly educated resident body, and a larger proportion of individuals working in white collar fields. **Household sizes are particularly small in Downtown, with nearly half being one-person households. (Traverse City also has a high proportion of one-person households, at 41%.)**

Median Age (Region)		
	2010	2022
Bozeman	32.6	35.0
Rapid City	36.6	38.1
Burlington	37.3	39.6
Bend	40.2	42.8
Traverse City	44.2	46.8

Source: Esri Community Profile

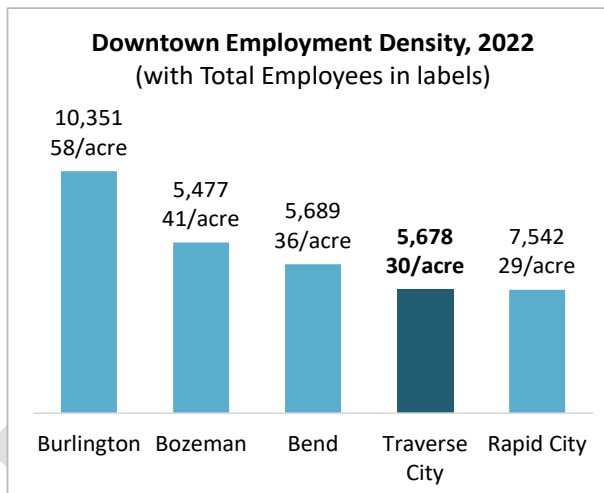
HOUSING

- Housing is Traverse City's (and the region's) strongest real estate sector.** Housing prices have soared to record highs over the last several years, during the pandemic. In turn, the city and region are now grappling with supply-demand challenges and housing affordability issues at levels it hasn't had to in the past.
- Traverse City's median home value is \$425,000, well above the statewide average in Michigan of \$237,000. **Between June 2020 and June 2022, Traverse City home values increased 48%.**
- Downtown's ownership units carry a premium over citywide values.** Over the last year-plus, the average sale price of a Downtown housing property was \$593,800, at a price per square foot of nearly \$400/sf.

Home Value Increase (Jun 2020 – Jun 2022)	
Bend	59%
Traverse City	48%
Rapid City	46%
Bozeman	43%
Burlington	35%

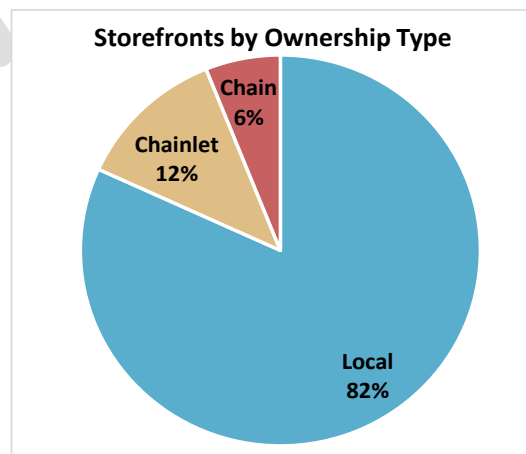
WORK

- **The 5-county region is the economic hub of Northern Michigan.** It has a growing and diversifying economy that is largely anchored by the tourism industry.
- The largest employment sectors in the region are: **health care and social assistance, retail, accommodation and food service, and manufacturing.** Together, these four industries make up more than half of all jobs in the region. Health care is the city and region's largest industry by far. In Traverse City, nearly half of all jobs are in the health care sector, and regionally, nearly a quarter.
- Downtown's economy is **anchored by the dining and retail service sector, finance and insurance, public sector, and professional services.** Together, these sectors represent 60% of all Downtown jobs.
- Compared to peer cities, **Downtown has a below-average number of downtown workers and employment density.** This illustrates the lack of primary, private employers in Downtown (outside of Hagerty), but also an opportunity for Downtown to evolve into a greater economic engine for the local economy.



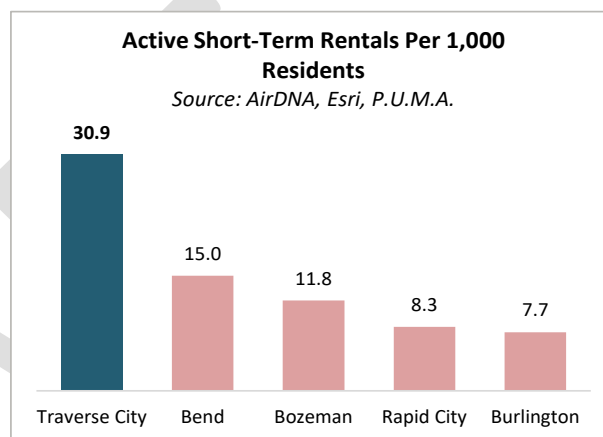
SHOP AND DINE

- **The retail, food and beverage sector is an economic engine** for the regional economy, employing more than 22,000 people in the 5-county area, nearly a quarter of all jobs.
- This sector is **bolstered greatly by the tourism economy**, and the millions of people that visit Traverse City annually.
- Downtown Traverse City's storefront economy is critical to its success, attracting visitors, driving foot traffic, and fueling the neighborhood's vibrancy. In total, **there are 146 storefronts in Downtown.**
- **Downtown has a strong, varied mix of storefronts** by category, in large part made possible by the strength of the tourism market. Retail remains the most common category Downtown, making up more than half of the storefront units. Dining and drinking follow with a third of spaces, while various service-based businesses make up the remainder.
- **82% of Downtown's storefront businesses are local independents**, while 12% are classified as chainlets and only 6% are chains. (Chainlets are defined as businesses with a dozen or fewer locations and/or ones with locations scattered across Michigan.)



VISIT AND STAY

- **Tourism is a key economic engine for the Traverse City local and regional economy.**
- **Visitor spending in Grand Traverse County and the 5-county region has been on a steady uptick over the course of the decade leading up to the pandemic.** The region saw total visitor spending rise 28% between 2011-2019, rising to more than \$900 million annually. (Visitor spending dipped 15% in 2020, due to the pandemic, but not as much as many other places across the country.)
- **Within Traverse City limits, there are approximately 16 hotels/motels.** While several of these are located in Downtown, a majority are east of Downtown also along Munson. **The pandemic brought volatility to the hotel industry over the last two-plus years in Grand Traverse County.** The pre-pandemic year of 2019 showed a relatively healthy, but very seasonally dependent lodging market. After a disruptive 2020, 2021 exceeded pre-pandemic 2019 industry metrics.
- **Short-term rental companies, led by Airbnb and VRBO, have seen explosive growth in the Traverse City region in recent years.** As of Q2 2022, there were 1,512 active rentals listed on Airbnb and/or VRBO in greater Traverse City. This was a 53% increase since 2019. These are predominately concentrated in and around Downtown. **Traverse City's short-term rental market is one of the hottest, and most pervasive, in the country.**



KEY MARKET CONCLUSIONS

- **Converging trends will be a challenge:** An aging population, increasing housing costs, and a boom in short term rentals are creating a lack of affordability and housing for service industry workers and working families in general.
- **A strong mix of local, independent storefronts are key to Downtown's identity:** Increases in lease rates, tourism, interest from chains, and staffing shortages will challenge this sector. Additionally, the Downtown business mix may transition more toward food and beverage moving forward and Downtown's footprint and energy is expanding into adjacent neighborhoods, including the Warehouse, West End, East Eighth Street areas.
- **Finding additional anchor employers in growth industries remains a priority:** The Downtown office employment remains heavily reliant on Hagerty, and the lack of a four-year university hinders private sector growth. Recent initiatives with Michigan Tech and others are working to address this challenge. Downtown Traverse City's fundamentals and the differentiators it has in place are and will continue to be appealing as a workplace location in today's economy.

WHAT'S NEXT FOR THE DDA?

GUIDING PRINCIPLES

Like many civic issues in Traverse City, community members are passionate about Downtown and have a variety of ideas for its future. With input from more than 1,300 community members, the Moving Downtown Forward process revealed that Downtown stakeholders, City leaders, and community residents from throughout the region are in alignment around priorities for the next generation of investment and improvements. These aligned priorities, coupled with findings from the Moving Downtown Forward market assessment, create a set of five guiding principles for evaluating how the DDA will allocate resources to invest in projects and services.

- Design a Great Place All Ages and for Future Generations:** Downtowns throughout the nation are known for their appeal to younger generations, including Millennials and Gen Z'ers under the age of 40. The market assessment revealed that the Traverse City region needs an infusion of younger people. With a regional median age of 47, compared with other cities around the country, Traverse City is quickly becoming a national outlier as an aging community. While being a retirement community is not necessarily undesirable, Traverse City is a relatively remote community located in the snowbelt and dependent on a tourism-based economy that requires a large number of service and front-line workers. Furthermore, any healthy economy needs younger generations, including families with children, to sustain, innovate and grow. Downtown is and can continue to be the regional hub of art, culture, events, entertainment, and innovation that attracts younger populations to the region.
- Advance Environmental Sustainability and Stewardship:** The Moving Forward process brought to light the themes of sustainability and climate resilience as core values of the entire community. For the DDA, the guiding principle may be incorporated into the environmental sustainability practices in both the public infrastructure improvements and services sides of its work program. For example, the number one capital improvement priority from the community survey, improving stormwater and wastewater management, is a capital responsibility shared by many agencies within the City and the region. The DDA can respond to this priority by designing and constructing projects that relieve pressures on these systems within the Downtown.

The best near-term opportunity is the improvement package planned for the Lower Boardman River. By replacing hardscape with greenspace, and incorporating forward-thinking drainage designs for mitigating stormwater, the DDA can address a core community value while also constructing an amenity that delivers on other key priorities that include improving Downtown's walkability, economic vitality, and intersections with nature. On the services side of the ledger, a more aggressive Downtown recycling program is an example of a potential near-term win.

- Protect and Preserve Small Local Independent Businesses:** Downtown Traverse City has achieved its current success based on a unique storefront economy that features a high concentration of local independent stores. The market assessment found that 94% of retail and restaurant tenants are either one-of-a-kind or "chainlets", regional tenants with a handful of other locations. This remarkable and cherished retail experience is at risk as rents increase and pressures of displacement mount. Moving forward, the DDA will need to provide a variety of promotions, investments, and incentives to protect Downtown's small businesses.

The proposed west end parking structure will offer convenient parking for both customers and employees, and, importantly, complete a balanced parking infrastructure strategy that can serve Downtown for decades to come. The Downtown will also need to be actively programmed throughout

the year with a series of promotions, events, and marketing. Special considerations for the local and regional markets, particularly during shoulder and winter seasons, should be pursued to help local businesses move beyond their reliance on the summer. The proposed Civic Square can be a critical investment, providing a central gathering spot for year-round programming and activation.

- **Champion the Development of Attainable and Workforce Housing:** Perhaps the biggest challenge facing the region, and by extension Downtown, is the evaporation of affordable and attainable housing. In the Moving Downtown Forward process, creating opportunities for workforce housing was the top priority from an online survey which received 1,172 responses from city and regional residents. Additional concern was voiced by Downtown business owners who are finding it increasingly difficult to recruit workers, due, in part, to the high cost of housing. Downtown cannot solve the region's housing affordability challenge alone, but it can be a significant contributor in the discussion.

Within Downtown, financial and/or height incentives should be considered for housing developments that offer a certain percentage of affordable units. For the region, creative solutions and a strong political commitment are needed, and the "fear of change" and accompanying litigious reflexes revealed in the Moving Forward process need to be overcome.

- **Support Job Growth and Varied Career Opportunities:** While Downtown Traverse City is perhaps best known for the retail experience along Front Street, it is also a major employment center for the region. An enormous strength is Downtown's high concentration of knowledge-sector employment, including nearly 2,000 jobs in the areas of professional and technology services, financing and insurance, real estate, and information. Moving forward, Downtown can continue to attract businesses that build upon the strong knowledge-sector core. Opportunities could range from small businesses housed in incubators and/or coworking environments, to larger employers that can bring dozens of (and more) jobs to the city. Post-pandemic, Traverse City has an advantage as a lifestyle city, and companies are more flexible on location choices than in the past. To help with job recruitment, investments by the DDA include the new parking structure to alleviate parking as a barrier to recruiting new businesses and continued efforts to protect and preserve the storefront economy.

PRIORITIES FOR THE DDA MOVING FORWARD

TRANSFORMATIVE PUBLIC INFRASTRUCTURE PROJECTS

Applying the preceding guiding principles to the menu of prospective public infrastructure projects that are on the DDA's priority list, four potential investments stand out as truly transformative for Downtown and the region at-large. Three potential investments stand out as inter-related improvements that collectively strengthen the guiding principles for Downtown identified above and maximize the potential return-on-investment (ROI) for the region's long-term economic vitality and sustainability.

Lower Boardman (Ottaway) River Improvements

For many years, Downtown Traverse City turned its back to the Boardman (Ottaway) River. However, over the last 15 years, the City of Traverse City and DDA have installed several public access projects (e.g., new boardwalks, fishing landings, pedestrian bridges) along the Lower Boardman (Ottaway) River. Unfortunately, many of these amenities were not connected, leaving a disjointed system of pedestrian paths, landing areas, and dead-ends. At the same time, there have been a number of new infill developments along the river, sparking debate about the appropriate use of land along the river. In response, the DDA engaged in a planning process to create the Unified Plan for the Lower Boardman (Ottaway) River, which provides a cohesive vision for the river corridor, as well as

steps to address land use, public access, infrastructure, culture, and habitat. The Plan, completed in 2021, also identifies key capital improvement projects related to the Boardman (Ottaway) River, many of which work toward implementing priorities identified in this planning process, including improving stormwater and wastewater management, improving the land along the river by incorporating green space and community amenities, and increasing public access to the river. One of these key capital improvement projects involves creating a riverwalk and pedestrian plaza behind the 100 and 200 blocks of Front Street, and is currently undergoing a process to develop a conceptual design.

West End Parking Structure

While the DDA has already planned, financed, and built two parking structures within Downtown Traverse City, adding additional parking remains a clear priority for Downtown stakeholders. The DDA has long planned a public parking structure on the west-end of Downtown as a key step in addressing the community's parking concerns. The proposed structure would bring several hundred new parking spaces, and offers the DDA the opportunity to tie in community benefits to address stakeholder challenges and concerns that were identified through this process. Those community benefits could include dedicating a certain number of parking spaces for businesses on Front Street or current and future office employers, or providing an incentive for the inclusion of affordable housing units in new housing projects on the redevelopment site. The impact of this structure in this location will also make it more feasible to remove surface lots and parking on riverbanks to create a more walkable and appealing pedestrian environment throughout Downtown.

Civic Square

Creating a Civic Square in Downtown Traverse City has been a long-held priority for the DDA and Downtown stakeholders. This central gathering place is envisioned to have year-round programming and events that draws the community together. In 2021, a site at the southwest corner of State and Union Streets was identified and purchased by the DDA. The next step in implementing the Civic Square project is a community visioning process that will be led by the DDA which will help determine how this potential signature gathering space could look and function.

Other Civic Investments that address DDA Guiding Principles

Continuing to improve the public realm in Downtown to make the environment more comfortable for pedestrians is a top improvement identified by Downtown stakeholders, and a key priority for the Traverse City DDA. Improvements that could contribute to pedestrian-friendliness in Downtown include adding a more comprehensive snowmelt system to make sidewalks easily navigable year-round, widening sidewalks where possible, and improving alleys in Downtown to make them usable and comfortable for pedestrians.

SERVICES

In addition to physical improvements, the DDA delivers a suite of services that help make Downtown a reliably vital and lively destination. These services are supported by the added 2 mill property tax levy that is paid exclusively by properties located within the boundary of the DDA. These funds are effectively leveraged with other sources of revenue, including sponsorships and earned income. Moving forward, the following service bundles, emphasized by participants during community outreach are priorities for Downtown.

Protect/Promote Local Independent Businesses

Downtown's concentration of local independent businesses is critical to its success, and creates an appealing destination for locals and visitors alike. The challenge for the DDA when it was formed 45 years ago was to create business opportunities in a largely vacant downtown. Today, the challenge is different but no less daunting – preventing the loss of small businesses amidst a successful real estate market that is putting upward pressure on rents coupled with operational challenges posed by a tight labor market, systemic inflation, and in the near-term, a likely economic recession.

The DDA will need to act aggressively in the future to support small businesses. Continued support for the Downtown Traverse City Association (DTCA), the Downtown merchant association managed by the DDA, will be critical. Building upon the DTCA's promotions and events, additional opportunities to broaden programming that attracts local and regional residents will be increasingly important. "Buy local" programming and messaging that builds pride in supporting local ownership (perhaps by showcasing local business owners) are suggested. When feasible, tenants should also be encouraged to purchase their buildings (or spaces through condominiums), providing long-term economic sustainability.

The DDA can also play a role in helping property owners understand the long-term collective value of supporting a unique local independent business mix. Flexible leases, equity participation, multiple tenancing, incubators, maker spaces, and cooperatives are all examples of how real estate profits can be maximized for an owner, yet retain affordability for the tenant.

Finally, the DDA should deepen its understanding of the market dynamics affecting today's Downtown and likely trends into the future. The DDA can be a clearinghouse of market information, warehousing and updating a variety of datapoints that include properties, businesses, pedestrian counts, sales tax trends, and other key indicators. The market assessment prepared for the Moving Forward process can provide a foundation for compiling data in the future, with periodic updates and market reports to the community at-large.

Champion the Development of Affordable/Attainable Housing

The Traverse City region is confronting a growing housing affordability crisis, and this issue was a top priority identified by survey respondents and Downtown stakeholders in the Moving Forward process. Despite the urgency of the issue, Downtown alone will not be able to significantly address the region's housing challenge. Downtown has limited land, and in most cases, the most expensive land in the region. There is the opportunity to incent new affordable housing in Downtown through techniques that include density bonuses, parking waivers or incentives, but the number of units will likely be dozens, as opposed to thousands needed in the region.

Despite these limitations, the DDA can be an active participant in finding regional solutions to housing affordability. While the DDA cannot regulate land uses, develop housing, or incentivize density directly, the DDA can support and advocate on behalf of these efforts. Additionally, the Downtown business community offers knowledge and awareness that can help City, Township, and County officials craft policy and incentives. Transit and mobility will also factor into solutions, as affordable housing that is strategically developed along transit routes could make Downtown accessible to more service and front-line workers.

Sustainability and Climate Resilience

Moving forward, DDA services can be intentionally deployed to address goals of sustainability and climate resilience that are top priorities for current Traverse City residents, plus are core values that will appeal to attracting younger demographics to the City and region. These principles could be deployed in a variety of subtle ways, from deploying a Downtown recycling program, a composting initiative for restaurants, or the use of

environmentally-friendly products for maintenance and cleaning. More visible improvements, including plans for the Lower Boardman River and a Civic Square, could directly employ sustainability principles in project design. Even the new parking garage should consider climate resilience practices, offering EV charging stations, secured bicycle parking, and perhaps solar panels or a green roof on the top.

FUNDING OPTIONS MOVING FORWARD

TRANSFORMATIVE PUBLIC INFRASTRUCTURE PROJECTS

In the State of Michigan, there are limited options for raising funds for public infrastructure projects. The State does not provide for special districts that are common in other parts of the country designed to amortize the cost of infrastructure. Funding for capital projects is limited to Capital Improvement Project (CIP) budgets of local governments, competitive grants that are offered by the State or federal government, or tax increment financing (TIF) through a DDA. Furthermore, TIF is the only mechanism in the State that enables regional cost-sharing of localized improvements. In the case of a downtown, the logic follows that downtowns typically provide economic benefits beyond the boundaries of a local government, and that downtowns are often utilized by residents and visitors from outside of a local government boundary. Therefore, it is fair and reasonable to ask regional beneficiaries to share in the cost of downtown improvements. The philosophy is shared by dozens of DDAs in the State of Michigan, and hundreds of TIF authorities found in towns and cities throughout the country.

Current Myths About Extending TIF

In Traverse City, there is the potential to extend the largest Downtown TIF district, TIF 97, for another 30 years. In this way, TIF can continue to help finance needed public improvements, including the preceding transformative projects. Despite the potential to extend TIF, the notion has met some resistance in Traverse City. Current arguments against extending TIF that are circulating in Traverse City are listed below, followed by counter arguments:

1. ***The variety of regional agencies that contribute toward TIF need the revenue more than the downtown*** – Beyond the City of Traverse City, the amount of funds captured by the Downtown TIF is a very small fraction of funds raised by the regional partners involved. The counter-argument is simply that the regional benefits from a vital downtown serving as the economic engine of the region outweigh the marginal cost. The value proposition is particularly high to a region that houses the vast majority of residents that actually work, visit and enjoy Downtown. Furthermore, Downtown remains essential to the future of the regional economy, particularly as the region struggles to attract younger demographics, primary employers and achieve environmental sustainability goals.
2. ***TIF 97 was originally provided with a commitment to end after 30 years*** – While it is true that some policy makers made a finite 30-year commitment for TIF 97 back in 1997, we are now living amidst new economic realities, and Downtown, while certainly more viable, is not “done.” The recent Covid-19 pandemic revealed how fragile economic vitality can be, and how important a vital downtown is to long-term economic resiliency. Regional economic challenges for the future – lack of affordable housing, workforce and business recruitment challenges, aging demographics, climate change and resilience – could not have been envisioned 30 years ago. This is precisely why the Michigan statute allows DDA’s to be extended, allowing regions to reassess current and future needs and continue to utilize TIF to steer regional prosperity. Furthermore, in Traverse City, the Moving Downtown Forward process revealed that the community does not see Downtown as a finished product. Based on community perspectives shared through this process, there is widespread support for a new series of investments that will meet the guiding principles stated in this report.

3. ***The City of Traverse City needs to capture TIF funds to fund basic services*** – Some community voices have lobbied for the dissolution of TIF to help fund basic services within the City of Traverse City; however, the Downtown TIF is highly leveraged by regional funding sources. The City contributes 53 cents on the dollar for TIF, with the remaining 47 cents coming from a variety of regional authorities that directly benefit from a vital downtown. *If the City walks away from this arrangement, it will keep only 53 cents on the dollar while assuming 100% of the obligation for downtown improvements.* Traverse City residents need to understand that ending TIF is a dramatic civic investment decision, walking away from regional funding leverage and placing tens of millions of future public projects solely in the hands of Traverse City's 16,000 residents. For example, a \$43 million bond issuance is recommended to be supported by the next generation of Downtown TIF. Without TIF, this amounts to nearly \$2,700 per resident of Traverse City, or nearly \$11,000 for a family of four. With the extension of TIF, the cost is zero.

This report recommends that the smart, cost-efficient, and fair option to fund additional capital projects in Downtown Traverse City is with the extension of TIF 97 for another 30 years through a revised tax increment financing plan.

Moving Forward Tax Increment Financing Plan for Downtown

As part of the Moving Downtown Forward process, the consultant team worked with the Traverse City DDA staff to develop scenarios for delivering the guiding principles, transformative projects and ongoing services outlined in this plan. Financial scenarios were developed, with the understanding that economic conditions are dynamic and change month-to-month, if not daily. Also considered is how the DDA and City are and will be working together to deliver services and complete the identified needs for a healthy, thriving downtown for the next generation. We looked at how best practices from other communities with DDAs can inform Downtown Traverse City. To provide a framework for a new Downtown Tax Increment Financing Plan ("Moving Forward TIF Plan"), a series of targets were developed for three cost bundles for future DDA TIF revenues. These cost bundles include the following:

- **Bond Issue for Transformative Projects:** Similar to the use of TIF in the past, the Moving Forward TIF Plan anticipates that TIF revenue will be bonded to support the design and development of three transformative projects – the Lower Boardman (Ottaway) River Improvements, the West End Parking Structure, and the Civic Square. Full funding for the parking structure is assumed through TIF, while partial funding is proposed for the Lower Boardman/Ottaway and Civic Square projects anticipating that additional resources can be leveraged for those civic investments. This cost bundle would be a fixed amount for the next 30-year term of the Moving Forward TIF Plan.
- **DDA Operations and Services:** Similar to the use of TIF in the past, the Moving Forward TIF Plan anticipates that DDA operations, maintenance and safety enhancements, marketing and other services will be partially financed through TIF revenue. Moving forward, these services will be increasingly important to protect and preserve small local independent businesses, promote environmentally sustainable practices, and champion policies and issues where Downtown can provide expertise, such as the growing regional affordable housing shortage. This cost bundle could increase along with the increase of property values in Downtown over time.
- **Revenue Share with Taxing Partners:** The Moving Forward TIF Plan introduces the notion sharing TIF revenue with the taxing jurisdictions that contribute toward TIF. The revenue share acknowledges that all taxing partners can financially benefit from Downtown's success, and offers upside for sharing in its future prosperity. This cost bundle could increase along with the increase of property values in Downtown over time. The revenue share option would be memorialized in a multi-year contract developed with and for each of the DDA's taxing partners.

The following chart provides general “targets” for allocating TIF revenues into the preceding expense bundles. Its assumptions are based upon expectations beginning in the year 2028, after the expiration of TIF 97. All of these assumptions will need to be updated and analyzed in a more expansive Moving Forward TIF Plan for Downtown, but the following targets are offered to set expectations.

<i>Moving Forward TIF Plan: Target Assumptions Beginning in 2028</i>		
Cost Bundle	Target Share of Total Annual Revenue	First Year Revenue Projection (2028 - \$4M)
Bond Issue for Transformative Projects	70% to 80%	\$ 2.8M to \$ 3.2M
DDA Operations and Services	15% to 20%	\$ 600,000 to \$ 800,000
Revenue Share with Taxing Authorities	10%	\$ 400,000

ADDITIONAL FUNDING FOR SERVICES

Unlike public infrastructure improvements for Downtown, services afford more latitude for diversifying DDA funding sources. Services can be defined as efforts to maintain and market a vital downtown. Examples including enhanced maintenance and landscaping, marketing and events to support retailers, public art and other ways to showcase local culture, and installing cosmetic improvements, such as banners or accent lighting, that do not require a large capital investment. Options to fund services include the following:

- **DDA Mill Levy:** The DDA mill levy, which by Michigan statute cannot exceed 2 mills, is the foundational source of funding for services. This source currently raises about \$250,000 each year.
- **Event Sponsorships:** Events, ranging from festivals to more low-key activations, are prime for sponsorship from a range of interests that range from private businesses to community-serving organizations.
- **Contracts for Service:** Many downtown organizations receive contracts from local government to provide enhanced services, most often for maintenance-related activities that range from supplemental trash collection to enhanced cleaning of parks.
- **Charitable Contributions:** Tax-deductible contributions are a common source of funding for downtown organizations that create enhancements to public space. Examples include public art, celebrations of local culture and diversity, and amenities such as water features and playgrounds. Donors can include corporations, foundations and individuals. In the next round of DDA projects, both the Lower Boardman (Ottaway) River and Civic Square improvements could benefit from charitable contribution. The creation of a nonprofit 501(c)(3) affiliate under the DDA would create the opportunity for charitable contributions, and help to leverage other funding for Downtown services and improvements.

SERVICES BEYOND THE DDA’S CORE MISSION

Beyond the core DDA services of enhanced maintenance and marketing, the organization is also responsible for managing Downtown’s parking system. The process helped to daylight the way, over time, the roles and responsibilities between the City and the DDA have started to blur in Downtown. While not uncommon, this drift,

or “mission creep,” is not desirable for either the DDA or the City, and could violate the intent of Michigan DDA law. Both issues are discussed below.

BASE LEVEL OF SERVICES AGREEMENT

In downtowns with a DDA or similar management entity, it is common for both the City and the DDA to clearly spell out their responsibilities for service delivery. Cities are charged with delivering a “base level of services” – perhaps best defined as services that the City would deliver if there was no DDA. Typically, these services include the maintenance of roadways, trash collection from receptacles, repair of sidewalks, and vertical elements such as street lights. DDAs then provide “enhanced services” – services one would not expect to get from a local government. These could include added frequencies of trash collection, graffiti removal, caring for landscaping, installing flower baskets, and other cosmetic improvements.

These responsibilities, parsed between City and DDA, can be delineated in a “base level of service agreement”. The agreement essentially creates a ledger of service responsibility – on one side are the responsibilities of the City, on the other the DDA. As part of the Moving Forward process, a draft base level of service agreement is in the process of being created. It is recommended that this agreement be finalized to provide a basis for Downtown moving forward, establishing parameters for which services should be reasonably provided by the City, and which are enhanced responsibilities of the DDA. Furthermore, the agreement should be reviewed and updated frequently, perhaps every two years.

PARKING MANAGEMENT

Parking – often the first and last thing many visitors experience in a downtown – is critical to how people evaluate their visit. This was reflected in stakeholder engagement. “Improve the parking experience” was a predominate priority improvement identified in interview and roundtable discussions; and “increase parking supply by adding more parking structure(s)” was the second-most important physical improvement amongst online survey participants.

The DDA manages Downtown’s public parking for the City of Traverse City. Parking revenue goes into a City Enterprise Fund which is managed and controlled by the City. The primary purpose of the Enterprise Fund is to ensure that parking facilities are maintained. The DDA, through their contract with the City, is only reimbursed for employee costs directly associated with managing parking.

There are several benefits to having downtown-based organizations like the DDA manage parking. Indeed, there are a number of best practice examples around the country of downtown management organizations that successfully manage parking as part of their work program. Doing so allows the parking system to be viewed holistically and from the business owner, downtown employee, and downtown customer perspective, managed in a coordinated way, and treated as a key part of the larger downtown experience. In short, it allows parking to be viewed through an economic development lens.

Besides the current model in place that’s described above, the City has three options when looking at servicing parking – contracting with a private operator, a hybrid model, or having the City itself manage and operate parking in-house. There are drawbacks with each of these three models as noted below:

- Turning it over to a private operator creates a more fragmented model, where the parking management is severed from the entity that owns the parking areas (the surface lots, the on-street spaces, and the parking structures). It also means that parking is run as a business, separate from its larger role that’s tied

to ensuring Downtown's vitality. A private operator also would not be as responsive to the needs of the Downtown business community. This model would be a step backwards for Downtown Traverse City.

- A hybrid approach would require a private parking operator to work in collaboration with the current operation. This would ensure that the current facilities have oversight and are properly maintained by the City. However, this model adds another layer and complicates Downtown's parking management, and it is unclear if there are benefits that would be realized that justify this change.
- Having the City take over the parking operation is always an opportunity, but needs a complete review and understanding of costs. Previous studies completed by the City show an increase in administrative oversight that would be required (along with costs). Additionally, as identified above, the largest needs are within the Downtown district, and having the Downtown-based entity responding to challenges and recommending improvements to the City is the most effective model.

The DDA should also view parking through the lens of its new guiding principles, as laid out earlier in the plan. Namely:

- To *advance environmental sustainability and stewardship*, the DDA should view parking from the wider perspective of mobility and access to downtown, via all modes.
- To *protect and preserve local independent businesses*, parking is a critical tool in the DDA toolkit to make it easier on businesses to operate in a challenging downtown economic environment – making sure parking isn't a deterrent for customers, and finding ways to ease the burden of downtown employees commuting daily for work.
- To *support the growth of primary jobs*, the DDA should seek to ensure parking isn't a deterrent in attracting new businesses to downtown's commercial real estate. As the market assessment points out, often times a lack of dedicated parking is what frequently prevents office space from being filled in the downtown market.

It is also important to think about parking as one piece of the larger transportation and mobility puzzle. The DDA and City have done this over the years by utilizing a Transportation Demand Management (TDM) Plan to guide parking-related initiatives and improvements. An initial TDM Plan was created in 2017, and the Plan was recently updated in 2022 with several new recommendations. City leaders and community members have long envisioned a parking supply strategy that reduces the number of surface parking lots Downtown while largely consolidating parking into three parking structures. The DDA through TIF financing built the first two structures, and the planned West Front Street parking structure will bring this vision to fruition. However, renewal of TIF 97 is required to provide adequate funding for the development of the West Front structure, that earlier in the plan was identified as a priority capital project for moving downtown forward.

It is recommended that (1) Tax Increment Financing be renewed, in part to bring the full vision of a downtown parking system to fruition by building the West Front structure, and (2) that DDA continue to manage parking on behalf of the City, focusing on implementing its TDM Plan, and ensuring that parking supports, not hinders, businesses and economic development in Downtown.

EXPANSION OF SERVICES INTO EDGE DISTRICTS

Both TIF 97 and Old Town TIF were created decades ago when the Downtown landscape and footprint looked very different. Downtown has grown over the DDA's years, and its edge districts have evolved. While TIF boundaries are firm, DDA district boundaries are more flexible and adaptable. Therefore, there are opportunities to bridge the borders of Downtown's varied subdistricts moving forward, creating a more seamless experience throughout the greater Downtown area.

As the market assessment pointed out, two important emerging edge districts are West Front Street (locally branded as the West End), and East Eight Street (locally branded as North Boardman Lake District, or NOBO). There are many indications that as Downtown property values continue to rise and consumer demand grows, these two emerging districts will be the frontier for new development and will be the most pronounced expansion areas of the greater Downtown footprint over the next 5-10 years. Both of these districts have recently built out streetscape improvements that create a more appealing pedestrian and multi-modal environment for locals and visitors alike. These projects have created a more seamless *physical* environment between these edges and areas within DDA boundaries. Now there is a need to create a more seamless level of service to maintain these improved spaces.

There is an opportunity for the City to utilize the services of the DDA along these two key corridors. Appropriate stakeholders should further evaluate the feasibility of expansion of DDA services – primarily cleaning and planting/landscaping, but also other DDA services such as merchant promotions, holiday lighting, wayfinding, etc. – into these edge districts. The DDA can facilitate these discussions, but efforts need to be led in the most part by property and business owners within each district.

There are several options to consider to more formally bring DDA services to these edge districts – including expansion of the DDA District, creating an opt-in to the existing mill levy, with an overlay of a Downtown Improvement District. Having an overlay district creates the linkage and further establishes the “core” of the city which includes these two edge districts. The second option would be establishing separate Business Improvement Districts (BIDs) in the edge districts. BIDs are a common tool nationally, including in Michigan, that allows for property owners to voluntarily levy a special assessment on properties within the district to fund enhanced services like those offered by the DDA. Although a separate entity, the BID would have the ability to contract for services with the DDA.

In any case, efficiencies and cost savings via economies of scale could be realized if the DDA provides its services in these edge districts. Further conversations with district stakeholders and financial analysis are needed, and the DDA should provide their expertise to this evaluation – but timing of these efforts should be driven by appetite within each district for added services.

GOVERNANCE AND ACCOUNTABILITY

The DDA’s organizational and governance structures have remained intact since its creation more than 40 years ago. The DDA remains a quasi-governmental entity with its board of directors that is appointed by the City Commission. The City Commission provides general oversight of the entity and must approve any debt or bonding actions by the DDA. DDA employees work for the DDA, and not the City.

Since the DDA was formed, public/private partnership models have evolved for downtown management organizations throughout the nation. In this scenario, the DDA is part of a broader organization, or “umbrella,” that might include affiliates such as a nonprofit partner. This business model offers the benefits of leveraging more funding for downtown improvements and services, plus provides more avenues of participation by both Downtown stakeholders and community members that want to support downtown. In Michigan, the public/private partnership organizational model is prevalent in many downtowns, with Ann Arbor and Grand Rapids highlighted as “best practices.” Another best practice of a DDA as part of a broader partnership that can inform Traverse City is found in Colorado Springs, Colorado.

Moving forward, the Traverse City DDA can benefit from many of these organizational advantages by strengthening and repurposing its existing 501(c)(3) affiliate, the Downtown Traverse City Association (DTCA). Recommended organizational changes to explore include the following:

- **Repurposing the DTCA:** Dating back to 1931, the Downtown Traverse City Association (DTCA) is a 501(c)(3) nonprofit membership organization that serves as a Downtown business association. Currently, the DTCA brings the Downtown business voice and energy into the mix. Moving forward, the DTCA bylaws could be amended to broaden its ability to 1) create a conduit to diversify funding for Downtown projects; 2) offer board and committee involvement options that are inclusive of a variety of Downtown stakeholders; and 3) be an advocate for Downtown by providing education and analysis on issues impacting Downtown. Its activities would also continue to deliver promotions and events, and build a sense of community to preserve and protect Downtown's high concentration of local independent businesses.
- **DDA Remains the Anchor:** The Traverse City DDA remains the anchor of the two organizations, bringing the advantages of TIF and mill levy financing and its connection to local government and regional taxing authorities. The board of the DDA remains as it is, a 12-member group appointed by the City Commission. Moving forward, stronger definition of board seats is recommended to ensure that Downtown stakeholders are directly represented. Within the boundaries of the DDA, board members should include a mix of property and business owners and use types. A seat for a downtown resident should also be considered.

Importantly, the DDA should also consider organizational options and opportunities that might not be able to be envisioned today. Additional affiliates may be needed over time to accommodate a new improvement district (i.e., 8th Street), management of a new public space (i.e., Civic Square), or perhaps a joint venture development and management opportunity with a community and/or civic partner.

IMPLEMENTATION

Forthcoming

DRAFT

MOVING DOWNTOWN **FORWARD**

DRAFT - OCT 2022



APPENDIX A: ONLINE SURVEY RESULTS

DRAFT

TRAVERSE CITY MOVING DOWNTOWN FORWARD | ONLINE SURVEY SUMMARY

An online survey was prepared by Progressive Urban Management Associates (P.U.M.A.) as part of the Moving Downtown Forward process for the Traverse City DDA. This survey was open to the public with the goal of gathering information from a broad audience about their experience and desires for Downtown Traverse City for the future. The survey ran from June 6th to July 5th, 2022. It collected **1,172 responses**.

Demographics: Survey respondents represented a cross-section of downtown Traverse City stakeholders. Respondents were typically 35-64 years old (61%), white (96%), female (66%), and representing a range of household incomes. 83% of respondents identified as local residents, with 58% living in Traverse City and 25% elsewhere in Grand Traverse County. More details on respondent characteristics can be found starting on page 8.

KEY FINDINGS

Downtown Traverse City Today

- The top three responses to how often respondents come downtown were once a week (38%), daily due to living or working Downtown (33%), and once or twice a month (18%).
- The top three amenities that bring respondents to downtown were restaurants and bars (73%), shopping/markets (55%), and recreational opportunities (36%).
- When it came to respondents' perceptions of whether certain downtown characteristics have gotten better or worse over the past five years, there was strong consensus.
 - General appearance (61%), mix of restaurants and nightlife (54%), and pedestrian & bicycle friendliness (47%) were the top three characteristics respondents rated as slightly or much better.
 - Public safety (51%), cleanliness (47%), arts and cultural activities (47%), parks and open space (46%), mix of retail and shopping options (43%), and businesses and jobs (43%) were the characteristics that respondents heavily rated as no change.
 - Housing options and affordability (86%), unhoused population (63%), and parking options (58%) were the top three characteristics respondents rated as slightly or much worse.

Downtown Traverse City in the Future

- The top five words that capture respondents' vision for downtown Traverse City in 2030 were: walkable (16%), [more/easier/free] parking (15%), affordable (12%), clean (10%), and safe (9%).
- The physical improvements respondents considered to be the most important (i.e. those given the most ratings of important or very important) to implement in order to achieve their vision for downtown Traverse City were: improve stormwater and wastewater management in downtown (89%), implement proposed Lower Boardman River improvements (79%), and make downtown more pedestrian-friendly and accessible (77%).
 - When asked to select the most important of those physical improvements listed, respondents' top choices were: improve stormwater and wastewater management in downtown (22%), increase parking supply by adding more parking structure(s) (15%), make downtown more pedestrian-friendly and accessible (12%), and increase downtown housing options (12%).
- The programs and services respondents considered to be the most important (i.e. those given the most ratings of important or very important) to implement in order to achieve their vision for downtown were:

help protect and promote local independent businesses in downtown (85%), ensure transit (BATA system) is convenient and accessible (75%), attract new employers and jobs, including working to fill office vacancies (69%), and create opportunities for affordable and local workforce housing (68%).

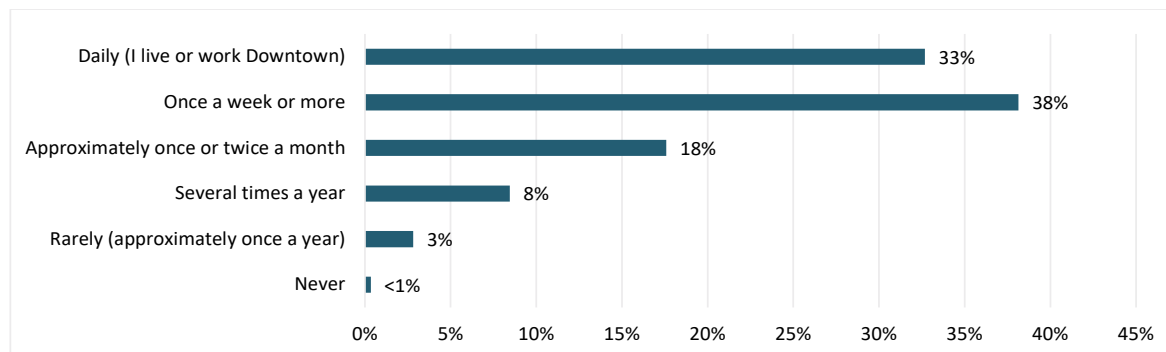
- When asked to select the most important of those programs and services listed, respondents' top choices were: create opportunities for affordable and local workforce housing in downtown (29%), help protect and promote local independent businesses in downtown (18%), and become a national leader for sustainability and climate resilience (12%).

SURVEY RESULTS

Question 1: How often do you come downtown?

Responses: 1,172

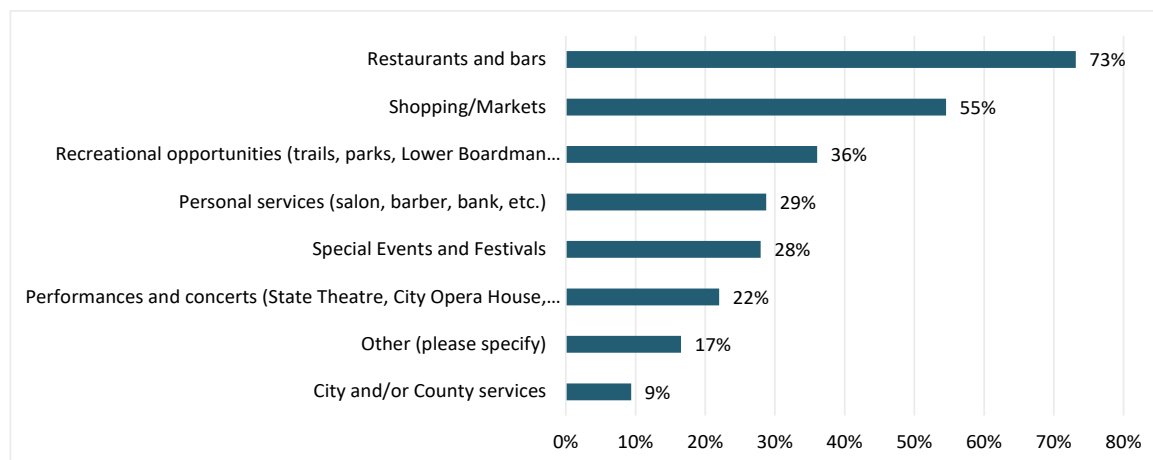
When asked to respond to how often they come downtown, most respondents answered that they come **once a week or more**, with **daily** or **once or twice per month** as the next most popular answers. These three responses captured about **88%** of respondents.



Question 2: What most often brings you downtown? (Please select up to three only)

Responses: 1,173

When asked select what brings them to downtown Traverse City most often, **restaurants and bars** was by far the top answer in respondents' top three with over **73%** of responses. **Shopping/markets** and **recreational opportunities** were also in the top three with **55%** and **36%** of responses, respectively.



When asked to specify the response of "other", common themes included:

- Working downtown, 120 respondents
- Residing downtown, 17 respondents
- Walking around downtown to look at the buildings and people, 18 respondents

Question 3: Do you think the following characteristics of downtown have become better or worse in the past five years?

Responses: 1,166

Respondents were asked to rate a series of options by perceived change over the past five years. The chart below is sorted according to the action's perceived change, with the most popular answer choice highlighted for each. Most actions were rated by the majority of respondents as no change. Much Better never received the majority of responses. Options that were perceived to get slightly better included **general appearance, including landscaping and beautification, mix of restaurants and nightlife, and pedestrian & bicycle friendliness**. Options that were perceived to get worse included **parking options, unhoused population, and housing options and affordability**.

	Much Better	Slightly Better	No Change	Slightly Worse	Much Worse
General appearance, including landscaping and beautification	17%	44%	23%	11%	5%
Mix of restaurants and nightlife	12%	42%	29%	13%	4%
Pedestrian & bicycle friendliness	8%	39%	33%	14%	6%
Arts and cultural activities	8%	32%	47%	11%	2%
Mix of retail and shopping options	7%	31%	43%	15%	4%
Parks and open space	8%	29%	46%	12%	5%
Businesses and jobs	5%	28%	43%	19%	5%
Cleanliness (e.g., sidewalks, litter removal, snow removal)	7%	24%	47%	16%	6%
Public Safety	5%	20%	51%	17%	6%
Parking options	2%	12%	28%	26%	32%
Unhoused Population	1%	6%	30%	36%	27%
Housing options and affordability	1%	2%	11%	23%	63%
Other	19%				

Responses in the 'Other' category not covered by answer options provided include:

- The newer development does not fit the character and scale of the quaint and charming downtown
- Traffic and road conditions have gotten worse and many respondents expressed a want to bring back free parking
- Too big of a focus on tourist-oriented retail options and drinking culture
- Respondents perceive that there are too many short-term rentals which are pricing locals out of downtown

Question 4: Looking to the future, what three words best capture your vision for downtown Traverse City in the year 2030?

Responses: 838

The word cloud below represents the words respondents used to describe their vision of downtown Traverse City in the future. The size of the word indicates how frequently it was used, with the largest words being the ones used most often. The top responses, in order, were **walkable** (138 responses), **[more/easier/free] parking** (122 responses), **affordable** (104 responses), **clean** (86 responses), and **safe** (72 responses).



Question 5: To achieve your vision for downtown Traverse City, how important is it to implement the following physical improvements?

Responses: 963

Respondents were asked to rate a series of physical improvements to downtown Traverse City as either 'very important,' 'important,' 'somewhat important,' or 'not important.' The chart below is sorted according to the action's importance, with the most popular answer choice highlighted for each. The top three actions considered 'very important' were: **improve stormwater and wastewater management in downtown to reduce flooding impacts and protect water quality** (65%), **make downtown more pedestrian-friendly and accessible** (48%), and **implement proposed Lower Boardman River improvements, creating more recreation connections to the river and protecting water quality** (46%).

	Very Important	Important	Somewhat Important	Not Important
Improve stormwater and wastewater management in downtown to reduce flooding impacts and protect water quality	65%	24%	9%	3%
Implement proposed Lower Boardman River improvements, creating more recreation connections to the river and protecting water quality	46%	33%	14%	7%
Make downtown more pedestrian-friendly and accessible (widen sidewalks, maintenance of sidewalks and crosswalks, more comprehensive snowmelt system, etc.)	48%	29%	14%	10%
Enhance the ambiance of downtown (beautification, festival lights, flowers, tree canopy, public art, etc.)	34%	34%	23%	9%
Improve connectivity between downtown and Grand Traverse Bay	32%	33%	24%	12%
Improve the appearance of alleys and consider programming the alleys with things like outdoor dining, events, etc.	29%	35%	19%	17%
Make State Street and side streets more pedestrian-friendly, inviting, and active	32%	30%	21%	17%
Increase downtown housing options	35%	21%	21%	22%
Increase parking supply by adding more parking structure(s)	29%	26%	25%	20%
Attract more art and cultural venues and experiences, such as museums, concerts, and theaters	23%	28%	30%	19%
Improve connections between the Eighth Street Corridor and downtown	18%	31%	32%	19%
Ensure the proposed Civic Square project moves forward	18%	30%	28%	23%
Consider closing Front Street permanently or during certain days of the week	27%	16%	16%	42%
Other	28%			

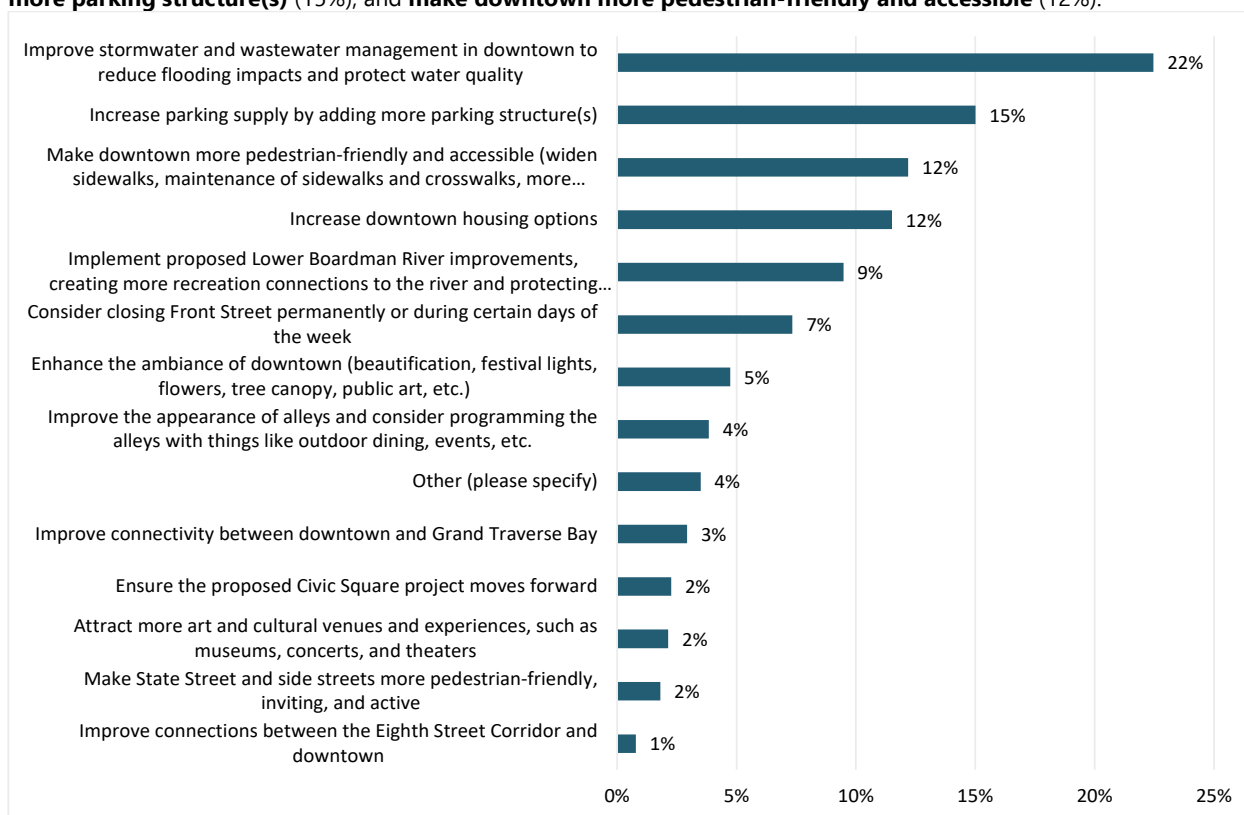
Responses in the 'Other' category not covered by answer options provided include:

- In addition to increasing housing options downtown, options should be affordable and/or support the local workforce
- Support multimodal transportation such as bicycling, public transit, and ride share
- Maintain the character and charm of downtown
- Increase the availability of free and affordable parking, especially for short errands (30-60 minutes), downtown workforce, and those who require accessible parking and are unable to use other forms of transportation
- Adding heated sidewalks to melt snow and ice

Question 6: Of the physical improvements listed in question 5, which ONE action will be MOST important?

Responses: 618

Respondents were asked to select ONE physical improvement from the previous question's answer choices. The top responses from survey respondents were: **improve stormwater and wastewater management in downtown to reduce flooding impacts and protect water quality (22%)**, **increase parking supply by adding more parking structure(s) (15%)**, and **make downtown more pedestrian-friendly and accessible (12%)**.



Most responses in the 'Other' category were reflected in the question 5 summary. **Responses in the 'Other' category not covered previously include:**

- Prioritizing improving existing infrastructure rather than more development
- Adding public restrooms

Question 7: To achieve your vision for downtown Traverse City, how important is it to implement the following programs and services?

Responses: 956

Respondents were asked to rate a series of programs and services in downtown Traverse City as either 'very important,' 'important,' 'somewhat important,' or 'not important.' The chart below is sorted according to the action's importance, with the most popular answer choice highlighted for each. The top three actions considered 'very important' were: **help protect and promote local independent businesses in downtown** (53%), **create opportunities for affordable and local workforce housing in downtown** (47%), and **become a national leader for sustainability and climate resilience** (37%).

	Very Important	Important	Somewhat Important	Not Important
Help protect and promote local independent businesses in downtown	53%	32%	11%	3%
Ensure transit (BATA system) is convenient and accessible	35%	40%	19%	7%
Attract new employers and jobs, including working to fill office vacancies	30%	39%	19%	12%
Create opportunities for affordable and local workforce housing in downtown	47%	21%	17%	15%
Improve the management of parking services	27%	36%	25%	12%
Provide additional maintenance services (trash, snow removal, flower care, etc.)	21%	38%	33%	7%
Become a national leader for sustainability and climate resilience	37%	22%	18%	23%
Make downtown more inclusive and welcoming and celebrate cultural diversity	32%	24%	21%	23%
Add more year-round activations and entertainment options	22%	32%	28%	17%
Improve marketing of downtown to local residents in Traverse City	15%	24%	29%	31%
Other (please specify)	15%			

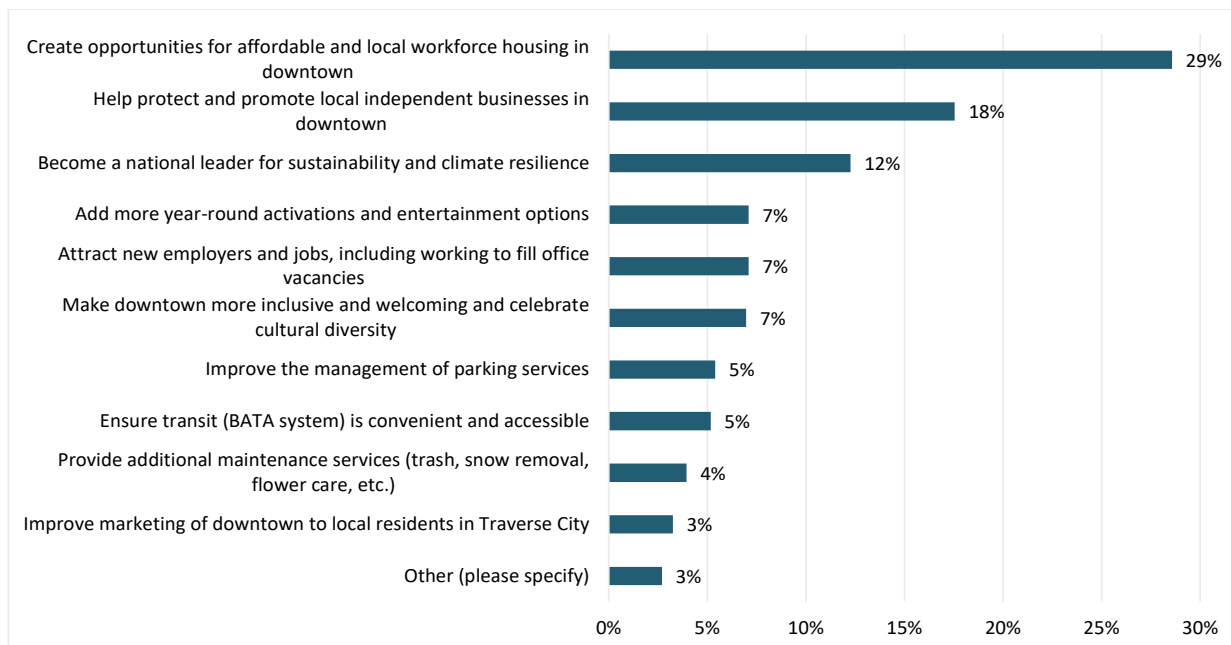
Responses in the 'Other' category not covered by answer options provided include:

- Focus more on providing options for housing, retail, and services for residents rather than tourists
- Improve public safety and cleanliness
- Limit growth downtown
- Improve infrastructure such as roads, wastewater system, power lines, etc.
- Have fewer festivals downtown, or regulate the size more effectively

Question 8: Of the programs and services listed in question 7, which ONE action will be MOST important?

Responses: 889

Respondents were asked to select ONE program and service from the previous question's answer choices. The top responses from survey respondents were: **create opportunities for affordable and local workforce housing in downtown** (29%), **help protect and promote local independent businesses in downtown** (18%), and **become a national leader for sustainability and climate resilience** (12%).



Only 24 respondents selected 'Other,' with no consensus between each answer.

Question 9: If you could suggest one additional improvement to enhance downtown Traverse City, not listed above, what would it be?

Responses: 501

Respondents were asked to provide ideas for additional improvements to downtown Traverse City in an open-ended format. Many respondents elaborated on answer options provided in the prior questions. Specific ideas not included in previous questions include:

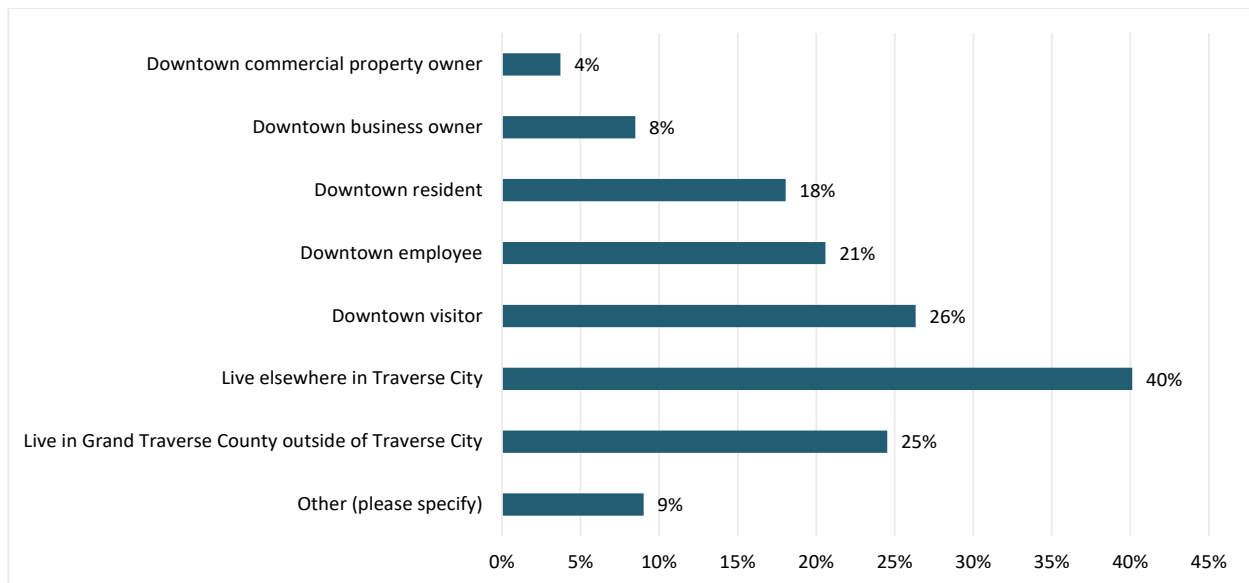
- Closing Front Street either permanently as a pedestrian mall or on the weekends/seasonally for outdoor dining
 - Others disagreed and noted that Front Street (and State Street) should be kept open to cars and remain as a one-way.
- Encourage uses that are inclusive of people of all ages – young children, teenagers, adults who do not drink, and seniors. Similar to this, many respondents expressed that there was less of a culture around drinking/partying downtown.

- Preserve the bay as a park and place where people can gather and enjoy the scenery. This may include diverting the majority of traffic away from the waterfront and increasing pedestrian connections.
- Some respondents expressed that they wished the Lower Boardman River had enhancements similar to San Antonio's River Walk. Others preferred that development is prevented along the river to keep it natural and scenic.
- 17 respondents (3.4%) mentioned ill feelings towards the DDA including charging too much for parking, supporting the needs of tourists and second home owners rather than full-time residents, creating a "dual government" structure, and a call to defund, eliminate, or abolish the DDA.

RESPONDENT CHARACTERISTICS

Which of the following best characterizes your primary interest(s) in downtown Traverse City? (Please select all that apply)

Responses: 942

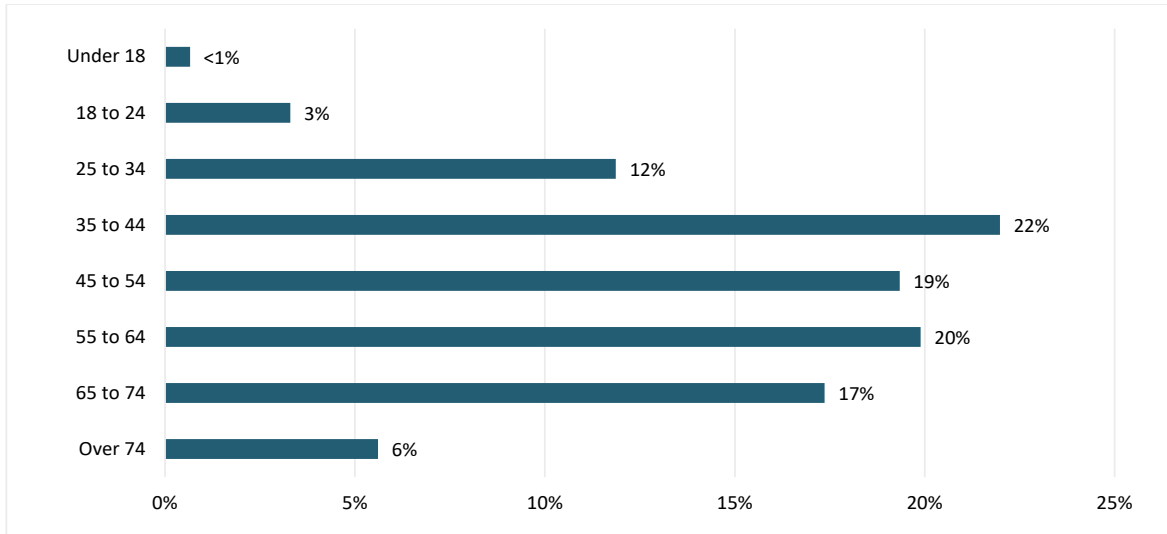


When asked to specify the response of "other", common themes (that were different than the presented options) included:

- Those who live outside of Grand Traverse County, but nearby in Northern Michigan
- Other frequent visitors to Traverse City, including downtown
- Former residents or employees of a downtown business
- Those considering moving to Traverse City or who live there part time

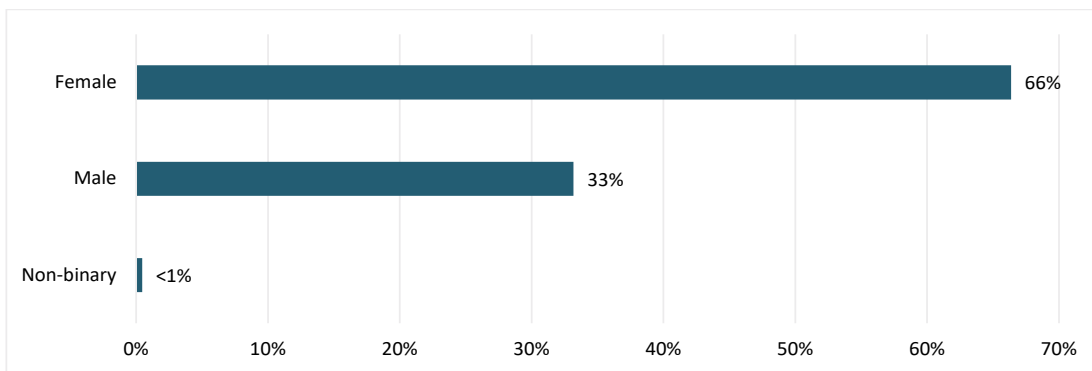
Age

Responses: 910



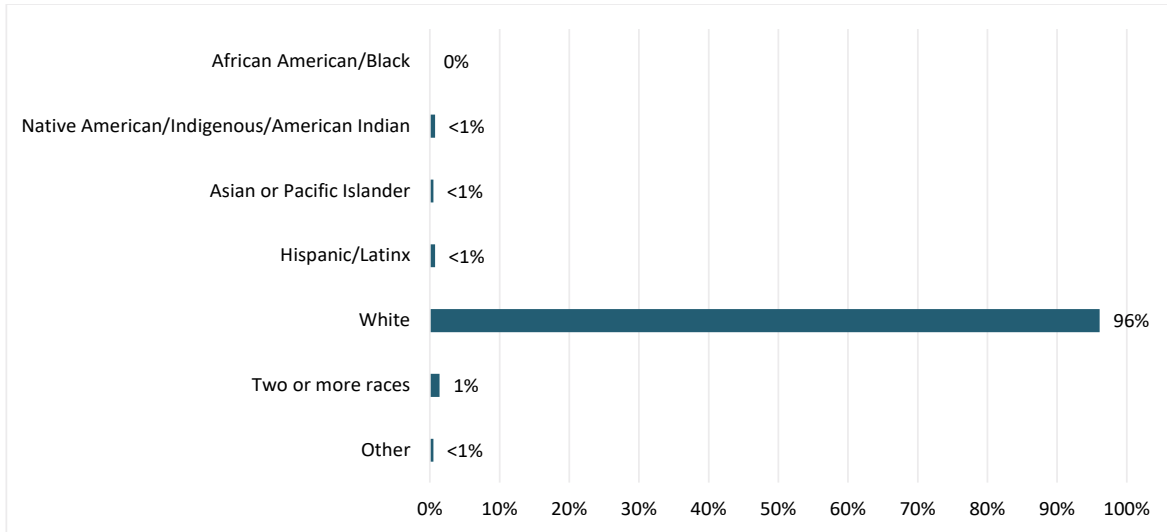
Gender

Responses: 874



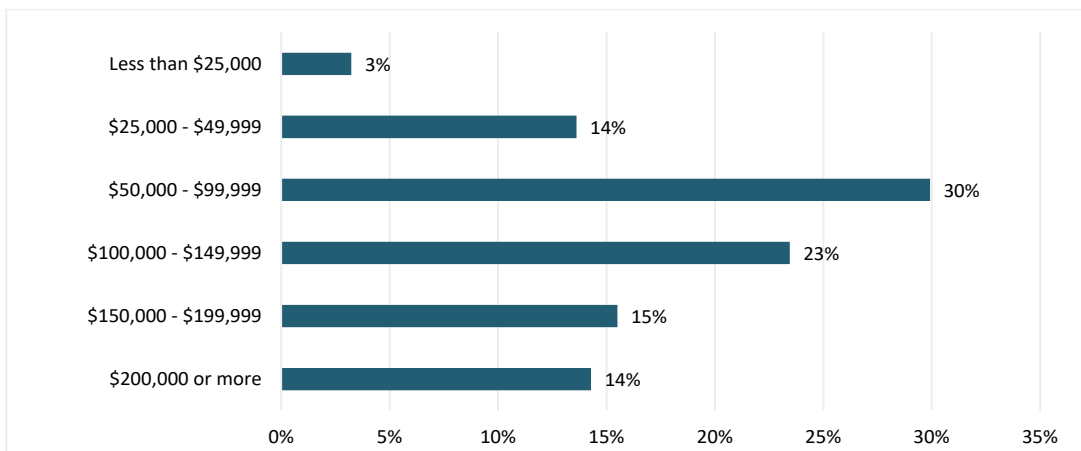
Race/Ethnicity

Responses: 793



Annual Household Income

Responses: 742



Zip Code

Responses: 901

Survey respondents provided 64 different home zip codes. The zip codes with the most representation in the survey data include (in order of frequency):

1. **49684** (351, 39%)
2. **49686** (257, 29%)
3. **49685** (118, 13%)

Together, these make up **81%** of responses.



CROSS-TABULATIONS FOR Q6

The survey results were cross-tabulated by interest in downtown Traverse City, age, income, and gender, to see if responses differed based on respondent characteristics and demographics. There was not enough variation in the ethnicity/race of respondents to adequately compare results, so this category is not included below.

Similarities and contrasts between different respondents were analyzed for the results to Q6 (i.e., "Of physical improvements listed in question 5, which one action will be MOST important?"). Results to Q6, analyzed by various characteristics, are provided below. In the following tables, the top responses for each category are highlighted in blue, helping to show similarities and differences in priority actions. The top choice for each characteristic is shown in darker blue, while any other services or actions receiving 10% or more are highlighted in lighter blue.

Primary Interest in Downtown Traverse City

The following categories of primary interest in downtown Traverse City were analyzed: downtown business owner, downtown resident, downtown employee, downtown visitor, resident of elsewhere in Traverse City, and resident of Grand Traverse County outside of Traverse City. Other interest groups were not included because response rates were too low. The table below shows some variation in physical improvements, based on what the respondent's interest is in downtown Traverse City. Some key similarities and differences include:

- Improve stormwater and wastewater management in downtown to reduce flooding impacts and protect water quality was the top priority amongst all interest groups, except for downtown business owners.
- Increase parking supply by adding more parking structure(s) was the top priority for downtown business owners and received more than 10% of votes for all interest groups.
- Increase downtown housing options was also a popular option for all interest groups, particularly downtown employees.
- Residents also placed greater priority on implementing the proposed Lower Boardman River improvements than the other interest groups.

	Downtown business owner	Downtown resident	Downtown employee	Downtown visitor	Live elsewhere in Traverse City	Live in Grand Traverse County outside of Traverse City
Improve stormwater and wastewater management in downtown to reduce flooding impacts and protect water quality	15%	16%	21%	18%	26%	23%
Increase parking supply by adding more parking structure(s)	34%	12%	18%	14%	12%	15%
Make downtown more pedestrian-friendly and accessible (widen sidewalks, maintenance of sidewalks and crosswalks,	3%	12%	8%	13%	11%	15%

	Downtown business owner	Downtown resident	Downtown employee	Downtown visitor	Live elsewhere in Traverse City	Live in Grand Traverse County outside of Traverse City
more comprehensive snowmelt system, etc.)						
Increase downtown housing options	11%	13%	18%	11%	11%	10%
Implement proposed Lower Boardman River improvements, creating more recreation connections to the river and protecting water quality	8%	15%	7%	10%	8%	10%
Consider closing Front Street permanently or during certain days of the week	9%	10%	9%	8%	7%	7%

Age

Results were cross-tabulated by age, for all age groups 25 to 74. The under 18, 18 to 24, and over 74 age groups did not have enough participation to be included. Key observations and variations across age groups include:

- Improving stormwater and wastewater management in downtown was the top choice for all age groups except 25-34, and gained popularity with increasing age.
- Making downtown more pedestrian-friendly and accessible was also more popular among older age groups.
- Increase downtown housing options was the top selection for the 25-34 age group and the second most popular choice for the 35 to 44 and 45 to 54 age groups.
- The 25 to 34, 35 to 44, and 45 to 54 age groups also prioritized implementing the proposed Lower Boardman River improvements and considering closing Front Street permanently or during certain days of the week more than older age groups.
- Increasing the parking supply by adding more parking structure(s) was a more popular choice for those over 55. The proportion of those aged 55-64 that ranked parking as their top priority (23%) was nearly double the proportion of those 35 to 44 and 45 to 54 (12% for each group).

	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74
Improve stormwater and wastewater management in downtown to reduce flooding impacts and protect water quality	12%	19%	19%	28%	29%
Increase parking supply by adding more parking structure(s)	10%	12%	12%	23%	16%
Make downtown more pedestrian-friendly and accessible (widen sidewalks, maintenance of sidewalks and crosswalks, more comprehensive snowmelt system, etc.)	10%	14%	8%	14%	17%
Increase downtown housing options	14%	15%	16%	9%	6%
Implement proposed Lower Boardman River improvements, creating more recreation connections to the river and protecting water quality	12%	12%	10%	7%	6%
Consider closing Front Street permanently or during certain days of the week	10%	9%	10%	4%	5%

Annual Household Income

The income categories provided in the survey were less than \$25,000, \$25,000-\$49,999, \$50,000-\$99,999, \$100,000-\$149,999, \$150,000-\$199,999 and more than \$200,000. The less than \$25,000 group did not have enough participation to be included in the cross-tabulations. Key observations and variations across income groups include:

- Improving stormwater and wastewater management in downtown was the top choice for the lower income groups (\$25,000-\$149,999).
- Increasing the parking supply was the top choice for the higher income groups (over \$150,000).
- Increasing downtown housing options correlated with income – the lower the income, the more likely the respondent was to select this as their top priority.
- Implementing proposed Lower Boardman River improvements was also correlated with income, but this time higher income residents were more likely to select this as their top priority.
- Interestingly, considering closing Front Street was most popular with both the \$25,000-\$49,999 group and the \$200,000 or more group.

	\$25,000 - \$49,999	\$50,000 - \$99,999	\$100,000 - \$149,999	\$150,000 - \$199,999	\$200,000 or more
Improve stormwater and wastewater management in downtown to reduce flooding impacts and protect water quality	26%	25%	21%	16%	12%
Increase parking supply by adding more parking structure(s)	10%	15%	12%	18%	17%
Make downtown more pedestrian-friendly and accessible (widen sidewalks, maintenance of sidewalks and crosswalks, more comprehensive snowmelt system, etc.)	8%	15%	12%	11%	15%
Increase downtown housing options	19%	14%	13%	10%	6%
Implement proposed Lower Boardman River improvements, creating more recreation connections to the river and protecting water quality	1%	9%	9%	14%	14%
Consider closing Front Street permanently or during certain days of the week	12%	6%	7%	9%	12%

Gender

Results were cross-tabulated by gender, for male and female. The non-binary category did not have enough participation to be included. Key observations and variations across gender groups include:

- Improving stormwater and wastewater management in downtown was the highest priority for female and male respondents, though it was a more popular choice for female respondents.
- A greater proportion of male respondents opted for implementing proposed Lower Boardman River improvements as their top choice.
- On other top choices, the split between female and male respondents was mostly even.

	Female	Male
Improve stormwater and wastewater management in downtown to reduce flooding impacts and protect water quality	26%	17%
Increase parking supply by adding more parking structure(s)	15%	15%
Make downtown more pedestrian-friendly and accessible (widen sidewalks, maintenance of sidewalks and crosswalks, more comprehensive snowmelt system, etc.)	13%	12%
Increase downtown housing options	11%	13%
Implement proposed Lower Boardman River improvements, creating more recreation connections to the river and protecting water quality	8%	13%
Consider closing Front Street permanently or during certain days of the week	6%	9%

CROSS-TABULATIONS FOR Q8

Similarities and contrasts between different respondents were also analyzed for the results to Q8 (i.e., "Of the programs and services listed in question 7, which one action will be MOST important?"). Results to Q8, analyzed by the same characteristics as Q6 cross-tabulations, are provided below. In the following tables, the top responses for each category are highlighted in blue, helping to show similarities and differences in priority actions. The top choice for each characteristic is shown in darker blue, while any other services or actions receiving 10% or more are highlighted in lighter blue.

Primary Interest in Downtown Traverse City

- Creating opportunities for affordable and local workforce housing in downtown was the top priority amongst all interest groups, except for downtown business owners.
- Helping protect and promote local independent businesses in downtown was the top priority for downtown business owners.
- Downtown visitors placed greater priority on adding more year-round activations and entertainment options than the other interest groups.
- Downtown business owners and residents placed greater priority on attracting new employers and jobs than the other interest groups.

	Downtown business owner	Downtown resident	Downtown employee	Downtown visitor	Live elsewhere in Traverse City	Live in Grand Traverse County outside of Traverse City
Create opportunities for affordable and local workforce housing in downtown	22%	30%	43%	25%	25%	31%
Help protect and promote local independent businesses in downtown	25%	16%	10%	21%	19%	18%
Become a national leader for sustainability and climate resilience	7%	10%	11%	14%	18%	9%
Add more year-round activations and entertainment options	5%	9%	5%	11%	7%	6%
Attract new employers and jobs, including working to fill office vacancies	17%	11%	8%	6%	5%	7%
Make downtown more inclusive and welcoming and celebrate cultural diversity	5%	6%	7%	9%	7%	9%

	Downtown business owner	Downtown resident	Downtown employee	Downtown visitor	Live elsewhere in Traverse City	Live in Grand Traverse County outside of Traverse City
Improve the management of parking services	3%	5%	5%	4%	5%	7%
Ensure transit (BATA system) is convenient and accessible	1%	2%	3%	4%	5%	7%
Provide additional maintenance services (trash, snow removal, flower care, etc.)	1%	4%	3%	2%	4%	2%
Improve marketing of downtown to local residents in Traverse City	7%	2%	1%	2%	4%	3%

Age

- Creating opportunities for affordable and local workforce housing in downtown was the top priority amongst the younger age groups (25 to 64).
- Helping protect and promote local independent businesses in downtown was the top priority for the oldest analyzed age group (65 to 74).
- For the most part, becoming a national leader for sustainability and climate resilience, making downtown more inclusive and welcoming and celebrating cultural diversity, and adding more year-round activations and entertainment options were more popular among younger age groups.
- Attracting new employers and jobs was most popular among middle age groups (35 to 64).

	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74
Create opportunities for affordable and local workforce housing in downtown	35%	29%	29%	31%	23%
Help protect and promote local independent businesses in downtown	14%	13%	21%	19%	25%
Become a national leader for sustainability and climate resilience	18%	14%	10%	9%	7%
Add more year-round activations and entertainment options	8%	10%	7%	6%	3%
Attract new employers and jobs, including working to fill office vacancies	4%	11%	8%	8%	5%
Make downtown more inclusive and welcoming and celebrate cultural diversity	11%	9%	5%	6%	7%
Improve the management of parking services	3%	4%	5%	5%	7%
Ensure transit (BATA system) is convenient and accessible	3%	3%	5%	5%	9%
Provide additional maintenance services (trash, snow removal, flower care, etc.)	0%	3%	4%	4%	5%
Improve marketing of downtown to local residents in Traverse City	1%	3%	4%	4%	4%

Annual Household Income

- Creating opportunities for affordable and local workforce housing in downtown was the top priority amongst the lower income groups (\$25,000-\$149,999).
- Helping protect and promote local independent businesses in downtown was the top priority for the higher income groups (\$150,000 or more).
- Higher income groups also placed a greater emphasis on attracting new employers and jobs.
- Making downtown more inclusive and welcoming and celebrating cultural diversity got the highest share of votes for the \$150,000-\$199,999 income group, though it was also popular with the \$25,000-\$99,999 income groups.

	\$25,000 - \$49,999	\$50,000 - \$99,999	\$100,000 - \$149,999	\$150,000 - \$199,999	\$200,000 or more
Create opportunities for affordable and local workforce housing in downtown	40%	33%	33%	19%	21%
Help protect and promote local independent businesses in downtown	18%	11%	18%	21%	22%
Become a national leader for sustainability and climate resilience	9%	15%	14%	10%	15%
Add more year-round activations and entertainment options	3%	9%	6%	13%	6%
Attract new employers and jobs, including working to fill office vacancies	1%	3%	10%	9%	14%
Make downtown more inclusive and welcoming and celebrate cultural diversity	9%	8%	5%	10%	6%
Improve the management of parking services	7%	3%	2%	5%	4%
Ensure transit (BATA system) is convenient and accessible	4%	8%	2%	3%	4%
Provide additional maintenance services (trash, snow removal, flower care, etc.)	2%	4%	5%	5%	3%
Improve marketing of downtown to local residents in Traverse City	3%	4%	2%	2%	3%

Gender

- Creating opportunities for affordable and local workforce housing in downtown and helping protect and promote local independent businesses in downtown came first and second, respectively, for both female and male respondents' top priority.
- Female respondents placed a greater emphasis on becoming a national leader for sustainability and climate resilience.
- Male respondents placed a greater emphasis on attracting new employers and jobs.

	Female	Male
Create opportunities for affordable and local workforce housing in downtown	30%	26%
Help protect and promote local independent businesses in downtown	19%	15%
Become a national leader for sustainability and climate resilience	14%	9%
Add more year-round activations and entertainment options	6%	9%
Attract new employers and jobs, including working to fill office vacancies	6%	10%
Make downtown more inclusive and welcoming and celebrate cultural diversity	7%	7%
Improve the management of parking services	5%	4%
Ensure transit (BATA system) is convenient and accessible	6%	4%
Provide additional maintenance services (trash, snow removal, flower care, etc.)	2%	6%
Improve marketing of downtown to local residents in Traverse City	2%	4%

APPENDIX B: MARKET ASSESSMENT

DRAFT

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1. INTRODUCTION

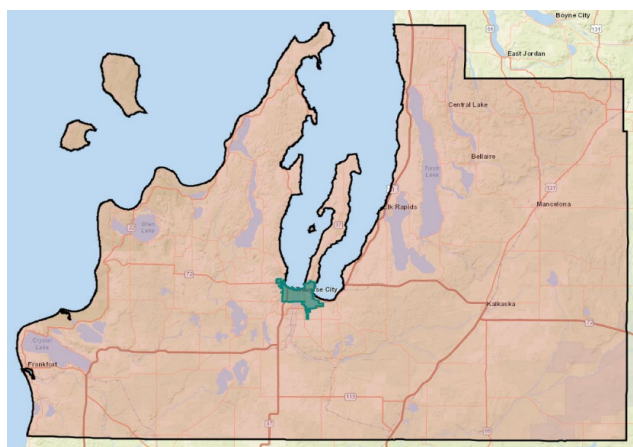
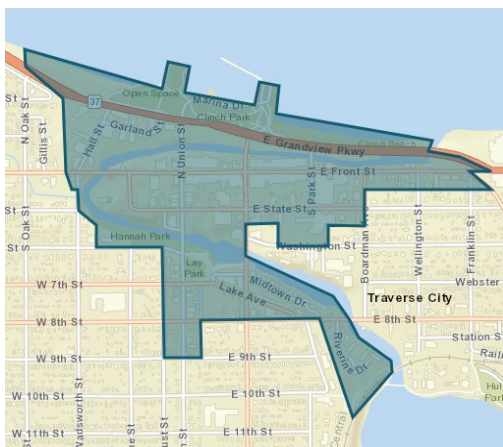
- The following market assessment was completed in Q2/Q3 2022 to help inform the *Moving Downtown Forward Plan*. Data was compiled using primary and secondary sources, including the City of Traverse City, Grand Traverse County, the State of Michigan, Traverse Connect, real estate research and interviews, Esri, the U.S. Census, amongst other available sources.
- When applicable, Downtown Traverse City is compared to peer cities throughout the report to offer new perspective and considerations for benchmarking.
- The market assessment also utilized the 2016 *Downtown & Corridor Market Analysis Update* by AECOM as an added resource. Comparisons to the 2016 data are included where available.

WHAT FOLLOWS IN THIS DOCUMENT?

- The market assessment is organized into two main pieces:
 1. **The Summary of Findings provides an overview of key findings by sector.** It provides a snapshot of existing conditions – in both the Grand Traverse region and in Downtown – and then an assessment of the relevant real estate sector's conditions, strengths, opportunities, and vulnerabilities.
 2. **Detailed supporting research is then provided in four subsequent sections.** The Live section is an assessment of demographics, psychographics, and housing within Downtown, the city, and region. The Work section is an assessment of the regional economy, the Downtown economy, and the Downtown office market. The Shop & Dine section is an assessment of Downtown's storefront economy. The Play & Visit section is an assessment of Downtown and the region's visitor attractions and the lodging sector.

MARKET AREAS

- Data was collected, when available, for three main market areas: (1) Downtown, as defined by DDA boundaries, (2) Traverse City, and (3) the 5-county region (Grand Traverse, Benzie, Leelanau, Antrim, and Kalkaska).
- Downtown is a 0.3-square-mile area shown on the map (left) below. Both Traverse City and the 5-county region (below, right) are key markets and points of comparison for Downtown. They also offer a wider array of data than the customized, Downtown boundary.



PEER CITIES

- Peer cities and their downtowns are used as comparisons throughout the market assessment. Peer cities include Bend, OR; Bozeman, MT; Burlington, VT; and Rapid City, SD.
- The peers were selected based on stakeholder interviews, other research, and P.U.M.A.'s national work in downtowns. The four that were chosen are all metros with similar-sized populations, isolated and not in close proximity to a larger city, outdoor recreation meccas, tourist destinations with high seasonality, and experiencing similar market dynamics. The selections are also future-oriented – offering insights into where the Traverse City market may be headed. The peer cities are national in scope and are more ambitious than previous peer cities used in older studies. Lastly, they align with Traverse Connect's benchmark cities.
- Boundaries for peer downtowns were set based on Improvement District boundaries, neighborhood boundaries, land use patterns, and P.U.M.A.'s knowledge of these markets.

Peer Cities/Downtowns		
City	Regional Population	Downtown Size
Traverse City	178,025	0.30
Bend, OR	207,819	0.25
Bozeman, MT	124,974	0.21
Burlington, VT	228,621	0.28
Rapid City, SD	141,736	0.40

2. SUMMARY OF FINDINGS

- The following summary provides an overview of key findings for each of the Market Assessment's four main topic areas – live, work, shop and dine, and visit and stay. It provides a snapshot of existing conditions, as well as an assessment of strengths and vulnerabilities expected to impact Downtown over the next five years.
- Also, since 2007, P.U.M.A. has conducted research on trends impacting downtowns across the country. This research, coined Global Trends, was last updated in response to the pandemic in mid-2020. Global Trends insights that are most pertinent to Traverse City can be found below in callout boxes.
- Downtown's impact on the Traverse City community and economy is briefly summed up in the table to the right. It provides the number of residents, workers, and shops and restaurants that call Downtown home, but also shows that acre-for-acre, Downtown is one of the most productive and valuable neighborhoods of the community. As the table shows, Downtown's core strength is in its dining, drinking, and shopping options.

Downtown's Impact on Traverse City

0.3 square miles	→	3.6% of the city
Meanwhile, Downtown has...		
629 residents	→	4% of the city's
5,678 employees	→	14% of the city's
136 retailers, restaurants & bars	→	30% of the city's

LIVE

CITY & REGIONAL OVERVIEW

- The 5-county region has nearly 180,000 residents, 16,000 of which live in Traverse City.** The region has experienced steady, but modest, growth during the 2000s, growing 15% between 2000 and 2022. Traverse City, after experiencing a *shrinking* population between 2000-2010, rebounded nicely, and its growth rate has outpaced that of the region over the last 12 years.
- The region, and in turn, Traverse City and Downtown, is made up of a relatively older population.** The regional median age is 47 years old. This is the oldest – significantly so – amongst Traverse City's peer cities, as the table to the right shows. Furthermore, 40% of the region's residents are 55 and older, and this proportion is trending upward.

Median Age (Region)

	2010	2022
Bozeman	32.6	35.0
Rapid City	36.6	38.1
Burlington	37.3	39.6
Bend	40.2	42.8
Traverse City	44.2	46.8

Source: Esri Community Profile

DOWNTOWN OVERVIEW

- Downtown (defined as the DDA boundaries) has an estimated 629 residents**, representing 4% of Traverse City's total. These residents are roughly evenly split between the Downtown Core and Old Town.
- Compared to citywide and regional demographics, Downtown has **much smaller households on average, fewer households with children, a lower median household income, a more highly educated resident body, and a larger proportion of individuals working in white collar fields.**
- Household sizes are particularly small in Downtown**, with nearly half being one-person households. (Traverse City also has a high proportion of one-person households, at 41%.)
- Downtown's household income is characterized by a "barbell" pattern, with a **higher proportion of households in the lowest (in part, driven by retiree households) and highest income (\$200,000+)**

brackets. This contrasts with the city and region which demonstrate more traditional patterns across the income spectrum.

HOUSING MARKET

- **Housing is Traverse City's (and the region's) strongest real estate sector.** Housing prices have soared to record highs over the last several years, during the pandemic. In turn, the city and region are now grappling with supply-demand challenges and housing affordability issues at levels it hasn't had to in the past.
- Traverse City's median home value is \$425,000, well above the statewide average in Michigan of \$237,000. **Between June 2020 and June 2022, Traverse City home values increased 48%.** While this is indicative of a national trend, it's noteworthy that, besides Bend, OR (perhaps the hottest smaller housing market in the country), Traverse City experienced the highest percentage growth amongst its peer cities during the pandemic.
- **The market dynamics contributing to this trend are multifaceted** and include: a supply vs. demand mismatch, elevated construction costs, a low amount of for-sale inventory, the second-home market, and the vacation rental market.
- Traverse City's average rent is estimated to be in the \$1,300/month range. **At the county level, Grand Traverse has the second highest average rental rate in the state.** Arguably a larger challenge than the cost of rentals is the lack of inventory, especially for seasonal workers that Traverse City relies on in the summer.
- **The above trends and data translate to a market that is not attainable for most first-time homebuyers and much of the city's workforce which has a large proportion of employees in tourism-driven service jobs.** It also translates to bidding wars, cash offers, purchases well over asking prices, little inventory available, and a general challenge for many households wanting to move to the area, even those with the financial means to do so.
- The above dynamics and strains on the market also apply to Downtown housing – and are amplified in some cases. Downtown has roughly 620 housing units, roughly evenly split between renter- and owner-occupied. **Downtown's ownership units carry a premium over citywide values.** Over the last year-plus, the average sale price of a Downtown housing property was \$593,800, at a price per square foot of nearly \$400/sf.

Home Value Increase (Jun 2020 – Jun 2022)	
Bend	59%
Traverse City	48%
Rapid City	46%
Bozeman	43%
Burlington	35%

STRENGTHS & OPPORTUNITIES

- **Traverse City's overall desirability** – People want to move to Traverse City and the surrounding region, which is blessed with a one-of-a-kind setting, natural beauty, outdoor attractions and amenities, all leading to a sought-after quality-of-life for aspiring residents. People are also wanting to live Downtown, which carries a premium over citywide housing.
- **Housing is a strong market for Downtown moving forward.** There is high demand for more units city- and region-wide, at all price points, but especially those at more attainable levels. Downtown's housing is also likely to be attractive to varied users, and the neighborhood could reap the benefits of a diverse and mixed residential base. *While*

GLOBAL TREND: HOUSING

Younger demographics continue to fuel demand for downtown living, although the pandemic has shifted preferences for unit types and affordability. After experiencing months of lockdown and working from home, preference for larger one-plus bedroom units and outdoor access are expected to emerge. Affordability is as important as ever, as younger generations predisposed to urban living continue to have a challenge building wealth, and were also most severely impacted by the pandemic's economic disruption. Alternative ownership and rental types may emerge, including group living options, cooperatives, and live/work formats. Real estate segments that don't fully recover may offer housing conversion opportunities in hot markets, such as low performing hotels.

Downtown by no means can solve the city's affordability crisis, it can play an important role in diversifying the city's housing stock and adding new units to a strained market.

- Besides a prevalence of retirees, **Downtown's strongest age segment is the 25–34-year-old demographic – i.e., the young professional bracket** that downtowns and walkable neighborhoods with plentiful amenities are well-positioned to attract. These are economically productive residents to attract – they fill (and create) good jobs, they spend at neighborhood businesses, and many develop community roots and start families that further contribute to the local economy.

VULNERABILITIES

- **A lack of inventory, exacerbated by the pandemic** – a citywide problem, not just a Downtown one – has dramatically driven up housing prices. Downtown's housing growth rate has lagged that of the city's over the last 12 years, during a decade-plus when downtowns have boomed as residential neighborhoods.
- **Lackluster population density and growth** is hindered by the presence of short-term rentals, second-homes, and the prevalence of retirees and one-person households in Downtown.
- **Housing prices aren't attainable for households at or below median income levels**, including for many of those that work in hospitality and service-based jobs that make up a large portion of Downtown's employment base.
- **A negative, trickle-down impact on Downtown's local businesses.** When seasonal workers can't find temporary housing, local businesses can't find workers, and in turn, can't operate at the capacity that customer demand calls for. This challenge has already become large enough that it is becoming more common for businesses to purchase housing properties, reserve campgrounds, borrow RVs, and find other creative solutions – just to ensure housing for their summer employees.

WORK

REGIONAL OVERVIEW

- **The 5-county region is the economic hub of Northern Michigan.** It has a growing and diversifying economy that is largely anchored by the tourism industry. There are roughly 105,000 employees who work in the region.
- The largest employment sectors are: **health care and social assistance, retail, accommodation and food service, and manufacturing.** Together, these four industries make up more than half of all jobs in the region. Health care is the city and region's largest industry by far. In Traverse City, nearly half of all jobs are in the health care sector, and regionally, nearly a quarter.
- In today's economy, jobs and companies are more likely to follow talent. **Traverse City's population is well-educated** – compared to both its own 5-county region as well as Michigan and U.S. averages. Nearly half the city's population has a Bachelor's degree or higher.

DOWNTOWN OVERVIEW

- **There are over 5,600 employees in Downtown Traverse City**, representing 14% of the city's workers.
- Compared to peer cities, **Downtown has a below-average number of downtown workers and employment density.** This illustrates the lack of primary, private employers in Downtown (outside of Hagerty), but also an opportunity for Downtown to evolve into a greater economic engine for the local economy.
- Downtown's economy is **anchored by the dining and retail service sector, finance and insurance, public sector, and professional services.** Together, these sectors represent 60% of all Downtown jobs.

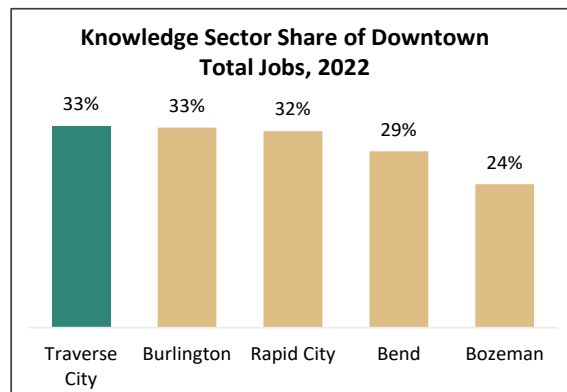
- Outside of Hagerty, which is Downtown’s largest private employer by far, **Downtown lacks major private employers in high-growth industries.** There’s an opportunity for Downtown to become a greater employment hub in the regional economy, and a chance to tap into more jobs in higher-growth industries.

OFFICE MARKET

- **The commercial office sector is a relatively untapped sector in Downtown.** A majority of Downtown’s workforce is in non-office-based jobs, and furthermore, much of the employment that is office-based is made up of public sector employees.
- Before the pandemic, **Downtown traditionally tended to have more office space than it was able to fill.** This was changing just before Covid arrived, as Downtown was running out of available spaces for lease.

STRENGTHS & OPPORTUNITIES

- In a post-Covid era, as a greater number of people have more autonomy in where they live and work, **Traverse City is well-positioned as an attractive workplace location.**
- We live in an increasingly knowledge-based economy. Knowledge sector jobs are a key figure for measuring economic health and growth potential. These industries are private sector-based, fast-growing, offer well-paying careers, and attract educated talent. **Downtown has an estimated 1,880 knowledge sector workers, representing 33% of all Downtown jobs,** compared to only 12% regionally – demonstrating a clear locational preference and strength that Downtown should continue to build upon. Downtown also fares well compared to its peer cities, as the chart shows.
- **Michigan Tech has established and broadened a Traverse City presence over the last several years.** It has a Downtown workspace/research hub that is focused on advancing research in niche areas such as aerospace communications and renewable energy. It also has a partnership with Northwestern Michigan College where students are able to complete their bachelor’s degree at Tech. Michigan Tech and NMC also are focusing on partnerships related to marine technology and freshwater research. The newest element of Michigan Tech’s local presence is a new, hybrid TechMBA program beginning in fall 2022 at its Downtown workspace.



GLOBAL TREND: NATURE OF WORK

The pandemic’s impact on conventional office formats remains a big question mark moving forward. The trend toward more flexibility in the workplace will accelerate and five-day office work weeks are becoming less common. The conventional office sector will need to react and evolve. Fixed and rigid workplaces will be less common, as companies seek spaces that can more seamlessly host ranging numbers of employees. As the pandemic continues to subside, there may be a rebound in demand for shared/coworking models that offer workers and small businesses maximum flexibility. Traverse City should be able to adapt easier than larger markets with an abundance of commercial office space. A newly popular office format is smaller, single-office spaces (i.e., those less than 1,000 sq. ft.) – an alternative option to coworking, these have become popular for workers with flexibility that don’t necessarily want to work from home. Downtown is a conducive environment for this type of office. The Traverse City region also remains well-equipped to capture remote workers and digital entrepreneurs who heavily value lifestyle when it comes to where to live and work.

VULNERABILITIES

- **The office sector is the real estate sector with the most uncertainty** – nationally, and locally in Downtown Traverse City. More flexible work

environments and post-Covid work trends are still evolving, and the long-term impact remains to be seen. And locally, office has been the most untapped sector in Downtown.

- **Downtown is dependent on the retail and dining sectors.** Purely from an employment perspective, these sectors are highly dependent on the visitor market, fluctuate seasonally, vulnerable to economic conditions, and generally do not offer jobs that pay enough for Traverse City's housing market.
- **Downtown is reliant on one large private employer, Hagerty.** Hagerty is currently underway with a reduction of its Downtown real estate footprint, consolidating their employees to their Downtown campus and terminating their leases in other Downtown office buildings. Finding additional anchor employers – in addition to Hagerty – remains a priority for Downtown.
- **Parking – of lack thereof – is the primary hindrance to the office sector in Downtown.** It is a driver of leasing – office space with dedicated parking leases first and is rarely available, while office space without it tends to have a harder time attracting tenants.
- **The Traverse City region is hampered by the lack of a four-year research institution.** These universities are economic engines for several of Traverse City's national peers, fueling their economies, creating jobs, and churning out thousands of graduates every year, many of which stay in the area. For this reason, the Michigan Tech/NMC efforts noted above have potential to be a major plus for the local economy.

SHOP & DINE

REGIONAL OVERVIEW

- **The retail, food and beverage sector is an economic engine** for the regional economy, employing more than 22,000 people in the 5-county area, nearly a quarter of all jobs.
- This sector is **bolstered greatly by the tourism economy**, and the millions of people that visit Traverse City annually.

DOWNTOWN OVERVIEW

- Downtown Traverse City's storefront economy is critical to its success, attracting visitors, driving foot traffic, and fueling the neighborhood's vibrancy. In total, **there are 146 storefronts in Downtown.**
- **Downtown has a strong, varied mix of storefronts** by category, in large part made possible by the strength of the tourism market. Retail remains the most common category Downtown, making up more than half of the storefront units. Dining and drinking follows with a third of spaces, while various service-based businesses make up the remainder.
- **82% of Downtown's storefront businesses are local independents**, while 12% are classified as chainlets and only 6% are chains. (Chainlets are defined as businesses with a dozen or fewer locations and/or ones with locations scattered across Michigan.)

RETAIL MARKET

- **There are low vacancy rates on storefronts throughout Downtown.** The core of Front Street continues to be in high demand. Smaller footprints are much easier to lease than Downtown's larger spaces, regardless of retail or restaurant use.
- **Lease rates throughout Downtown are wide-ranging.** Along the Front Street core, newer rents are roughly in the \$25-30/sf range. However, most existing tenants aren't paying this amount – more commonly paying \$17-20/sf on older leases.
- **Core vs. periphery:** Downtown's dining/shopping footprint continues to expand along the edges. Newer areas offer more affordable rents than the increasing rates seen on Front Street. East Eighth Street is a

fledgling district experiencing some modest growth, with rental rates about half of what they are in Downtown. The growing Warehouse district has rates that run the gamut – from Front Street-level rates in newer build, to some businesses paying a fraction of that amount, depending on the space.

STRENGTHS & OPPORTUNITIES

- **Downtown’s storefront economy punches above its weight.** This is in large part due to the impact of the tourism economy.
- **Local independent businesses dominate the Downtown scene.** This creates a distinct character and sense of place, amongst downtowns nationally that have lost some of their local vibe in recent years.
- **Downtown’s retail sector remains the anchor of the storefront economy, bucking a national trend.** Across the country, food and beverage has been expanding as the proportion of retail has shrunk in many downtown markets over the last decade. In Downtown Traverse City, retail still outnumbers food and beverage by a wide margin (78 vs. 46). Downtown should anticipate a steady shift towards more food and beverage in its storefront mix consistent with national trends, but it remains well-positioned to have a balanced mix between shopping and dining well into the future.
- For a Downtown with a relatively compact footprint, **Downtown Traverse City has a variety of sub-districts that each have their own character and offer unique shopping, dining, and entertainment vibes.** This lends dynamism and surprise to Downtown, creating “something for everyone,” and gives off an impression of a Downtown that is larger than it actually is. It is expected that East Eighth Street will continue to emerge over the next 5-7 years as an important new Downtown-adjacent corridor.

GLOBAL TREND: CHANGING CONSUMER BEHAVIORS

Retail has always been one of the most disruptive and fastest evolving real estate sectors. Covid accelerated this and hit the retail sector as hard as any other sector. The pandemic has euthanized outdated retail formats that were already declining, including some indoor malls, department stores, and several legacy brands. The trend toward online sales continues, yet it still only accounts for roughly 10% of total sales. Relative to the rest of the sector, downtowns are well-positioned for the future. Local independents and experiential retail will continue to distinguish downtowns. Opportunity for community-driven retail is expected to be a growing niche, with a newfound desire to connect with neighbors, demonstrate social impact, and influence change amongst retail businesses and entrepreneurs. While traditionally a visitor-centric market, this gives Downtown an opportunity to better connect with the local community.

Downtown Traverse City has been driven by local independents, but there’s arguably more opportunity for unique experiential businesses in the mix. The Little Fleet shows the power that a new type of experience can have in a neighborhood. Local entrepreneurship and new ideas should be encouraged, and Downtown should work to ensure it has spaces where these ventures can take root.

VULNERABILITIES

- **Lease rates, especially those along the core of Front Street, have increased roughly \$8-\$10/sf over former rates.** However, most existing tenants aren’t yet paying new rates as they remain on older leases. This could develop into a lagging issue as leases expire and turn over, and businesses are faced with the reality of signing a new lease at a rate much higher than they are used to. Some businesses may not have the margins to pay for the new version of the Downtown storefront marketplace. Downtown’s lease rate trends points to a risk of displacement for local businesses over the next 5-7 years.
- With this potential displacement, along with increased tourism numbers and a growing number of rooftops, comes **a greater potential for more interest from chains.** While chains are universally a bad thing, too many of them can dilute what makes Downtown special and distinct.

- While the mix is varied, it is clearly **more oriented towards the visitor market**. Many locals shy away from Downtown shopping and dining, especially during the summer high season. It remains a question of who Downtown shopping and dining is for. The local market is critical to the success of Downtown storefronts long-term, especially in the off-season, and as lease rates continue to rise.

VISIT & STAY

REGIONAL OVERVIEW

- **Tourism is a key economic engine for the Traverse City local and regional economy.** Visitors are attracted to the Grand Traverse region because of its setting, natural beauty and outdoor attractions, climate, varied outdoor recreation activities, wineries and breweries, restaurants and shopping, and a mix of quaint and unique towns throughout the region.
- **Visitor spending in Grand Traverse County and the 5-county region has been on a steady uptick over the course of the decade leading up to the pandemic.** The region saw total visitor spending rise 28% between 2011-2019, rising to more than \$900 million annually. (Visitor spending dipped 15% in 2020, due to the pandemic, but not as much as many other places across the country.)
- **Tourism creates and supports roughly 10,000 jobs in the 5-county region**, accounting for more than \$360 million in labor income.
- Major events that bring in visitors include the long-standing **National Cherry Festival** as well as the newer but rapidly growing, **Traverse City Horse Shows**. **Sleeping Bear Dunes National Lakeshore** is one of the region's top outdoor attractions, typically seeing more than 1 million visitors just in the months of July through August alone.
- Downtown events and attractions include the **Traverse City Film Festival**, which largely takes place at the State Theatre, Bijou by the Bay, and now also at the waterfront Open Space. The **City Opera House** is a historic venue with an array of programming. The **Sara Hardy Farmers Market** runs twice a week May through October. **Downtown is also host to a year-round calendar of 23 varied, community events** that attract nearly 100,000 visitors.

GLOBAL TREND: THE POWER OF PLACE

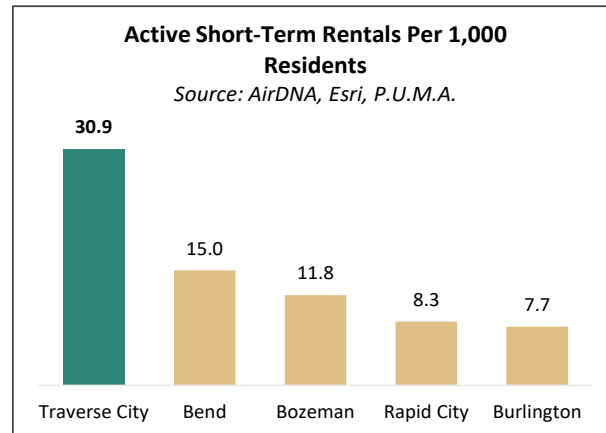
During the early stage of the pandemic, the tourism economy came to a screeching halt. This gave downtowns the opportunity to try out new ideas in their public spaces – as both a public health measure and a placemaking endeavor. Experimentation during the pandemic has accelerated trends in many markets to close streets, activate sidewalks, and enliven parks and plazas. The arts and culture segments, which have been some of the last areas to recover, continues to need support and should be engaged to bring creativity and vibrancy into the reinvention of public spaces and to showcase local heritage, context, and artistic talent. Downtown Traverse City has an opportunity to accentuate what makes it unique and special. In fact, some current efforts are already underway – water is a unique differentiator for Downtown, and the planned Boardman River improvement project will strengthen this asset. Downtown's local independent businesses are uniquely Traverse City – there's further opportunity to make Downtown's public spaces feel the same.

LODGING MARKET

- Grand Traverse County, including some of its immediate surrounding areas, has **roughly 5,000 hotel rooms**. Many of these are clustered in various locations near waterfronts, namely a concentration just east of Traverse City where there are more than a dozen hotels along a short stretch of Munson Avenue.
- **Within Traverse City limits, there are approximately 16 hotels/motels.** While several of these are located in Downtown, a majority are east of Downtown also along Munson.
- **The pandemic brought volatility to this industry over the last two-plus years in Grand Traverse County.** The pre-pandemic year of 2019 showed a relatively healthy, but very seasonally dependent lodging market. After a disruptive 2020, 2021 exceeded pre-pandemic 2019 industry metrics.

SHORT-TERM RENTAL MARKET

- **Short-term rental companies, led by Airbnb and Vrbo, have seen explosive growth in the Traverse City region in recent years.** As of Q2 2022, there were 1,512 active rentals listed on Airbnb and/or Vrbo in greater Traverse City. This was a 53% increase since 2019. These are predominately concentrated in and around Downtown.
- Traverse City has the best industry indicators amongst all of its peer cities, including the highest average daily rate (\$297) and the highest median monthly revenue (\$4,500). Even more stark is a comparison of active short-term rentals on a per capita basis. As the chart shows, Traverse City has double the number of STRs per capita than the next closest peer city. Simply, **Traverse City's short-term rental market is one of the hottest, and most pervasive, in the country.**



STRENGTHS & OPPORTUNITIES

- In many ways, **the tourism market has never been stronger in Traverse City**, and the pandemic had little impact on the number of visitors coming to the region.
- **There is depth and variety to the tourism market in the Grand Traverse region.** Downtown doesn't need to be the sole, main attraction, and is working from a position of strength thanks to the region's varied assets – but its restaurants, retail, cultural destinations and events, and lodging are play an integral role in the regional visitor market.
- **A diversifying visitor body** – Newer events such as the Horse Shows and the Film Festival (and generally greater recognition of Traverse City nationally) are bringing in an audience with substantial spending power. Traverse City is steadily seeing more visitors with ample disposable income. The result is greater amounts of spending at local businesses and a larger infusion of dollars into the local economy.

VULNERABILITIES

- **The visitor market remains heavily seasonal.** Traverse City, while slowly attracting more visitors during off-season months, remains primarily a summer destination. Efforts to create more balanced visitorship throughout the year will help create a more balanced and resilient local economy.
- **The impact of the short-term rental market** – While short-term rentals play an important role in housing a segment of the visitor market, they also erode the hotel visitor base and more importantly, take away permanent and seasonal housing stock and as a result, indirectly strain local businesses. If market fundamentals for the local STR industry remain strong, as they are now, property owners will have little financial reason to rent a housing unit to a seasonal worker for the summer or even to a full-time resident year-round.

The following sections present supporting research for the above summary.

3. LIVE

RESIDENTS

POPULATION GROWTH

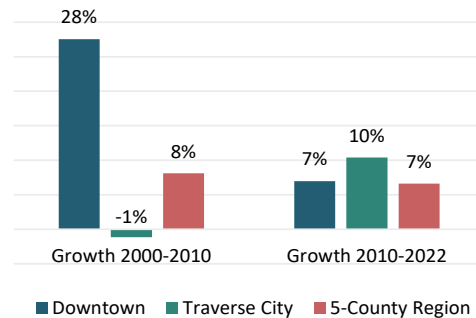
- The table to the right illustrates population estimates since 2000 for the three market areas. In 2022, Downtown was estimated to have 629 residents. Traverse City's population was estimated to be 16,100, while the 5-county region's population was nearly 180,000.
- Downtown's growth patterns show stronger growth from 2000-2010, compared to over the last 12 years.
- Downtown's population growth over the last 12 years has been modest and much slower than the rate of growth between 2000-2010. During that decade Downtown population grew 28%, significantly outpacing the rate of change in Traverse City and the region. However, over the last 12 years, the citywide growth rate has outpaced Downtown's.
- The city's population *decreased* slightly between 2000-2010 (-1% change), but has rebounded over the last 12 years. It has grown slightly faster than the region has during this stretch, which is a reversal from the first decade of the 2000s. Still though, in 2022, Traverse City only accounts for 9% of the regional population. This proportion hasn't changed significantly since 2000, fluctuation between 8% and 10%.
- The 5-county region has seen steady but slightly slowing growth since 2000. On the whole, the region has added more than 10,000 new residents each of the last two decades.
- However, a comparison to Traverse City's peer cities provides more context. Since 2010, the 5-county region has grown at a much slower rate compared to peer regional markets, especially Bozeman and Bend which have seen tremendous growth and grew at more than 4x times the rate of the 5-county Traverse City region.

Population Change

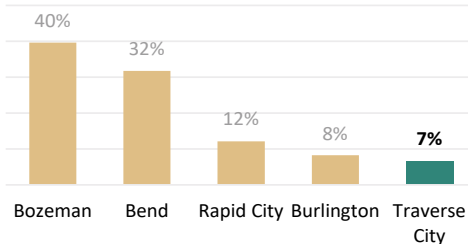
	2000	2010	2022
Downtown	461	588	629
Traverse City	14,760	14,592	16,110
5-County Region	154,452	166,952	178,025

Source: Esri Community Profile

Population Growth, 2000-2022



Regional Population Growth (2010-2022)



DEMOGRAPHICS

- The following table compares a variety of demographic characteristics across the three Traverse City market areas. It also includes statewide and national data for further context.
- Compared to citywide and regional demographics, Downtown has much smaller households on average, fewer households with children, a lower median household income, a more highly educated resident body, and a larger proportion of individuals working in white collar fields. (These comparisons are even more pronounced when comparing to state and national levels.)

- **Race/ethnicity:** The region as a whole (including Downtown) is predominately white, with more than 90% identifying as such. This is most noticeable when comparing to state and national data.
- **Household sizes** are particularly small in Downtown, with nearly half being one-person households. (Traverse City also has a high proportion of one-person households.) This hinders Downtown's population density which is essentially getting 1.3 new residents for every new housing unit – and in part due to this, Downtown has a relatively low density of 3.3 residents per acre. *Furthermore, household sizes are slowly trending downward in Traverse City, dropping slightly since the 2015 estimates in the AECOM study (2.07).*
- **Education levels** vary widely by market area – the proportion of Downtown residents with an advanced degree is approximately 20% higher than the region's proportion. The Downtown and Traverse City population has significantly higher education levels than the statewide and national averages. *A comparison to 2015 numbers shows educational attainment levels trending upward for both Traverse City and the region.*

Demographic Snapshot, 2022

	Downtown	Traverse City	5-County Region	Michigan	United States
Population	629	16,110	178,025	10,078,165	335.7 million
Residents per acre	3.3	3.0	0.1	n/a	n/a
Households	436	7,535	75,603	4,055,668	128.7 million
Avg. Household Size	1.32	2.02	2.32	2.43	2.55
One-Person Households*	48.8%	41.3%	27.6%	29.9%	28.0%
Median Age	43.9	43.9	46.8	40.9	38.9
Children (17 & Younger)	12.9%	16.3%	18.8%	23.7%	21.7%
Households with Children*	15.0%	22.3%	23.8%	28.3%	30.7%
Households with Age 65+*	49.7%	36.4%	38.3%	30.8%	30.1%
Gender:					
Female	50%	53%	50%	51%	51%
Male	50%	47%	50%	49%	49%
Race/Ethnicity:					
White Alone	91.6%	90.2%	91.2%	73.5%	61.0%
American Indian Alone	1.3%	1.0%	1.2%	0.6%	1.1%
Black Alone	1.0%	0.9%	0.5%	13.6%	12.4%
Asian Alone	0.6%	1.0%	0.7%	3.6%	6.1%
Two or More Races	4.3%	5.6%	5.4%	6.5%	10.6%
Some Other Race Alone	1.3%	1.2%	1.0%	2.3%	8.6%
Hispanic Origin	3.3%	3.0%	3.0%	5.7%	19.0%
Income & Education					
Median Household Income	\$57,290	\$62,982	\$64,196	\$63,818	\$72,414
Bachelor's Degree or Higher	55.5%	48.4%	35.8%	31.9%	35.1%
Unemployment Rate	3.8%	3.4%	3.8%	5.1%	4.1%
Employed Pop. By Occupation:					
White Collar	71.5%	67.9%	58.2%	59.2%	61.8%
Blue Collar	9.9%	15.3%	24.3%	25.0%	22.3%
Services	18.5%	16.9%	17.5%	15.8%	15.9%

* 2016-2020 Estimates

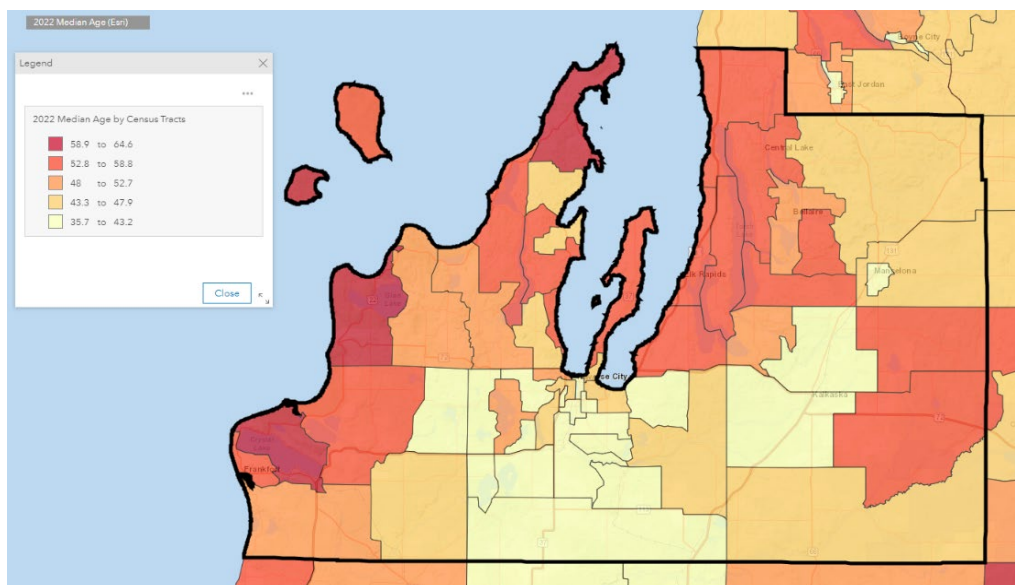
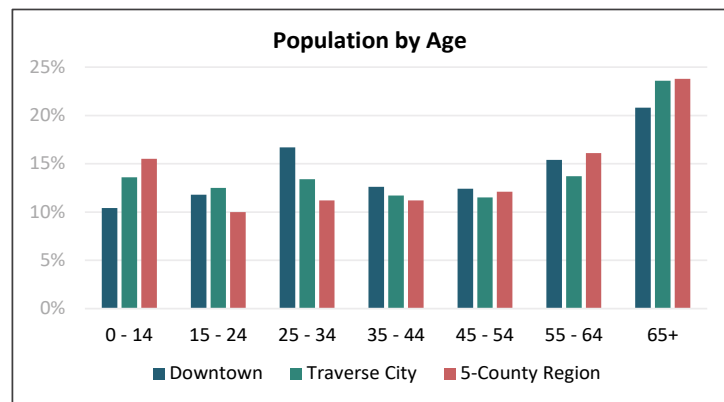
Source: Esri, Community Profile & Population Summary; P.U.M.A.

AGE: A CLOSER LOOK

- The entire 5-county region, including Traverse City and Downtown, is made up of a relatively older population. The regional median age is 47 years old. This is the oldest – significantly so in most cases – amongst its peer cities, as the table to the right demonstrates. 40% of the region's residents are 55 and older, and this proportion is trending upward.
- While Traverse City and Downtown have a similarly older median age, there are some nuanced differences when looking at population by age breakdowns (both in the table above and chart below). Downtown has the lowest proportion of families – only 13% of its population is children (i.e., 17 and younger); only 15% of its households are families with children. Meanwhile, it has a higher percentage of “young professional” aged residents (i.e., 25-34 years old) than the city and region, in line with a trend nationally where the more urban districts have proven to be most popular for this demographic.
- The below map illustrates age trends throughout the region on a census tract level. On the whole, Grand Traverse County has the lowest median age (43.6), while much of the older population resides in coastal areas of Leelanau and Benzie Counties.
- Also of note, the median age is nearly identical for Downtown, Traverse City, and Grand Traverse County. To some extent, this bucks a national trend where the areas closest to downtowns tend to be made up of younger populations.

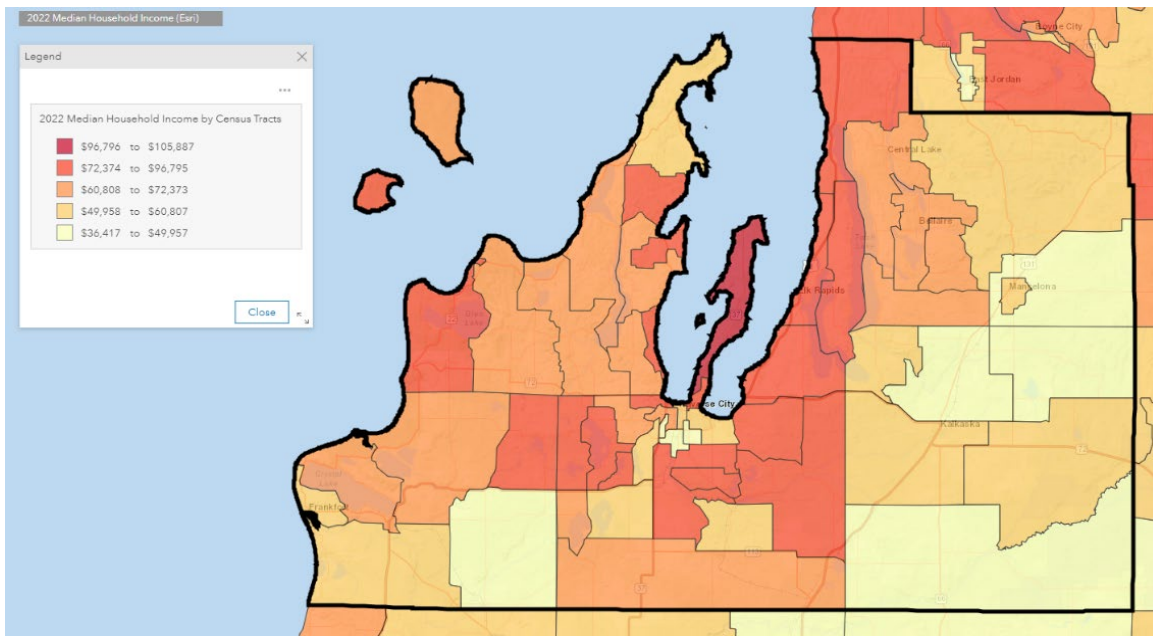
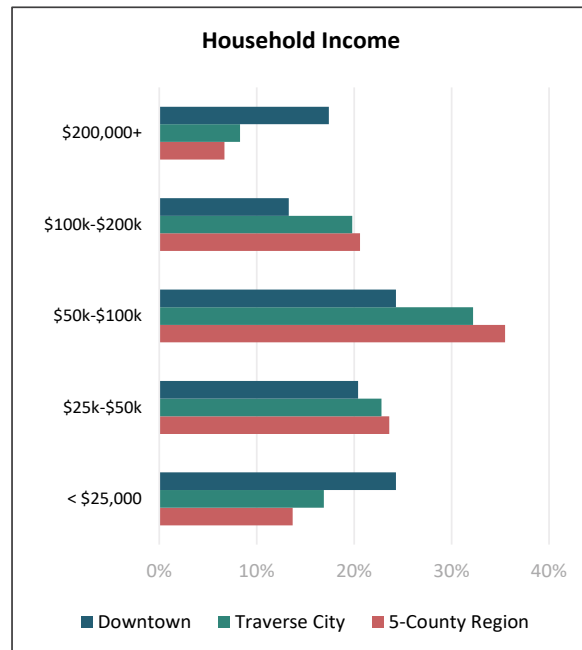
Median Age (Region)		
	2010	2022
Bozeman	32.6	35.0
Rapid City	36.6	38.1
Burlington	37.3	39.6
Bend	40.2	42.8
Traverse City	44.2	46.8

Source: Esri Community Profile



HOUSEHOLD INCOME: A CLOSER LOOK

- Median household income in the 5-county region has increased significantly since 2015, where it was \$48,932 (AECOM study). In addition to this, income levels in the region now are higher than Michigan averages, whereas they were below average in 2015.
- Although Downtown's median household income (\$57,290) is the lowest amongst the market areas, there are signs this is a deceiving statistic – (1) households are smaller in Downtown, and (2) with presumably more retirees, household income averages are pulled down. Also, as the household income chart to the right illustrates – Downtown is characterized by a “barbell” where it has a higher proportion of households in the lowest (in part, driven by retiree households) and highest income brackets. This contrasts with the city and region which demonstrate more traditional income patterns across the spectrum.
- As the map below shows (by census tract), there are some stark differences across the 5-county region when it comes to income levels. The household income levels in much of Grand Traverse County and in areas along the Bay/Lake are significantly higher than the inland, eastern parts of the region.



RESIDENT PSYCHOGRAPHICS (I.E., LIFESTYLE SEGMENTS)

- While the demographic data discussed above evaluates the population from a more quantitative perspective (i.e., population change, age, income, education), psychographic data evaluates households more qualitatively, by considering lifestyle, interests, aspirations, and cultural influences of different segments of the population. To better understand psychographics, Esri's Tapestry Segmentation system was used, which breaks all households up into over 60 distinct "Tapestry" (or lifestyle) segments.
- Downtown is made up virtually entirely of the *Old & Newcomers* segment. The table to the right also shows the top 5 segments in Traverse City and the 5-county region.
- Citywide, *Old & Newcomers* is also the most common lifestyle segment, representing more than half of Traverse City households. Regionally, *Rural Resort Dwellers* is most common.
- The following are descriptions of some of the more common lifestyle segments in Traverse City. Together, these three segments make up 83% of the city's households.
 - Old and Newcomers*: This market features singles' lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. Old and Newcomers is composed of neighborhoods in transition, often populated by renters who are just beginning their careers or retiring. They have a strong sense of community and support local organizations, charity causes, and are environmentally conscious. Age is not always obvious from their choices. They live in a mix of single-family and multi-family units, and housing affordability is an important factor. These are smaller households on average, many are single households with a mix of married couples with no children.
 - In Style*: These residents embrace an urbane lifestyle that includes support of the arts and travel. Most are professional couples or single households without children, with time and money to focus on their homes and interests. This population primarily owns their housing, living mostly in single-family homes. This population is slightly older and already planning for their retirement.
 - Set to Impress*: This market is depicted by medium to large multiunit apartments with lower-than-average rents. These apartments are often nestled into neighborhoods with other businesses or single-family housing. Nearly one in three residents is 20 to 34 years old, and a large portion are single-person nonfamily households. Although many residents live alone, they preserve close connections with their family. Many work in the service industry, and some are enrolled in college. Median income is below average (\$33,000) and this group is price-sensitive. They are very conscious of their image and seek to bolster their status with the latest fashion. They also enjoy leisure activities such as nightlife and the local music scene.
- The region, with a much larger population base, naturally has a more varied mix of lifestyle segments. The following are significant segments in the region, that aren't well-represented in Traverse City:
 - Rural Resort Dwellers*: Although the Great Recession forced many owners of second homes to sell, Rural Resort Dwellers residents remain an active market, just a bit smaller. These communities are

Psychographic Segments		
Downtown		US Avg.
1. Old & Newcomers	99%	2.3%
2. In Style	1%	2.2%
Traverse City		
1. Old & Newcomers	56%	2.3%
2. In Style	15%	2.2%
3. Set to Impress	12%	1.4%
4. Exurbanites	6%	1.9%
5. Heartland Communities	5%	2.2%
5-County Region		
1. Rural Resort Dwellers	19%	1.0%
2. Old & Newcomers	11%	2.3%
3. Middleburg	11%	3.1%
4. The Great Outdoors	10%	1.5%
5. Green Acres	8%	3.3%

Source: Esri, Tapestry Segmentation Profile

centered in scenic, resort areas, many in the Midwest, where the change in seasons supports a variety of outdoor activities. Retirement looms for many of these older householders, but workers are postponing retirement or returning to work to maintain their current lifestyles. They are passionate about their hobbies, like freshwater fishing and hunting. Housing is owner-occupied, single-family homes, many of which are second homes. Therefore, a majority of these classify as 'vacant' due to a high seasonal vacancy rate.

- Middleburg: These neighborhoods transformed from the easy pace of country living to semirural subdivisions in the last decade, as the housing boom spread beyond large metropolitan cities. Residents are traditional, family-oriented consumers. This market is younger but growing in size and assets, and is most common in the South and Midwest regions of the country.
- The Great Outdoors: These neighborhoods are found in pastoral settings throughout the United States. Consumers are educated empty nesters living an active but modest lifestyle. Their focus is land. They are more likely to invest in real estate or a vacation home than stocks. They are active gardeners and partial to homegrown and home-cooked meals. Although retirement beckons, most of these residents still work, with incomes slightly above the US level. This lifestyle segment is most prominent in the Pacific Northwest and New England.
- The AECOM study also looked at lifestyle segments of the 5-county region in 2015, offering a point of comparison. The top segments and percentages in 2015 were virtually identical to the 2022 data above. This illustrates that although the region continues to grow, it is mostly drawing new households that mostly "fit the mold" of the types of lifestyle segments that were already common in the Traverse City market.

REGIONAL HOUSING MARKET

TRAVERSE CITY & REGIONAL MARKET

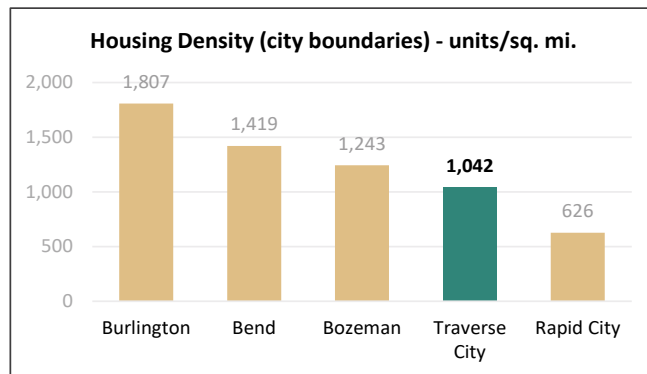
- Housing is Traverse City's (and the region's) strongest real estate sector. Traverse City has seen housing prices rise to record highs over the last several years. The Covid-19 pandemic simply accelerated a trend that was already taking root. In turn, the city and region are now grappling with supply-demand challenges and housing affordability issues at levels it hasn't had to in the past.

Housing Inventory Growth, 2000-2022				
	2000	2010	2020	2022
Traverse City				
Total Units	6,851	7,422	8,412	8,624
Change (#)		+571	+990	+212
Change (%)		8%	13%	3%
5-County Region				
Total Units	84,363	98,727	102,404	103,775
Change (#)		+14,364	+3,677	+1,371
Change (%)		17%	4%	1%

Source: Esri, Community Profile

- **Traverse City**, with its relatively small footprint, only has approximately 8,600 housing units. The majority of these are owner-occupied (54%), while 33% are renter-occupied and the remaining 13% are classified as vacant. The vacancy rate is likely bolstered by the prominence of second homes and short-term rental (STR) units. This 'vacancy' rate has been steadily increasing (as it's defined by Esri) since 2000 when it was 6% - an indicator of the growing commonality of the second home/STR trend locally.
 - Within city limits, housing development accelerated between 2010-2020, compared to the prior decade. The city added nearly 1,000 new units during these 10 years, nearly double the amount from the prior decade. Through 2022, it has maintained a similar pace of development.

- **The 5-county region** has approximately 103,000 housing units. It has a higher rate of ownership: 59% are owner-occupied, only 14% are renter-occupied, and 27% are vacant, demonstrating the strong presence of second homes and STR units.
 - After a strong decade of growth between 2000 and 2010 when the region added more than 14,000 units (an increase of 17%), there was a precipitous drop-off between 2010 and 2020, when only 3,600 units were added to the market. Since 2020, there's been an acceleration of housing development, with the addition of more than 1,300 units to the region's inventory from 2020-2022.
- Traverse City has a lower housing density compared to its peer cities, as the chart to the right shows. (Rapid City is an outlier as its city boundaries are more regionally-oriented and it has a much larger geographical footprint of 55 square miles.) This demonstrates the city's traditionally lower-density development patterns, and in the general sense illustrates that there is likely capacity for additional inventory within city limits.



HOUSING COSTS: FOR-SALE MARKET

- There are various tools available to help estimate up-to-date housing costs. For this report, Zillow was predominately used to help paint the most current picture. (Esri, while used heavily throughout this report, often has lagging data when looking at home values/rents.) According to Zillow's up-to-date estimates, Traverse City's median home value is approximately \$425,000, well above the statewide average in Michigan of \$237,000. Traverse City is quickly becoming one of the most expensive parts of the state.
- Compared to peer cities, Traverse City's housing costs haven't risen to the level of some other comparable markets nationally. Of note, this set of peer cities was chosen in part because they are all challenged at varying degrees by escalating housing costs. So, in this sense, these tables and charts offer a possible view into the crystal ball of where the Traverse City housing market may be heading, and illustrate some of the affordability challenges that appealing smaller markets with best-in-class natural amenities like Traverse City can face.
- The increase in housing prices in Traverse City during the Covid-19 pandemic has been dramatic. The adjacent table, and corresponding chart, both illustrate the rapid rise in prices since mid-2020. During just a two-year period, from June 2020 to June 2022, Traverse City home values increased from \$288,000 to \$425,000 – a nearly 50% increase. While this is indicative of a national trend, it's noteworthy that, besides Bend, OR (perhaps the hottest smaller housing market in the country), Traverse City experienced the highest percentage growth amongst its peer cities during the pandemic.

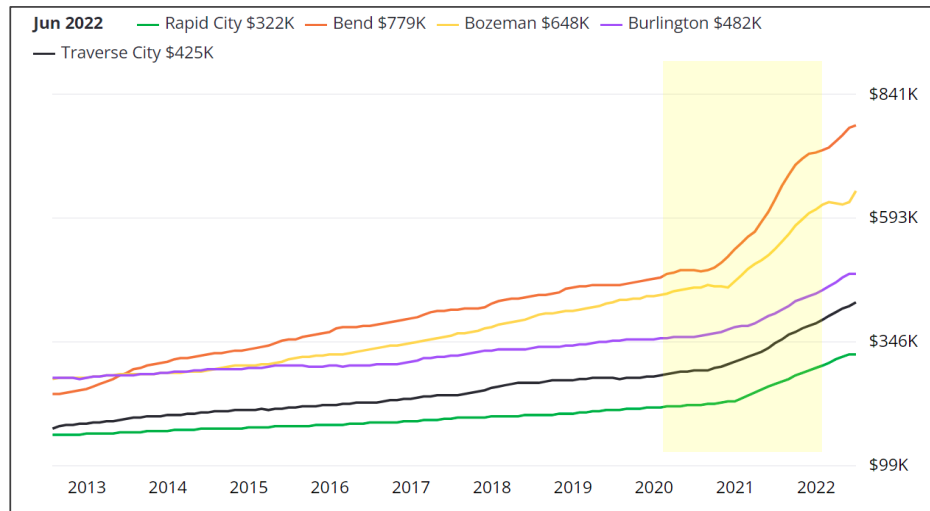
Home Values

	Zillow: Home Value Index, 2022
Rapid City	\$322,144
Traverse City	\$425,165
Burlington	\$482,517
Bozeman	\$648,084
Bend	\$779,482

Home Value Increase, Jun 2020-Jun 2022

	June 2020	June 2022	% Change
Bend	\$489,000	\$779,482	59%
Traverse City	\$288,000	\$425,165	48%
Rapid City	\$220,000	\$322,144	46%
Bozeman	\$454,000	\$648,084	43%
Burlington	\$357,000	\$482,517	35%

- The graph below zooms out to view the trends of a wider time horizon. This further illustrates the dramatic impact of the pandemic on housing prices, both in Traverse City and throughout the country.



Source: Zillow Home Value Index

- The above trends and data translate to a market that is not attainable for most first-time homebuyers and much of the city's workforce which has a large proportion of employees in tourism-driven service jobs. It also translates to bidding wars, cash offers, purchases well over asking prices, little inventory available, and a general challenge for many households wanting to move to the area, even those with the financial means to do so. As an April 2022 Record-Eagle publication (titled "Real Estate: Supply and Demand is the Law") points out: (1) in the last two years, 36% of the 5-county region's purchases are cash buyers; (2) houses are typically getting anywhere from 2 to 20 offers; and (3) offers have been seen coming in up to \$150,000 over asking price.

HOUSING COSTS: RENTAL MARKET

- Rental pricing is more challenging to accurately measure than for-sale housing – it's more volatile and there is less reliable reporting. Therefore, several different data sources were used to help paint a full picture, as the chart below shows.
- The table below shows several sources all estimating averages in the \$1,300 range for rents in Traverse City (or Grand Traverse County in one case). According to the Washington Post estimates, this puts Grand Traverse County rents at the second highest rate in the state, behind only Washtenaw County. Compared to national peer cities, Traverse City's rental rates are comparable – and slightly lower in most cases – mirroring the trends with for-sale prices.
- The Washington Post analysis also included estimates of rental rate increases since 2019 – Grand Traverse County's rents have increased 16% during this time. This is a significant increase, but not nearly to the extreme level experienced in the for-sale market. It is also comparable with increases seen in peer cities between 2019 and 2022.
- Arguably a larger challenge than the cost of rentals is the lack of inventory, especially for seasonal workers that Traverse City relies on in the summer. If housing options aren't available for service workers during tourist season, businesses struggle to find temporary staff they need and risk not being able to operate at the

capacity that customer demand calls for. This challenge has become large enough that it is becoming more common to see businesses purchasing properties (or getting more creative, i.e., reserving season-long spaces at campgrounds and/or borrowing RVs) just to ensure housing for their summer employees.¹

Rental Rates				
	Apartments.com: Average Rent, 2022	Zumper: Median Rent, 2022 (1 BR)	WashPo: Average Rent (county level), 2022	WashPo: % increase since 2019
Rapid City	\$999	\$825	\$1,077	14.9%
Traverse City	\$1,310	\$1,320	\$1,388	16.1%
Bozeman	\$1,431	\$1,900	\$1,881	18.6%
Burlington	\$1,435	\$1,700	\$1,663	5.2%
Bend	\$1,508	\$1,625	\$1,464	16.8%

MARKET DYNAMICS

- The Traverse City region's housing market has been the topic of much discussion and news reports. While this market assessment doesn't go deep into details in the same way a housing study would, below is a list of key market dynamics that are contributing to the rapid rise in housing costs:
 - A supply vs. demand mismatch – Traverse City has become more appealing to new buyers all around the country, many who still view the region as a bargain compared to other sought-after U.S. locations. Simply, demand is greater than the market is supplying via new build. The ability for more people to now work remotely has added fuel to the fire.
 - Construction costs have significantly increased over the last decade, and while this trend was in place before Covid, it was exacerbated by challenges with material supply and labor shortages throughout the pandemic. The cost of labor (and scarcity) has been the chief driver of construction costs nationally. Local regulations can also impact construction costs, as restrictions on design and building have the potential to make construction more difficult, driving up costs.
 - Within the existing stock, there has been a low amount of for-sale inventory on the market in the last two years, especially in less expensive/starter home price ranges. During the pandemic, there has been a fraction of the number of homes on the market as there traditionally was prior to 2020. A lack of available homes for sales drives up prices on the ones that do hit the market, and in turn, Traverse City has become a nearly unattainable market to buy in for households below the area median income level.
 - Second-home market – This represents a significant portion of the Traverse City regional housing market. Traverse City is very desirable with its natural setting, outdoor amenities and four-seasons of activities, and other aspects that lead to a high quality-of-life. Low interest rates of the last two years encouraged the purchase of secondary homes for those with the means as an investment opportunity. Furthermore, Traverse City is now on the radar of second home buyers from all parts of the country, something that hasn't historically been the case.
 - Vacation rental market – There has been a rapid rise (even outpacing national trends) in the short-term rental (STR) market, via the likes of Airbnb and VRBO. This has been particularly detrimental to the summer working housing shortage, discussed above. According to a recent study, the region

¹ <https://www.bridgemi.com/business-watch/north-businesses-are-buying-housing-just-lure-summer-staff>

accounts for 22% of the state's STRs even though it represents less than 2% of its population. It also found that STRs grew 30% from 2020-2021, and at that time there were nearly 4,000 units.²

DOWNTOWN HOUSING MARKET

- Given its small inventory, it is challenging to gather reliable data on Downtown housing from secondary sources, particularly for the rental market.
- On the whole, the housing dynamics and conditions discussed above for the region also apply to Downtown, and in many cases are heightened.
- By Esri estimates there are approximately 620 housing units in Downtown. (These are based on Census estimates and aren't necessarily reflective of recent individual developments.)
- Units are fairly evenly split between renter- and owner-occupied.

Downtown Housing Snapshot, 2022

Inventory (units)	621
Percent of City's Total	7.2%
Renter-occupied	47%
Owner-occupied	44%
Vacant	8%
Average Home Value	\$426,208

Source: Esri Community Profile, Housing Summary

- Downtown ownership units carry a premium over already high, citywide values, demonstrating demand for additional Downtown housing as well as demand for more condominium/multifamily housing choices.

Recently Sold Homes in Downtown (Jan 2021 - Feb 2022)

Sub-Area	Count	Avg. Sale Price	Avg. Price/SF
Core/Warehouse	18	\$937,100	\$488/SF
Old Town	24	\$336,300	\$310/SF
Total	42	\$593,800	\$387/SF

Source: Zillow

- Recently sold properties in Downtown were evaluated using Zillow's database of sales. Between Jan 2021 and Feb 2022 there was a total of 42 sales within Downtown's boundaries. The average sale price of these properties was \$593,800. The price per square foot average was nearly \$400 psf. Of the 42 sales, one out of every five sold for more than \$1 million. This is unprecedented territory for the Downtown market, where the housing market has reached a new high. Compared to the citywide/regional home values discussed earlier, Downtown for-sale units are selling for more than \$100,000 than the average property in the greater area.

DOWNTOWN SUB-DISTRICTS

- The table above also shows property sales broken down by sub-district within Downtown – the "Core" (i.e., TIF 97, which includes the Warehouse District), compared to Old Town.
- This data points to two distinctly different districts, in terms of a housing market. Between Jan 21 and Feb 22, the average Downtown Core property sold for \$937,000, at nearly \$500 psf. This contrasts with Old Town where the average sale price was \$336,000, or \$310 psf.

Downtown by Sub-District

	Core	Old Town
Residents	345	284
Residents by District	55%	45%
Median Household Income	\$56,713	\$58,394
Bachelor's Degree or Higher	56%	54%
Median Age	44.1	43.5
Avg. Household Size	1.1	1.7

Source: Esri, Community Profile

- As the table to the right shows, many other characteristics are pretty similar between the two districts, except for recent housing prices – number of Downtown residents are pretty evenly split across the two districts, age,

² <https://www.bridgemi.com/business-watch/north-businesses-are-buying-housing-just-lure-summer-staff>

income, and education levels are similar. Besides housing prices, the main difference is a noticeably smaller household size in the Core, which, according to Esri estimates, indicates almost all are single-person households.

4. WORK

THE TRAVERSE CITY REGIONAL ECONOMY

- The 5-county Traverse City region is the economic hub of Northern Michigan. It has a growing and diversifying economy, that is largely anchored by the tourism industry. There are roughly 105,000 employees who work in the region, a majority of which work in Grand Traverse County.
- Earlier in 2022, the region was ranked #17 in the Economic Strength Rankings, amongst all 543 micropolitan regions throughout the country by POLICOM Corporation, an independent research firm. It is also one of the largest micropolitan regions in the United States. This illustrates the region's strength as one of the top smaller markets nationally, and one that's set up well for economic growth moving forward.
- The largest employment sectors, organized into the standardized NAICS code system, are: (1) health care and social assistance, (2) retail, (3) accommodation and food service, and (4) manufacturing. Together, these four industries make up more than half of all jobs in the region.
- The adjacent table shows the region's largest employers. It both shows strengths and variety in the region, but also is largely made up of industries that are stable but without strong growth potential.
- In a post-Covid era, as a greater number of people have more autonomy in where they live and work, Traverse City is well-positioned as an attractive location. Traverse Connect, the region's economic development organization, has recently kicked off a new initiative titled "Michigan's Creative Coast," a talent attraction effort that highlights the region as an exceptional place to live, explore, and fulfill a career.

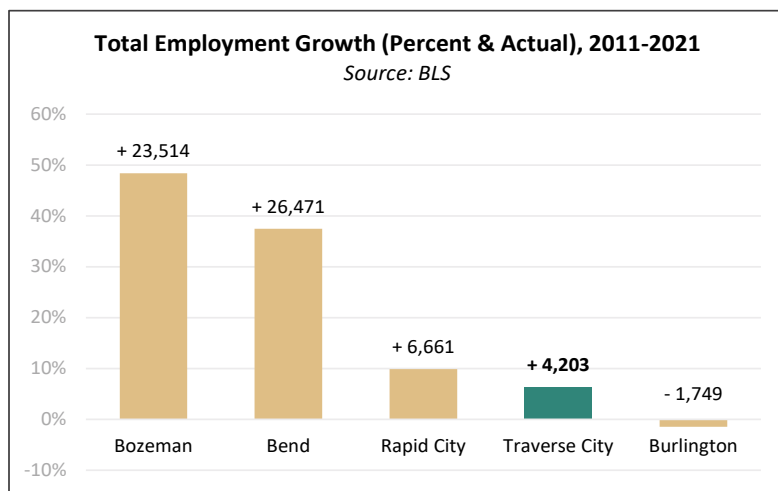
Major Grand Traverse Region Employers

Munson Medical Center
Traverse City Area Public Schools
Northwestern Michigan College
Traverse Bay Intermediate School District
Grand Traverse Resort & Spa
Interlochen Center for the Arts
Grand Traverse County Government
Grand Traverse Pavilions
Tyson Foods
Hagerty Insurance
Britten Banners

Source: Northern Nexus

EMPLOYMENT GROWTH

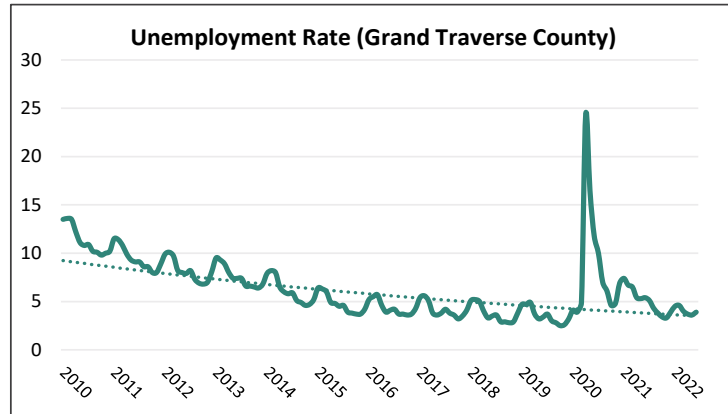
- The Traverse City region (as defined by the Bureau of Labor Statistics this is the 4-county micropolitan statistical area) employs approximately 70,000 people.
- The region has seen modest growth over the last decade – adding roughly 4,000 jobs, equating to a 6.4% increase in total employment.
- Traverse City shows lagging growth compared to its peer cities. The chart below shows both percentage and actual



employment growth over the last decade. Bozeman and Bend are two of the fastest growing cities relative to their size in the country, and have greatly expanded (and diversified) their economies over the last decade. There's a distinct difference between how these markets are evolving and growing compared to Traverse City (and Rapid City and Burlington).

UNEMPLOYMENT

- Grand Traverse County's unemployment rate was 3.9% as of June 2022. This is comparable to national levels. The chart below shows unemployment trends for the county since 2010, at the tail end of the Great Recession.
- In Grand Traverse County unemployment peaked at 13.5% during the Great Recession in 2010. Since then, it has been on a steady trajectory downward (as the dotted trend line shows), with the exception of a dramatic spike in unemployment during the early stages of the Covid pandemic where unemployment reached nearly 25%. However, it's quickly recovered back to pre-pandemic levels by late 2021.



WORKFORCE TALENT & EDUCATIONAL ATTAINMENT

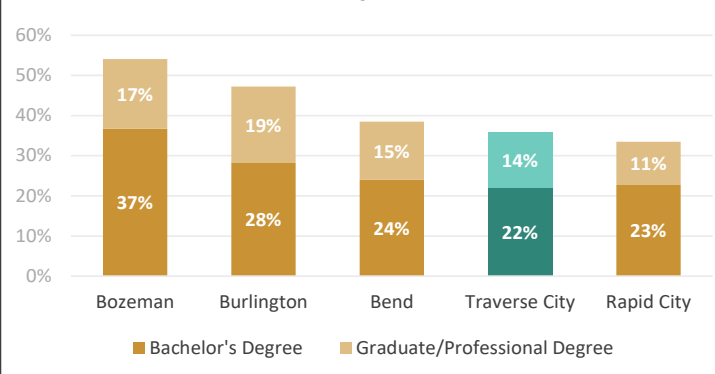
- In today's economy, jobs and companies are more likely to follow talent. Several recent studies have concluded that educational attainment is one of the best predictors of economic success for both individuals and communities. As one study put it, simply "Talent is the world's most precious resource." (William Kerr, Brookings Institution.)
- Traverse City's population is well-educated – compared to both its own 5-county region as well as Michigan and U.S. averages. Nearly half the city's population has a Bachelor's degree or higher. The region as a whole is more in line with national averages.
- The Traverse City region is hampered in this realm by the lack of a four-year research institution.

Percent of Pop. with Bachelor's Degree or Higher (25+), 2022

	Traverse City	5-County Region	Michigan	United States
Bachelor's Degree	30.4%	22.0%	19.4%	21.7%
Graduate/Professional Degree	18.0%	13.8%	12.5%	13.4%
Total	48.4%	35.8%	31.9%	35.1%

Source: Esri, Community Profile

Percent of (Regional) Pop. with Bachelor's or Higher, 2022



These universities are economic engines for several of Traverse City's national peers, fueling their economies and churning out thousands of graduates every year, many of which will stay in the area. This can be seen in the peer city comparison chart showing the difference between in the educational attainment of the population in Bozeman and Burlington where there are large state universities. Given the fact that Traverse City does not have a major research institution, it fairs well in this metric, with comparable higher education levels to Bend and Rapid City and higher attainment than the Michigan average.

THE DOWNTOWN ECONOMY

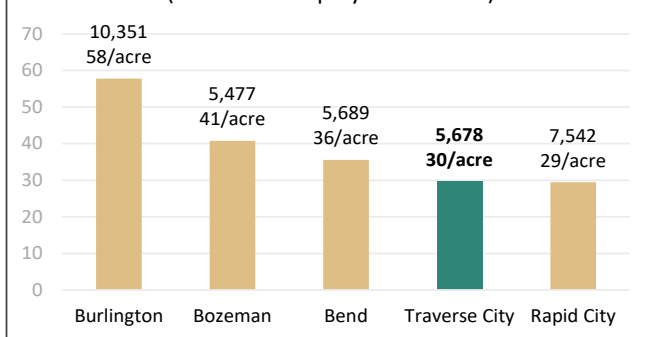
- There are approximately 570 businesses and over 5,600 employees in Downtown Traverse City.
- Downtown represents 25% of Traverse City's businesses and 14% of its employees, while only making up less than 4% of the city's land area.
- Downtown's economic productivity, relative to the city and 5-county region, is also illustrated in the per-acre figures shown in the adjacent table. There are approximately 30 employees per acre in Downtown, compared to roughly 8 citywide, and 0.1 regionwide.
- Downtown Traverse City's employment density does not compare as favorably to its peer cities, as the following chart illustrates. Traverse City has a below average number of downtown workers, and along with Rapid City, the lowest employment density (i.e., workers per acre). This points to an opportunity for Downtown Traverse City to become a greater employment hub in the regional economy, and a chance to tap into more jobs in higher-growth industries, as the following sections discuss.

Employment Snapshot, 2022

	Downtown	Traverse City	5-County Region
# of Businesses	568	2,231	9,330
# of Employees	5,678	40,001	104,708
Businesses per Acre	3.0	0.4	0.01
Employees per Acre	29.6	7.5	0.1

Source: Esri, Business Profile; P.U.M.A.

Downtown Employment Density, 2022
(with Total Employees in labels)

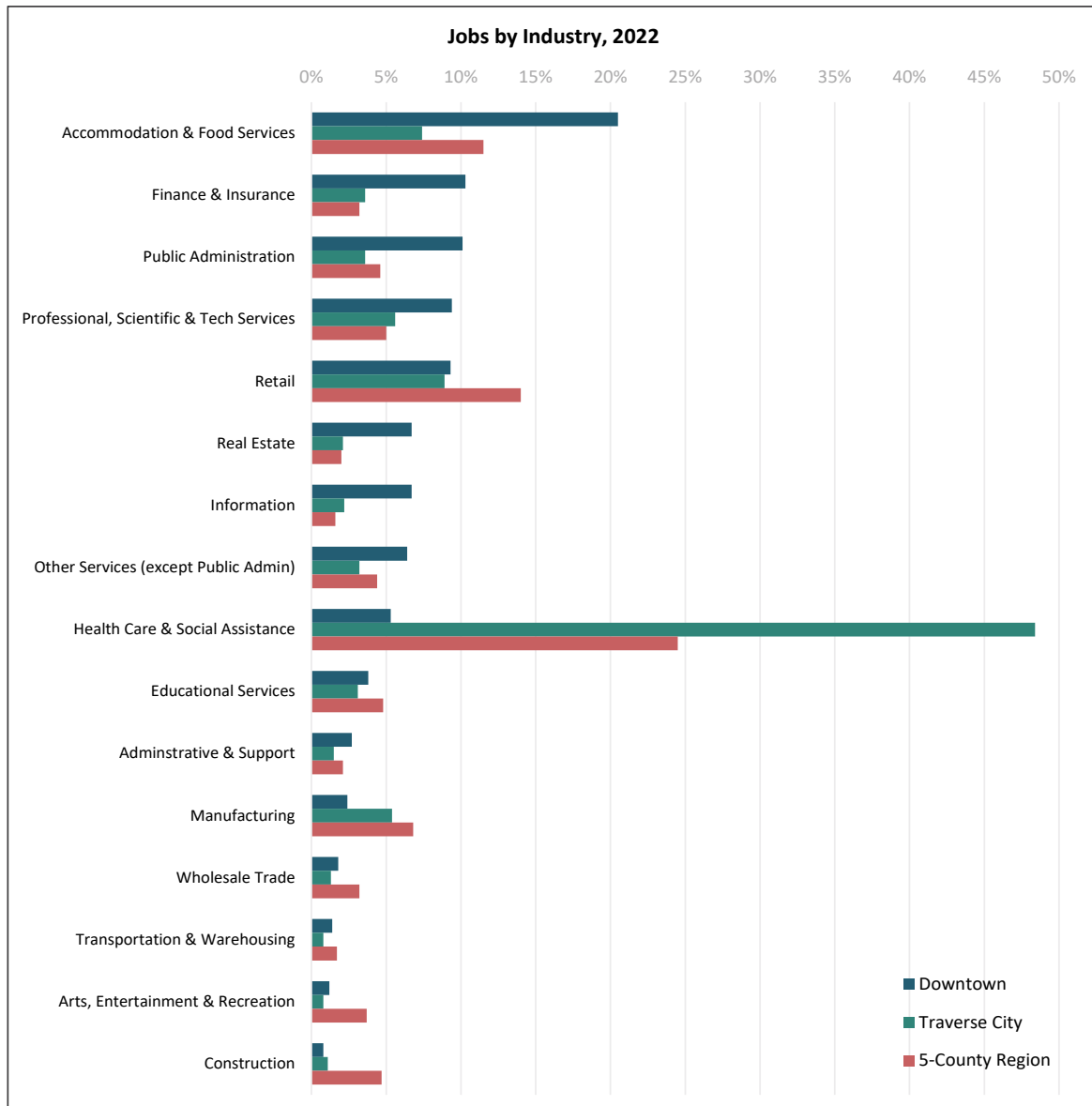


TOP INDUSTRIES

- The following chart illustrates jobs by industry for Downtown, Traverse City, and the region. The chart represents percentages of total employment, sorted by federal NAICS sectors. (The following sectors are not included in the chart as they all represent <1% of jobs across all three geographies: Agriculture, Forestry, Fishing; Utilities; Mining; Management of Companies; and Unclassified.)
- Downtown's economy is anchored by the dining and retail service sector, finance and insurance, public sector, and professional services. Together, these sectors represent 60% of all Downtown jobs.
- There are several sectors that have a significantly stronger presence in Downtown than the city and region, including – accommodation and food services, finance and insurance, public administration, professional services, real estate, and information. Retail – one of Downtown's most visible sectors – actually has a smaller

employment representation than regionwide, presumably due to the difference between local independents in Downtown vs. a greater presence of big box stores elsewhere regionally.

- Health care is the city and region's largest industry, by far. In Traverse City, nearly half of all jobs are in the health care sector, and regionally, nearly a quarter.
- Outside of Hagerty, which is Downtown's largest private employer by far, Downtown lacks major private employers in high-growth industries.
- Two of the region's largest employers – Munson Medical Center and Northwestern Michigan College – each bookend Downtown to the east and west, but are located beyond the Downtown footprint, and in reality, don't feel as close to Downtown as they potentially could be.



DOWNTOWN'S TARGET SECTORS

- In April 2022, Traverse Connect prepared a Business Attraction Program for the Downtown Development Authority that identifies target sectors for Downtown. These four sectors – and why they should be target sectors, according to Traverse Connect – include:
 - Financial Services: Downtown already serves as the de facto financial center of northern Michigan. Downtown is already home to many financial services firms as well as Hagerty, which is one of the premier insurance companies globally. Financial services can include professionals in banking, accounting, wealth management, and insurance, as well as real estate services. These employees tend to be attracted to a downtown environment and tend to support downtown restaurants and retail. While these businesses may often be lower-growth in nature (with Hagerty as a major exception), they serve as incubators to other industries, creating and offering access to capital for local businesses – something that's been identified as a key challenge in the past for the Grand Traverse region.
 - Real Estate Related STEM: Commercial and residential real estate development is a key challenge for the region, but is also a critical local industry with strong demand for a variety of building types and specialties. Downtown can be the hub of this industry. Firms in this industry include engineering, construction management, architecture, design, and related technologies. These firms value clustering nearby related firms, as well as access to Downtown amenities.
 - Marine Technology: The formal collaboration between Northwestern Michigan College and Michigan Technological University on Great Lakes research presents a unique business attraction opportunity for Downtown. The Grand Traverse region has the potential to be a center of applied technology innovation in the marine environment. Firms could include those that specialize in marine mapping, hydrographic surveying, autonomous subsurface exploration, and similar fields. This could be a differentiator for Traverse City, and taps into the natural amenities that are unique to this area.
 - Outdoor Recreation: The accessibility of outdoor recreation in close proximity to Downtown is another differentiator, and provides a unique and intriguing longer-term opportunity to attract and develop outdoor recreation firms. Businesses in this sector could see value in being located in close proximity to the TART Trails, ORV trails, equestrian facilities, and water resources for their testing and promotions.
 - For more information, see the DDA Business Attraction Program prepared by Traverse Connect.

KNOWLEDGE-BASED ECONOMY

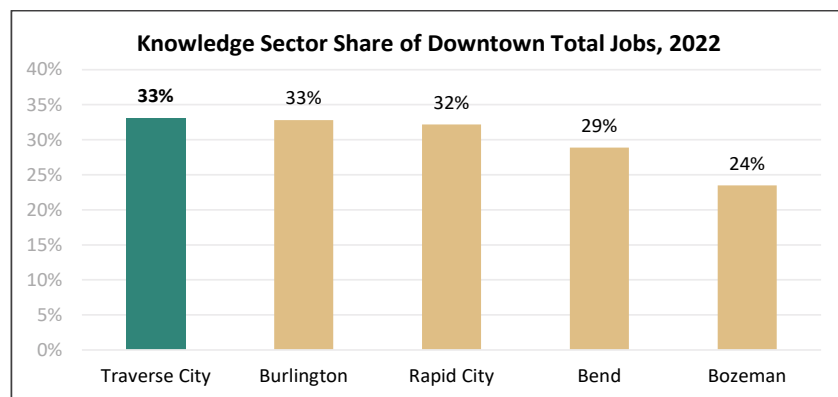
- We live in an increasingly knowledge-based economy. Knowledge sector jobs are a key figure for measuring economic health and growth potential. These industries (listed in the following table) are private sector-based, fast-growing, offer well-paying careers, and attract educated talent. They also account for a majority of startup businesses and jobs. Lastly, these industries also align with many of Downtown's target sectors, as defined by Traverse Connect and listed above.
- Downtown has an estimated 1,880 knowledge sector workers, representing one-third of all Downtown jobs.
- Downtown accounts for 15% of the 5-county region's knowledge sector jobs. In Traverse City, the data shows that these jobs are much more likely to locate Downtown than elsewhere in the region. Regionally, only 12% of workers are in these sectors, compared to 33% in Downtown. This illustrates a locational preference and strength that Downtown should continue to build upon.
- Furthermore, Downtown Traverse City fares well in comparison to its peer cities, when it comes to knowledge-based economy presence. As the chart below shows, it has the most knowledge sector-dependent

employment bases along with Burlington. (Notably, most downtowns in the chart are bunched together, showing consistencies across the board.)

Knowledge Sector Employment, 2022

	Downtown		5-County Region	
	#	Share of Total	#	Share of Total
Professional, Scientific & Tech Services	532	9.4%	5,254	5.0%
Finance & Insurance	586	10.3%	3,373	3.2%
Real Estate	379	6.7%	2,133	2.0%
Information	383	6.7%	1,716	1.6%
TOTAL	1,880	33.1%	12,476	11.8%

Source: Esri, Business Summary



DOWNTOWN EMPLOYEE CHARACTERISTICS

- Downtown employee characteristics and demographics are summarized and compared to county-wide data in the following table. Downtown's employees, compared to Grand Traverse County overall, are younger, more female, and have slightly higher educational levels. Earning levels are roughly the same. Downtown and the county both lack racial and ethnic diversity, with nearly all employees identifying as white.

Age	Downtown	County
29 or younger	27%	22%
30 to 54	53%	51%
55 +	20%	26%
Gender		
Female	58%	53%
Male	43%	47%
Race & Ethnicity		
White	96%	96%
American Indian	1%	1%
Two or More	1%	1%
Black or African American	1%	1%
Asian	1%	1%
Hispanic or Latino	3%	2%

Educational Attainment	Downtown	County
Less than high school	8%	9%
High school or equivalent	28%	31%
Some college/Associate degree	35%	35%
Bachelor's/Advanced degree	29%	25%
Annual Earnings		
\$15,000 or less	22%	21%
\$15,000 to \$40,000	34%	36%
More than \$40,000	45%	43%

Source: U.S. Census LEHD; 2019 data (latest available)

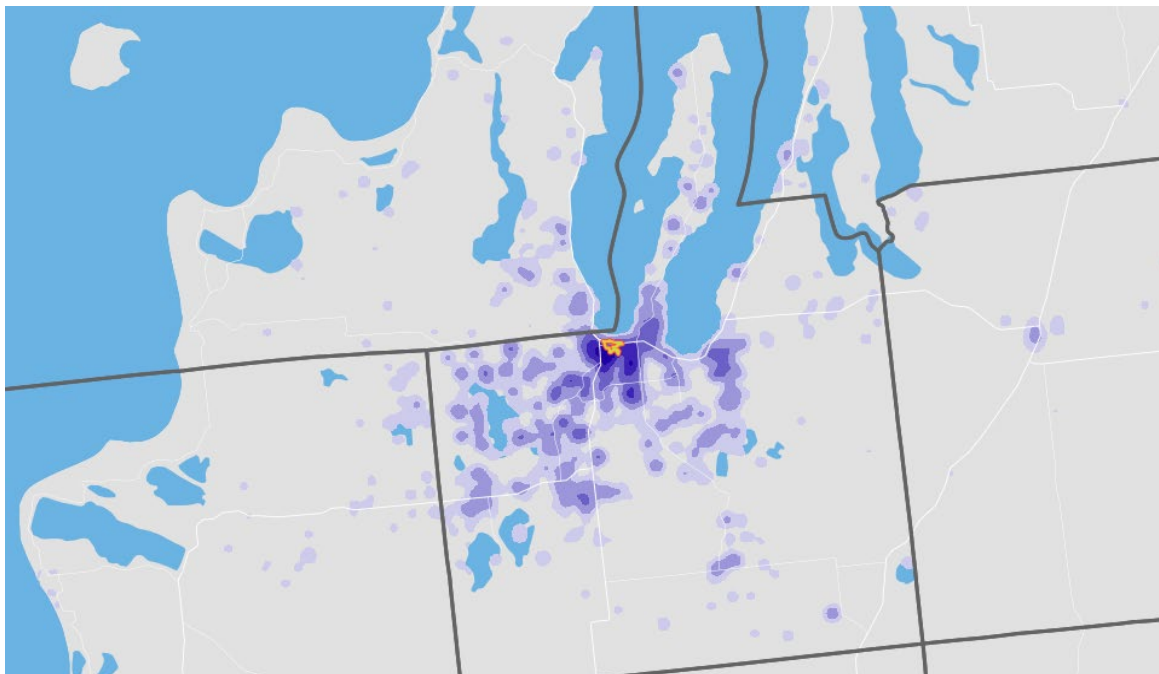
COMMUTE PATTERNS

- The chart to the right shows where Downtown workers live within the region. The heat map below also illustrates Downtown worker home locations on a more detailed level – darker shades show locations where a greater number of Downtown workers live.
- Few Downtown workers (<1%) both live and work in Downtown. Another 15% live within Traverse City limits, but not in Downtown. Given Traverse City's small footprint, this is a good proxy for the proportion of Downtown workers that are within close bikeable/transit-friendly proximity to work.
- The largest proportion of Downtown workers live in Grand Traverse County, but not within City boundaries (46%). The remaining are scattered throughout the greater region.
- Another proxy for bikeable/transit-friendly workers is the proportion that live less than 10 miles from Downtown – more than half, 57%, of Downtown workers live within 10 miles of Downtown. The map below shows where the densest number of Downtown workers reside.
- All of this data points to the potential to increase the number of Downtown workers who get to work in other modes of transportation beyond a single-occupancy vehicle (i.e., walking, biking, transit, carpool), further reducing the burden put on Downtown parking.

Where Downtown Workers Live

Downtown	1%
Traverse City (<i>outside Downtown boundaries only</i>)	15%
Grand Traverse County (<i>outside city boundaries only</i>)	46%
Leelanau County	7%
Benzie County	4%
Wexford County	4%
Kalkaska County	3%
Antrim County	2%
All Other Locations	18%

Source: U.S. Census, LEHD (2019 data)



DOWNTOWN OFFICE MARKET

- **The office sector is the real estate sector with the most uncertainty – nationally, and locally in Downtown Traverse City.** More flexible work environments and post-Covid work trends are still evolving, and the long-term impact remains to be seen. Locally, office has been the most untapped sector in Downtown. And furthermore, has been dependent on one large private employer, Hagerty.
 1. **Hagerty** is currently underway with a reduction of their Downtown real estate footprint, consolidating their employees to their Downtown campus and terminating their leases in other Downtown office buildings. The estimated reduction is roughly 100,000 square feet of space they're moving out of. Finding additional anchor employers – in addition to Hagerty – remains a priority for Downtown.
- Traditionally, before the pandemic, Downtown tended to have more office space than it was able to fill. This was changing right before Covid arrived, as Downtown was running out of available spaces for lease.
- A majority of Downtown's private sector office users are smaller firms and businesses – namely, financial advisors, real estate brokers, law firms, marketing companies, etc.
- A newly popular format for the office sector is **smaller single-office-type spaces** (i.e., less than 1,000 square feet), that are available for roughly \$500-600/month. These have become popular for workers who have flexibility to work remotely but aren't able to, or don't want to, work from home. This is an alternative option – and a slight step up from – a cowork environment. Downtown is a conducive environment for this type of office – smaller second-floor spaces are often the right size, and the location near restaurants, coffee shops, and nightlife options is appealing to these office users.
- **Parking** – of lack thereof – is the primary hindrance to the office sector in Downtown. It is a driver of leasing – office space with dedicated parking leases first and is rarely available, while office space without it tends to have a harder time attracting tenants. Most prospective tenants want a Downtown location *and* abundant parking, and instead these businesses have to make an either-or decision.
- **Coworking** – while struggling during early stages of Covid – is likely to experience positive demand for flexible/remote workers. Downtown (i.e., within DDA boundaries) has one coworking location, SPACE, along the core of Front Street. Another coworking space, Commonplace Coworking, is located just outside Downtown on East Eighth Street. This location will be expanding/relocating across the street in the new, Commongrounds development. (This is also one piece of evidence that East Eighth Street may be the next frontier of growth for the greater Downtown footprint.)
 1. Traverse City's third coworking space, 20Fathoms, is located roughly one mile northwest of Downtown. In addition to offering cowork space, 20Fathoms is also a startup incubator and tech career hub and education center.
 2. Another element of the local tech ecosystem is TC New Tech, which holds its regular meetups Downtown, at the City Opera House. This organization is focused on building Traverse City's tech economy, and "building a culture of innovations, economic growth, and opportunity for local talent" in the region.
- **Michigan Tech** has also established and broadened a Traverse City presence over the last several years. It has a Downtown workspace/research hub that is focused on advancing research in niche areas such as aerospace communications and renewable energy. It also has a partnership with Northwestern Michigan College where students are able to transfer credits from NMC to complete a bachelor's degree at Tech. Michigan Tech and NMC also are focusing on partnerships related to marine technology and freshwater research. The newest element of Michigan Tech's local presence is a new, hybrid TechMBA program beginning in fall 2022 at its Downtown workspace.
- *(Specific sector metrics are challenging to come by – lack of broker reports and/or CoStar access)*

5. SHOP & DINE

DOWNTOWN STOREFRONT ECONOMY

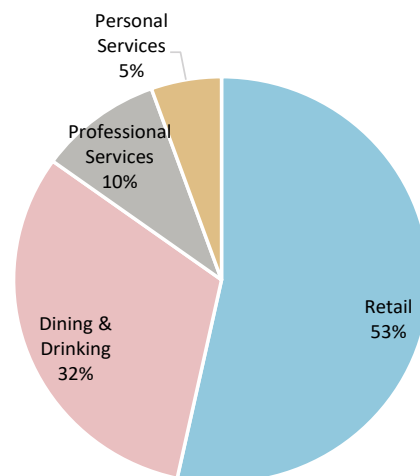
- Downtown's storefront economy is critical to its success, attracting visitors, driving foot traffic, and fueling the neighborhood's vibrancy. The inventory to the right provides a breakdown of Downtown's storefront businesses by category.
- Downtown has a very strong mix of storefronts by category, in large part made possible by the strength of the tourism market (discussed in more detail in the next chapter).
- In total, there are 146 storefronts in Downtown Traverse City. (Of note, this is a best-estimate of storefronts rather than all ground-floor space – and therefore, most of the non-retail-type spaces are not included here.)
- As has been the case historically, Downtown continues to maintain a balanced mix by major category. The table is color-coded into retail (blue); dining and drinking (red); personal services (yellow); and professional services (gray). Retail remains the most common category Downtown, making up more than half of storefront units. Dining and drinking follows with a third of spaces, while various service-based businesses make up the remainder.
- Nationally, over the last decade, food and beverage has been expanding as retail has remained stagnant or even contracted in some downtown markets. To an extent, Downtown Traverse City bucks this trend – retail still outnumbers food and beverage by a wide margin (78 shops vs. 46 food/beverage businesses). As a comparison, P.U.M.A. recently completed a market assessment in Downtown Flagstaff, Arizona, a comparably-sized market also based largely on tourism. In Flagstaff, food/beverage now outnumbers shopping, 81 vs. 54.
- In reality, there's no obvious ideal mix – arguably, a 50-50 balance of shops to food/beverage could be deemed best. What is critical is that the mix of storefronts continue to attract and appeal to a wide variety of customers, and helps maintain vibrancy throughout the day and evening.

Downtown Storefront Inventory*

Storefront Type	Count	Share of Total
Apparel	29	20%
Restaurant	24	16%
Financial/Legal Services	14	10%
Café/Coffee/Bakery	10	7%
Food Specialties	9	6%
Brewery/Taproom	8	5%
Antiques & Art Galleries	6	4%
Outdoor/Sporting Gear	6	4%
Salons, Spas & Fitness	5	3%
Bar	4	3%
Books, Cards & Stationary	4	3%
Crafts, Toys & Hobbies	4	3%
Gifts & Collectibles	4	3%
Home Furnishings	4	3%
Jewelry	4	3%
Shoes & Accessories	4	3%
Specialty Shops	4	3%
Medical & Pharmacies	2	1%
Printers	1	1%
TOTAL	146	

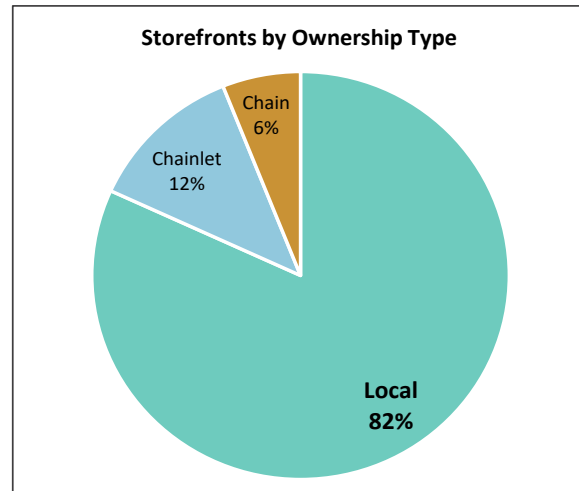
* Does not include all ground-floor uses

Source: Downtown Traverse City Assoc.; P.U.M.A.



LOCAL INDEPENDENTS, CHAINLETS, AND CHAINS

- As the pie chart shows, 82% of Downtown's storefronts are local independents. 12% are classified as chainlets, and only 6% are chains. *(Note: Financial/legal services were removed from this calculation, as they don't easily categorize in this manner and therefore tend to skew the numbers.)*
- Chainlets are defined as businesses that have a dozen or fewer locations nationwide, or, more commonly in the case of Traverse City, businesses that have locations scattered around Michigan. It is meant to help capture the gray area between chain and independent. In many ways, chainlets are disguised as local independents to the common shopper.
- Anecdotally, chainlets appear to be more common in Traverse City than other markets. It is fairly common for a business to have a handful of stores scattered in tourist destinations along the state's Lake Michigan coast.



DOWNTOWN SUB-DISTRICTS

- For a Downtown with a relatively compact footprint, Downtown Traverse City has a variety of sub-districts that each have their own character and offer unique shopping, dining, and entertainment vibes. This lends variability and surprise to Downtown, creating "something for everyone," and gives off an impression of a Downtown that punches above its weight, seeming larger than it is. These sub-districts include:
 - **Front Street Core:** The heart of Downtown, retail and dining are the strength of the three-block stretch of Front Street from Union Street to Boardman Avenue. This is where most tourists congregate and storefronts reflect this fact. Lease rates are most consistently highest in the core, and are rising. New lease rate levels are making it harder for retail to work, and could lead to both an increase in food/beverage businesses and/or chains.
 - **East Front:** East Front Street, from Boardman Avenue to Grandview Parkway, is an evolving gateway into Downtown. The success of Little Fleet has been the driver for business development in this district, creating a popular one-of-a-kind destination in what was once a forgotten edge of Downtown. East Front doesn't yet have the density of retail and dining to support greater foot traffic – it still has a strong presence of professional services (i.e., title companies, law firms, etc.) occupying many of its ground-floor storefront spaces.
 - **Old Town:** Old Town, particularly along Union Street but also along Cass Street and spaces in between, offers a unique secondary, Downtown district. There aren't many retailers located in this district, but it has a wide mix of popular restaurants and has become a destination for dining. It's supported by a strong residential presence – both in Old Town and in immediately adjacent neighborhoods. Lower lease rates than the Downtown Core offer an environment that can serve as an incubator for new Downtown businesses.
 - **Warehouse District:** This newer district offers a mix of historic buildings and new development, created a mixed character and mixed-use district that's unique within the Downtown landscape. Growth here has been driven by brewpubs and restaurants. Lease rates run the gamut, from rates

comparable to the Front Street Core to heavily discounted rates in older buildings. Continued development will further boost foot traffic (and lease rates) in this sub-district.

- West End: An evolving district, along Front Street west of the Boardman River, this area is characterized by several (disconnected) pockets of retail and dining activity. Although somewhat disconnected, the West End has a strong mix of dining, drinking, and retail businesses – including a mix of restaurants, breweries and bars, a specialty deli/market, and other specialty shops. Recent streetscape improvements and placemaking enhancements (branding, banners, bike racks) have taken place here. There has been recent commercial development centered at Front and Pine that offers the opportunity to better connect the West End to the Downtown Core and stretch additional foot traffic beyond the Boardman River.
- East Eighth (an emerging district): There are many indications that East Eighth Street, east of the Boardman River to roughly Railroad Avenue, is the new frontier for new development and revitalization, and will be the most pronounced expansion area of the greater Downtown footprint over the next 5-10 years. The Commongrounds development is underway and expected to be completed in late 2022. There is a growing presence of creative business types that are often lead indicators of future growth – breweries, coworking spaces, and local restaurants. Lastly, lease rates are roughly half of what they are in Downtown, offering more affordable space for smaller, local ventures and entrepreneurs.

RETAIL REAL ESTATE MARKET

- The core of Front Street continues to be in high demand. There are low vacancy rates on storefronts throughout Downtown.
- Smaller footprints are much easier to lease than larger spaces, regardless of retail or restaurant use. An acute issue that has arisen for larger restaurant units is staffing – over the last year these have become very challenging to make work, because to make financial sense they need to operate at full capacity, and to operate at full capacity they need full staffing – and a labor shortage for service workers prevents this from happening.
- Approximately 50% (rough estimate) are owner-occupied businesses. This helps with weathering increases in lease rates/costs in the long-term; can reduce displacement risk.
- Lease rates throughout Downtown are wide-ranging. Along the Front Street core, newer rents are roughly in the \$25-30/sf range. However, most existing tenants aren't paying this amount – more commonly paying \$17-20/sf on older leases. This could develop into a lag-behind issue as leases expire and turn over (i.e., businesses comfortable paying the older rate don't have the margins to pay Downtown's new rent levels).
- Core vs. periphery: Downtown's dining/shopping footprint continues to expand along the edges. Newer areas offer more affordable rents than the increasing rates seen on Front Street. East Eighth Street is a fledgling district experiencing some modest growth, with rental rates about half of what they are in Downtown. The growing Warehouse district has rates that run the gamut – from Front Street-level rates in newer build, to some businesses paying a fraction of that amount, depending on the space.
- *(Specific sector metrics are challenging to come by – lack of broker reports and/or CoStar access)*

6. VISIT & STAY

REGIONAL TOURISM

- Tourism is a key economic engine for the Traverse City local and regional economy. Visitors are attracted to the Grand Traverse region because of its setting, natural beauty and outdoor attractions, climate, varied outdoor recreation activities, wineries and breweries, restaurants and shopping, and a mix of quaint and unique towns throughout the region.
- As the table below shows, visitor spending (and presumably, number of visitors) in Grand Traverse County and the 5-county region had been on a steady uptick over the course of the decade leading up to the pandemic.
- The 5-county region saw total visitor spending rise 28% between 2011 and 2019, experiencing an increase in dollars spent every year during that stretch. By 2019, there was more than \$900 million in visitor spending in the region. Grand Traverse County is the most visited county in the region, and followed roughly the same pattern – more than 50% of the 5-county region's spending takes place in Grand Traverse County. In 2019, the county experienced \$477 million in visitor spending. The largest spending categories are lodging, followed by food and beverage.
- The pandemic had a noticeable effect on visitor spending in 2020 (albeit, not at the level of many other places in the country). Visitor spending dipped 15% in 2020 compared to 2019 totals. In Grand Traverse County, this decrease was slightly greater (-18%). The Grand Traverse region fared better than statewide averages – Michigan visitor spending decreased 28% in 2020.

County	Visitor Spending (Millions)										% Change (2011-19)	% Change (2019-20)
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
Grand Traverse	\$377	\$382	\$377	\$401	\$418	\$427	\$451	\$466	\$477	\$390	26.6%	-18.3%
Benzie	\$106	\$102	\$109	\$114	\$113	\$116	\$124	\$131	\$135	\$122	26.8%	-9.3%
Leelanau	\$95	\$98	\$107	\$115	\$113	\$116	\$125	\$125	\$129	\$114	35.7%	-11.7%
Antrim	\$77	\$80	\$84	\$87	\$87	\$90	\$94	\$98	\$101	\$93	31.4%	-8.2%
Kalkaska	\$53	\$54	\$56	\$60	\$57	\$57	\$62	\$64	\$65	\$57	23.6%	-13.2%
5-County Region Total	\$708	\$717	\$734	\$777	\$789	\$806	\$856	\$884	\$907	\$775	28.2%	-14.6%

Source: Michigan Economic Development Corporation

- The economic impact of the tourism economy in the Grand Traverse region is substantial. Tourism creates and supports approximately 10,000 jobs in the 5-county region, more than 5,000 of which are in Grand Traverse County. The tourism-supported labor income in the region is \$367 million; and more than \$200 million in Grand Traverse County.

County	Tourism-supported Employment		Share of Region	Share of State	Share of County Employment	Tourism-supported Labor Income (Millions)	
	Direct	Total				Direct	Total
Grand Traverse County	3,546	5,391	54.4%	2.0%	11.7%	\$119.2	\$203.5
Benzie County	1,182	1,735	17.5%	0.6%	43.8%	\$36.9	\$61.8
Leelanau County	599	887	8.9%	0.3%	15.3%	\$20.4	\$34.5
Antrim County	880	1,295	13.1%	0.5%	26.7%	\$25.4	\$42.6
Kalkaska County	403	609	6.1%	0.2%	15.6%	\$14.3	\$24.6
5-County Region Total	6,610	9,916		3.6%		\$216.4	\$367.0

Source: Michigan Economic Development Corporation

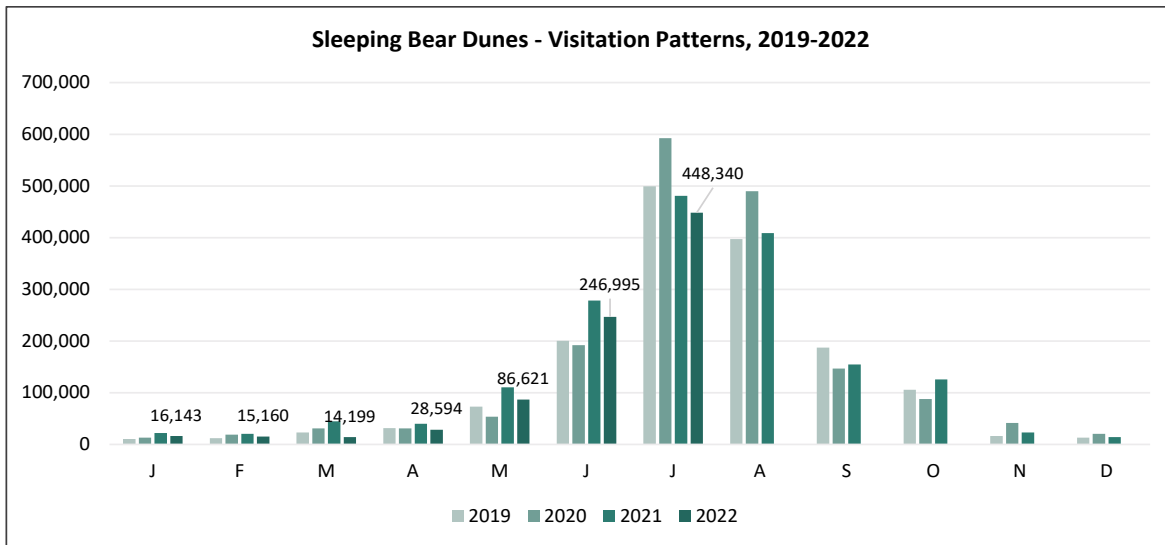
- Traverse City, while slowly attracting more visitors during off-season months, remains primarily a summer destination. There are efforts to create more balanced visitorship throughout the year, which will create a multitude of benefits locally.

VISITOR CHARACTERISTICS

- In 2020, the State of Michigan commissioned a Travel USA Visitor Profile study for its various regions. Traverse City is at the heart of the 10-county Northwest region. The study analyzed characteristics of day trips to the Northwest region – any trip for business or pleasure, outside of normal routine and more than 50 miles from home, that did not include an overnight stay. It also offered comparisons to U.S. averages.
 - Total person-trips: 15.3 million (51% day trips vs. 49% overnight)
 - 68% of day trips to the region were “Marketable” (as opposed to visiting friends/relatives, business) – compared to 54% nationwide
 - Most common activities and experiences for visitors: shopping (29%), sightseeing (27%), and beach/waterfront (15%)
 - Compared to national averages, shopping was more oriented towards boutiques and souvenir stores, and less towards malls, big boxes, and antiques. Dining was more oriented towards local food and picnicking, and less towards fine dining and food trucks.
 - The demographic profile of Northwest Michigan visitors is: more females (59% vs. 49% nationally), older (60% over age 45, compared to 50% nationally), lower educational attainment than the national norm, lower household income than the national norm, whiter than the national norm, and more often not employed/retired (48% vs. 39% nationally).

MAJOR EVENTS & ATTRACTIONS

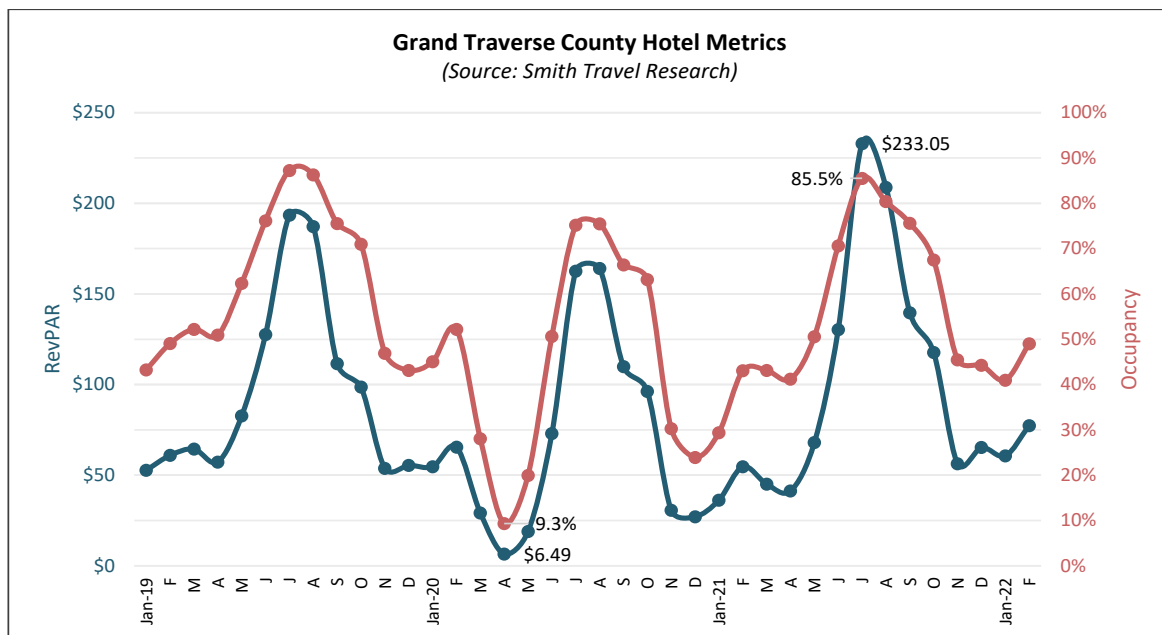
- **National Cherry Festival** – First held in 1926, the National Cherry Festival is one of the oldest and largest festivals in the region, drawing more than 500,000 people over the course of the eight-day festival in early July. The 2022 festival was the first to return to normal, with no Covid restrictions in place. It includes 150 events, a large majority of which are free. Most events take place in Downtown at the Open Space on the waterfront.
- **Traverse City Horse Shows** – The Horse Shows operate in a newer venue opened in 2015. They include 12 weeks of premier professional and junior horseback riding competitions. This event has quickly grown each year and has developed into a major economic generator for the region. Its direct (non-horse) economic impact is estimated at \$120 million. July and August are the most popular months for events, but there is intention to grow in other months and eventually have year-round programming. The horse shows attract a notably affluent crowd to the region – 33% have a household income over \$500,000. This brings strong spending power to the local economy – the average spending by a travel party to the horse shows is over \$6,000 per day.
- **Sleeping Bear Dunes National Lakeshore** – Sleeping Bear Dunes is one of the region’s top outdoor attractions. Operated by the National Parks Service, visitor data is collected, offering a good proxy for general visitor activity in the area. The chart below shows monthly visitor numbers at Sleeping Bear Dunes since 2019, prior to Covid. The data shows both (1) the high seasonality of visitor activity for outdoor destinations, with July and August as the most crowded months by far; and (2) a general “return to normal” with visitor activity so far in 2022. In 2021, visitor numbers were more spread out across all 12 months than typical. As a result, 2021 set record attendance at the park, with more than 1.7 million annual visitors. To date, 2022 numbers haven’t kept up with this record pace, but have been at a comparable pace compared to pre-pandemic 2019 activity.



- **Traverse City Film Festival** – Established by Michael Moore in 2005. Prior to the pandemic, the festival included over 200 movies and events, and saw attendance numbers topping 120,000 attendees. After a two-year hiatus during Covid, the festival returned in 2022 in a scaled down format. It remains to be seen what the future scale and format will be. The festival takes place primarily in and around Downtown. Its two main venues are the State Theatre and Bijou by the Bay, year-round venues in Downtown. The historic State Theatre, after being closed for years, was able to be renovated and reopened thanks to the festival. Other 2022 venues included the AMC Cherry Blossom and the Open Space Outdoor Cinema on the waterfront in Downtown. For many Downtown restaurants, the festival (when at full-scale) week is the busiest week of the year. Notably, it attracts older and more affluent crowds that are willing to spend at Downtown restaurants, bars, and shops.
- **Sara Hardy Farmers Market** – The Sara Hardy Farmers Market has been operated by the DDA since 1984. It is one of the largest farmers markets in the state, with over 115 local farmers participating throughout the season. It operates in parking lot B in Downtown, every Wednesday and Saturday between May and October.
- **City Opera House** – Downtown’s City Opera House opened in 1892. It features an array of programming including two performing arts series featuring professional national-touring artists, multiple arts education programs for children, and an active schedule of public and private community events year-round. It also collaborates with MSU’s Wharton Center for the Performing Arts to present the Performing Arts and LIVE at the Opera House series.
- Downtown is host to a year-round calendar of varied, community events. By the latest count, there are **23 community events** that take place in Downtown annually (in addition to numerous smaller events and programs not captured here). In total, these attract nearly 100,000 attendees. These events include:
 - Downtown Chili Cook-off, Presidents’ Day Weekend Sale Event/Lookin’ for Lincoln, Celebration for Young Children, Art Walk (2 per year), Old Town Arts & Crafts Fair, National Cherry Festival Arts & Crafts Fair, Downtown Street Sale, Friday Night Live (4 per year), Downtown Art Fair, Fall Sale/Happy Apple Days, Downtown Halloween Walk, Shop Your Community Day, Downtown Light Parade/Santa’s Arrival, Black Friday/Small Business Saturday, Walking in a Window Wonderland, Downtown Cocoa Crawl, Ladies’ Night, and Men’s Night

LODGING MARKET

- Grand Traverse County, including some of its immediate surrounding areas, has roughly 5,000 hotel rooms. Many of these are clustered in various locations near waterfronts, namely a concentration just east of Traverse City where there are more than a dozen hotels along a short stretch of Munson Avenue.
- Within Traverse City limits, there are approximately 16 hotels/motels³. While several of these are located in Downtown, a majority are east of Downtown also along Munson.
- Grand Traverse County's hotel metrics illustrate the volatility that Covid brought to this industry over the last two-plus years. The following chart shows Occupancy rates and RevPAR on a monthly basis since January 2019. RevPAR (Revenue per Available Room) is a common metric in lodging that factors in both occupancy and daily rates. Therefore, these two trend lines follow the same patterns.
- The pre-pandemic year of 2019 showed a relatively healthy, but very seasonally dependent lodging market in Grand Traverse County. Metrics were strong and well above national averages from July-September, but dropped precipitously during the off-season. In 2020, after the industry essentially shutdown in springtime at the onset of the pandemic, it rebounded quickly during the summer (but did not reach 2019 levels). 2021 exceeded pre-pandemic 2019 averages – average RevPAR in 2021 was \$100 compared to \$95 in 2019 – showing a full recovery from the pandemic and a healthy demand for hotel lodging in the area.



SHORT-TERM RENTAL MARKET

- Short-term rental companies, led by Airbnb and Vrbo, have seen explosive growth in the Traverse City region in recent years. While these rental units play an important role in housing a segment of the visitor market, they also erode the hotel visitor base and take away permanent and seasonal housing stock in an already strained residential market (as discussed in more detail in the Live chapter).

³ <https://www.traversecity.com/>

- As of Q2 2022, there were 1,512 active rentals listed on Airbnb and/or Vrbo in greater Traverse City (as defined by zip codes 49684 and 49686). The map below shows the locations of these rentals. As can be seen, these are predominately concentrated in and around Downtown Traverse City. During the three-year period from Q2 2019 to Q2 2022, active rentals jumped from 989 to 1,512 – a 53% increase.
- The table above shows basic annual averages in the Traverse City STR market, as well as seasonal ranges. July is the highest performing month – on average, a STR host charges on average \$400/night, sees 90% occupancy, and can expect over \$8,000 in monthly revenue in July during peak tourism season.
- The above chart shows the number of active rentals by quarter since 2019. This illustrates both the seasonality of the Traverse City market as well as the nominal impact that Covid had on the short-term rental market in Traverse City. In particular, the STR market has taken off over the last 12 months starting in summer 2021.
- From a May 2022 report in The Ticker⁴:
 - Grand Traverse County netted more Airbnb host income in 2021 than any other county in Michigan (\$24 million). The five-county region as a whole

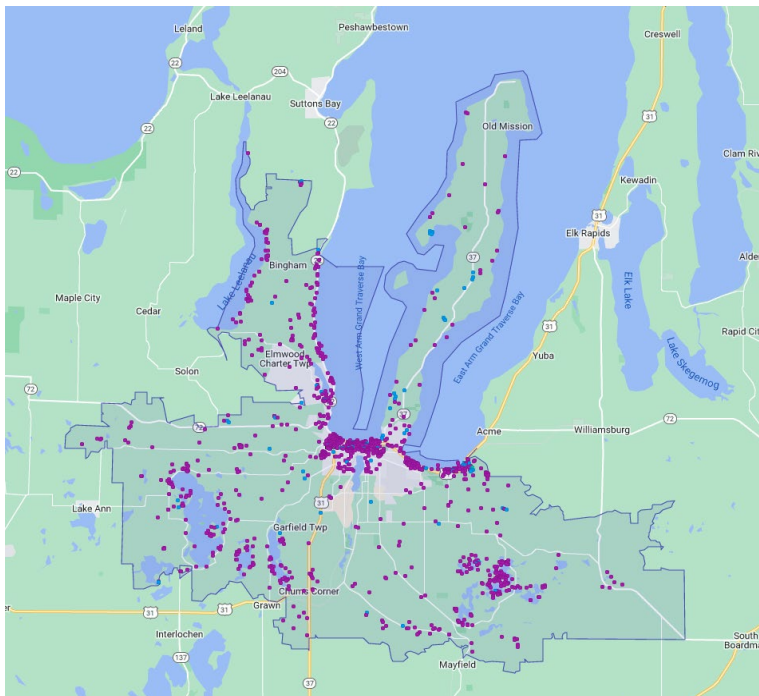
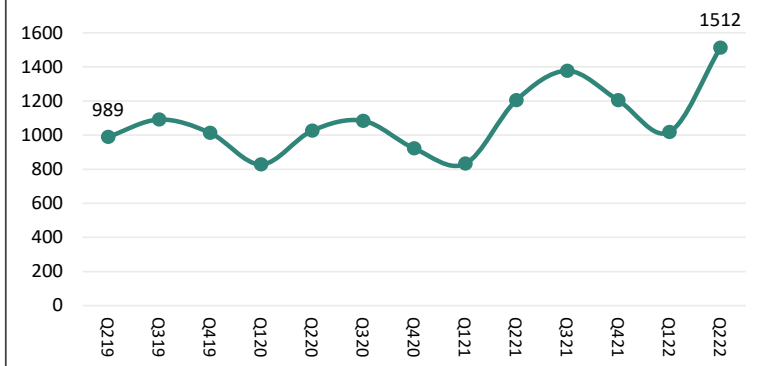
Traverse City Short-Term Rental: Market Snapshot

Active Rentals:	1,512	
Avg. Daily Rate (past 12 mo.):	\$297	(from \$203 in Mar to \$397 in Jul)
Occupancy Rate (past 12 mo.):	69%	(from 35% in Dec to 90% in Jul)
Median monthly revenue (past 12 mo.):	\$4,500	(from \$1,916 in Jan to \$8,336 in Jul)

Source: AirDNA

Active Short-Term Rentals, Traverse City

Source: AirDNA



⁴ <https://www.traverseticker.com/news/a-24-million-juggernaut-a-look-at-northern-michigans-airbnb-market/>

- o netted more than \$52 million in income in 2021. This region accounted for more than 20% of the state's total Airbnb host earnings last year.
 - o Grand Traverse County has seen a 200% increase in host income between 2018 and 2021.
- Peer city comparisons offer additional perspective – and also point to Traverse City's uniquely hot STR market. Traverse City has more active rentals than any of its peers besides Bend, of which it has a comparable amount, and which has consistently been one of the strongest STR markets in the country over the last 5+ years.
- Traverse City has the highest average daily rate for its short-term rentals (\$297) and the highest median monthly revenue (\$4,500), compared to its peers.
- Even more stark is a comparison of active short-term rentals on a per capita basis. As the chart shows, Traverse City has double the number of STRs per capita than the next closest peer city, illustrating a one-of-a-kind market for STRs in this region.

Short-Term Rental Market Comparison

	Active Rentals (Q2 2022)	Increase (19-'22)	Avg. Daily Rate	Median Monthly Revenue
Traverse City*	1,512	53%	\$297	\$4,500
Bozeman*	1,009	65%	\$264	\$4,337
Bend	1,571	13%	\$258	\$3,876
Burlington	345	-10%	\$220	\$4,056
Rapid City*	821	94%	\$215	\$3,575

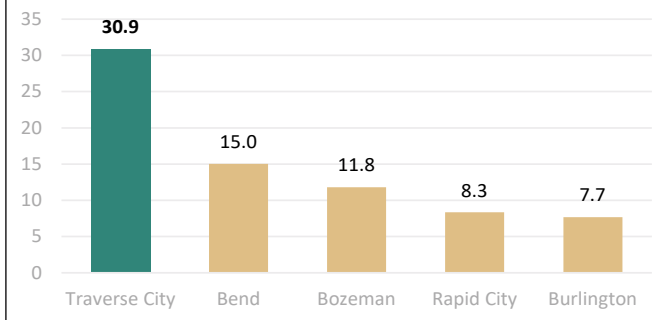
Source: AirDNA, Esri, P.U.M.A.

* Geographies are slightly larger than city boundaries and based on zip codes

Active Short-Term Rentals Per 1,000 Residents

(Geographies vary slightly from city boundaries - based on zip code)

Source: AirDNA, Esri, P.U.M.A.



APPENDIX C: BEST PRACTICE CASE STUDIES

DRAFT

BEST PRACTICE CASE STUDIES FOR DOWNTOWN TRAVERSE CITY- DRAFT

To inform the Downtown Traverse City Organizational Strategic Plan, P.U.M.A. conducted best practice research on how other Downtown Development Authorities (DDA) in Michigan structure their organizations as well as the scope of the work of the DDA. P.U.M.A. interviewed representatives from DDA's representing Downtown Grand Rapids, Downtown Ann Arbor, and Downtown Colorado Springs, Colorado.

Key DDA Findings

- The vast majority of DDA's rely heavily on TIF revenue to support Downtown efforts. Those that have been able to diversify funding sources through non-tax revenue such as property rentals, interest on investments, events, and land sales have a larger impact and are more nimble.
- By law, all DDA's are an affiliate / component unit of the City they are housed within. The level to which the City engages in the day to day work of the DDA varies greatly. Some DDA's have staff that is employed by the City, while all, at the very least, have boards that are appointed by the mayor and ratified by the City commission.
- The scope of work that a DDA does within a Downtown varies greatly and is determined by the need within the specific community. The DDA scope of work ranges from large infrastructure projects including constructing parking structures, installing transformative streetscapes, and running public parking systems to economic development, affordable housing, park and public space maintenance and development, clean and safe efforts, marketing and events,
- The agreements made in the formation of the DDA are important in laying the ground work for how funding is used. Michigan law does not severely limit use of funds and it is important to the health of the DDA that those parameters are created within its guiding documents.
- If a DDA has affiliated entities or organizations, most often one set of board members is shared across boards as is the case in three of the four case studies below.
- DDA's can be incredibly encumbered in what they can do and how they can serve Downtown when spending years paying off bonds for development. Having an affiliated Downtown Improvement District or Business Improvement district allows a mechanism for funding that gives the DDA a mechanism to serve downtown while bonds are being paid.
- Though not all DDA's are directly engaged in affordable housing development all supported affordable housing through either subsidy, partnerships or infrastructure improvement projects that indirectly support the development of affordable housing.
- Many DDA's have a contract with the municipality to manage parking. All contract out the daily operations of enforcement, collection and staffing while maintaining the budget oversight and policy implementation in-house.
- All Michigan DDA's we spoke with were established initially in the 1980's and have renewed a TIF at least once with no seeming obstacles.
- Most DDA's do not have formal revenue sharing agreements with other tax jurisdictions though all have complications or nuances in revenue sources as it relates to co-existing Redevelopment Authorities, Parking Revenue Splits or in the exception of Grand Rapids, a formal revenue split with local tax jurisdiction.

DOWNTOWN GRAND RAPIDS

CONTACT: Tim Kelly, CEO Downtown Grand Rapids Inc
tkelly@downtowngr.org

BACKGROUND

The Grand Rapids DDA and its affiliated Downtown organizations are reputable in the state of Michigan as the gold standard for Downtown management and development.

The DDA which was established in 1980, generates a consistently robust revenue and has a broad impact in most areas of Downtown management including; economic development, affordable housing, park and public space maintenance and development, clean and safe efforts, marketing, events, as well as strong recent efforts toward establishing a mobility plan for Downtown.

BUDGET AND DISTRICT SIZE

The Grand Rapids DDA generates approximately \$12 million annually from TIF tax funds as well as from non-tax fund revenue sources such as property rentals, interest on investments, events, and land sales.

The Grand Rapids DDA covers approximately three square miles with a subset of the DDA being the boundaries of the Downtown Improvement District

RELATIONSHIP TO MUNICIPALITY

As with most DDA's and its affiliates, the Grand Rapids DDA is deeply intertwined with the City and the City Commission. All entities including the DDA, DID and TIFA have budgets approved annually by the City Commission. A 9-member Board of Directors appointed by the Mayor with concurrence from City Commission governs the DDA.

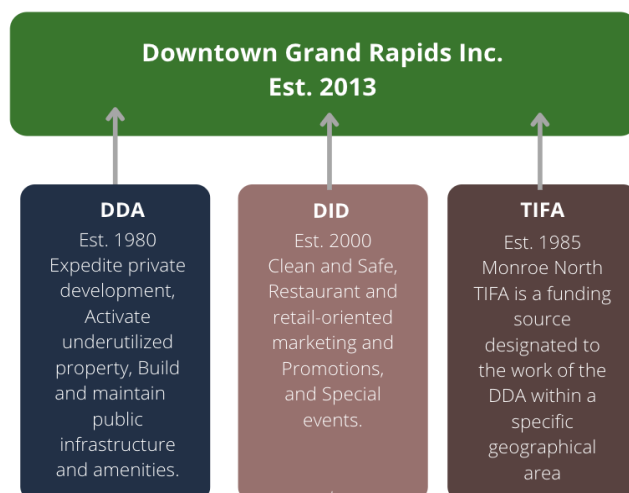
STAFF

Downtown Grand Rapids Inc has 17 employees ranging in roles from CEO, Director of Operations to Economic Development, events, and marketing. All staff is employees of Downtown Grand Rapids inc. , the umbrella organization for the DDA, TIFA, and BID. The Budget is approved by the three fiduciary Boards that DGRI manages, which all have an admin line item for staff.

AFFILIATED ENTITIES/ORGANIZATIONS

Downtown Grand Rapids Inc (DGRI)

Downtown Grand Rapids Inc. (DGRI) is a 501(c)3 organization responsible for city building and place management in the urban core of the City of Grand Rapids, Michigan. Established in 2013, DGRI serves as the singular management entity for the combined operations of the Downtown Development Authority (DDA), the Downtown Improvement District (DID), and the Monroe North Tax Increment Finance Authority (TIFA). In addition to the Mayor-appointed boards of directors overseeing the unique operations of the DDA, DID, and Monroe North TIFA, DGRI is guided by a Board of Advisors and five separate Alliances comprised of citizen volunteers that help guide DGRI's work and investment. All branding and marketing efforts for the above



mentioned entities are coordinated through this organization.

Downtown Improvement District (DID)

Established by the City Commission in 2000, the Downtown Improvement District (DID) is a funding tool Downtown Grand Rapids Inc. administers to keep certain areas of the urban core clean, attractive, and eventful. Funds go to support a uniformed Clean Team that leads daily sidewalk cleaning, landscaping and beautification, sidewalk snowmelt, restaurant and retail-oriented marketing and promotions, and special events. DID's sole revenue source is a special assessment on real property voluntarily approved by business and property owners within the DID district.

Tax Increment Finance Authority (TIFA)

Established in 1985, The Monroe North Tax Increment Financing Authority (TIFA) is a funding tool Downtown Grand Rapids Inc. administers to help catalyze public and private investment in the Monroe North neighborhood. Funds go to support real private property improvements, build streets and public infrastructure, as well as maintain and expand parks and other public amenities. Monroe North TIFA's principal source of funding revenue is generated by increasing property values within the MNTIFA district.

AFFORDABLE HOUSING

The Grand Rapids DDA has not actively engaged in affordable housing development but has contributed to and partnered with other local non-profits in affordable housing efforts.

TIF RENEWAL AND REVENUE SHARING

TIF Renewal

The Grand Rapids TIF was extended in 2016 for an additional 30 years. Also, the DDA financing plan was first approved in 1980 and since then has experienced 15 updates, most recently in 2007. The approved updated plan aligns the DDA funding tool with *Grand Rapids Forward*, the community vision and investment strategy adopted in December 2015 by the Grand Rapids City Commission as an amendment to the City's Master Plan.

Revenue Sharing

The DDA has gainsharing in place with the taxing authorities over the life of the DDA. It started at 10% for the first 5 years and steps up to 15%, 20%, and 25% every 5 years. It will stay at 25% for the final 15 years.

DOWNTOWN ANN ARBOR

CONTACT: Jeff Watson
jwatson@a2dda.org

BACKGROUND

Created in 1982, the Ann Arbor DDA has worked to improve the attractiveness, walkability, and vitality of downtown. The DDA is well-known for its large infrastructure projects including constructing parking structures, installing transformative streetscapes, and running the City of Ann Arbor's public parking system. The DDA also works on a variety of smaller projects in support of its mission, including providing free bus passes for downtown employees, installing bike parking, and providing grants to encourage the creation of new workforce housing units.

BUDGET AND DISTRICT SIZE

The Ann Arbor DDA has a budget of \$28 million dollars and an approximate size of 67 city blocks.

RELATIONSHIP TO MUNICIPALITY

The DDA was established by the City of Ann Arbor as a public corporation, which is overseen by an appointed Board. The DDA regularly collaborates with the City specifically on procurement.

STAFF

The Ann Arbor DDA has 8 staff members with two primary functional areas of work being capital projects and the Downtown parking system. All staff are employees of the DDA.

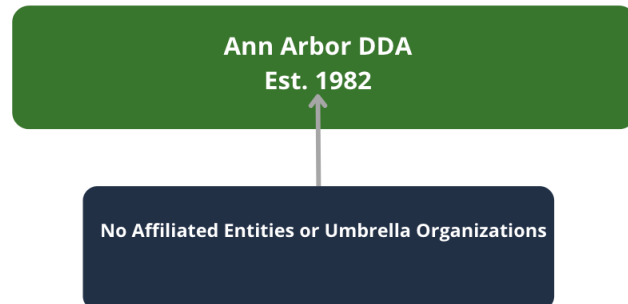
AFFILIATED ENTITIES/ORGANIZATIONS

The Ann Arbor DDA does not have any official organizational affiliates.

That said, there are four neighborhoods that fall within the downtown area. Many are supported by business improvement districts that the DDA works to support. Though there is no formal relationship of financial agreement. These organizations serve to market and promote downtown, present events and offer some landscape and beautification services.

AFFORDABLE HOUSING

The Ann Arbor DDA regularly provides funding support to the Ann Arbor Housing Commission for Downtown housing projects. Additionally, they fund infrastructure improvement projects, such as water line upgrading that serve affordable housing projects so the project does not pay that cost directly. The DDA also has an annual housing fund stipulated by City Ordinance. \$300,000 to be directed to Affordable Housing annually. It has been directed to both Housing Commission and non-profit projects.



TIF RENEWAL AND REVENUE SHARING

TIF Renewal

The DDA was extended in 2003 until 2033.

Revenue Sharing

No official revenue sharing agreement is in place beyond a 20% parking revenue share with the City.

DOWNTOWN COLORADO SPRINGS

CONTACT: Susan Edmondson

BACKGROUND

Downtown Colorado Springs is home to a partnership of organizations working together to provide a number of programs and services and one collaborative voice for Downtown. The Downtown Partnership serves as the overall managing entity - or umbrella organization. As a 501(c)(4), the organization is able to engage in advocacy efforts related to downtown and endorse candidates. While the organizations all share one website, when it comes to advocacy, a separate website is used for taking positions to keep it separate. The BID and the DDA both have contracts for services in place with the Partnership

BUDGET AND DISTRICT SIZE

The district size is roughly 2 square miles.

RELATIONSHIP TO MUNICIPALITY

The governing board of the DDA is appointed by the Colorado Springs City Council.

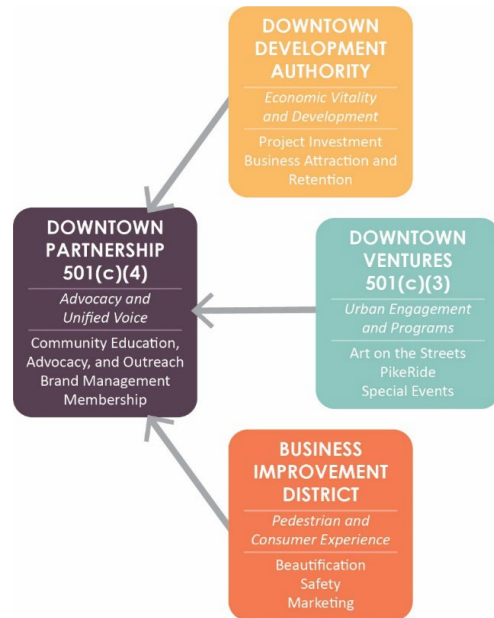
STAFF

The Partnership employs the staff for all four entities. Some staff split their time working on initiatives for more than one of these entities, while others are almost solely working for only one entity. Each year, the Partnership records an annual estimate for what percentage of time employees dedicated to each entity.

AFFILIATED ENTITIES/ORGANIZATIONS

Downtown Partnership (Partnership), a 501(c)(4) membership organization

Founded in 1997, the Downtown Partnership is a 501c4 nonprofit organization, with a robust membership base of businesses, nonprofits and individuals representing the diversity of industries Downtown and citywide. More than one-third of the resources powering the work of Downtown Partnership and Downtown Ventures is derived from our members, sponsors and donors. The Downtown Partnership is financed through membership fees and the three service agreement contracts from the DDA, BID, and Downtown Ventures.



Downtown Development Authority (DDA)

The Colorado Springs Downtown Development Authority is guided by a mission to build public and private investment partnerships that promote the physical and economic growth of Downtown Colorado Springs. Voters established the Downtown Development Authority (DDA) in November 2006 to provide programs and financial incentives to encourage Downtown development. DDA is governed by a board of 11 people appointed by Colorado Springs City Council. Downtown Partnership executes the work of the DDA as a contracted affiliate. The DDA is funded in two ways: first, by a 5-mill tax levy within the district to support its operations, and second, through Tax Increment Financing (TIF). The latter tax is the capture of increased property tax revenues following a baseline assessment. TIF revenues go into a special fund and as it grows, the funds can be leveraged for support of Downtown projects.

To date, DDA has provided more than \$3 million in support to a wide variety of businesses, nonprofits and initiatives that enhance the economic vitality of Downtown. This has included façade improvements of many small businesses; enhancements to streetscapes and public spaces; and support for feasibility studies for projects that hold catalytic potential for Downtown. In all instances, DDA dollars leverage additional public and private investment, resulting in a multi-fold return from DDA support.

Downtown Business Improvement District (BID)

The Greater Downtown Colorado Springs Business Improvement District (BID) ensures that Downtown provides an urban environment that is clean, engaging, welcoming and walkable. The BID promotes the Downtown experience through consumer marketing efforts and welcomes patrons with an exceptional pedestrian experience.

Voters established the first Downtown BID, the Pikes Peak Avenue BID, in 1994, and following two voter-approved expansions, the current BID now encompasses 32 blocks. The services and improvements provided by the BID are not intended to duplicate or supplant those provided by the City of Colorado Springs within the boundaries of the

BID, but rather to enhance the Downtown experience. The BID is financed by a 5 mill levy on real and personal property within the district.

Downtown Ventures (Ventures), a 501(c)(3) organization

Downtown Ventures is a charitable nonprofit affiliate of Downtown Partnership dedicated to the arts, historic preservation and other public benefit programs of Downtown Colorado Springs. Formed by Downtown Partnership in 1997, Downtown Ventures is most known for its flagship program, Art on the Streets, which launched with its first exhibit of outdoor art in 1998-1999 and has continued every year since. Downtown ventures also administers other public benefit programs of downtown, including First Friday Downtown Gallery

AFFORDABLE HOUSING

Collaborations

Subsidies

TIF RENEWAL AND REVENUE SHARING

TIF Renewal

The DDA's TIF will expire in 2037.

Revenue Sharing

The Colorado Springs DDA does share revenue with the local school district and other TIF reimbursement agreements, which totaled 26% of the DDA's expenses in 2021.

APPENDIX D: PAST PLANNING DOCUMENT REVIEW

DRAFT

DOWNTOWN TRAVERSE CITY EXISTING CONDITIONS

SUMMARY OF EXISTING REPORTS AND DOCUMENTS | APRIL 2022



In the spring of 2022, the consultant team led by P.U.M.A. reviewed all existing plans, documents and current planning efforts made available by the City of Traverse City in order to ensure that this process would build upon such efforts. This document provides a brief summary of these efforts as they relate to downtown Traverse City.

PLANNING, ZONING, AND URBAN DESIGN

Plans/Documents Reviewed

- **City of Traverse City Master Plan, July 2017 Amendment**
- **Unified Plan of the Lower Boardman River, December 2021**
- **A New Plan for Old Town, December 2016**
- **Tax Increment Financing & Development Plan #97, 1997, April 2015 Revision**
- **Transportation Demand Management 3 Year Implementation Plan, revised January 2021**
- **Traverse City DDA COVID-19 Economic Resiliency Report, n.d.**
- **Traverse City Downtown Development Authority Strategic Plan 2019-2024, November 2019**
- **A Planning Framework for Healthy 8th Street, June 2019**
- **Stormwater Management Opportunities in Traverse City's TIF 97 District, September 2018**
- **TIF 97 Stormwater Management Plan, April 2018**
- **Transportation Demand Management Study, December 2017**
- **Downtown & Corridor Market Analysis Update, July 2016**
- **Sara Hardy Downtown Farmers Market 2016 Impacts, 2016**
- **Possibilities of Place: The Sara Hardy Downtown Farmers Market, August 2014**
- **The Boardman River Plan: A Comprehensive Vision for the Future of Traverse City's River, May 2013**

CITY OF TRAVERSE CITY MASTER PLAN

The City of Traverse City Master Plan is an overarching citywide document that provides high-level goals and policies based on different high-priority topics. It was adopted in 2009 and last updated in 2017. Below are some key takeaways, as they relate to the city as a whole and the downtown area specifically.

VISION STATEMENT, CORE PRINCIPLES, & GOALS

VISION STATEMENT – *“Traverse City is a regional center comprised of connected and related neighborhoods – residential, business, public, recreational and mixed. This plan promotes and protects the vitality, diversity and improvement of our neighborhoods.”*

CORE PRINCIPLES guiding the vision include:

1. The **intensity** of any land use should be the focus of any land use decisions
2. **Social, economic and residential diversity** and stability are key to our future
3. Our neighborhoods need to be **preserved and protected** as they evolve
4. **Natural and historic resources** are limited and need to be protected
5. Services should be **conveniently located**
6. **Transportation choices** are important to our vitality and environmental health
7. Maintaining a **healthy and vibrant City** is important to the **region**

GOALS of the plan include:

1. **Enforce compatible intensities** within, among and between neighborhoods

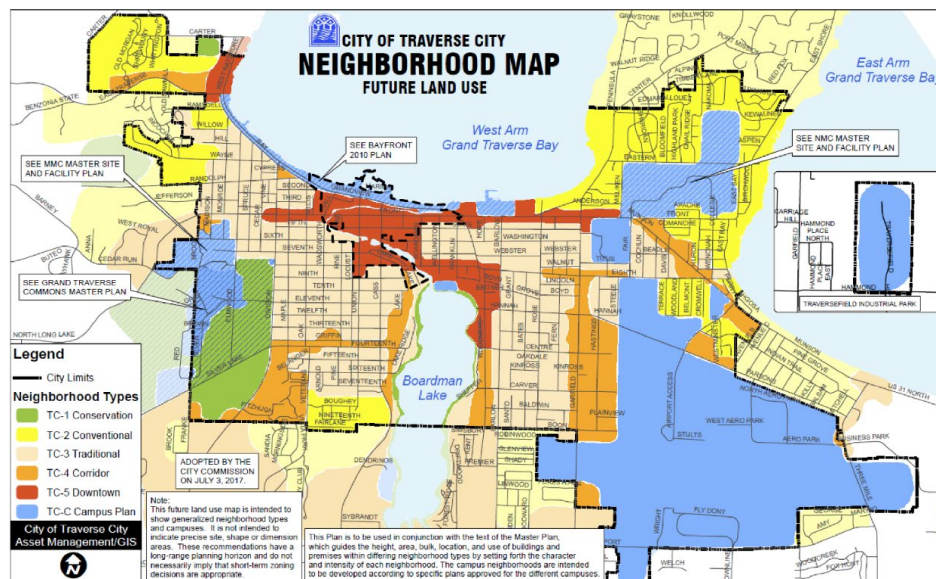
2. **Seamlessly link our neighborhoods** while allowing **each neighborhood's unique character** and culture to evolve
3. Become **pedestrian friendly** and encourage more, energy efficient, environmentally friendly **transportation choices**
4. Be **innovative and inventive** in developing our neighborhoods through consensus
5. **Protect, conserve and preserve** the natural and historic resources of our region
6. **Stabilize neighborhood economies** and economic interests
7. **Locate services** near users to protect the community's health, safety and welfare
8. **Expand residential choices** and **multi-generational recreational** opportunities
9. **Open regional dialog** and develop regional partnerships

NEIGHBORHOODS & INTENSITY

INTENSITY – the plan heavily relies on the idea of intensity of uses within each neighborhood and separating more intense uses from less intense uses, with a transition zone between them. The plan measures intensity with the following four criteria:

- **Hours:** the hours of operation of an activity
- **Access:** all motorized and non-motorized traffic
- **Mass:** area, land coverage, height, distance to property lines, access to light, effects of shadow of buildings or structures
- **Emissions:** by-products of activities that leave the property or neighborhood within which it is created, including noise, dust, odors, smoke, and light

NEIGHBORHOODS – the plan outlines six neighborhood types. Out of the six, the most prevalent in the DDA District study area are TC-5 Downtown and TC-3 Traditional. The area also includes TC-C Campus plan for the waterfront area and some areas within TC-4 Corridor and TC-1 Conservation neighborhoods.



Neighborhood Map with a dashed line around the study area.

NEIGHBORHOOD TYPE	INTENSITY	HOURS	ACCESS	MASS	EMISSIONS
TC-5 Downtown	More intense of the commercial neighborhoods; focus on high intensity, regional, commercial activity	Day and night; all hours of business	Pedestrian focused; high level of public transit services; motorized vehicle restrictions (traffic speed, parking costs, access)	Most dense; buildings typically close to street or civic spaces to provide sense of enclosure	Highest
TC-3 Traditional	More intense of the residential neighborhoods, focus on historic patterns, mostly closely spaced single family residences	Nighttime sleeping and daytime working	Auto access on historic street grid; sidewalks, bike lanes, alleys; accessible public transportation	Residential scale, range of building types, closely spaced	Typical urban residential levels
TC-4 Corridor	Less intense of the commercial neighborhoods, focus on commercial innovation	Wide range, overall higher activity levels	Motorized transportation primarily, high level of transit services, bike lanes on major streets	Wide range of building masses, placement and form	Moderate to high (highest contained within the neighborhood)
TC-1 Conservation	Least intense, focus on conservation and protection of natural resources	Typically during daylight	Pedestrian oriented	Small and informal buildings, not the focus of land use	Low; limited in score, time, and frequency
TC-C Campus	Specific to the campus; cannot exceed adjacent neighborhoods' intensity level	Varies	Varies	Varies	Varies

ECONOMIC ELEMENT

PURPOSE – to direct the City’s strategy for business and institutional investment in the region

GOALS:

1. Enhance the City’s role in coordinating the regional economy, specifically, working with local and regional institutions to represent and support the needs of Traverse City’s citizens
2. Facilitate regulatory functions to ensure proportional and appropriate processes to safeguard the community’s economic stability and success
3. Develop a system of prioritization that supports economic goals of other elements within the City’s Master Plan
4. Encourage development that protects and promotes the character of distinctive neighborhoods
5. After financial and economic analysis, prioritize capital improvement and private development projects that require public funding

HISTORIC RESOURCE ELEMENT

PURPOSE – to identify buildings, neighborhoods, landscapes and works of public art with historic value and to develop preservation strategies.

GOALS:

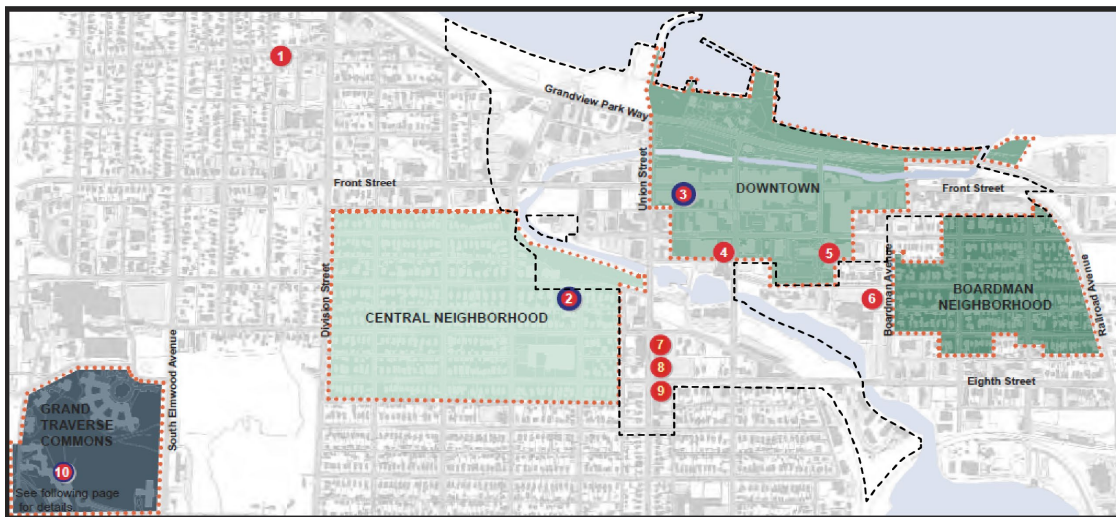
1. To locate and identify public and private properties within the City of Traverse City which are deserving of formal historic designation

2. To create and maintain a formal inventory of historic resources
3. To develop strategies for preserving the designated resources

The following historic landmarks are located within the DDA study area:

- City Opera House, 112 East Front Street
- Ladies Library Building, 216 Cass Street
- Park Place Hotel, 300 East State Street
- Novotny's Saloon (Dills Olde Towne Saloon), 423 South Union Street
- Wilhelm Brothers Store, 427 South Union Street
- Max's Super Service Station, 501 South Union Street
- History Center of Traverse City, 322 Sixth Street
- Hannah Park, 200 Sixth Street
- J&S Hamburg, 302 W. Front Street
- Shipping Docks / Open Space, 106 W Grandview
- Con Foster, 181 E Grandview Parkway
- City's Water Pump Station, 429 E. Front Street
- Lay Park, 301 S. Union Street
- Cass Street Bridge
- 205 Lake Avenue

MAP OF CITY HISTORIC LANDMARKS AND DISTRICTS BOUNDARIES



Study Area boundary added as a dashed black line.

MAP OF OTHER CITY HISTORIC LANDMARKS AND PROBABLE DISTRICTS BOUNDARIES



Study Area boundary added as a dashed black line.

NATURAL RESOURCE ELEMENT

PURPOSE – to provide the basis for developing a natural resource protection plan

GOALS:

1. Encourage environmentally sensitive areas to be used as natural preserves or for passive recreation, and to limit development in these areas
2. Require new buildings to be set back from the shoreline using vegetative buffers where possible, rather than engineered walls and stone revetments per established guidelines
3. Protect surface waters, ground water, wetlands and shoreline zones
4. Require flood plain capacity lost due to development be replaced with storage capacity elsewhere
5. Encourage hillside development to conform to the natural topography and help to prevent erosion
6. Encourage flexible standards that will aid in conserving woodlands and mature trees
7. Require outdoor lighting to be shielding to minimize light emissions onto neighboring properties, public rights-of-way, and the night sky

PARKS AND RECREATION ELEMENT

PURPOSE – to provide a framework for the recreation planning and development efforts over a five-year period

GOALS:

1. Design and protect the bay primarily as an open space and recreational resource for residents and tourists
2. Develop the Boardman Lake and River as natural resources promoting recreational activities
3. Continue a strong, flexible recreational program affording a variety of recreational activities and experiences for a wide range of people
4. Incorporate the need for safe, attractive pedestrian access with private or public development while maintaining and developing additional pedestrian linkages
5. Encourage cooperative governmental relationships to establish an adequate and equitable method for financing development, operation, and maintenance of recreation facilities and programs
6. Concentrate on upgrading and maintaining existing parks and facilities before considering new facility development
7. Develop new recreational facilities when supported by the residents, especially in park deficient areas and along waterfronts
8. Maximize the use of existing facilities
9. Work with schools to make recreation facilities and programs part of the education system

PUBLIC UTILITIES ELEMENT

PURPOSE – to encompass all strategic components for serving the community with water, sewer, and electrical services; combines the service plans of the city’s water, sanitary sewer, storm drains, and electrical services

GOALS:

1. Develop and support plans for the community to conserve water, sewer and electricity resources
2. Provide service improvements/upgrades to support areas of planned growth and increased density
3. Reduce negative impact of utility services on neighborhoods by coordinating construction and repair projects across all Master Plan Elements
4. Provide schedules for implementing improved service and efficiency-producing technologies, including commercial and residential service undergrounding

TRANSPORTATION ELEMENT

PURPOSE – to establish policies and goals guiding public transportation system choices

GOALS:

1. Encourage compact development patterns, which will curtail vehicle traffic and shorten trips
2. Make businesses, services, and amenities more accessible through safe, efficient, and environmentally sensitive transportation
3. Provide linkages between regional and local transportation options by coordinating related capital investments with regional and local providers
4. Require all Campus Neighborhood Master Plans and the Downtown Development Authority to develop and implement transportation management plans that encourage transportation choices, such as transit, walking, and carpooling

URBAN DESIGN ELEMENT

PURPOSE – to provide a framework for creating urban design standards for the community

GOALS:

1. Foster new development that will improve the public realm
2. Integrate new development that will emphasize, retain or enhance the City's identity
3. Protect and enhance views to and from established landmarks, hills and the bay front
4. Require new development that reinforces the character of distinctive neighborhoods
5. Foster design standards that advance community safety, accessibility, and outdoor comfort
6. Support new development that draws upon the past and allows for interpretation, creativity and innovation

ZONING ELEMENT

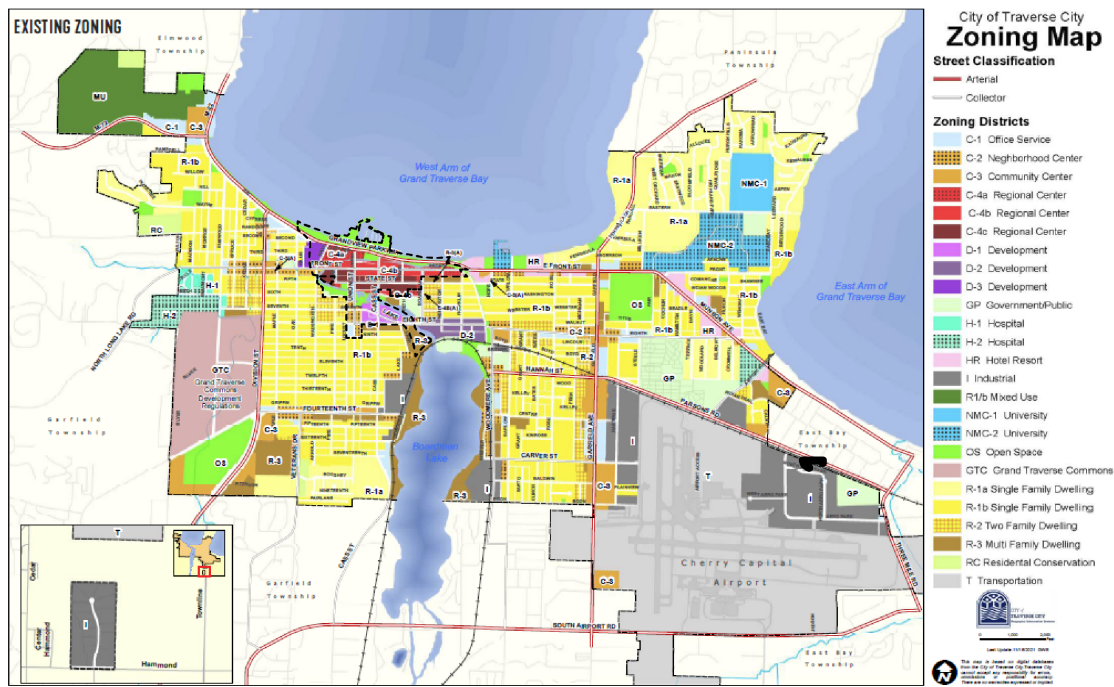
PURPOSE – to regulate property use, relationship to adjacent property and relationship to the city as a whole for the health, safety and welfare of the community; translates the concepts of the Master Plan into specific regulations

GOALS:

1. The Zoning Ordinance requires consideration of the variables in intensity when in evaluating future zoning and map amendments
2. Require commercial zones adjacent to residential zones and neighborhoods to match the residential intensity and scale as described in the Master Plan
3. Ensure that existing commercial zones within residential neighborhoods are residential in scale and intensity
4. Maintain and improve the public, open process for evaluating proposed changes in the zoning ordinance
5. Make maximum use of current technologies to incorporate information into the Zoning Map

The DDA study area includes the following zones and districts:

- **TC-5 Downtown:**
 - Open space district
 - Multiple family dwelling district
 - Office service district
 - Neighborhood center district
 - Regional center district
 - Development district
 - Government/public district
- **TC-3 Traditional:**
 - Open space district
 - Single family dwelling district
 - Two family dwelling district
 - Multiple family dwelling district
- **TC-4 Corridor:**
 - Multiple family dwelling district



Zoning Map of Traverse City (from the Unified Plan of the Lower Boardman River) with a dashed line around the study area

UNIFIED PLAN OF THE LOWER BOARDMAN RIVER

The Unified Plan of the Lower Boardman River was adopted in December 2021 to “help catalyze discussions, decisions and actions that will bring into being a shared vision of a healthy river at the heart of a healthy community and city.” Residents of Traverse City have strong opinions about the river and want to continue to improve the quality of the river and its amenities for current and future residents. This plan is important to our research as the entirety of the Lower Boardman River resides in the DDA District.

CHAPTER 1: ESTABLISHING A VISION

The UNIFIED PLAN is based on the premise that the environmental value of the river corridor is central to the community; this value should be reflected and reinforced through the management of change in downtown.

CORE VALUES of the UNIFIED PLAN:

- Reflect the city’s commitment to the river as a public resource and asset
- Contain public goals for the river and city, and what it can become as a centerpiece for downtown identity and ethos
- Use the natural and cultural values of the river as a guide for decisions about the commercial, economic, or utilitarian values
- Improve, restore, and protect the health and integrity of the riparian ecosystem of the lower river

- Account for the impact of the recommended initiatives on residents, habitats, and the ecological status of the river
- Serve to foster and sustain partnerships with shared responsibilities among public and private stakeholders
- Identify/prioritize opportunities for multi-modal access to the river
- Enhance ecological and aesthetic river conditions and encourage programming to attract year-round access
- Integrate existing riverwalks and pathways with new connections
- Be consistent with best riparian and aquatic science, best water and land management practices and must be harmonious with the river
- Prioritized nature-based stormwater best management practices
- Ensure new or rehabilitated developments follow city's renewable energy goals
- Protect health, aesthetics, accessibility, and health of the relationship between the river and residents/visitors
- Manage invasive vegetation, protect and retain existing native vegetation, and add native vegetation where possible
- Prohibit further hardening of the shorelines that are inconsistent with the plan
- Ensure that the natural flow of the river is enhanced and not curtailed or impeded by any element of the plan

RELEVANT EXISTING PLANS

- Boardman River Watershed Prosperity Plan (2016)
- FishPass Project
- Boardman Water Trail Development Plan (2016)
- Boardman River Plan (2013)
- Boardman River Fisheries Report (2009)
- Your Bay, Your Say (2007)
- Boardman River Wall Stabilization Project (2020)

CURRENT REGULATORY & POLICY GUIDANCE

- Community Master Plan
- Zoning
 - Zoning District C-4 includes the most shoreline of the river in the project area, followed by Open Space
- Community Parks and Recreation Plan
- Regulatory Ordinances
 - Chapter 1062 Harbor and Waterfront
 - Chapter 1064 Parks
 - Chapter 1068 Ground-Water Protection and Storm-Water Runoff Control
 - Chapter 1458 Flood Plain Management

PUBLIC ENGAGEMENT – priorities for projects, policies, best practices, and values, as identified by the public, are listed on page 22.

CHAPTER 2: UNDERSTANDING THE LOWER BOARDMAN

HISTORICAL DEVELOPMENT AND CHANGES – *habitat and water quality were reduced due to the loss of filtering wetlands, untreated stormwater, sedimentation, the deposition of often contaminated soils to fill wetlands, and*

industrial use of the adjacent land and the river... Much of these impacts cannot be undone; however, there are measures that can be taken to improve or recapture some of these important functions, while continuing to build on the economic value of the community.

CURRENT USERS

- Aquatic and riparian wildlife
- Pedestrians and non-motorized travelers
- Water-based recreators
- Stormwater

EXISTING CONDITIONS

- General Existing Conditions for each of the six reaches can be found on pages 35-41
- Access, Open Space, and Recreation conditions, weaknesses, and opportunities on pages 42-47
- Land Use and Development Systems on pages 48-52
 - Reach Four: *significant changes to the land use and density are anticipated in this reach in the near-term as vacant land is developed*
 - Reach Five: *a lot of publicly-owned land, some could be sold to be developed; given development market conditions in downtown, it would not be surprising if a number of the 1-story buildings were redeveloped in a denser fashion, and many of the lots are currently open land, providing opportunities for economic development*
 - Reach Six: *Recent construction of a larger scaled commercial office building indicates that although there are lot constrictions, the potential for redevelopment is strong on the east end of Front Street.*

CHAPTER 3: ACTION PLAN

The Action Plan is based on the premise that the environmental value of the river corridor is central to the community; this value should be reflected and reinforced through the management of change in downtown. The plan provides for both the human use of the river and the potential for preserving and enhancing the natural habitat.

RIVER CONDITIONS & HABITAT

- Core Values include: *ensure that the natural flow of the river is enhanced and not curtailed or impeded by any element of the plan*
- Projects include removing and preventing hardened riverbanks and vertical retaining walls where possible and encouraging private development to protect and create habitat
- Guidelines include developing *maintenance guidelines for riparian landscape for use in maintaining public sites and guiding private landowners*

ACCESS, OPEN SPACE & THE BUILT ENVIRONMENT

- Core Values include integrating *existing riverwalks and pathways with new connections between sites and destinations that link the river to the city in ways that are physical, visual, aesthetic, and psychological* and encouraging the attraction of year-round access
- Projects include increasing accessibility in terms of way-finding and signage (established by the DDA), connecting the trail to other nearby trails and amenities, increasing the amenities near the river, and using the riverfront to *create a more pedestrian friendly downtown*

- **Pollution Control Best Practices:** *The city and DDA should continue to manage stormwater volumes and point source pollution on new projects consistent with current best practices to protect the water quality of the river and the bay*
 - Can look to the Traverse City Ground-Water Protection and Stormwater Control Ordinance and the TIF 97 Stormwater Management Plan for guidance
 - *All private and public developments should be designed to eliminate direct stormwater flow into the river and be required to use best practices to cleanse and filter stormwater such as rain gardens, stormwater treatment structures, pervious pavements, and landscape buffers*

HISTORY, CULTURE & LEARNING

- Core values include using *the natural and cultural values of the river as a guide for decisions about the commercial, economic, or utilitarian values to be leveraged for the public good*
- Projects include *honor the Anishinaabek (First People) heritage and cultural legacy through meaningful interpretive experiences and note and interpret key sites of European settlement, and the role of the river for industry and transportation*

COMMUNITY & DEVELOPMENT POLICIES

- Core Values include establishing *that development sites, destinations, and structures must protect the health, aesthetics, accessibility, and health of the relationship between the river and residents/visitors and use the natural and cultural values of the river as a guide for decisions about the commercial, economic, or utilitarian values to be leveraged for the public good*
- The map on page 74 shows where proposed increases in the water setback will go and where there is land likely to be redeveloped in the near to mid term
- There will be additional setbacks for surface parking areas and restrictions on *the creation of public and private parking within the river corridor*
 - Public input indicated that residents support removing parking from along the river shoreline, but would like it to be replaced
- Businesses are encouraged to have a *river frontage to activate the waterfront side of their business* in addition to a traditional street frontage

IMPLEMENTATION & MANAGEMENT

- Core Values include fostering and sustaining *partnerships with shared responsibilities among public and private stakeholders who share the value that the Boardman River is a “common resource” that connects everyone*
- Assignment of Responsibilities for DDA: parking, Farmers Market Advisory Board, Traverse City Arts Commission, and Lower Boardman River Leadership Team (or its potential successor)
- This section also has information on funding and management of improvements on pages 84-86
 - *The guiding organization will need to engage sources for funding the construction and maintenance of improvements to implement the UNIFIED PLAN*

CHAPTER 4: THE ILLUSTRATED PLAN

The primary themes of the UNIFIED PLAN for physical improvements are CULTURE, CONNECTIVITY, and HABITAT.



SUGGESTED IMPROVEMENTS – below are some of the physical structural improvements along the Lower Boardman River.

- Reach One
 - Pedestrian underpass along the Eighth Street Bridge
 - Boardwalk south of Eighth Street
- Reach Two
 - Cass Street Bridge Boardwalk – improving to create a universally accessible connection
 - FishPass – dam stabilization
- Reach Three
 - Hannah Park – improve and pave the trail to increase accessibility
 - Tree Top Canopy Walk, potentially incorporated into the Pine Street Pedestrian Bridge
 - State Street Parking Lot – potential to be used to *create an enhanced connection* to the river
 - West Bend – *connect the north and south banks of the river, take advantage of the proposed underpass under Front Street, protect the privacy of residents, and preserve the character of Hannah Park*
- Reach Four
 - Fish Weir Kayak Portage
 - Union Street Overlook and Connecting Walk
 - Remove dead ends to connect the west side
- Reach Five
 - Fix infrastructure issues on the 100 block of Front Street

- Create more engaging public spaces on the 200 block of Front Street
- Connecting across Grandview Parkway: *the city and DDA should advocate for these walks, as well as for improved pedestrian crossings at Union and Park Streets to better connect downtown to the waterfront*
- Reach Six
 - East End of Front Street (south of Grandview Parkway): eliminate pedestrian dead ends and accommodate boat traffic
 - Connecting across Grandview Parkway: *the city and DDA should continue to advocate for intersection improvements at Front Street*

PLAN IMPLEMENTATION

- Cost estimate for the project is listed as \$27,200,000 on page 115
- Project priorities are listed on page 116 and *should be used as a guideline for future discussions by the city and DDA to plan future project and funding pursuits*
 - “low hanging fruit” projects *can have a big impact on the public perception of the river and create momentum for change*
- Potential funding sources listed on pages 117-118
- *As the plan moves into the implementation phase, the DDA and its partners will continue the process of measuring needs, identifying new opportunities, and establishing priorities for moving forward.*

A NEW PLAN FOR OLD TOWN

This plan lays out the Old Town Development and Tax Increment Financing Plan which replaces the TIF 2 Plan that expired in 2015. A map outlining the Old Town TIF boundary can be found on the front page of this report. The plan is expected to last for up to 25 years, up to December 31, 2041.

GOALS

1. Improve accessibility
2. Improve housing choices in and around the Development Area
3. Create a signature park at the Union Street Dam
4. Other park improvements

APPROACH

- COLLABORATION/PARTNERSHIPS – *The Downtown Development Authority provides the vision and leadership for the future of the district. The DDA, however, will work with partners whose resources and expertise are critical in executing this plan.*
- ECONOMIC RESILIENCY – *The DDA’s mission is to promote economic development in the DDA district... Establishing a tax increment financing district should only be done knowing that the focused investment made with captured taxes benefits the whole of the community.*

DESCRIPTION OF PLANNED IMPROVEMENTS

This map illustrates the 2016 Old Town Development Area, highlighting proposed infrastructure and existing landmarks. The map includes a legend at the top: a dashed line for 'Boardwalk', a dotted line for 'TART Trail and connector', and a pink shaded area for the '2016 Old Town Development Area'. Key features labeled on the map include:

- Streets:** Front, Pine, Park, Boardman, Washington, Wellington, Webster, Ninth, Cass, Lake, and Rive.
- Parks and Landmarks:** Hannah Park and Carnegie Building, Lay Park, Old Town Garage, and Boardman Lake.
- Infrastructure:** Union Street Dam and Fish Ladder, Union, Cass and Eighth Street Bridges, and the TART Trail and connector.
- Water Bodies:** Boardman Lake and Rive.

The map shows a grid of streets with various blocks shaded in different colors (green, blue, pink) to indicate different development zones or existing land use. The TART Trail and connector is shown as a dotted line running through the center of the development area, connecting to the Boardwalk (dashed line) and the Rive (blue area).

- **Expenditures of Tax Increment Revenues** are listed on page 9
- **Duration of the Plan** – 25 years, until December 31, 2041
- **Residents and Businesses of the Development Area** – *There are no plans to displace residents or businesses as part of DDA or City-initiated projects. If such a project were to displace any resident or business, such displacement will be in compliance with the Relocation Assistance Act (P.A. 227 of 1972).*

1. Map of the Development Area with Public Improvements

2. Development Area Legal Description
3. Map Showing Public and Private Land Uses
4. Real Parcels in the Development Area
5. Personal Property Parcel List for the Development Area
6. Projection of Tax Capture Over the Life of the Plan
7. Map Showing Location of Anticipated Development Projects
 - a. This corresponds with **Table 1**
8. Map Showing Location of Planned Infrastructure Projects
 - a. This corresponds with **Table 2**
9. Map Showing Location of Planned Housing Incentive Area

TAX INCREMENT FINANCING & DEVELOPMENT PLAN #97

Financing Plan #97 intends to meet the objectives of the Downtown Development Authority in promoting the economic development downtown through better land-use by providing for public parking structures and other public improvements. Greater densities, as envisioned in the City Master Plan, are encouraged in this plan. A map outlining the TIF #97 boundary can be found on the front page of this report. The plan is expected to last for up to 30 years, up to December 31, 2027.

IMPROVEMENTS

The plan lists the following improvements to direct funding towards:

- Streetscape improvements
- Creation of a new pedestrian way bisecting Garland Street
- Installation of four pedestrian bridges
- Creation of a new Civic Square at Cass and State Streets
- Support of greater densities
- Creation of public parking structures at Park, Pine, Cass, and State Streets
- Relocation of three alleys as part of the private development of parking structures
- Construction of new pedestrian plaza bridge across the Boardman River
- Utility relocation as necessary for public/private partnership developments
- Private improvements in the development area are listed in a table on pages 2-5
 - They are expected to be valued at \$132.85M
- Public improvements contemplated in the development area are listed in a table on pages 5-7

FUNDING, BIDDING, and OTHER CONSIDERATIONS

- *Funding for these projects may be provided by combinations of Tax Increment Financing funds, Auto Parking System funds, Special Improvement Districts, State & Federal grants, private contributions, and, to the extent available, earned revenue from facilities.*
- *The private portions of the development plan will be handled on a negotiated bid basis.*
- *The public portions shall be competitive bid using the procedures of the City of Traverse City.*
- The plan estimates that 65 people live in the development area and none will be displaced as a result of the plan.

EXPENDITURES & INDEBTEDNESS

- The plan outlines the purposes the funding can provide for on page 9
- The bond indebtedness maximum is expected to be \$44,538,550 (plan states \$44,538.550 but not sure if this is a typo or not)
- The plan is not to last more than 30 years, ending on December 31, 2027.

ATTACHMENTS

The plan includes the following attachments:

1. Tax Increment Financing Plan #97 Development Plan Map
 - a. Includes site plan for public and private improvements; space that will be left as open space; and the exchange of property necessary for public ownership of proposed parking structures
2. Location, character and extent of existing streets and other public facilities
3. Location, character and extent of existing public and private land uses
4. Location, character and extent of proposed public and private land uses
5. Map & Legal description of Tax Increment Financing Plan #97 Development Area
6. Zoning changes proposed in order to conform to the City of Traverse City Master Plan
7. Map detailing changes in streets, street levels intersections and utilities
8. Schedule of current and assessed values of all real and personal property
9. Calculation of estimated assessed value of all improvement completed by December 31, 2027

TRANSPORTATION DEMAND MANAGEMENT 3 YEAR IMPLEMENTATION PLAN

The overall goal of Transportation Demand Management (TDM) is to use multi-modal strategies to increase the efficiency and effectiveness of our available resources, and build on new opportunities/new approaches for parking.

OBJECTIVES

- Year 1:
 - Loading zones
 - Bike share programs
 - Residential – overnight parking
- Year 2:
 - Evaluate data to adjust meter activation times (evening, seasonal, late mornings)
 - Publish 5 year rate increase schedule
- Year 3:
 - Evaluate data for residential permits
- Ongoing
 - Evaluate and adjust metered zones based on demand
 - Evaluate and adjust Performance Based Pricing
 - Support the Destination Downtown Program and Bayline Route
 - Increase bike parking maintenance (inverted Us, in-street racks, permanent shelters, fix-it stations)
 - Increase communications and provide counseling services
 - Support eliminating redundant curb-cuts

- Add new private lots for permit and evening parking shared-use which may include pay-by-phone
- Review the Destination Downtown statistics for increases in ridership, employer participation and employee satisfaction
- Gather occupancy count data

TRAVERSE CITY DDA COVID-19 ECONOMIC RESILIENCY REPORT

Many businesses were disrupted due to the COVID-19 pandemic. The businesses of Traverse City were no different. This report seeks to share information of how the pandemic affected businesses in order to assist *the DDA in developing comprehensive solutions and providing the resources needed to successfully emerge from the pandemic.*

FINDINGS

The following were some of the findings from surveys, focus groups, and virtual visits with business owners:

- *75% of survey respondents have seen a decrease in operating revenues and sales*
- *70% of respondents predict it will be more than six months before their business returns to its normal level of operations*
- Decrease in operating hours was a major barrier
- It was, and continues to be, difficult to fill job openings
 - Especially for seasonal service jobs that are typically filled with international workers
- Lack of childcare appeared to be a barrier for employees returning to work
- *Over 80% of survey respondents were very satisfied or satisfied with DDA services*

RECOMMENDATIONS

Recommendations were broken down into three categories – overall strategies, specific business solutions, and tactics beyond COVID-19.

1. Overall Strategies
 - a. *Provide assistance in accessing financial resources, specifically grants and forgivable loans.*
 - b. *Initiate conversations with local and regional foundations, non-profit organizations, and business leaders regarding grant regulations.*
 - c. *Coordinate with area organizations to continue lobbying for additional federal grant support such as the Payroll Protection Program.*
 - d. *Provide assistance in accessing workforce solutions, such as talent development and recruiting.*
 - e. *Promote existing resources available to businesses to assist in their specific growth needs, such as product changes, updated technology, and social media modernizations through organizations such as the U.S. Chamber, MEDC, and SBDC.*
 - f. *Explore and initiate discussions and forums amongst key stakeholders regarding revised tax assessment on property values.*
2. Specific Business Solutions
 - a. *Collaborate with businesses, City, and County staff to explore creative opportunities to utilize outdoor space for additional dining and drinking options, which includes assisting businesses in navigating permitting and licensing requirements.*

- b. *In case of a shutdown due to the pandemic, explore a temporary outdoor business program to support additional outdoor business activity in the winter months.*
 - c. *Coordinate an online marketplace for customers amongst retail stores with one pick-up location, similar to the online Sara Hardy Downtown Farmers Market experience.*
 - d. *Coordinate a group advertising initiative for restaurants, bars, breweries, and wineries offering outdoor dining experiences conducive to winter weather (ex: those that offer outdoor heaters, tents, yurts, igloos, etc.)*
3. **Tactics Beyond COVID-19**
- a. *Explore what life after the COVID 19 pandemic will look like for downtown Traverse City.*
 - b. *Continue bold experimentation, such as the Front Street closure, which received very positive feedback ratings.*
 - c. *Conduct long-term research to determine the ideal target property use mix of office, retail, and residential for the downtown district.*
 - d. *Establish small group discussions amongst businesses in similar industries or roles.*
 - e. *Consider a downtown salary survey.*
 - f. *Explore the expansion of the existing SCORE business mentoring program in Traverse City to include business counselor staff specialists from the Small Business Development Center (SBDC) or Michigan Economic Development Center (MEDC).*

TRAVERSE CITY DOWNTOWN DEVELOPMENT AUTHORITY STRATEGIC PLAN 2019-2024

This plan identifies the goals and action steps within each of the following six areas of focus for the DDA: real estate & placemaking, mobility – parking & transportation, business recruitment & retention, leadership, marketing & promotion, and partnership & collaboration.

GOALS AND ACTION STEPS

- 1. **Real Estate & Placemaking**
 - a. *Extend TIF 97.*
 - b. *Establish process to identify and acquire properties for reuse and redevelopment.*
 - c. *Finalize the Unified Plan for the Boardman River while complimenting the Union Street Dam work.*
 - d. *Establish design standards and guidelines for new development in the downtown district.*
 - e. *Explore opportunities to develop workforce housing within Downtown Traverse City.*
 - f. *Explore opportunities to incorporate stormwater management.*
 - g. *Identify process to move forward with the Farmers Market and Civic Square.*
- 2. **Mobility – Parking & Transportation**
 - a. *Ensure that parking infrastructure and parking programs support the vision and mission of the TCDDA, as well as the needs of businesses, organizations and events.*
 - b. *Construct a West End Parking Deck.*
 - c. *Continue to explore options for alternative modes of transportation.*
 - d. *Provide leadership for regional commuting strategy.*
- 3. **Business Recruitment & Retention**
 - a. *Develop Responsive Retail Program, which includes the retention and protection of existing businesses.*
 - b. *Recruit two major employers into downtown Traverse City.*

- c. *Expand Redevelopment Ready Certification and attain true development readiness.*
- d. *Assess all the commercial properties within the downtown district.*
- 4. Leadership
 - a. *Establish experience and qualification criteria for TCDDA Board representation.*
 - b. *Implement a Board Development Program to ensure Board capacity.*
 - c. *Continue to educate staff and board on emerging trends and best practices.*
 - d. *Create capacity to seek grants or other funding to support implementation of strategic plan.*
 - e. *Work to incorporate the 8th Street Corridor into core DDA activities.*
 - f. *Develop Revenue Diversification.*
- 5. Marketing & Promotion
 - a. *Clearly delineate the marketing and communications of the DDA, DTCA and the North Boardman Lake District (NOBO).*
 - b. *Create a comprehensive Communication Plan for the DDA.*
 - c. *Develop marketing for the DDA.*
 - d. *Determine if added processes are needed to assess the costs/benefits of promotional events and programs.*
- 6. Partnerships & Collaboration
 - a. *Continue to work closely with city and regional economic development agencies and stakeholders to support and retain existing businesses and recruit new business and development opportunities.*
 - b. *Continue to communicate with regional entities about the role of the DDA in city-wide and regional economic development activities.*
 - c. *Use multiple channels of outreach to invite partnership and collaboration in on-going development and refinement of this Strategic Plan and in programs and activities to implement the Strategic plan.*

A PLANNING FRAMEWORK FOR HEALTHY 8TH STREET

This plan looks into the following question: *how can the physical environment of a cross-town vehicular corridor, 8th Street in Traverse City, become a place that supports well-being, active living, and improved socioeconomic outcomes for neighbors?* The plan points out challenges and assets of 8th Street then provides a vision and steps to achieve that.

VISION

A Healthier 8th Street will be:

- *A gateway into nature for all in the region*
- *A mixed-use gateway into Downtown that serves the needs of adjoining neighborhoods*
- *A place intentionally designed to support (and not degrade) the wellbeing of Traverse City residents*

8 STEPS TO A HEALTHIER 8TH

1. Provide safe connections between neighborhoods and public trails and recreational amenities along 8th Street
2. Green 8th Street corridor
3. Create places and policies to attract young talent and companies to host health technology innovation on 8th
4. Provide “missing middle” housing options to make the car-free, health urban lifestyle attainable
5. Promote compact, pedestrian-oriented development with nodes of concentrated activity
6. Provide access to affordable produce, and family-friendly, healthy dining options on 8th Street

7. Provide access to primary/preventive care and mental health support services
8. Empower residents to take ownership of their health and make the right decisions

HOW DO WE GET THERE?

The plan identifies the Traverse City DDA as the body to oversee addressing this challenge. The plan recommends that the DDA boundary is expanded to include the 8th Street corridor. It also suggests that the DDA works in tandem with the following entities: non-profit organizations, local government, and institutional and private sectors.

STORMWATER MANAGEMENT OPPORTUNITIES IN TRAVERSE CITY'S TIF 97 DISTRICT

This document is a set of presentation slides with recommendations for managing stormwater in the TIF 97 district.

RECOMMENDATIONS

- Support/develop a dedicated funding mechanism for stormwater management
- Focus on water quality for public health and quantity for public infrastructure
 - The entirety of the TIF 97 district run off goes into the Lower Boardman River then Grand Traverse Bay
- Focus on the areas with the lowest quality stormwater (buildings, roads, parking lots)
- Consider regional and public options
 - Including: rain gardens, permeable pavers, storm trees, green roofs, manufactured treatment devices, green streets, underground storage, and street and alley sweeping

TIF 97 STORMWATER MANAGEMENT PLAN

The purpose of this plan is as follows: *As stewards of the Grand Traverse Bay Watershed, the City of Traverse City intends to implement a Stormwater Management Plan for TIF 97, which supplements stormwater management documents that cover the entire city.*

DDA'S STORMWATER GOALS FOR DOWNTOWN DISTRICT

- Having and maintaining the Boardman River and West Grand Traverse Bay as a high quality natural resource is a major driver for a thriving downtown. Thus, managing the stormwater impacts from the City is critical to meeting the DDA's larger goals.
- Streetscaping and aesthetics of the downtown are important to visitors and business owners. Many stormwater Best Management Practices (BMPs) can be integrated into or may impact the aesthetic of downtown streetscaping and therefore the DDA needs to be involved in designing and selecting BMPs.
- As the downtown area undergoes development and redevelopment some sites will have more difficulty meeting the stormwater requirements of the City. It would be a benefit to DDA goals and developers to have stormwater management options that provide greater benefit at the same or lower costs. Alternative ordinance and funding mechanisms can support this flexibility.

SUMMARY AND RECOMMENDATIONS

- The biggest challenge with stormwater management is funding

- Most of the area is impervious with 50% of the area being transportation-related (parking lots taking up 20% on their own) and 20% being buildings
- Non-diffuse pollutant sources include: dumpsters, outdoor eating locations, sediment deposits, restaurants, and dry cleaners
- Diffuse pollutant sources include: parking lots, rooftops, and roads
- Stormwater controls can be site-specific or more regional
 - The controls that this report provides information on are the same options listed in the Stormwater Management Opportunities in Traverse City's TIF 97 District (above)
 - Information for each includes: background/description, potential for use in TIF 97 district, benefits, considerations, costs, and case studies.
 - The plan also shows examples of existing stormwater management infrastructure in TIF 97
- This report includes a conceptual capital improvement plan to allocate the budget for BMPs in the TIF 97 district
 - It provides options for 3-, 5-, and 10-year implementation timelines

TRANSPORTATION DEMAND MANAGEMENT STUDY

This study identifies the opportunities and barriers for various modes of transportation in and around Traverse City including driving/parking, cycling and walking, as well as taking public transit. It also recommends strategies related to the study's findings.

KEY FINDINGS

- Most downtown employees (roughly 90%) drive alone to work
- Cycling is seen as the next best option
 - Barriers include: weather, convenience, and travel times
- There is a high demand for parking for both downtown employees and visitors
- Parking demand is seasonal, with the greatest demand in the summer (peak season)
 - The shoulder seasons (fall & spring) are becoming more popular and beginning to increase parking pressure during those times as well
 - Winter is considered the off-season and has the lowest parking demand
- Development has been increasing in downtown Traverse City which has the potential to make the area more walkable
 - But development over parking lots will increase demand while removing supply
- The Bay Area Transportation Authority (BATA) provides over 500,000 annual rides between Grand Traverse and Leelanau Counties, as well as offers seasonal services
 - *Walking, biking, and parking your car are all relatively easy (as well as free or inexpensive) in Traverse City, so the pressure to take transit is likely low.*
- Bike parking is considered ample and well-distributed downtown
 - Dedicated bike lanes are important to cyclists, especially children and others who are less confident riding on the street
- Traverse City is considered walkable and bikeable, but those options are weather-dependent

DOWNTOWN & CORRIDOR MARKET ANALYSIS UPDATE

The purpose of this study is to *evaluate current trends regarding retail, residential and office development that will shape near-term prospects for the downtown business district.*

FINDINGS

- Continued low vacancy rates throughout downtown Traverse City
- Third fastest population growth rate out of all Michigan counties
- Growing demand for housing and retail sales in the 5-County Region
- Within Traverse City, limited housing options present growth pressures
 - This will, in turn, constrain retail sales
- 4.8% annual taxable real estate growth in the DDA area
 - Compared with 3.5% growth in Traverse City as a whole
- Within the county, there is faster growth in the rate of retiree populations than workforce populations
 - Due in part to insufficient workforce housing
 - Median age is increasing and household sizes are decreasing as a result
- Income growth in the 5-County Region is lower than the state as a whole
- The largest sub-markets in retail in the DDA District are restaurants, cafés, and breweries, followed by apparel
- Low retail vacancy rates downtown
 - 4.2% within the DDA district
 - *However, the number of tenants actively looking for space remains weak*
- Office vacancy rate over 8% in many areas

RECOMMENDATIONS

1. *Support a streamlined entitlement review process and dedicated incentives for real estate projects which explicitly promote community goals related to workforce housing.*
2. *As development of infill sites within the DDA District unfolds, there will be increasing pressure on existing off-street parking assets.*
 - a. DDA will need to implement strategies to mitigate this pressure.
3. *On a “day-to-day” basis, the DDA should continue to play the role of intermediary and champion for Downtown and the Corridors, working with tenants, building owners, and developers to support efforts which strengthen downtown as an important destination for residents and tourists.*
4. *The DDA should continue to improve data collection for downtown and the corridors, tracking real estate occupancy and rent data, and reporting trends on a quarterly basis.*

The underlying theme in these points is the potential need for a more aggressive public sector role in redevelopment, with the end goal of reducing the front-end time required to effect infill site redevelopment.

SARA HARDY DOWNTOWN FARMERS MARKET 2016 IMPACTS

This report compiled information about the vendors and shoppers at the Sara Hardy Farmers Market.

SUMMARY OF KEY RESEARCH FINDINGS

- **265 employees are employed** through vendors' businesses, including 156 seasonal workers
- On average: **2,190 weekly visitors** to the market and **76,600 annual visitors**
 - About half (53%) are from Traverse City zip codes
- **58% of customers** shop at the market **weekly or more frequently**
- **88% of shoppers** use a **personal vehicle** to get to the market
- **77% of visitors planned to do additional shopping, eating or other activities in the area**, while **73%** reported that they *came to the area specifically for the Farmers Market*
- Customer spending at the market: **\$105,300 in weekly sales** and **\$2,527,700 in annual sales**
- Customer spending in the surrounding community: approximately **\$3,364 on the day of a market**

Farmers markets have significant and meaningful impacts on their communities that reach far beyond vendor shopper sales and interactions, but the quantifiable data to support those impacts has always been lacking.

POSSIBILITIES OF PLACE: THE SARA HARDY DOWNTOWN FARMERS MARKET

This report was created as a compilation of the input of market vendors and consumers regarding their current attitudes and visions for what the farmers market is and should be.

SUMMARY OF KEY RESEARCH FINDINGS

- Benefits on downtown business owners: **38% report increase sales** due to the market and **48% see indirect benefits** such as increased visibility and improved vitality of downtown
- Challenges or drawbacks on downtown business owners: 26% report challenges, often due to **parking constraints** or **competition** with other downtown businesses
- **65%** of downtown business owners **prefer that the market stays in the current location** due to *the beautiful setting and centralized location close to downtown*
- Highest priorities according to vendors and shoppers: *to provide better freedom of movement and relief from crowding and congestion* and provide **shelter** from natural elements
- 50% of shoppers that drive to the market (over 80% of shoppers) **prefer to park within 2-3 blocks**
- **Bathroom access**: most vendors would like **easier access**, but most **shoppers are opposed**
- Relatively **low support for a year-round market** from vendors and shoppers
- Opportunities: *shoppers are relatively unaware of existing options for restrooms and parking*

THE BOARDMAN RIVER PLAN

This project will strive to create a Master Plan for the Boardman River that will provide the City of Traverse City with a comprehensive vision for the river's future. The plan will focus on enhancing the river's ecological health while creating new social and cultural spaces centered on the river and anchored in the historical cultural context of Traverse City. The plan focuses on the social and cultural, as well as ecological elements the river could provide.

SITE ANALYSIS

The plan points out the following areas of analysis on the Boardman River in Traverse City

- Neighborhoods – continuing to celebrate and enhance downtown

- Street grid and connectivity
- Trail systems
- Parking – mostly surface lots, often *placed on valuable real estate adjacent to the river*
- Parks – opportunity to connect parks with a network of greenspace
- River access – currently *poorly integrated into the city's pedestrian system*
- Riverbanks – focus on solving erosion, accessibility, and aesthetic issues
- Planned developments
- Pedestrian connectivity

MASTER PLAN

The master plan highlights the following opportunities for improvement of the social, cultural, and ecological components of the Boardman River in downtown Traverse City:

- Front Street – *preserving and celebrating the view down Front Street to the commercial district*
- Coastal Sand Dune Park – maintaining current TART trails, protecting trees, and providing new seating opportunities
- East Clinch Park – construction of a fishing pier to increase activity at the park's western edge
- Front Street 200 Block – improving *the city's connection to the bayfront, while creating spaces that people want to linger in rather than just move through*
- Downtown Terraces – opportunity for outdoor public space, as well as *engagement with, and visual and physical access to, the water*
- Farmer's Market – renovating the existing parking lot layout to better accommodate market users and create *a more distinct destination*
- Warehouse District – incorporating enhanced pedestrian access between the district and other key parts of the city, including through the construction of a new pedestrian bridge
- Riverfront Redevelopment Standards – incorporating design standards for new development to fit into the character of the existing neighborhood
- Hannah Park – reimagining the park to maintain *the defining naturalistic aesthetic while increasing overall park use and celebrating the area's history*
- Traverse City Whitewater Park – proposal of the construction of a new whitewater park near the Union Street Dam

IMPACT STATEMENT

The plan identifies the following six guidelines for the design of the plan:

1. Vegetation as a driver for ecological health
2. Public gathering spaces
3. Iconic urban destinations
4. Urban recreation
5. Enhanced riparian habitat
6. Linkages