

SoBo Lake Front

Boyne City, Michigan



MEDC Fellows | Peter Allen & Associates
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Acknowledgements



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Executive Summary

Authentic local culture, entrepreneurial spirit, forward-thinking government, and pristine natural resources make Boyne City poised for catalytic redevelopment that will attract new jobs and residents. This document outlines market research, development targets, design proposals, basic finances, and further recommendations that would lead to a more walkable, vibrant downtown while strengthening existing businesses and maintaining the unique character of the city.

The Sobo Lake Front Development focuses on three main concepts that will transform Boyne City's already spirited community into a vibrant destination for new residents and visitors.

1. Creating a consistent, cohesive walkable experience for pedestrians that connects the vibrant downtown to the views of Lake Charlevoix
2. Emphasizing mixed use infill developments that *excite the sidewalk* at various activity schedules
3. Leveraging the private sector, especially the local owners and developers, to use their resources to push forward the proposed developments that will bring positive growth and improvements to their community

The development proposes for historic rehabilitation and new construction of mixed use buildings throughout 8 lots that currently are not used to their best potential. Local and regional retailers will occupy the ground floor of all developed buildings. The remaining floors will have office and either one or two additional floors for rental and for sale residential.

New street level retail in Boyne City will likely work today based on these projections. This site has an approximate unlevered return of 7.81% before appreciation. Small 1 & 2 bedroom rental units could work or are close to feasible. The premium units on the fourth floor are the key to residential apartment success in the near term. Upper floor condos with view of the water will work immediately as well. Second story and above offices will likely only work if they are sold outright. The appreciation of the property would provide the majority of the return on these units.

This report was created by the MEDC Fellows, a group of six students from the University of Michigan with a combined background in urban planning, development, architecture, economics, and business administration. The team was contracted by Peter Allen & Associates to create development proposals that are aligned with the MEDC's Redevelopment Ready Communities Program.



Excite the streets by improving connectivity by activating all possible thoroughfares--sidewalks, alleys, streets, and recreational walkways.

VISION: walkable, mixed use, and attractive to new residents

The MEDC Fellows spent time in Boyne City to conduct charettes, researched the local and regional market and demographics, and interviewed community members and stakeholders to inform their proposals, which include conceptual designs, basic financial analysis, and potential site uses. Three areas were identified as key development targets:

1. Site A | “SoBo Lakefront”

An interesting history and eclectic businesses make the south end of the city a destination. However, vacant storefronts, poorly maintained structures, and non-retail uses along S. Lake St. do not attract foot traffic into the district. Front St. also lacks in retail at the sidewalk, which dissuades pedestrian activity. The proposal activates both S. Lake and Front by redeveloping or refurbishing the block from the Artist Co-op to the Sportsman’s Bar. The development implements a mixed use development with retail that lines both S. Lake and Front St., some second floor office space, and one/two bedroom residential units on the 3rd and 4th story. The view corridor from Ray St. to the waterfront is not only maintained, but enhanced by creating an interesting pedestrian thoroughfare with seating and landscaping. Front and S. Lake are also visible from local parks, and increased foot traffic on these streets would also better integrate recreational opportunities with downtown activities.

2. Site B | Ray St. Infill

In order to activate Ray St., the fellows highlighted two surface lots that could be developed into more efficiently used space: first, the surface lot at the corner of Ray and S. Lake is at a prime location for ground floor retail. Second, the fellows have proposed a small parking deck that is lined with incubator space to accommodate for the new development while continuing to activate the sidewalk.

3. Site C | Riverfront Boutique Hotel

A surface lot on the north side of the river was also targeted for infill. Congruent with the vision of some city officials, the team has proposed a boutique hotel with a riverfront restaurant, as well as additional retail to activate the sidewalk. This development would also provide an opportunity to build a pedestrian bridge so the downtown core is more accessible.

This development is possible if the city works with local developers and community members to execute creative financing and deal structures. Local business owners and entrepreneurs can contribute capital and equity, while the city could provide tax incentives and assist in the pursuit of other funding that will help get the development off the ground. Activating the local network is also crucial to maintain the authenticity of the city and integrity of the local economy.



Bird's eye view of the existing conditions in Boyne City's downtown and waterfront properties. The proposed development will improve connectivity to these amenities with infill development and active ground level retail

Vision and Goals

The proposed development connects a downtown that seamlessly transitions from the boundaries of Boyne City, inviting pedestrians to meander in and out of the many adjacent shops and restaurants. The three phases of this project plan to make this vision a reality by funneling foot traffic from the more open recreational areas of Boyne City, like the waterfront, to the bustling SoBo, shopping, and nightlife districts. The emphasis on sidewalks, alleys, and view corridors to manifest this vision and connection improvement. This plan suggests key components on lots with the most opportunity potential to activate the streets at a diverse time schedule.



Suggested pedestrian path crossing the Boyne River.

Dual Frontage on Lake and Front

Minimizing setbacks with newly constructed buildings provides welcoming retail on the west side of South Lake St as well as the underutilized east side of Front St. Glenn Catt, the developer responsible for the building now housing successful Cafe Santé and the abutting proposed condominium development has voiced his openness in reconfiguring the layout of the condos to provide a street side frontage for multiuse retail and residential along the west side of front street. Doing so would be beneficial as it would mirror the SoBo project and further enliven this section of the downtown.

Pedestrian path across Boyne River

Boyne City provided a great walk-scape with the pedestrian boardwalk along the Boyne River. A latter phase of this project calls for a boutique hotel at the southwestern corner of North Park and River St. It is our reasoning that a pedestrian bridge spanning the river from the back of the proposed hotel to the observation platform of the boardwalk will provide a critical connection from the hotel and park area to other activities downtown.

Retail lined parking structure

Additional retail from Site A plans will remove current surface lots and increase traffic due to new retail. To mitigate this influx of cars, the team has planned for a 3 story parking structure strategically placed on Ray St. behind the Marathon Gas Station. To keep the downtown fabric vibrant. This parking structure provides kiosk retail on ground level where seasonal merchants, small start-up vendors can rent micro units as needed. Foot traffic within the parking structure ensures that potential customers see these retailers.

It is our intention to coordinate our vision with the 15 goals concluded by Boyne City city officials and community members. Below are the Boyne City Goals 2012 that apply to the SoBo Lake Front development proposal.

1. *Encourage the redevelopment or reuse of sites and structures in town.*

- All proposed phases of this project support this goal by either reconstituting current sites or building new on vacant lots, all in attempt to enrich Boyne City's downtown.

2. *Promote high quality, balanced and sustainable community.*

- One of the main goals put forth by our team was to collect as much community and business owner input before drafting the project plan. Doing so has provided insight to the wants and needs of the downtown community. This insight sets this project apart from a normal market analysis as the community gets first and last word on what should and what will be built, this level of input provides a better chance at a lasting and sustainable positive change to the downtown district.

3. *Attract and retain family supporting jobs.*

- Local entrepreneurs were high priority when determining who would be best suited to fill in the new retail space created by the SoBo Lake Front development. It is our belief that the passion emitted from these business people paired with their deep knowledge of Boyne City and the surrounding region provides a greater chance of lasting businesses and lower vacancies than may necessarily be provided from a national chain placed in the same space.



Robin Lee Berry, co-owner of Freshwater Art Gallery and Concert Venue shared her insights and visions for SoBo's future.



The Boyne City community acknowledges SoBo as the artistic district. The development proposal works with Boyne City community goals and visions to maintain this designation and to encourage its full potential.

Research and Analysis

Location Analysis

Between the 2000 and 2010 censuses, cities in northern Michigan have experienced a stagnation in growth with many city populations declining substantially. Boyne City has been insular from these trends, as their population has increased by 6.62% over the same time period from 3,503 to 3,735. The only other major city in the area to experience growth during this time period is Traverse City which grew less than Boyne City in both percentage and absolute terms despite Traverse City being nearly 4 times larger than Boyne City.

Boyne City's unique growth is even more staggering when compared to cities of more comparable size. Petoskey, Charlevoix and Harbor Springs all have experienced declining populations between the last two censuses, ranging from -6.74% in Petoskey to -23.80% in Harbor Springs. (See Figure 1)

This growth is driven primarily by an influx of persons 65 years and older and persons 18 to 64 years of age. The latter group's growth is believed to be skewed towards the 18 to 30 years range because Boyne City has also experienced an increase in 0 to 4 year olds. (See Figure 2)

For a more comprehensive demographic breakdown, refer to the excellent Boyne City Market Profile[1]. The data in this section is from 2000 and 2010 census data, as well as the Boyne City Market Profile.

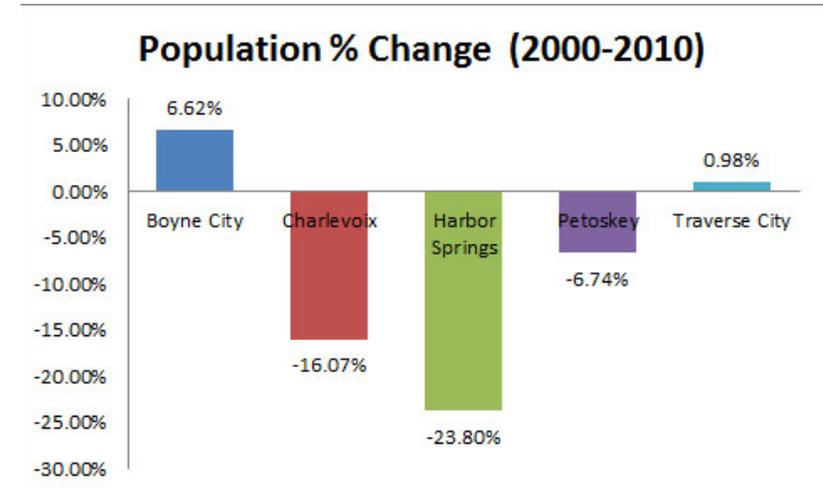


Figure 1

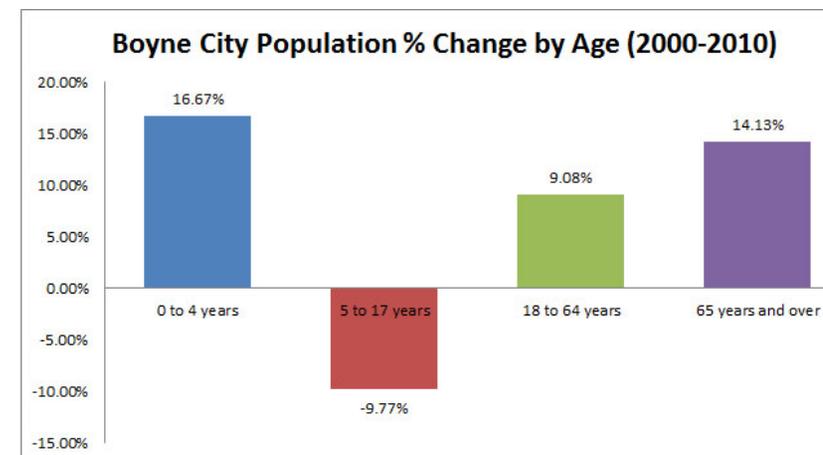


Figure 2

Strategic Analysis

Boyne City's strengths are its many events that draw people into the downtown area such as the Poker Run, Stroll The Streets, and the Labor Day Weekend Car Show, the waterfront of Lake Charlevoix and the many recreation opportunities it affords, signature restaurants unlike any in the region, and the beginning of the SoBo area for fun and unique businesses. Last but not least, Boyne City is known for its businesses having longer hours and staying open later than most businesses in nearby communities. This is aided by events described earlier, such as Stroll the Streets.

Boyne City's weaknesses are several unused/underutilized buildings in the downtown area, a lack of integration with the river, and several properties that break up the continuation of the downtown streetscape, most notably the gas station on Lake Street, the car wash on Ray Street, and the many professional firms that line Water Street and Lake Street. The professional firms are wonderful assets to the community, but they do not excite the sidewalk nor draw shoppers down the street, with the exception of sales oriented firms like real estate and yacht sales. Ideally, the non-sales firms would relocate to second story offices in the downtown area to make more room for sidewalk-level retail, market permitting. Creating second floor ownership condominium units for ownership opportunities rather than rental may be an enticement--especially with Boyne City values likely to appreciate. Further, Boyne is largely viewed as a three month market, seeing peak foot traffic from June through August. While many businesses choose to stay open year-round, it is not a very profitable for these businesses during the off-season.

There are many opportunities for Boyne City to leverage its strengths and mitigate its assets. One of the biggest opportunities lies in leveraging the people that Boyne Mountain brings to the region. During the winter, Boyne Mountain brings in an average of 4,000 skiers each

weekend[2]. If Boyne could funnel people from Boyne Mountain into Boyne City, the seasonality of the downtown area would be reduced substantially, at least on weekends. There is already a shuttle service between Boyne Mountain and Boyne City, but visitors to the Mountain do not have a compelling reason to leave and explore Boyne City. A possible solution could be to introduce an anchor business in downtown Boyne City such as a brewery. The brewery could market its beers at Boyne Mountain, which would increase name recognition and interest in the brewery, drawing people to the brewery and thus into downtown Boyne City. Another opportunity for Boyne City is to increase the river's role in the downtown area and build upon the success of the Boyne River Walk. Some ways this can be accomplished are developing the parking lots on the north side of the river and allowing shops and restaurants to utilize the riverwalk space. For example, Red Mesa could offer riverwalk seating behind their restaurant.

Threats to Boyne City revolve primarily around communities such as Charlevoix and Petoskey adopting Boyne's strategies of staying open later and holding many unique events with stakeholder buy-in. In theory, this could attract new businesses to the other cities instead of Boyne, and possibly reduce traffic to downtown Boyne City. Other threats could include Boyne Mountain adding more shops and restaurants, creating even more incentive for their guests to stay on-site. Macroeconomic threats include a downturn in the auto industry, rising gasoline prices, and general economic downturn, since the region is heavily dependent on tourism from downstate and the Chicago area. This presents an opportunity to create a region wide marketing program in the interest of providing a broader variety of experiences to travelers to enjoy the multifaceted region needs to be explored.

Regional Assets

The region's greatest asset is its abundance of lakes, rivers, ski hills, national parks, state parks and the recreational opportunities these entities afford. Specifically both Lake Michigan and inland lakes such as Lake Charlevoix and Walloon Lake attract thousands of tourists to the region every summer. Lakeside communities swell to many times their year-round populations in the summertime due to these abundant natural resources. In the winter months, ski resorts attract thousands of tourists each weekend. It has been difficult for some communities to fully take advantage of the influx of people during the winter months due to the inclusive nature of many ski resorts. These resorts should still be viewed as a major asset and communities should continue to work with them to enhance the local economy, both at the ski resorts and in the communities themselves.

All travelers to the region want the experience of waterside recreation, walks and picnics, and downtown restaurant and nightlife experiences, bars and music. Boyne City seems uniquely qualified to attract many people seeking these amenities.



Boyne City's public water front attracts visitors for all seasons. Lake Charlevoix | Boyne City, MI



Well maintained streetscape and pristine lake front views are distinct qualities that will attract and retain a critical population that shares Boyne City's vision and values for sustaining through the future. SOURCE: Michigan Main street Center.

Sources:

[1] Boyne City Market Profile (2012)

[2] <http://www.mynorth.com/My-North/December-2009/Interview-With-Boyne-Mountain-039s-Snowman/>

Market Analysis

Many successful business owners within the Boyne City downtown central business district have stressed the importance that retail venues stay open past five or six in the evening and keep a presence year round. We have spoken with several business owners who have made larger profits when they operate longer hours, year-round.

The majority of the retail of the SoBo Lake Front project is vacant with only The Sportsman Bar and the art co-op remaining as viable businesses. Feedback from local retailers and entrepreneurs indicate a strong preference for local and regional businesses being placed in the created retail space. Boyne City stakeholders expressed desire to bring the following types of retailers to their central business district.

- Butcher
- Shoe store
- Health food retailer
- Restaurant with more vegetarian/vegan options
- Brewery or brew pub
- Bakery
- Specialty shop (sporting goods, fishing, biking)
- Improved coffee shop and meeting space
- Exercise or yoga studio
- Stationery/paper goods store
- Boutique hotel near the waterfront

Appendix A contains a list of potential Michigan retailers to consider that would keep the regional and local economy vibrant through the hiring of local talent.

Assumptions

Boyne City's seasonal business climate has caused its commercial rental rates to be lower than those of comparable towns with year-round business activity. Based on rates from Boyne City's One Water development and various other properties along Lake Street and Water Street, current commercial rental rates in Boyne range from about seven to twelve dollars per square foot. As a new development in a prime location, with the promise of bolstering downtown activity, we expect Site A to generate rents about twenty percent above the current range. We have priced Site A's first floor general retail spaces at fourteen dollars per square foot triple net. Restaurant retail will rent at a rate approximately ten percent higher than that of general retail. Second story office spaces are priced slightly lower at twelve dollars per square foot gross modified, with the exception of one unit in the development on Lot A4 that will have a lake view through the view corridor. This office unit will have rents ten to twenty percent higher than the other office units. Site A's catalytic impact on Boyne's downtown will boost year-round business activity and further support these rates. We have assumed all commercial rents will escalate three percent per year in line with inflation.

Based on feedback from town stakeholders, there is a high demand for new residential rental spaces in Boyne City. We have based residential rents for Site A partially on comparable rental spaces in surrounding areas, such as Petosky and Charlevoix, while also taking into consideration the average income of Boyne City residents. We have assumed gross modified rents for all residential spaces in Site A. We have priced Site A's third floor one bedroom rents at fifteen dollars and sixty cents per square foot and Site A's third floor two bedroom rents at twelve dollars per square foot. All fourth floor residential spaces will rent at a twenty to forty percent premium to their third floor counterparts given the scenic lake views available to fourth floor residents. We have assumed residential rents will escalate three percent per year in line with inflation.

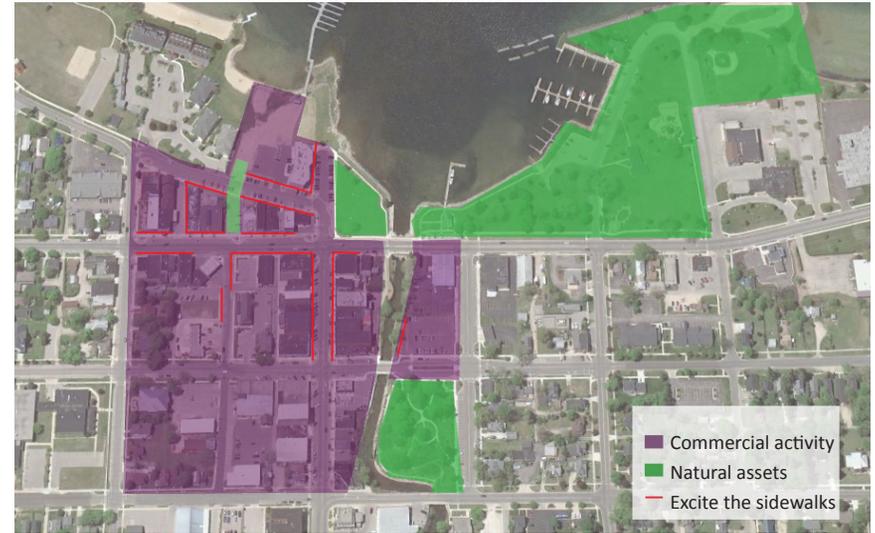
Site Analysis

Boyer City's urban design reveals a mirrored pattern with the river as an axis. The natural landscape of the lake front park to the north demonstrates organic success from preserving natural assets. The central business district to the South reflects this success with businesses and local establishments. Water St and S Lake St anchor the central business district with Ray St, W Main St, S Park St, and S East St spreading the district establishing its prominence south of the river. The concentration of businesses and activity occurs on Water St. Opportunities for development exist on Water St; however, these opportunities are suited best to accommodate growth and expansion for the existing businesses.

Exuberant business owners and historical landmarks like the Boyer City Theater create activity in the SoBo district—located south of Water St on S Lake St. Some buildings and land uses in SoBo have the potential to serve the district better than its current situation. The successful surrounding businesses and urban design leverage the opportunity potential in SoBo to improve connectivity and walkability in downtown Boyer City.

The four lots in the block between Front and S Lake St were identified as development opportunities that could connect the vitality between Water St and S Lake St's main attractions. Additionally, this development plan strives to improve connectivity by exciting Front St by establishing store fronts on both sides of the new buildings. This will encourage foot traffic from the One Water development and surrounding lake front residences to the Boyer City's central business district.

The new development will maintain the historical integrity of any historically registered buildings by salvaging the buildings' façade and replacing deteriorating or dysfunctional buildings with new construction. Aesthetically, this new development will complement the contextual built environment with classic architecture. The newly constructed



Downtown Boyer City's urban design reveals a mirrored pattern. The green highlighted area illustrates the successful natural features. Serving as an axis to the downtown, the river reflects similar success to the purple highlighted business districts. The red lines articulate existing active streetfronts and proposed goal to "excite the sidewalks".

Site Analysis (continued)

buildings have the opportunity to maximize on the development's economic potential by increasing the number of stories on each new building—maintaining the height requirements as articulated in Boyne City's zoning ordinance. The third and fourth stories will capture rent or sale premiums of 30-40% because of the Lake Charlevoix views. Additionally, this premium encourages presales to jumpstart the developments.

The proposed development plan insists that all ground level activity be retail oriented—50% retail, 50% restaurant—with setbacks adjacent to the sidewalk. An interactive sidewalk experience that encourages fluid indoor and outdoor activity is important to creating an exciting public space. Beyond the ground floor the second, third, and in some, the fourth floors have the flexibility to be office space, rental apartments or for sale condominiums. Mixed use developments yield different schedules of foot traffic; therefore, people occupy the sidewalk at all times of the day.

The proposed development plan preserves the lake view corridor that exists congruent to Ray St. The architecture and urban design of the development encourage pedestrian traffic flow through this corridor and incorporate the lake as a valuable asset to the city and new place.



Downtown Boyne City's charming historic character



Historical facade rehabilitation and improved connection corridor for the current artist co-op.

Development Proposal

The SoBo Lake Front development proposes three phases of various mixed use development historic rehabilitation and new construction. The existing success of Water St and the growing popularity of Boyne City's artistic corridor, SoBo, serve as a critical mass to leverage construction build out and attract new development to suit permanent residents.

The redevelopment strives to excite the sidewalks by activating retail frontages on both Lake St and Front St. This creates a consistent scale of architecture and business activity as pedestrians move throughout the city.

The Lake Front view corridor anchors Site A of the development with urban design suggestions that draw pedestrians from Ray St to the thoroughfare and capture the same movement from the views and activity occurring on Lake Charlevoix and the western side of the development.

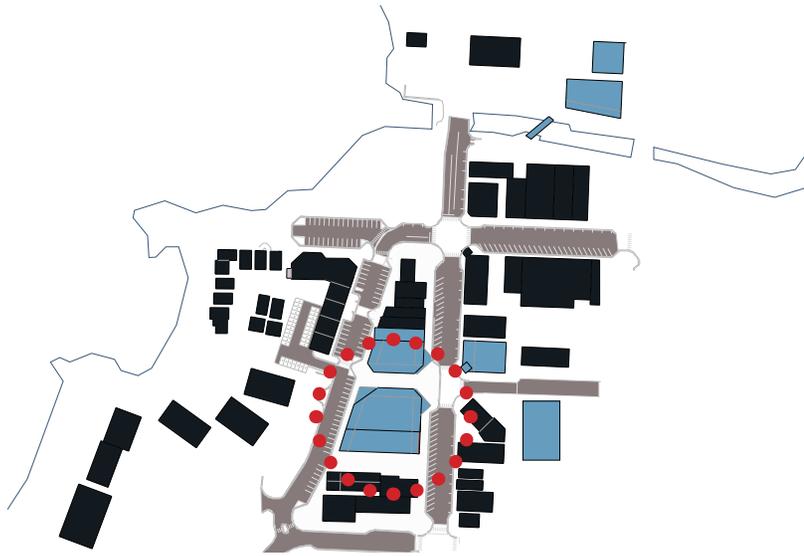
Subsequent phases on Site B and Site C demonstrate suggestions to support the initial development in the long term. The developments in these sites are a result of the market analysis through interviews and review of official city documents.

Overall, the development intends to be a supportive addition to retail and encourage permanent residents that value urban living and nature's beauty.



Proposed development and phasing

SITE A



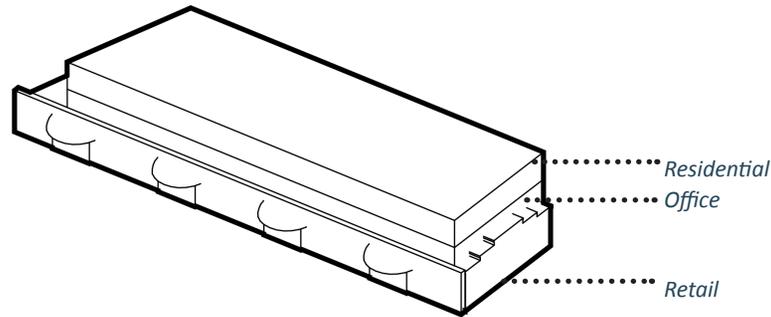
The first building of the proposed development is a mixed use historic rehabilitation and new construction. The redevelopment preserves and restores the historic facade and replaces the remaining body with new construction that is consistent with the historic style.

Currently the artist co-op uses the ground floor. The new development improves the artist co-op space by incorporating gallery space and collaborative artist workspace. The collaborative artist workspace would be a studio that has the professional artist tools and equipment available for people to use on a membership basis. Additionally, community artists can use the space as a gallery space.

A1



Existing conditions; current home of the Boyne City Arts Collective an art gallery and artist co-op

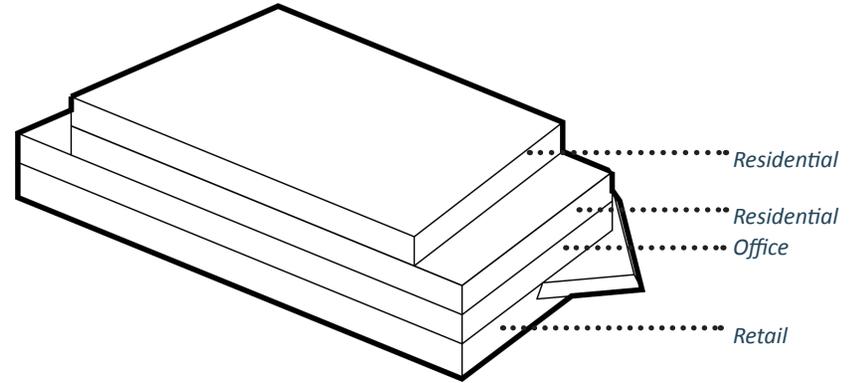


Suggested improvement to the Arts Collective

A2

The second lot within the development plan suggests multiple access points along the perimeter of the building. Both eastern and western sides of the building will be active retail fronts that encourage activity along Front St and Lake St. Additionally, the northern side of the building opens to the view corridor. The view corridor preserves the views of Lake Charlevoix that are seen from Ray St. The view corridor also serves as a unique plaza space that encourages fluid traffic within the buildings and outdoor space leading the eyes and stroller to the waterfront.

A brewery or restaurant is a suitable retail option for the bottom level retail space in this building. The location of this retail has visibility from foot traffic flowing from Water St and the northern ends of Lake St and Front St. therefore, positioning this space for an anchor establishment.



Existing conditions: Vacant multiple retailer and office space. The current lake view corridor is to the right of this image.



Suggested addition to the building proposal: activate the view corridor with patio tables from the restaurant and twinkling lights to create a warm and inviting atmosphere.

SOURCE: Contigo | Austin, TX

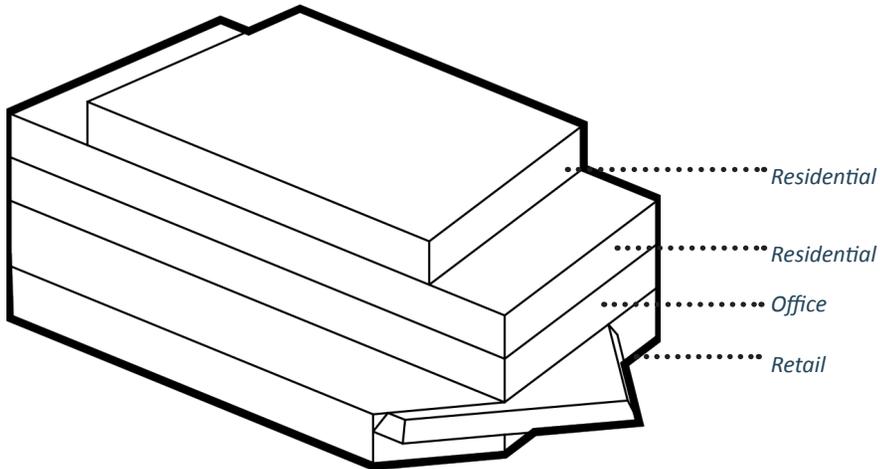
A3



Existing conditions: Former Pasta Bella, it is currently a BBQ restaurant



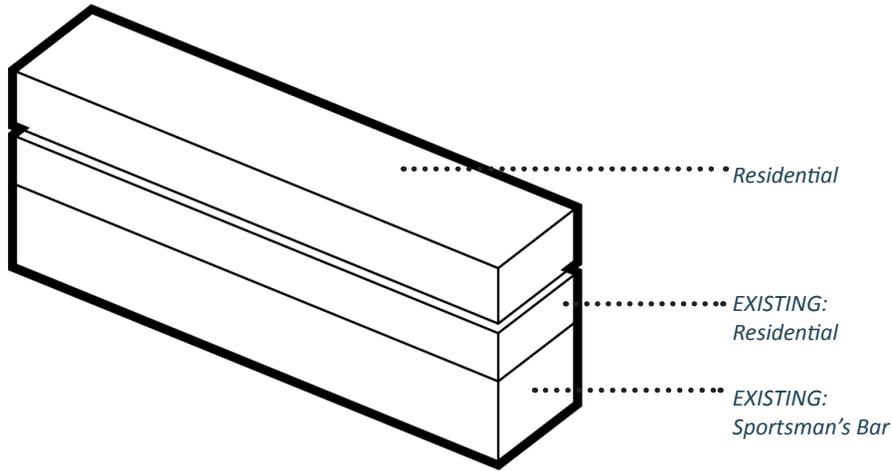
Existing conditions: The view corridor is currently a parking lot. This shows the opportunity to create an inviting atmosphere so people can enjoy Boyne City establishments and the serenity of Lake Charlevoix.



SOURCE: (L-R) Capital Kitchen | Melbourne, Australia; Little Luxuries | Macinac Island, MI

The third lot serves as the opposite barrier that creates the view corridor and development plaza. The retail frontages will border the all exposed edges of the building. Retail will be equally distributed with retail and restaurant. This development intends to be a town gathering space; cafe style retail should accommodate larger groups of people; entrances and windows should be welcoming, incorporating outside activity within the indoor establishment.

A4



SOURCE: Lake Wakatipu

The final suggestion in the first development is to add a story of residential to the historic building where the Sportsman’s Bar currently exists. This additional story will provide contextual consistency to the building massing for the new development and the existing story height of the surrounding buildings. The added story capitalizes on the magnificent views of Lake Charlevoix while adding the necessary critical mass of people to activate the proposed development.

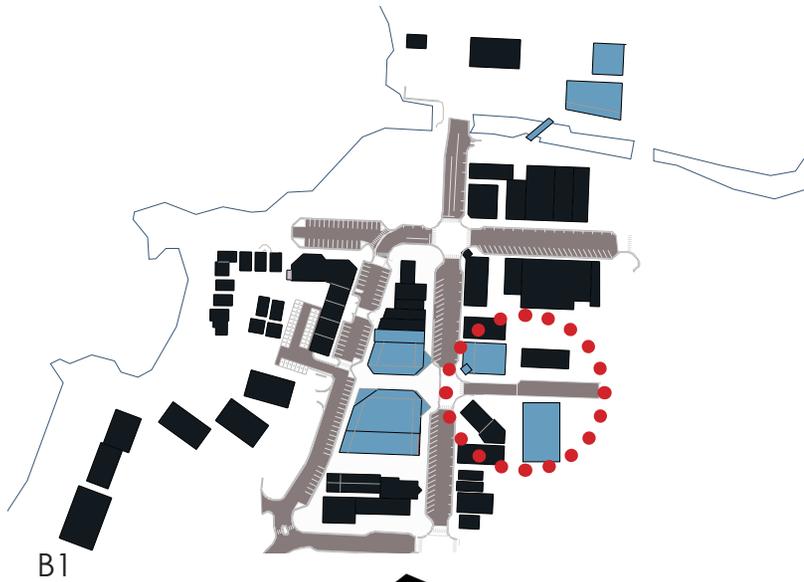


Rendering of the start of SoBo Lakefront development considering the Boyne Theater



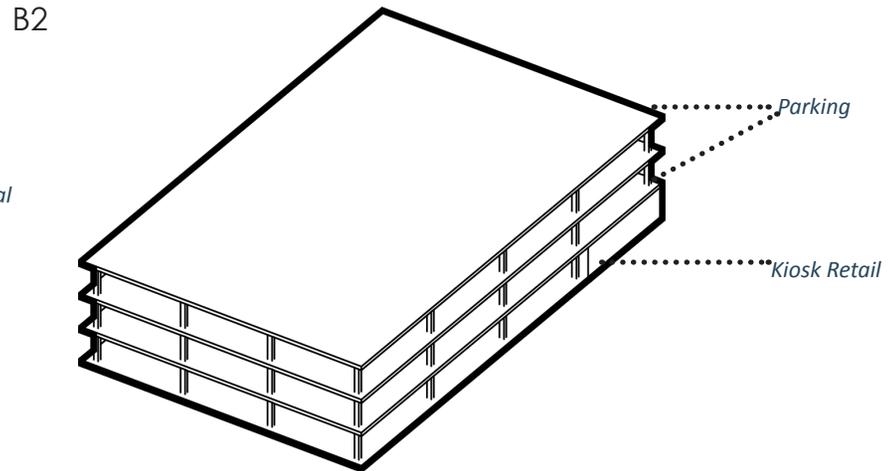
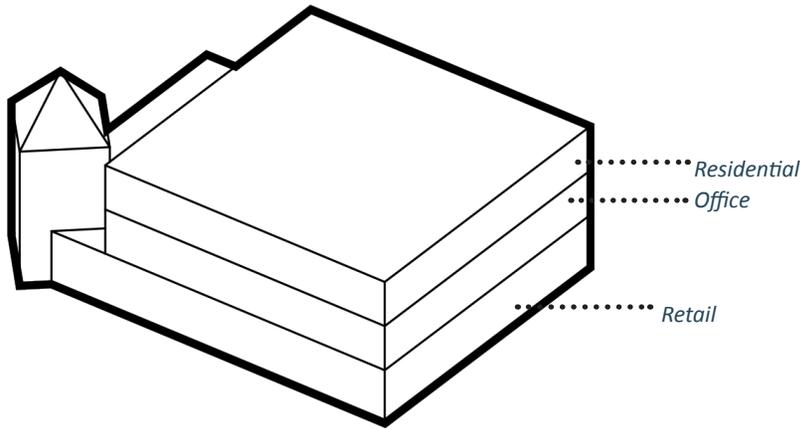
Rendering of the lakeview corridor at the intersection of Ray St and Lake St

SITE B



The Site B proposal is an additional supportive development. It establishes consistency to downtown's urban design by converting a current parking lot into a mixed use building (B1) that echoes the clock tower structure at the Water St and Lake St intersection. Furthermore, the parking garage (B2) addresses additional parking needs for new residents and visitors that the street parking will not satisfy.

This phase of development helps maintain a consistent experience for pedestrians along the sidewalk. Large set backs and vacant lots adjacent to the sidewalks create an exaggerated barrier to pedestrian traffic flow. Consistent building scale along the sidewalks gives the pedestrian a comforting experience that encourages them to continue along the street.

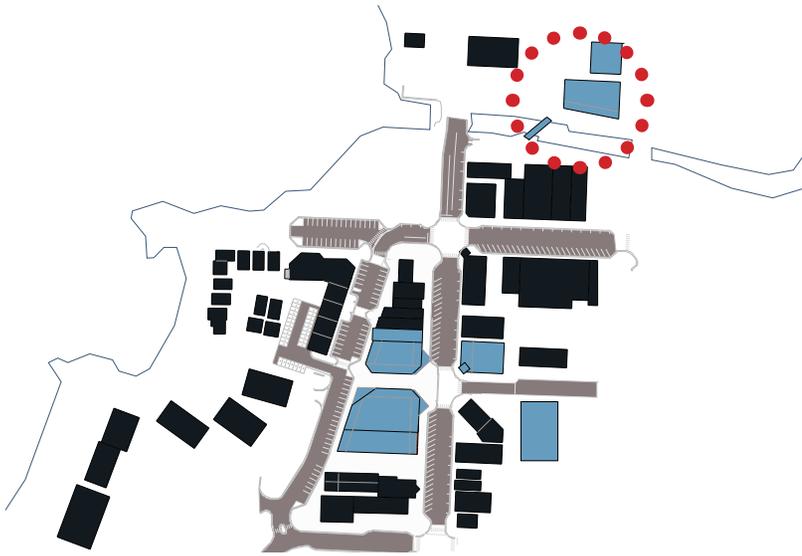


Consistent Urban Design



SOURCE: Imagine Griffith; Ball State University

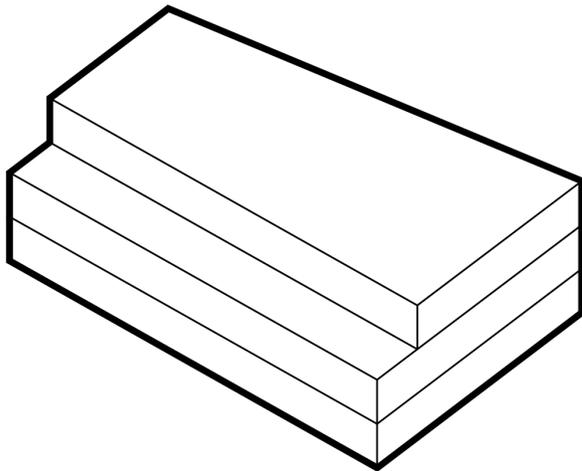
SITE C



The final phase of the development proposal suggests boutique hotel, additional retail and pedestrian bridge. The City's efforts to preserve and maintain the river are important to highlight. The proposed development intends to draw people from the downtown activity to enjoy the beautiful natural assets Boyne City offers.



C1



The Downtown Boyne City Development plan as well as many stakeholders expressed interest and desire in housing a boutique hotel within the downtown and lake front context. The hotel has the potential to attract many young professionals from surrounding hospitality programs at regional colleges and universities. Additionally, the hotel brings excitement to the riverside and the inactive side of Water St businesses.



SOURCE: Chatham Bars Inn | Chatham, MA

C2

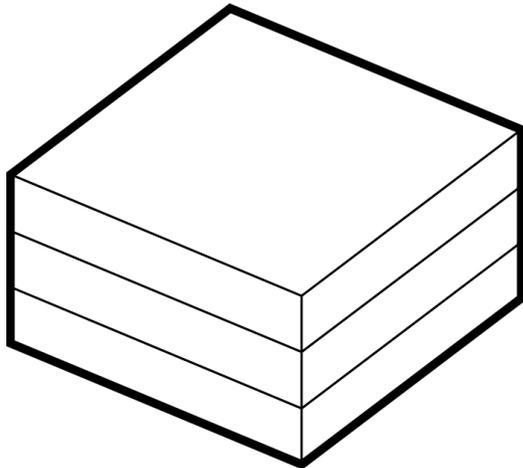
Proposed mixed use retail & Pedestrian bridge



Existing conditions; North side view looking East



Connection opportunity to Water St activity.



Building massing of the proposed retail development. This retail establish will include retail services and offices that can serve the conveniences of the hotel and community.



Design suggestion

Landscape design



Illustrative diagram showing the design concept

The Lake Charlevoix view corridor inspired the landscape and urban design of the SoBo development. The brick patterns aim to draw people from Ray St. and the natural serenity from the lake view into the plaza gathering space between the two buildings. Landscaping and large scale public art pieces line the development and help encourage traffic flows to the development.

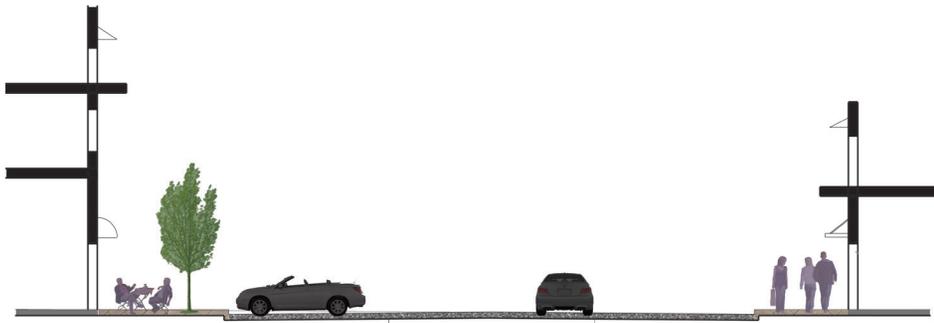
Distinct pedestrian crossways with patterned bricks will ensure safety for the increased pedestrian traffic that will follow with this development. The brick pattern signals to vehicles a change in transportation mode and pattern and will suggest caution. Improvements to Boyne City's pedestrian crossways was acknowledged as a priority improvement in the City's downtown development plan. The SoBo Lake Front development has the potential to encourage greater economic growth that could support further improvements that are articulated in the downtown development plan.

Excite the sidewalks

Maintaining a consistent pedestrian experience is a main focus to the development proposal. This can be achieved by activating building frontages and rears on all accessible streets. Additionally, ground floor building activity should mirror the similar activity on the opposite side of the road--a like facing like experience.

All phases incorporate excite the sidewalks into the construction and programming of the developments. Site A strives to activate Front St so residential activity along the lakeshore is consistent. Site B proposed kiosk retailers to fill the ground floor of the parking garage to activate the sidewalk at diverse time schedules. Furthermore, Site C activates the riverfront and the back facades of Water St businesses and establishments maximizing on its already existing corridor.

It is important that potential new construction plans beyond the scope of this proposal share the same excite the sidewalk vision. This is a urban vitality best practice that will create a cohesive urban landscape and vibrant experience for residents and visitors.



Street section of Front St. illustrating the context of mirrored development adjacent to the sidewalk to create a consistent urban environment. The SoBo proposed site occupies the left; the right side building massing suggest the proposed lake front beach house retail to echo the Sobo development's adjacent retail.



Front St rendering

Financial Analysis

The Lake Street development is viable as a four-phase development. Phasing development in four distinct sites makes the project feasible from both a financial standpoint and for buy-in from the community. We believe that a 7-9% return on investment is feasible for the entire development, given the development is phased. For these returns, we assumed hard construction costs of \$105 per SF, soft construction costs of \$16.80 per SF, and site plan/zoning costs of \$10 per SF. Land acquisition costs vary by site. The four site developments will be:

- 210 Front Street (the site of the building currently occupied by Boyne Arts Collective)
- 202 A S Lake Street (the current site of Lakefront Square Mall)
- 118 S Lake Street (former location of Pasta Bella)
- 118 B S Lake Street (above Sportsmans Bar)

For 210 Front Street, the land acquisition costs are approximately \$21.83 per SF. The current market rents yield the following unlevered returns:

210 Front Street Market Rents and Unlevered Return

Unit Type	Annual Price Per SF	Triple Net Rents	Unlevered Return
Residential 1br	\$15.60	\$9.36	6.09%
4th Floor	\$18.72	\$11.23	7.31%
Residential 2br	\$13.50	\$8.10	5.27%
4th Floor	\$16.20	\$9.72	6.33%
Office	\$12.00	\$7.20	4.69%
Retail	\$12.00	\$12.00	7.81%

For 202 A S Lake Street, the land acquisition costs are approximately \$10.62 per SF. The current market rents yield the following unlevered returns:

202 A S Lake Street Market Rents and Unlevered Return

Unit Type	Annual Price Per SF	Triple Net Rents	Unlevered Return
Residential 1br	\$15.60	\$9.36	6.57%
4th Floor	\$18.72	\$11.23	7.89%
Residential 2br	\$13.50	\$8.10	5.69%
4th Floor	\$16.20	\$9.72	6.82%
Office	\$12.00	\$7.20	5.06%
Retail	\$12.00	\$12.00	8.43%

For 118 S Lake Street, the land acquisition costs are approximately \$6.11 per SF. The current market rents yield the following unlevered returns:

118 S Lake Street Market Rents and Unlevered Return

Unit Type	Annual Price Per SF	Triple Net Rents	Unlevered Return
Residential 1br	\$15.60	\$9.36	6.79%
4th Floor	\$18.72	\$11.23	8.14%
Residential 2br	\$13.50	\$8.10	5.87%
4th Floor	\$16.20	\$9.72	7.05%
Retail	\$12.00	\$12.00	8.70%

For 118 B S Lake Street, the land acquisition costs are approximately \$38.31 per SF. The current market rents yield the following unlevered returns:

210 Front Street Market Rents and Unlevered Return

Unit Type	Annual Price Per SF	Triple Net Rents	Unlevered Return
Residential 1br	\$15.60	\$9.36	6.09%
4th Floor	\$18.72	\$11.23	7.31%
Residential 2br	\$13.50	\$8.10	5.27%
4th Floor	\$16.20	\$9.72	6.33%

The above aforementioned returns are calculated by dividing the Triple Net Rents per SF by the Total Construction Costs per SF from each development site. The residential apartment rent rates will vary based on type of unit and on which floor the unit is occupying. Fourth floor units will all have views of Lake Charlevoix, increasing their rents by 20-40% (a conservative estimate of 20% was used in this analysis). Restaurant retail rents will be approximately 10% more than general retail rents. Office rents will be mostly consistent, with the exception of one unit that will have a lake view through the view corridor in the development on Lot A4. This office unit will have 10-20% higher rents than the other office units.

The omission of operating expenses from the financial calculations is deliberate due to a complete development-ready financial breakdown being outside the scope of our project. However, we roughly estimate that operating expenses will be 40% of gross rents, while retail will have operating expenses closer to 50% of gross rents. These operating expenses will only directly affect developers and investors for residential and office tenants who will be paying modified gross rents. Retail tenants will have triple-net lease agreements, so they will ultimately bear the operating expenses.

Residential rental units are in strong demand in Boyne City, so we recommend that developers consider the possibility of omitting second floor office space for more residential rental units. Further, we recommend that the residential units are built to condominium specifications so that the units can be sold outright at some point in the future.

Financial Analysis (continued)

In conclusion, phasing this development into four separate projects reduces risks by lowering up-front costs as well as the number of tenancies that need to be filled at one time. A 7-9% unlevered return, not including appreciation, is viable for these sites. The success of the Lake Street development is not risky, but it is complicated. For this project to work, the city, developers, investors and community need to be on the same page. One of the most important areas that needs to be addressed prior to development is the allowing the construction of a fourth floor for residential units. The fourth floor is necessary to produce units with water views, and these views can command 20-40% higher rent rates which are necessary to make this development feasible. The city should also play a major role in attracting tenants. Further, quality retail tenants that excite the sidewalk are needed to make Lake Street and Front Street vibrant. Previously in this report and in the Boyne City Market Profile there are ideas sourced from the community of potential tenants. The city should actively recruit companies and individuals who fit these business profiles and incentivize these companies to locate in Boyne City. (See Appendix B for detailed development calculations)

Further Recommendations

Boyer City has created a climate that encourages positive development and local entrepreneurship. This report has provided a vision for three target areas within downtown, but we believe that city officials will maintain this vision of walkability as they approach other development sites, which may include the car wash and Mobil station. In addition to our development proposals, the following recommendations could also be implemented to make the downtown even more vibrant.

- Continue to connect with local and regional assets:
 - Working with local developers and property owners allows for creative financing, incentives, and partnerships that not only ensure positive returns, but encourage visioning and development that maintains local historic character.
- Continue to strengthen and collaborate with local businesses and regional attractions:
 - Attracting regional retailers (rather than nationals) maintains a higher sense of authenticity and would also strengthen the regional and state economy.
 - Working with existing businesses and institutions to increase services could lead to more business attraction. For example, working with the hospitality program at GVSU could attract young people to new retail and lodging operations, while providing space for small technology firms may encourage local residents to start a company or expand operations.
 - Collaborating with other cities to strengthen regional recreation, such as bicycle trails, ensures that they are maintained as both attractions and amenities for the local residents.
- Activate the sidewalk to create a vibrant downtown:
 - Incentivize non-retail firms (law, accounting) to relocate to second story office space to activate the sidewalk with ground floor retail.
 - Turn on the theater marquee to encourage pedestrian traffic to the south end of the city.
 - Encourage downtown businesses to stay open for longer hours year-round. This could be achieved through continued promotions, events, concerts, and festivals.

References

Financial Incentives

- MiPlace Toolkit:
 - The MiPlace toolkit is an interactive database that includes hundreds of funding opportunities to encourage placemaking in Michigan. Placemaking creates “vibrant, successful regions [that] promote economic activity and will help build a better Michigan.” More information is available at <http://miplace.org/resources/funding>.
- Community Development Block Grants (continue)
 - Community Development Block Grants are an extension of federal funding and contribute to community, economic, and housing development, and funding is often used for (but not limited to) façade improvement, blight removal, business assistance, planning, and infrastructure grants. For more information, visit <http://www.michiganadvantage.org/Community-Development-Block-Grants/>.
- TIF
 - Boyne City has a Tax Increment Financing plan in place, so some captured tax can be used towards community revitalization efforts within the TIF district. For more information, please contact the Boyne City DDA.
- Michigan Community Revitalization Program
 - MSF support will be provided in the form of loans, grants, or economic assistance towards community revitalization projects, including facilities, historic resources, blighted, or functionally obsolete property. As part of the needs analysis, four (4) different criteria are reviewed for each project to determine the appropriate level of MSF support:
 - Project Cash Flow and Ability to Support Debt;
 - Project Loan to Value;
 - Project Costs; and
 - The Owner’s Equity Contribution.

Generally, no funds will be disbursed until the project is verified as complete. For more information, please visit http://www.michiganadvantage.org/cm/Files/Michigan_Community_Revitalization_Program_Project_Docs/MCRP_guidelines.pdf.
- Community Development Guide Programs
 - The MEDC has created a list of development incentives, which is available at <http://www.michiganadvantage.org/Community-Development-Guide-Programs-A-Z/>.
- Tax credits for Historic Properties will contribute 20% credit for the rehabilitation of certified, income-producing structures. Credits cover up to 20% of qualifying expenses. In January of 2013, Boyne City’s central historic district added to the National

References (continued)

Register of Historic Places, which makes buildings within the district eligible for federal tax credits.

- Qualifying Expenses are available at http://www.michigan.gov/mshda/0,4641,7-141-54317_19320_62001-54165--,00.html.
- Standards for rehabilitation are available at <http://www.nps.gov/tps/standards/rehabilitation.htm>
- More information on tax credits is available at <http://www.nps.gov/tps/tax-incentives.htm> and at http://www.michigan.gov/mshda/0,4641,7-141-54317_19320_62001-54165--,00.html

Appendix A: Potential Development Retailers

BUSINESS	NAME	LOCATION	PHONE
Coffee Shops			
	The Great Lakes Coffee Roasting Co.	Bloomfield Hills	800-645-6077
	Bigby	East Lansing	517-482-8145
	Brew	108 E. Front Street, Traverse City	231-946-2739
	Java Jones	131 River St, Elk Rapids, MI 49629	(231) 264-1111
	JP's Coffee and Espresso Bar	57 E 8th St, Holland, MI 49423	(616) 396-5465
	Sweetwaters Café	3393 Plymouth Rd, Ann Arbor Charter Township, MI 48105	(734) 327-6330
	Water Street Coffee Joint	315 E Water St, Kalamazoo, MI	(269) 373-2840
	The Bitter End	752 Fulton St W, Grand Rapids, MI	(616) 451-6061
	Paramount Coffee company	E. Lansing HQ	
	MadCap	98 Monroe Center St NW, Grand Rapids, MI	(888) 866-9091
Brewery			
	Local/ Microbrews		
	Well funded winners of MI Microbrew Festival		
Specialty/Culinary Shops			
	Isabella's Copper Pot	118 N Ostego Ave Gaylord	
	Art of the Table	606 Wealthy St SE Grand Rapids, MI 49503	(616) 301-1885
Retailers			
	Wolverine (Shoes/Outdoor Apparel)	9341 Courtland Drive N.E., Rockford, MI	

Appendix B: Development Financial Calculations



A2 & A3 Site Financials

210 Front Street

	Residential 1br		Residential 2br		Office		Retail		Justification
	Per SF	Total	Per SF	Total	Per SF	Total	Per SF	Total	
Current Market Rents (annual unless otherwise noted)									Office Rent: Petoskey Office Comp (discounted)
Office + Retail Modified Gross Rent, not incl. utilities					\$12.00		\$12.00		Retail Rent: high end of developer Glen Catt's estimate of \$8-\$12 per SF
Residential 2nd + 3rd Floor Gross Rent	\$15.60	\$650.00 per month	\$13.50	\$900.00 per month					Residential 1br & 2br: used downtown Muskegon comp...
Residential 4th Floor Gross Rent (20% Premium)	\$18.72	\$780.00 per month	\$16.20	\$1,080.00 per month					...and bounced figure off developer Steve Matthews
Residential Unit SF	500		800						
Less Operating Expenses	40%		40%		40%		50%		Estimate
Incl. taxes, insurance, maint. (=30-40% of gross rents)	\$6.24	\$17,966	\$5.40	\$12,167	\$4.80	\$24,635	\$6.00	\$33,680	
Rents									
Triple Net Rent Equivalent	\$9.36	\$26,950	\$8.10	\$18,250	\$7	\$36,953	\$12.00	\$67,361	
Return on Cost (= to Triple Net Rents/Total Cost)									
%	8%		8%		8%		8%		
Per SF	\$117.00	\$336,869	\$101.25	\$228,124	\$90.00	\$461,907	\$150.00	\$842,010	
Therefore Justifiable 100% Construction Budget									
Per SF	\$117.00	\$336,869	\$101.25	\$228,124	\$90.00	\$461,907	\$150.00	\$842,010	
Cost Justified Rents									
	Residential 1br		Residential 2br		Office		Retail		Justification
	Per SF	Total	Per SF	Total	Per SF	Total	Per SF	Total	
Land Cost (2x local SEV)	\$22	\$73,953	\$22	\$57,871	\$22	\$131,824	\$22	\$144,181	2x local SEV
Zoning, Site Plan (estimate)	\$10	\$33,873	\$10	\$26,507	\$10	\$60,380	\$10	\$66,040	Estimate
Construction Hard Costs incl architect (RSMMeans)	\$105	\$355,668	\$105	\$278,322	\$105	\$633,990	\$105	\$693,420	RSMMeans
Soft Costs (marketing, finance, legal, develop) (estimate)	\$17	\$56,907	\$17	\$44,531	\$17	\$101,438	\$17	\$110,947	Estimate
Total Costs Per SF	\$154	\$520,402	\$154	\$407,231	\$154	\$927,632	\$154	\$1,014,588	
Triple Net Rents Required to Justify Above Costs									
7% Yield	\$11	\$30,964	\$11	\$24,230	\$11	\$55,194	\$11	\$60,368	
9% Yield	\$14	\$39,811	\$14	\$31,153	\$14	\$70,964	\$14	\$77,616	

Development Feasibility Snapshot

	Residential	Office	Retail
Total SF	6038	6038	6604
Gross Leasable Area	5132	5132	5613
Rent Justified Total Construction Costs	\$664,698	\$543,420	\$990,600
Estimated Total Construction Cost (from Cost Justified Rents)	\$927,632	\$927,632	\$1,014,588
Construction Costs in Excess of Rent Justified Costs	\$(262,935)	\$(384,212)	\$(23,988)
Market Rents in Excess of Estimated Construction Costs			

210 Front Street Market Rents and Unlevered Return

Unit Type	Annual Price Per SF	Triple Net Rents	Unlevered Return
Residential 1br	\$15.60	\$9.36	6.09%
4th Floor	\$18.72	\$11.23	7.31%
Residential 2br	\$13.50	\$8.10	5.27%
4th Floor	\$16.20	\$9.72	6.33%
Office	\$12.00	\$7.20	4.69%
Retail	\$12.00	\$12.00	7.81%

Summary

New street level retail in Boyne City will likely work today based on these projections. This site has an approximate unlevered return of 7.81% before appreciation.

Small 1 & 2 bedroom rental units could work or are close to feasible. The premium units on the fourth floor are the key to residential apartment success in the near term. Upper floor condos with view of the water will work immediately as well.

Second story and above offices will likely only work if they are sold outright. The appreciation of the property would provide the majority of the return on these units.

Definitions

Triple Net Lease

A lease agreement that designates the lessee (the tenant) as being solely responsible for all of the costs relating to the asset being leased in addition to the rent fee applied under the lease. The structure of this type of lease requires the lessee to pay for net real estate taxes on the leased asset, net building insurance and net common area maintenance. The lessee has to pay the net amount of three types of costs, which is how this term got its name.

Modified Gross Lease

A type of real estate rental agreement where the tenant pays base rent at the inception of the lease but in subsequent years pays the base plus a proportional share of some of the other costs associated with the property, such as property taxes, utilities, insurance and maintenance. For example, tenants of a property are required to pay their portion of the total heating expense of an office tower.

SOURCE: Investopedia

A4 Site Financials

202 A S Lake Street

	Residential 1br		Residential 2br		Office		Retail		Justification
	Per SF	Total	Per SF	Total	Per SF	Total	Per SF	Total	
Current Market Rents (annual unless otherwise noted)									Office Rent: Petoskey Office Comp (discounted)
Office + Retail Modified Gross Rent, not incl. utilities					\$12.00		\$12.00		Retail Rent: high end of developer Glen Catt's estimate of \$8-\$12 per SF
Residential 2nd + 3rd Floor Gross Rent	\$15.60	\$650.00 per month	\$13.50	\$900.00 per month					Residential 1br & 2br: used downtown Muskegon comp...
Residential 4th Floor Gross Rent (20% Premium)	\$18.72	\$780.00 per month	\$16.20	\$1,080.00 per month					...and bounced figure off developer Steve Matthews
Residential Unit SF	500		800						
Less Operating Expenses	40%		40%		40%		50%		Estimate
Incl. taxes, insurance, maint. (=30-40% of gross rents)	\$6.24	\$17,966	\$5.40	\$12,167	\$4.80	\$24,635	\$6.00	\$33,680	
Rents									
Triple Net Rent Equivalent	\$9.36	\$26,950	\$8.10	\$18,250	\$7	\$36,953	\$12.00	\$67,361	
Return on Cost (= to Triple Net Rents/Total Cost)									
%	8%		8%		8%		8%		
Per SF	\$117.00	\$336,869	\$101.25	\$228,124	\$90.00	\$461,907	\$150.00	\$842,010	
Therefore Justifiable 100% Construction Budget									
Per SF	\$117.00	\$336,869	\$101.25	\$228,124	\$90.00	\$461,907	\$150.00	\$842,010	
Cost Justified Rents									
	Residential 1br		Residential 2br		Office		Retail		Justification
	Per SF	Total	Per SF	Total	Per SF	Total	Per SF	Total	
Land Cost (2x local SEV)	\$22	\$73,953	\$22	\$57,871	\$22	\$131,824	\$22	\$144,181	2x local SEV
Zoning, Site Plan (estimate)	\$10	\$33,873	\$10	\$26,507	\$10	\$60,380	\$10	\$66,040	Estimate
Construction Hard Costs incl architect (RSMeans)	\$105	\$355,668	\$105	\$278,322	\$105	\$633,990	\$105	\$693,420	RSMeans
Soft Costs (marketing, finance, legal, develop) (estimate)	\$17	\$56,907	\$17	\$44,531	\$17	\$101,438	\$17	\$110,947	Estimate
Total Costs Per SF	\$154	\$520,402	\$154	\$407,231	\$154	\$927,632	\$154	\$1,014,588	
Triple Net Rents Required to Justify Above Costs									
7% Yield	\$11	\$30,964	\$11	\$24,230	\$11	\$55,194	\$11	\$60,368	
9% Yield	\$14	\$39,811	\$14	\$31,153	\$14	\$70,964	\$14	\$77,616	

Development Feasibility Snapshot

	Residential	Office	Retail
Total SF	19418	10718	13168
Gross Leasable Area	16505	9110	11193
Rent Justified Total Construction Costs	\$2,101,557	\$964,620	\$1,975,200
Estimated Total Construction Cost (from Cost Justified Rents)	\$2,765,512	\$1,526,458	\$1,875,387
Construction Costs in Excess of Rent Justified Costs	\$(663,955)	\$(561,838)	
Market Rents in Excess of Estimated Construction Costs			\$99,813

202 A S Lake St Street Market Rents and Unlevered Return

Unit Type	Annual Price Per SF	Triple Net Rents	Unlevered Return
Residential 1br	\$15.60	\$9.36	6.57%
4th Floor	\$18.72	\$11.23	7.89%
Residential 2br	\$13.50	\$8.10	5.69%
4th Floor	\$16.20	\$9.72	6.82%
Office	\$12.00	\$7.20	5.06%
Retail	\$12.00	\$12.00	8.43%

Summary

New street level retail in Boyne City will likely work today based on these projections. This site has an approximate unlevered return of 8.43% before appreciation.

Small 1 & 2 bedroom rental units could work or are close to feasible. The premium units on the fourth floor are the key to residential apartment success in the near term. Upper floor condos with view of the water will work immediately as well.

Second story and above offices will likely only work if they are sold outright. The appreciation of the property would provide the majority of the return on these units.

Definitions

Triple Net Lease

A lease agreement that designates the lessee (the tenant) as being solely responsible for all of the costs relating to the asset being leased in addition to the rent fee applied under the lease. The structure of this type of lease requires the lessee to pay for net real estate taxes on the leased asset, net building insurance and net common area maintenance. The lessee has to pay the net amount of three types of costs, which how this term got its name.

Modified Gross Lease

A type of real estate rental agreement where the tenant pays base rent at the inception of the lease but in subsequent years pays the base plus a proportional share of some of the other costs associated with the property, such as property taxes, utilities, insurance and maintenance. For example, tenants of a property are required to pay their portion of the total heating expense of an office tower.

SOURCE: Investopedia

A6 Site Financials

118 S Lake Street

	Residential 1br		Residential 2br		Office		Retail		Justification
	Per SF	Total	Per SF	Total	Per SF	Total	Per SF	Total	
Current Market Rents (annual unless otherwise noted)									Office Rent: Petoskey Office Comp (discounted)
Office + Retail Modified Gross Rent, not incl. utilities					\$12.00		\$12.00		Retail Rent: high end of developer Glen Catt's estimate of \$8-\$12 per SF
Residential 2nd + 3rd Floor Gross Rent	\$15.60	\$650.00 per month	\$13.50	\$900.00 per month					Residential 1br & 2br: used downtown Muskegon comp...
Residential 4th Floor Gross Rent (20% Premium)	\$18.72	\$780.00 per month	\$16.20	\$1,080.00 per month					...and bounced figure off developer Steve Matthews
Residential Unit SF	500		800						
Less Operating Expenses	40%		40%		40%		50%		Estimate
Incl. taxes, insurance, maint. (=30-40% of gross rents)	\$6.24	\$41,347	\$5.40	\$34,377	\$4.80	\$-	\$6.00	\$38,520	
Rents									
Triple Net Rent Equivalent	\$9.36	\$62,020	\$8.10	\$51,566	\$7	\$-	\$12.00	\$77,041	
Return on Cost (= to Triple Net Rents/Total Cost)									
%	8%		8%		8%		8%		
Per SF	\$117.00	\$775,248	\$101.25	\$644,578	\$90.00	\$-	\$150.00	\$963,008	
Therefore Justifiable 100% Construction Budget									
Per SF	\$117.00	\$775,248	\$101.25	\$644,578	\$90.00	\$-	\$150.00	\$963,008	
Cost Justified Rents									
	Residential 1br		Residential 2br		Office		Retail		Justification
	Per SF	Total	Per SF	Total	Per SF	Total	Per SF	Total	
Land Cost (2x local SEV)	\$6	\$47,630	\$6	\$45,762	\$6	\$-	\$6	\$46,149	2x local SEV
Zoning, Site Plan (estimate)	\$10	\$77,954	\$10	\$74,897	\$10	\$-	\$10	\$75,530	Estimate
Construction Hard Costs incl architect (RSMMeans)	\$105	\$818,512	\$105	\$786,413	\$105	\$-	\$105	\$793,065	RSMMeans
Soft Costs (marketing, finance, legal, develop) (estimate)	\$17	\$130,962	\$17	\$125,826	\$17	\$-	\$17	\$126,890	Estimate
Total Costs Per SF	\$138	\$1,075,057	\$138	\$1,032,898	\$138	\$-	\$138	\$1,041,634	
Triple Net Rents Required to Justify Above Costs									
7% Yield	\$10	\$63,966	\$10	\$61,457	\$10	\$-	\$10	\$61,977	
9% Yield	\$12	\$82,242	\$12	\$79,017	\$12	\$-	\$12	\$79,685	

Development Feasibility Snapshot

	Residential	Office	Retail
Total SF	15285	0	7553
Gross Leasable Area	12992	0	6420
Rent Justified Total Construction Costs	\$1,670,383	\$-	\$1,132,950
Estimated Total Construction Cost (from Cost Justified Rents)	\$2,107,954	\$-	\$1,041,634
Construction Costs in Excess of Rent Justified Costs	\$(437,571)	\$-	
Market Rents in Excess of Estimated Construction Costs			\$91,316

118 S Lake St Street Market Rents and Unlevered Return

Unit Type	Annual Price Per SF	Triple Net Rents	Unlevered Return
Residential 1br	\$15.60	\$9.36	6.79%
4th Floor	\$18.72	\$11.23	8.14%
Residential 2br	\$13.50	\$8.10	5.87%
4th Floor	\$16.20	\$9.72	7.05%
Retail	\$12.00	\$12.00	8.70%
Retail	\$12.00	\$12.00	8.43%

Summary

New street level retail in Boyne City will likely work today based on these projections. This site has an approximate unlevered return of 8.70% before appreciation, making this site the most desirable for development in the near term.

1 & 2 bedroom rental units could work or are close to feasible. The premium units on the fourth floor are the key to residential apartment success in the near term. Upper floor condos with view of the water will work immediately as well.

Definitions

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Modified Gross Lease

A type of real estate rental agreement where the tenant pays base rent at the inception of the lease but in subsequent years pays the base plus a proportional share of some of the other costs associated with the property, such as property taxes, utilities, insurance and maintenance. For example, tenants of a property are required to pay their portion of the total heating expense of an office tower.

SOURCE: Investopedia

A7 Site Financials

118 B S Lake Street

	Residential 1br		Residential 2br		Office		Retail		Justification
	Per SF	Total	Per SF	Total	Per SF	Total	Per SF	Total	
Current Market Rents (annual unless otherwise noted)									Office Rent: Petoskey Office Comp (discounted)
Office + Retail Modified Gross Rent, not incl. utilities					\$12.00		\$12.00		Retail Rent: high end of developer Glen Catt's estimate of \$8-\$12 per SF
Residential 2nd + 3rd Floor Gross Rent	\$15.60	\$650.00 per month	\$13.50	\$900.00 per month					Residential 1br & 2br: used downtown Muskegon comp...
Residential 4th Floor Gross Rent (20% Premium)	\$18.72	\$780.00 per month	\$16.20	\$1,080.00 per month					...and bounced figure off developer Steve Matthews
Residential Unit SF	500		800						
Less Operating Expenses	40%		40%		40%		50%		Estimate
Incl. taxes, insurance, maint. (=30-40% of gross rents)	\$6.24	\$7,568	\$5.40	\$6,046	\$4.80	\$-	\$6.00	\$-	
Rents									
Triple Net Rent Equivalent	\$9.36	\$11,352	\$8.10	\$9,068	\$7	\$-	\$12.00	\$-	
Return on Cost (= to Triple Net Rents/Total Cost)									
%	8%		8%		8%		8%		
Per SF	\$117.00	\$141,903	\$101.25	\$113,355	\$90.00	\$-	\$150.00	\$-	
Therefore Justifiable 100% Construction Budget									
Per SF	\$117.00	\$141,903	\$101.25	\$113,355	\$90.00	\$-	\$150.00	\$-	
Cost Justified Rents									
	Residential 1br		Residential 2br		Office		Retail		Justification
	Per SF	Total	Per SF	Total	Per SF	Total	Per SF	Total	
Land Cost (2x local SEV)	\$38	\$54,664	\$38	\$50,459	\$38	\$-	\$38	\$-	2x local SEV
Zoning, Site Plan (estimate)	\$10	\$14,269	\$10	\$13,171	\$10	\$-	\$10	\$-	Estimate
Construction Hard Costs incl architect (RSMMeans)	\$105	\$149,822	\$105	\$138,298	\$105	\$-	\$105	\$-	RSMMeans
Soft Costs (marketing, finance, legal, develop) (estimate)	\$17	\$23,972	\$17	\$22,128	\$17	\$-	\$17	\$-	Estimate
Total Costs Per SF	\$170	\$242,727	\$170	\$224,055	\$170	\$-	\$170	\$-	
Triple Net Rents Required to Justify Above Costs									
7% Yield	\$12	\$14,442	\$12	\$13,331	\$12	\$-	\$12	\$-	
9% Yield	\$15	\$18,569	\$15	\$17,140	\$15	\$-	\$15	\$-	

Development Feasibility Snapshot

	Residential	Office	Retail
Total SF	2744	0	0
Gross Leasable Area	2332	0	0
Rent Justified Total Construction Costs	\$300,303	\$-	\$-
Estimated Total Construction Cost (from Cost Justified Rents)	\$466,782	\$-	\$-
Construction Costs in Excess of Rent Justified Costs	\$(166,478)	\$-	\$-
Market Rents in Excess of Estimated Construction Costs			

118 B S Lake St Street Market Rents and Unlevered Return

Unit Type	Annual Price Per SF	Triple Net Rents	Unlevered Return
Residential 1br	\$15.60	\$9.36	5.50%
4th Floor	\$18.72	\$11.23	6.60%
Residential 2br	\$13.50	\$8.10	4.76%
4th Floor	\$16.20	\$9.72	5.71%

Summary

Small 1 & 2 bedroom rental units could work in a few years. The premium units on the fourth floor are the key to this development site's residential apartment success. Upper floor condos with view of the water are potentially feasible in the near term, but high acquisition costs and construction costs relative to net operating income make a favorable return more difficult for this site than others. This is likely the last site that will be developed due to these factors.

Definitions

Triple Net Lease

A lease agreement that designates the lessee (the tenant) as being solely responsible for all of the costs relating to the asset being leased in addition to the rent fee applied under the lease. The structure of this type of lease requires the lessee to pay for net real estate taxes on the leased asset, net building insurance and net common area maintenance. The lessee has to pay the net amount of three types of costs, which how this term got its name.

Modified Gross Lease

A type of real estate rental agreement where the tenant pays base rent at the inception of the lease but in subsequent years pays the base plus a proportional share of some of the other costs associated with the property, such as property taxes, utilities, insurance and maintenance. For example, tenants of a property are required to pay their portion of the total heating expense of an office tower.

SOURCE: Investopedia

Appendix C: MEDC Fellows Resumes



CARLY GROB

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1471 Wisteria Ann Arbor, MI 48104

cgrob127@gmail.com

EDUCATION

- University of Michigan Taubman College of Architecture and Urban Planning, Ann Arbor, MI** Sept. 2011-May 2013
Master of Urban Planning, Real Estate Development Certificate
- University of Michigan College of Literature, Science, and the Arts, Ann Arbor, MI** Sept. 2007-May 2011
Bachelor of the Arts, Communication Studies
Bachelor of the Arts, English Language and Literature
- University of Michigan London Summer Study Abroad Program, London, England** June 2010-Aug. 2010

PROFESSIONAL EXPERIENCE

Peter Allen and Associates, Ann Arbor, MI, MEDC Fellow May 2013

The MEDC fellows are a group of multidisciplinary UM students creating development proposals to engage Michigan cities with the Redevelopment Ready Communities program.

- Engaged with local stakeholders and industry experts to provide an analysis and development proposal in both Boyne City, MI and Muskegon, MI
- Conducted real estate feasibility studies, and assisted with basic site design, layout, and finance.

Michigan Engaging Communities through the Classroom (MECC), Willow Run, MI, Project Manager Feb. 2012-Aug. 2012

The pilot MECC project has brought students and faculty from four UM programs together with neighborhood representatives, private, and public stakeholders in order to re-envision a future for the former Willow Run Plant and surrounding area.

- Collected data from stakeholders and organized it in a manageable, accessible digital forum for participating students and faculty
- Coordinated communication, events, and meetings between four University of Michigan programs, neighborhood groups, non-profits, and public firms, and the county airport authority
- Managed and worked within a \$25,000 budget

Ann Arbor SPARK, Ann Arbor, MI, Business Development Intern Feb. 2012-Aug. 2012

SPARK is a nonprofit economic development partnership to improve Washtenaw and Livingston counties.

- Conducted research and drafted an economic development plan for the City of Saline, MI
- Organized events in San Francisco, Boston, Chicago, and Washington D.C. aimed to attract new businesses to Southeast Michigan
- Utilized the CPix databases to assist local businesses with site searches

LEADERSHIP

Urban Planning Student Association (UPSA)-Social Chair Jan. 2012-Jan. 2013

- Coordinated events, meetings, and outreach activities for current and prospective students

AGORA Planning Journal-Layout Editor, Coordinating Editor, Editorial Staff Jan. 2012-Present

SKILLS, AWARDS, AND CERTIFICATIONS

- Proficient with Adobe InDesign, Adobe Photoshop, Microsoft Office, Google Programs and Interfaces (SketchUp, Google Earth, etc.), and Social Media. Comfortable on Mac and PC
- Some experience with Geographic Information Systems (GIS), AutoCAD, Adobe Illustrator
- Winner of the UM/ULI Jeff Blau Scholarship
- Conversational Spanish Proficiency
- American Planning Association Member

PAIGE SHESTERKIN

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pshest@umich.edu; paigeshest@gmail.com • 734.612.4292

EDUCATION

University of Michigan, Ann Arbor, MI

September 2012

- Masters of Urban Planning and Graduate Certificate in Real Estate Development Candidate
- Concentration of Study: Physical Planning and Design
- Projected graduation: Spring 2014
- Urban Planning Student Association Executive Board Member
- Jeff Blau Scholarship Winner, University of Michigan/Urban Land Institute Real Estate Forum (UM/ULI) (2012)
- Member of First Place Team for UM/ULI Real Estate Forum Student Case Competition (2012)
- Participant in Urban Land Institute/Gerald D. Hines Student Urban Design Competition (2013)

Aquinas College, Grand Rapids, MI

August 2008-2012

- Bachelor of Science, majors in Sustainable Business and Spanish
- International perspectives of sustainability fieldwork experience, Costa Rica (May 2012)
- Nominee for Aquinas College Most Outstanding Woman Student (2012)
- Study abroad experience, University of Salamanca International Courses, Salamanca, Spain (Fall 2010)
- Aquinas College Presidential Leadership Scholarship Recipient (2008-2012)

EXPERIENCE

MEDC Consultant; *Peter Allen & Associates*, Ann Arbor, MI

May 2012-Present

- Conducting real estate feasibility studies in coordination with the MEDC Redevelopment Ready Communities® Program for various Michigan communities
- Working with a multi-disciplinary team of University of Michigan students to provide an analysis and proposal for potential real estate development opportunities in specific Michigan cities

Business Analyst; *Rockford-Construction*, Grand Rapids, MI

January 2012-May 2012

- Researched and analyzed trade patterns of West Michigan to support the creation of an advanced energy center and intermodal logistics hub
- Created and introduced sustainability plan for the proposed advanced energy center and intermodal logistics hub

Energy Analyst; *Bazzani Associates Inc.*, Grand Rapids, MI

January 2012-May 2012

- Conducted energy audit for real estate developer's portfolio of LEED certified buildings
- Completed USGBC Building Performance Partnership energy report

Director of Sustainability; *Student Senate*, Aquinas College, Grand Rapids, MI

August 2011-May 2012

- Directed and maintained standing sustainability committee of nine student senators
- Supported committee members in the review of recommendations to incorporate long-term sustainability on campus
- Organized and sponsored campus events to promote sustainability education and awareness

Intern; *AKT Peerless Environmental and Energy Services*, Detroit, MI

2009/2010/2011

- Worked directly with the Detroit/Wayne County Port Authority
- Evaluated sustainable projects for potential recipients of US EPA Brownfield Assessment funds
- Researched grant opportunities, transportation logistics and market opportunities for sustainable technologies and economic development

ADDITIONAL

- Skilled proficiency in Microsoft Suite, Adobe Create Suite, Geographical Information Systems
- Competent in AutoCAD, SketchUp, STATA, RStudio, LaTeX
- Youth mentor at Community Action Network-Hikone, Ann Arbor, MI

Li Zeng

Cell-Phone: (001) 734-730-3965

Address: 2222 Fuller Ct, 513A, Ann Arbor, MI 48105, United States of America

Email: lizen@umich.edu

EDUCATION EXPERIENCE

University of Michigan, School of Architecture and Urban Planning (Ann Arbor, MI)

- **Master of Urban Planning**, September 2012- , Expected Graduation Time: April 2014
Concentration: Land Use and Environmental Planning

University of Michigan, School of Natural Resources and Environment (Ann Arbor, MI)

- **Dual Degree, Master of Science in Environment**, Concentrate in Environment Planning and Policy, 2013-

Tsinghua University, School of Architecture (Beijing, China)

- **Bachelor of Architecture**, Urban Planning and Design, September 2007-June 2012
- Graduation instructor: Dean *Wenyi Zhu*

AREAS OF INTEREST

- Urban planning and design from a perspective of economic development and environment
- Industrial renovation planning and hazard handling
- Tourist attraction environment design
- Economic development, environment, planning analysis

PROFESSIONAL EXPERIENCE

Michigan Economic Development Corporation, Economic Development Intern (Ypsilanti and Detroit, MI, US)

Apr.– May, 2013. Redevelop the downtown area of Ypsilanti and Detroit (Lincoln Park), 2 of 4 proposed lakeside cities

- Write new development proposal, dealing with environment problems, and then helping to construct the developments' financial Performa.
- Be a member of the team, to present our proposals to different community groups, city departments and potential developers.

Zhu Wenyi Studio, Tsinghua University, Planning Intern (Beijing, China) Feb.- June, 2012

Planning and Design of Tangshan Factory Renovation; Zunyi Tourist District Plan

- Tangshan factory renovation plan, dealing with waste hazard, integrating the factory site with expending city, narrow down the previous gap, appoint proper activities both in environment and culture friendly to the park.
- Zunyi city's conference relic tourist district plan, including smooth the impact of large tourist development to the existing city context.

Primary School of Mianhua Village of Xinye County, Self-Organized Project (In process) (Henan, Central China)

Aug, 2011-Sep, 2011, Education department of Xinye County, Half-Charity project

- Project Fundraiser and Team Leader (3 members)
- Negotiate with the head of county's education and construction department
- Cooperate with local designers on site planning, and cut budget to save money

Cuikai Studio, CAD&RG, Planning Consultant (Beijing, China) Feb.-Aug.2011,

Urban Planning of Yantai Industrial Port Region

- Make an analyze report on several European, Australia, HongKong, Japan's Jetty renovation regional plans from a comprehensive perspective of environment, public system, culture, economic activities, and space design.
- Research on Zhifu bay ocean-based economy plan, and draw guidelines from the plan.
- Involved in Urban environment, ecology, public transportation, public space design of Yantai port's first jetty area.

ACDEMIC EXPERIENCE

Hines Competition, ULI (Minneapolis, US) November, 2012-January, 2013

Urban Development Competition of Downtown East Minneapolis, Eco-Theme

- Team leader (5 members) and main designer
- Carrying out the frame work, come up with main idea, coordinating and communicating with, environment masters, real estate masters, urban planner.

Chicago Brown Field Redevelopment Studio (Ann arbor, MI, US) Sep., 2012-Nov., 2012

Urban Redevelopment of Industrial Brown Field in Chicago

- Team leader (3 members)
- Environment issues concerning and hazard handling, analyst on feasibility of remove industrial barriers and wasted rail tracks.
- Planning on integrating the abandoned region into Chicago city context through a perspective of economic development.

FRANK JOSEPH KOZIARA III

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EDUCATION	UNIVERSITY OF MICHIGAN Stephen M. Ross School of Business Bachelor of Business Administration, April 2014 <ul style="list-style-type: none">• Emphases in Entrepreneurial Studies and Management & Organizations• BBA Preferred Admit to Ross (26% Admission Rate) College of Literature, Science, and the Arts <ul style="list-style-type: none">• Honors Program (2010-11)	Ann Arbor, MI
EXPERIENCE	PETER ALLEN & ASSOCIATES, INC. MEDC FELLOWS PROGRAM	
2013-Present	MEDC Fellows Secretary & Treasurer <ul style="list-style-type: none">• Conducted real estate development feasibility studies in coordination with the MEDC Redevelopment Ready Communities program in specific cities throughout Michigan• Assembled feasibility study deliverables with an interdisciplinary team of University of Michigan students with backgrounds in Urban Planning, Architecture, Economics and Business	Ann Arbor, MI
Summer		
Summer 2012	CLOTHES HORSE Product Management Intern <ul style="list-style-type: none">• Created fit comparison visualizations from database garment data that were sent to e-commerce retailers to show how their apparel fit relative to their competitors• Queried Microsoft SQL Server databases to generate product performance reports in Excel• Analyzed the performance of web product features via A/B testing and made data-driven product improvement recommendations• Implemented a web scraping solution for identifying potential customers, utilizing the XML and XPATH languages	New York, NY
2011-2012	MUSIC MATTERS, STUDENT ORGANIZATION PUBLICITY & ADVERTISEMENT Chairman and Founding Member <ul style="list-style-type: none">• Managed over 40 individuals, creating several subcommittees responsible for the different aspects of the committee, displaying the ability to delegate and to maximize the productivity of a group• Planned and implemented social media strategy, created the club banner, flyers, and leaflets for recruiting events, and designed merchandise for club members, highlighting skills in multi-tasking and handling diverse responsibilities	Ann Arbor, MI
2011-Present	MICHIGAN INTERACTIVE INVESTMENTS, LTD. Member <ul style="list-style-type: none">• One of approximately 60 members responsible for managing the \$16,000 diversified portfolio of the undergraduate investment club• Pitched a stock to the entire club after extensive research and preparation, demonstrating the ability to synthesize quantitative and qualitative data into an fundamentally sound argument, in addition to the communication and presentation skills acquired during the process• Active participant in market discussions that impact investment decisions	Ann Arbor, MI
ADDITIONAL	<ul style="list-style-type: none">• Central Student Government representative for the Stephen M. Ross School of Business• Program in Entrepreneurship Certificate candidate• Involved in politics, worked on successful state representative campaign in 2010• Blues and jazz music aficionado. Favorite artists include Miles Davis, Wes Montgomery, B.B. King, and Stevie Ray Vaughan	

James Carpenter
(313)-215-6212 jdcarpen@umich.edu
2020 Triangle Lake Rd. Howell, MI 48843

OBJECTIVE:

Seeking eventual employment in real-estate or land use/law related fields.

EDUCATION:

University of Michigan

- Master of Urban Planning '14.....6.1 GPA (9.0 Scale)
- Political Science major '11.....3.3 GPA

Wayne State University

- Mandarin Chinese.....4.0 GPA

Howell High School '07.....3.3 GPA

PROFESSIONAL EXPERIENCE:

Summer 2012

- **Michigan Economic Development Corporation (MEDC) Fellowship/Peter Allen**.....Michigan
 - Toured many cities in Michigan as a team consultant regarding distribution of state funds for redevelopment projects.

Summer 2011

- **Shadowed prosecuting attorneys of Livingston County**.....Livingston Co. MI
 - Introduction to the various aspects of criminal law.

Spring/Summer 2011

- **Intern Michigan House of Representatives**Lansing MI
 - Under Rep. Mark Ouimet of 52nd District.

Summer 2010/2012

- **Southwestern Co.**.....Nashville, TN
 - Door-to-door sales in educational products.

Summer 2008/2009

- **Dealer Auto Parts**.....Redford, MI
 - Improvement in customer relations and clerical work.

Autumn 2006-Summer 2007

- **Old Navy**.....Howell, MI
 - Improvement upon skills in sales, customer service and financial responsibility.

SKILLS:

- Proficient in all of Microsoft Office
- Basic knowledge of programming, data manipulation and GIS
- Good understanding on many aspects of real estate finance
 - ARGUS

AWARDS AND SCHOLARSHIPS:

- Michigan promise
- Graduated high school cum laude
- Norman Jameson local scholarship
- Deans List: multiple semesters 2009-2013
- UM Sustainability Award: for accomplishments in TruMich

EXTRACURRICULAR:

- Publicity Director/ VP/President: The University of Michigan Ballroom Dance Club Board (2009-2013)
- Treasurer: TruMich Alternative Transit Group (2011)
- New inductee: Real Estate Club at Ross School of Business (2012/13)
- New member: Real Estate Law Club at The University of Michigan Law (2012/13)
- Residence Hall Staff at The University of Michigan: Resident Advisor (2013-2014)

Current Address:
512 South Division St.
Ann Arbor, MI 48104

Jenna E. Glick
jeglick@umich.edu
(201) 306-5452

Permanent Address:
24 Cheyenne Drive
Montville, NJ 07045

EDUCATION

- University of Michigan**, Ann Arbor, MI May 2013
Bachelor of Arts with honors
Major: Economics
Minor: Music
- Bucknell University**, Lewisburg, PA Fall 09- Winter 10

EXPERIENCE

- Peter Allen & Associates** Ann Arbor, MI
Michigan Economic Development Corp. (MEDC) Fellow, subcontracting with Peter Allen & Assoc. May 2013- June 7, 2013
- One of three undergraduate and fourteen graduate students selected to conduct redevelopment feasibility studies for a variety of Michigan communities in a program funded by the MEDC
 - Work on team of six to conduct feasibility studies for properties in Muskegon and Boyne City
 - Present findings to key city stakeholders
- The Bank of New York Mellon Corporation** New York, NY
Global Client Management, Platinum Client Group (PCG) Intern June 2012- August 2012
- Supported a PCG team responsible for growing and monitoring BNY Mellon's enterprise-wide, global business relationships with top institutional clients
 - Presented detailed analysis on the company's global business relationship with and long term goals for a key client
 - Assisted in preparing presentation materials concerning current business initiatives with the team's clients
 - Performed research and compiled findings on the team's clients
 - Attended and documented conference calls and meetings
- Newmark Associates, Inc. (Commercial Real Estate Firm)** Whippany, NJ
Marketing Department Intern Summer 2010
- Assisted in production of marketing materials, targeting commercial property owners with an average property value of one million dollars
 - Participated on sales calls and meetings with senior executives
 - Conducted analysis and research on Newmark website's functionality, focusing on usability features
- September Gurl (Music PR)** New York, NY
Publicity Intern June 2011- Aug 2011
- Created press releases to promote and depict clients' work and stories
 - Communicated with various publications to procure coverage of the clients' work
 - Performed market research on publications and potential new clients
- DiagRecords** Ann Arbor, MI
Director of Marketing Feb. 2011- June 2011
- Student run, non-profit independent record label at the University of Michigan
 - Promoted label's artists through social networking sites, flyers, promotional CDs, and concerts
 - Managed artists' pages on social networking and music distribution sites
- ## ACTIVITIES
- The Sopranos (A Cappella Group)** Ann Arbor, MI
Concert Manager Apr. 2012- Apr. 2013
- Budget and oversee expenditures for concert performances
 - Research, procure and manage sound technicians and opening groups
 - Administer ticket sales
- University Relations/Social Chair* Apr. 2011 – Apr. 2012
- Liaison to MACC (Michigan A Cappella Council)- attended weekly meetings dedicated to organizing inter-group events and building University of Michigan's a cappella community
 - Coordinated social events with other University of Michigan a cappella groups
- Michigan Economics Society** Ann Arbor, MI
Fall 2011- Apr. 2013
- Student and alumni society designed to expose students to real world economics
 - Hosts Faculty and Alumni Seminar Series, corporate presentations and other events