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Research & Strategic Analysis

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Research & Strategic Analysis

RESIDENTIAL MARKET POTENTIAL

Downtown Jackson

City of Jackson, Jackson County, Michigan

July, 2003

PART ONE: EXECUTIVE SUMMARY

The purpose of this study is to identify the market potential for newly-introduced market-rate housing units—created both through the adaptive re-use of existing non-residential buildings as well as through new construction—to be leased or sold in Downtown Jackson

MARKET ANALYSIS

A core premise underlying an overall housing strategy for the City of Jackson should be that, to retain existing households, or attract new ones, appropriate new housing units must be provided in the Downtown. The creation or strengthening of Downtown residential neighborhoods need not be a “zero-sum” exercise; rather than succeeding at the expense of other city neighborhoods, new housing opportunities within the Downtown, when properly targeted, should expand the number of households moving into the city as well as provide an attractive alternative to households that would otherwise move out of the city.

MARKET POTENTIAL

As determined by this analysis, there is an emerging market for Downtown housing, including new construction as well as adaptive re-use of existing buildings. The market potential for new market-rate housing units to be leased or sold within Downtown Jackson consists of up to 780 households with a preference for city living. Approximately 23 percent of these households are currently living in the City of Jackson or Jackson County; another 35 percent would be moving from elsewhere in the region; and the remaining 42 percent would be moving from elsewhere in the nation.

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TARGET MARKETS

The household groups that comprise the potential market are:

- Younger singles and childless couples—including, among others, young professionals, office workers and small business owners, and university affiliates (54 percent);
- Empty nesters and retirees (41 percent); and
- A range of urban families (5 percent).

DOWNTOWN MARKET-RATE RENT AND PRICE RANGES

With a variety of housing initiatives, Downtown Jackson should be able to attract a significant number of households to Downtown dwelling units. The appropriate urban housing types and general rent/price ranges and unit sizes targeted to the potential market are:

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
Rental—			
Hard Lofts *	\$475-\$1,350/month	500-1,500 sf	\$0.90-\$0.95 psf
Soft Lofts †	\$725-\$1,500/month	700-1,600 sf	\$0.94-\$1.04 psf
For-Sale—			
Hard Lofts *	\$70,000-\$195,000	500-1,500 sf	\$130-\$140 psf
Soft Lofts †	\$145,000-\$275,000	900-1,800 sf	\$153-\$161 psf
Townhouses	\$165,000-\$250,000	1,000-1,600 sf	\$156-\$165 psf

* Unit interiors of “hard lofts” typically have high ceilings and commercial windows and are either minimally finished, limited to architectural elements such as columns and fin walls, or unfinished, with no interior partitions except those for bathrooms.

† Unit interiors of “soft lofts” may or may not have high ceilings and often include full or partial interior partitions.

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

Based on a 15 percent capture of the potential market for multi-family units, and a 10 percent capture of for-sale single-family attached units, Downtown Jackson should be able to support nearly 60 new units per year, or up to 300 new dwelling units over the next five years.

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IMPLEMENTATION

From the perspective of draw area target market propensities and compatibility, new construction as well as adaptive re-use of existing buildings will be required to support and sustain residential diversity in Downtown Jackson.

NOTE: Throughout the discussion of implementation, policies and programs it is assumed and recommended that the Community Development Department staff will be responsible for implementation.

An effective housing strategy to attract the target households should include:

- The creation of a variety of housing types, both rental and for-sale, in the Downtown, particularly the West Side;
- The establishment of general neighborhood guidelines to assure the compatibility of every scale and type of housing; and
- The development or continuation of programs and policies that will encourage the creation of Downtown housing.

DOWNTOWN HOUSING STRATEGIES

1. Target Areas For Residential Development

- The Theater District (Mechanic Street from the railroad tracks to Washington Avenue).
- Library Place (both sides of Michigan Avenue from Blackstone to Jackson Streets extending from the Louis Glick Highway in the north to Washington Avenue in the south).
- Restaurant Row (the area straddling Michigan Avenue from Jackson Street in the west and Mechanic Street in the east, and extending from the highway to Washington Avenue).
- The Hospital District (the area from Pearl Street to the north, Waterloo Avenue to the east, Elizabeth Street to the south, and the railroad tracks to the west).

2. Ensure Appropriate Urban Design

3. Market and Monitor the Downtown

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POLICIES AND PROGRAMS

1. Policies and Programs For Adaptive Re-Use
 - Create a special code for adaptive re-use of non-residential buildings into housing.
 - Create an adaptive re-use handbook to facilitate code compliance.
 - Identify an adaptive re-use ombudsman to facilitate code compliance.
2. Policies and Programs For New Construction
 - Create a gap financing funding pool.
 - Require that residential uses be included in development of City-owned Downtown properties.
 - Facilitate the combination of federal and Michigan tax incentive programs for project leverage.
3. Selected Michigan Programs Covering New Construction
 - Earmark Downtown Development Authority tax increment financing dollars for Downtown housing when available.
 - Brownfield Redevelopment Authority tax increment financing.
4. Selected Michigan Programs Covering Rehabilitation
 - State of Michigan Commercial Historic Preservation Tax Credit.
 - Obsolete Property Tax Exemption.
5. Selected Michigan Programs Covering New Construction and Rehabilitation
 - Neighborhood Enterprise Zone certificate.
 - Brownfield Single Business Tax Credit.
6. Best Practices
 - Smart Growth Zoning Codes: A Resource Guide.
 - Form-Based Zoning Codes.
 - Mixed-use and downtown districts, City of Birmingham, Michigan, Code of Ordinances.



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PART TWO: MARKET ANALYSIS

INTRODUCTION

The purpose of this study is to identify the market potential for newly-introduced market-rate housing units—created both through the adaptive re-use of existing non-residential buildings as well as through new construction—to be leased or sold in Downtown Jackson. The Downtown Study Area naturally divides into two sections: the West End and the East End. The boundaries of the West End Study Area include the railroad tracks to the north; Airline Drive to the east; Washington Avenue to the south; and Blackstone Street to the west, encompassing the Downtown core (the Primary Study Area), which spans one block north and one block south of Michigan Avenue between Blackstone and Francis Streets. The East End Study Area is bounded by Pearl Street to the north, Waterloo Avenue to the east, Elizabeth Street to the south, and the railroad tracks to the west. These boundaries are consistent with those of the Primary and Secondary Study Areas, as described in the Request for Proposals.

The principal focus of the residential market study is the West End Study Area, because it is critical to create new dwelling units within the Downtown core to support and strengthen retail initiatives undertaken by the City. In addition, there are more opportunities for residential redevelopment of buildings and sites in the West End, and the physical context of the Study Area more readily lends itself to the creation of residential neighborhoods. The East Side Study Area has inherent market potential due to its location just west of Foote Hospital, a major employer in the city. However, from a market perspective, it has less potential than the core Downtown area and should be pursued after the core Downtown is underway. In addition, although market potential exists for new residential development within walking distance of the hospital, there are limited sites—other than small parking lots—or buildings of more than two stories within the East Side Study Area itself.

The extent and characteristics of the potential market for Downtown housing units were identified using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns,

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which can be substantial when that supply is specifically targeted to match the housing preferences and economic capabilities of the draw area households.

In contrast to conventional supply/demand analysis, then—which is based on supply-side dynamics and baseline demographic projections—target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw area. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban development and redevelopment.

In brief, using the target market methodology, Zimmerman/Volk Associates determined:

- Where the potential renters and buyers for new housing units in Downtown Jackson are likely to move from (the draw areas);
- Who currently lives in the draw areas and what they are like (the target markets);
- How many are likely to move to Downtown Jackson if appropriate housing units were to be made available (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
- What their alternatives are (new construction or existing housing stock, both in Downtown Jackson and in other areas of the city or county); and
- What they will pay to live in Downtown Jackson (market-rate rents and prices).

The target market methodology is described in detail in the METHODOLOGY section at the end of this study.

NOTE: Tables 1 through 5, included in this document, contain summaries of the market potential for new market-rate housing units created through adaptive re-use of existing buildings and/or new construction within Downtown Jackson, City of Jackson, Jackson County, Michigan. Tables 6 and 7, also included in this document, outline the relevant supply-side context. The appendix tables contain migration and target market data covering the appropriate draw area(s) for the Downtown Jackson study area..

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MARKET POTENTIAL

American households, perhaps more than any other nation's, have always demonstrated extraordinary mobility. Last year, depending on region, between 15 and 20 percent of American households moved from one dwelling unit to another. Household mobility is higher in urban areas and in the West; a higher percentage of renters move than owners; and a higher percentage of younger households move than older households.

Analysis of migration, mobility and geo-demographic characteristics of households currently living within defined draw areas is therefore integral to the determination of the depth and breadth of the potential market for market-rate housing units within Downtown Jackson.

Analysis of Jackson County migration and mobility patterns from 1996 through 2000—the latest data available from the Internal Revenue Service—shows that the number of households moving into the county has increased from approximately 2,700 households in 1996 to just over 3,300 households in 2000. Over the same period, the number of households moving out of the county ranged from 2,675 households in 1996 to just over 3,200 households in 2000. Until the year 1999, Jackson County net-migration had remained comparatively stable. However, in 1999, there was a net gain of 85 households, and in 2000, a net gain of 110 households—in part due to an increase in the number of households moving from neighboring Washtenaw County, where housing affordability has become an issue.

This study therefore identifies the depth and breadth of the potential market for market-rate housing units within both the City of Jackson and Downtown Jackson, including those households already living in the city and those households that are likely to move into the city if appropriate housing options were available.

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Where will the potential market for housing in Downtown Jackson move from?

The depth and breadth of the potential market for market-rate housing units in the City of Jackson was determined through migration, mobility and target market analyses of households currently living within defined draw areas. The draw areas for the City of Jackson have been delineated as follows:

- The local (internal) draw area, covering households currently living within the Jackson city limits, as well as those currently living in the balance of Jackson County. Just under 12 percent of the households living in the city move to another residence within the city each year. Just over seven percent of the households living in the balance of Jackson County move to a residence within the city each year.
- The regional draw area, covering households with the potential to move to the City of Jackson from surrounding and nearby counties (Washtenaw, Ingham, Wayne, Lenawee, Calhoun and Hillsdale Counties, Michigan). Households moving to Jackson County from this area comprise just under 48 percent of total in-migration
- The national draw area, covering households with the potential to move to the City of Jackson from all other U.S. counties. Approximately two-thirds of all households moving into Jackson County are moving from all other counties in the United States not included in the regional draw area.

As derived from migration, mobility and target market analysis, then, the draw area distribution of market potential (those households with the potential to move within or to the City of Jackson if appropriate housing options were available) would be as follows:

Market Potential by Draw Area
 City of Jackson, Jackson County, Michigan

City of Jackson (Local Draw Area):	25.5 percent
Jackson County (Local Draw Area):	22.6 percent
Adjacent and Nearby Counties (Regional Draw Area):	24.5 percent
Balance of US (National Draw Area):	27.4 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

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The target market methodology also identifies those households with a preference for Downtown living. After discounting for those segments of the potential market with preferences for suburban and/or rural locations, the distribution of draw area market potential for new housing units in Downtown Jackson would be as follows:

Market Potential by Draw Area DOWNTOWN JACKSON City of Jackson, Jackson County, Michigan	
City of Jackson (Local Draw Area):	13.2 percent
Jackson County (Local Draw Area):	9.8 percent
Adjacent and Nearby Counties (Regional Draw Area):	35.2 percent
Balance of US (National Draw Area):	41.8 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

The regional draw area (adjacent and nearby counties) and the national draw area represents a significantly larger proportion of market potential for new housing in Downtown than for the city as a whole. Conversely, the local draw area (City of Jackson, balance of Jackson County) represents a significantly smaller segment of market potential for Downtown than for the city.

How many households are likely to move to Downtown Jackson?

Based on the target market analysis, in the year 2003, up to 780 empty nesters and retirees, younger singles and couples, and family-oriented households represent the potential market for new market-rate housing units within Downtown Jackson. The housing preferences of these draw area households—according to tenure (rental or ownership) and broad financial capacity—can be arrayed as follows (*see also* Table 1):

Table 1

Potential Housing Market

Derived From New Unit Purchase And Rental Propensities Of Draw Area Households
With The Potential To Move To Downtown Jackson In 2003

Downtown Jackson

City of Jackson, Jackson County, Michigan

*City of Jackson, Balance of Jackson County; Washtenaw, Ingham,
Wayne, Lenawee, Calhoun and Hillsdale Counties, Michigan; All Other US Counties
Draw Areas*

Total Target Market Households
With Potential To Rent/Purchase In
City of Jackson, Jackson County, Michigan 2,740

Total Target Market Households
With Potential To Rent/Purchase In
Downtown Jackson 780

Potential Housing Market

	<i>Multi- Family</i>		<i>Single- Family</i>				<u>Total</u>
	<u>For-Rent</u>	<u>For-Sale</u>	<i>.. Attached .. All Ranges</i>	<i>..... Detached</i> <u>Low-Range</u>	<u>Mid-Range</u>	<u>High-Range</u>	
Total Households:	250	90	70	210	100	60	780
{Mix Distribution}:	32.1%	11.5%	9.0%	26.9%	12.8%	7.7%	100.0%

Downtown Residential Mix

	<i>Multi- Family</i>		<i>Single- .. Family Attached ..</i>	<u>Total</u>
	<u>For-Rent</u>	<u>For-Sale</u>	<u>All Ranges</u>	
Total Households:	250	90	70	410
{Mix Distribution}:	61.0%	22.0%	17.0%	100.0%

NOTE: Reference Appendix One, Tables 1 through 11.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

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Potential Market for New Housing Units
 DOWNTOWN JACKSON
 City of Jackson, Jackson County, Michigan

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent	250	32.1%
Multi-family for-sale	90	11.5%
Single-family attached for-sale	70	9.0%
Low-range single-family detached	210	26.9%
Mid-range single-family detached	100	12.8%
High-range single-family detached	<u>60</u>	<u>7.7%</u>
Total	780	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

These 780 households comprise approximately 28 percent of the more than 2,700 households that represent the potential market for all of the City of Jackson, a share of the total market that is consistent with Zimmerman/Volk Associates' experience in other cities. For example, in recent analyses, the downtown market was found to represent approximately 26 percent of the city's total potential market in Norfolk, Virginia and Redding, California, 30 percent in Spokane, Washington, Detroit and Baltimore, and 36 percent and 38 percent in Louisville, Kentucky and New Haven, Connecticut, respectively.

As in Jackson, many of these cities are in low-growth or slow-growth regions, where the majority of any increase in the number of households has typically occurred outside the city limits. In most cases, the introduction of newly-created, appropriately-positioned housing units within the city limits, particularly in the downtown, has had an impact on settlement patterns by providing appropriate new housing options for households that previously had none.

The market potential numbers therefore indicate the depth of the potential market for new housing units within Downtown Jackson, not housing need and not projections of household change. These are the households that are likely to move within or to Downtown if appropriate housing options were to be made available.

From the perspective of draw area target market propensities and compatibility, and within the context of the new housing marketplace in the Jackson market area, the potential market for new

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housing units within the Downtown could include the full range of housing types, from rental multi-family to for-sale single-family detached. However, redevelopment of existing buildings is limited to multi-family housing; opportunities for new construction should also concentrate on higher-density housing types, which support urban development and redevelopment most efficiently and include:

- Rental lofts and apartments (multi-family for-rent);
- For-sale lofts and apartments (multi-family for-sale); and
- Townhouses, rowhouses, live-work or flex units (single-family attached for-sale).

This analysis has determined, then, that in the year 2003, more than 400 households currently living in the defined draw areas represent the pool of potential renters/buyers of new market-rate housing units (new construction and/or adaptive re-use of formerly non-residential structures), excluding single-family detached units, within Downtown Jackson (*see again* Table 1). As derived from the tenure and housing preferences of those draw area households, the distribution of rental and for-sale multi-family and for-sale single-family attached housing types would be as follows:

Potential Housing Market
 Market-Rate Higher-Density Housing Units
 DOWNTOWN JACKSON
 City of Jackson, Jackson County, Michigan

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Rental Multi-Family (lofts/apartments, leaseholder)	250	61.0%
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	90	22.0%
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	<u>70</u>	<u>17.0%</u>
Total	410	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

Again, these numbers indicate the depth of the potential market for market-rate housing units within Downtown Jackson if appropriate housing options were available. These households represent a “lost” opportunity for the city. Without an appropriate range of available housing options in Downtown Jackson, these households have either moved elsewhere or have moved less frequently than their typical mobility rates would indicate.

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The residential re-use of existing non-residential structures is one of the most beneficial downtown redevelopment types because it creates and enhances a pedestrian-oriented street environment at a familiar, and often historic, urban scale. In downtown locations, buildings that contain more potential adaptive re-use square footage than can be absorbed for housing within a feasible time frame can be redeveloped with a mix of uses, including retail and office.

How fast will the units lease or sell?

After more than a decade's experience in various cities across the country, and in the context of the target market methodology, Zimmerman/Volk Associates has determined that an annual capture of between 10 and 15 percent of the potential market, depending on housing type, is achievable. Based on a 15 percent capture of the potential market for multi-family units, and a 10 percent capture of for-sale single-family attached units, Downtown Jackson should be able to support nearly 60 new units per year, as follows:

Annual Capture of Market Potential
 DOWNTOWN JACKSON
 City of Jackson, Jackson County, Michigan

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Rental Multi-Family (lofts/apartments, leaseholder)	250	15%	38
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	90	15%	14
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	<u>70</u>	10%	<u>7</u>
Total	410		59

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, more than 75 percent of the annual market potential of 59 new dwelling units in Downtown Jackson, or approximately 45 units per year, could be from households moving from outside Jackson County. Over five years, the realization of that market potential could lead to an increase of more than 225 households living in Downtown Jackson that moved from a location other than the City of Jackson.

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This analysis examines market potential over the next five years. Because of the significant changes in the composition of American households that occurred during the 1990s (*see THE TARGET MARKETS below*), and the likelihood that significant changes will continue, both the depth and breadth of the potential market for downtown living is likely to expand. The experience of other American cities has been that, once the downtown residential alternative has been established, the percentage of households that will consider downtown housing typically increases.

NOTE: Target market capture rates are a unique and highly-refined measure of feasibility. Target market capture rates are *not* equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

The target market capture rate is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*.

The penetration rate is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income.

The traffic conversion rate is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site.

Because the prospective market for a location is more precisely defined, target market capture rates are higher than the more grossly-derived penetration rates. However, the resulting higher capture rates are well within the range of prudent feasibility.

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TARGET MARKET ANALYSIS

Who is the potential market?

As determined by this analysis, the potential market for new market-rate housing units in the Downtown can be characterized by general household type as follows (*see also* Table 2):

Potential Market By Household and Unit Types DOWNTOWN JACKSON City of Jackson, Jackson County, Michigan				
HOUSEHOLD TYPE	PERCENT OF TOTAL	RENTAL MULTI-FAM.	FOR-SALE MULTI-FAM.	FOR-SALE ROWHOUSES
Empty-Nesters & Retirees	41%	40%	44%	43%
Traditional & Non-Traditional Families	5%	8%	0%	0%
Younger Singles & Couples	<u>54%</u>	<u>52%</u>	<u>56%</u>	<u>57%</u>
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

The largest general market segment is composed of younger, mostly childless households (younger singles and couples). The largest potential markets for Downtown Jackson in this segment are *University/College Affiliates*, *Twentysomethings*, *The VIPs*, and *Fast-Track Professionals*—graduate students, teachers, or other higher-education affiliates, young professionals, office workers, and small business owners. Many of these younger households are likely to move to Downtown Jackson because of the high costs of living in Ann Arbor and the Detroit metropolitan area compared to Jackson. These households prefer to live in a downtown location for the availability of a variety of activities, cultural opportunities, restaurants and clubs and, for some, the potential to walk to work.

Younger singles and couples currently represent between 52 and 57 percent of the market for housing units in Downtown Jackson. However, the “Millennials”—also known as “Generation Y,” those persons born between 1977 and 1996 and the second largest generation after the “Baby Boomers”—could have a growing impact. If the preference for urban housing demonstrated by

Table 2

Potential Housing Market By Household Type

Derived From New Unit Purchase And Rental Propensities Of Draw Area Households
With The Potential To Move To Downtown Jackson In 2003

Downtown Jackson

City of Jackson, Jackson County, Michigan

	Potential Housing Market						
	Total	<i>Multi-Family</i>		<i>Single-Family</i>			High-Range
		<i>For-Rent</i>	<i>For-Sale</i>	<i>Attached All Ranges</i>	<i>Low-Range</i>	<i>Mid-Range</i>		Detached
Number of Households:	780	250	90	70	210	100	60
Empty Nesters & Retirees	58%	40%	44%	43%	76%	80%	67%
Traditional & Non-Traditional Families	6%	8%	0%	0%	10%	10%	0%
Younger Singles & Couples	36%	52%	56%	57%	14%	10%	33%
	100%	100%	100%	100%	100%	100%	100%

	Downtown Residential Mix			
	Total	<i>Multi-Family</i>		<i>Single-Family Attached All Ranges</i>
		<i>For-Rent</i>	<i>For-Sale</i>	
Number of Households:	410	250	90	70
Empty Nesters & Retirees	41%	40%	44%	43%
Traditional & Non-Traditional Families	5%	8%	0%	0%
Younger Singles & Couples	54%	52%	56%	57%
	100%	100%	100%	100%

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

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the leading edge of this group is representative of the entire generation, the market potential for downtown housing from this segment is likely to increase significantly over the next decade.

The next largest market segment is comprised of older households (empty nesters and retirees). A significant number of these households have children who have grown up and moved away; another large percentage are retirees, with incomes from pensions, savings and investments, and social security. Many of these households are currently living in older single-family detached houses in Jackson's traditional neighborhoods; typically, their neighborhoods offer few, if any, housing options tailored for empty-nest lifestyles. These older households are quite dissimilar in their attitudes from either younger or family-oriented households. They have different expectations, and paramount among them is the perceived ease and convenience of single-level living, meaning a master suite on the same floor as the living area, and few stairs in the unit. They want their dwelling units to accommodate, to the fullest extent possible, their ability to age in place. The high maintenance and capital costs associated with old and often obsolete housing stock is an underestimated contributing factor in household out-migration; when the only new housing is located outside a city, that is where households will move.

The largest potential markets for Downtown Jackson in this segment are *Active Retirees* and *Middle-Class Move-Downs*, predominantly empty-nest couples (many of whom lived in or near downtown locations in their youth) who could potentially be attracted to appropriate housing in a vibrant downtown.

Empty-nest and retiree households represent between 40 percent and 43 percent of the market for housing units in Downtown Jackson, depending on housing type. However, as with the Millennial Generation, over the next several years this market segment should comprise a significantly larger proportion of the market for downtown housing because increasing numbers of the "Baby Boom" generation—the huge population cohort born between 1946 and 1964—enter the empty-nest life stage. Baby Boomers have become a significant market for new construction in downtown neighborhoods, particularly when those new units reflect their changing lifestyles.

The third, and smallest, general market segment is comprised of family-oriented households (traditional and non-traditional families). Non-traditional families, which during the 1990s became an increasingly larger proportion of all U.S. households, encompass a wide range of family households, from a single parent with one or more children, an adult caring for younger siblings, a

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grandparent with grown children and grandchildren, to an unrelated couple of the same sex with children. Traditional families contain a married man and woman with an average of two or more children. These can also include “blended” families, in which each parent was previously married to another individual and each has children from that marriage.

Households with school-age children have historically been among the first to leave a city when one or all of three significant neighborhood elements—good schools, safe and secure streets, and sufficient green space—are perceived to be at risk. Although this is the smallest market segment, the two target family groups for Downtown Jackson—*Full-Nest Urbanites* and *Multi-Cultural Families*—are households that have a preference for urban living. Most of the adults in these households were raised in or near an urban center and have rejected the suburban alternative; most will already have made appropriate school accommodations—public, charter, parochial or private.

Family-oriented households comprise just eight percent of the market for new rental housing units in Downtown Jackson.

The primary target groups, their median and range of incomes, and median home values, are as follows:

Primary Target Groups
 (In Order of Median Income)
 DOWNTOWN JACKSON
 City of Jackson, Jackson County, Michigan

HOUSEHOLD TYPE	MEDIAN INCOME	BROAD INCOME RANGE	MEDIAN HOME VALUE (IF OWNED)
Empty Nesters & Retirees			
<i>Urban Establishment</i>	\$76,600	\$40,000–\$125,000	\$239,600
<i>Post-War Suburban Pioneers</i>	\$66,200	\$40,000–\$90,000	\$196,600
<i>Affluent Empty Nesters</i>	\$58,300	\$30,000–\$80,000	\$129,700
<i>Blue-Collar Button-Downs</i>	\$53,900	\$35,000–\$70,000	\$92,500
<i>Middle-Class Move-Downs</i>	\$47,700	\$30,000–\$75,000	\$96,900
<i>Active Retirees</i>	\$44,500	\$25,000–\$70,000	\$137,800
<i>Middle-American Retirees</i>	\$40,400	\$25,000–\$65,000	\$92,100
<i>Rowhouse Retirees</i>	\$39,300	\$20,000–\$80,000	\$135,900

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HOUSEHOLD TYPE	MEDIAN INCOME	BROAD INCOME RANGE	MEDIAN HOME VALUE (IF OWNED)
Traditional & Non-Traditional Families			
<i>Full-Nest Urbanites</i>	\$67,000	\$30,000–\$110,000	\$176,300
<i>Multi-Cultural Families</i>	\$45,100	\$20,000–\$70,000	\$122,600
Younger Singles & Couples			
<i>Urban Elite</i>	\$63,400	\$40,000–\$100,000	\$240,600
<i>The VIPs</i>	\$61,800	\$35,000–\$80,000	\$196,300
<i>e-Types</i>	\$60,600	\$30,000–\$85,000	\$203,300
<i>Fast-Track Professionals</i>	\$58,700	\$30,000–\$80,000	\$164,000
<i>University/College Affiliates</i>	\$47,600	\$30,000–\$75,000	\$154,300
<i>Urban Achievers</i>	\$45,400	\$25,000–\$75,000	\$160,700
<i>New Bohemians</i>	\$43,700	\$20,000–\$70,000	\$152,400
<i>Twentysomethings</i>	\$41,500	\$20,000–\$65,000	\$93,600

NOTE: The names and descriptions of the market groups summarize each group's tendencies—as determined through geo-demographic cluster analysis—rather than their absolute composition. Hence, every group could contain “anomalous” households, such as empty-nester households within a “full-nest” category.

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

Reference APPENDIX THREE, TARGET MARKET DESCRIPTIONS, for greater detail on each target group.

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DOWNTOWN MARKET-RATE RENT AND PRICE RANGES

What is the market currently able to pay?

Based on the tenure preferences of draw area households and their income and equity levels, the general range of rents and prices for newly-developed market-rate residential units that could currently be sustained by the market is as follows:

Rent, Price and Size Range Newly-Created Housing DOWNTOWN JACKSON City of Jackson, Jackson County, Michigan			
HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
Rental—			
Hard Lofts *	\$475-\$1,350/month	500-1,500 sf	\$0.90-\$0.95 psf
Soft Lofts †	\$725-\$1,500/month	700-1,600 sf	\$0.94-\$1.04 psf
For-Sale—			
Hard Lofts *	\$70,000-\$195,000	500-1,500 sf	\$130-\$140 psf
Soft Lofts †	\$145,000-\$275,000	900-1,800 sf	\$153-\$161 psf
Townhouses	\$165,000-\$250,000	1,000-1,600 sf	\$156-\$165 psf

* Unit interiors of “hard lofts” typically have high ceilings and commercial windows and are either minimally finished, limited to architectural elements such as columns and fin walls, or unfinished, with no interior partitions except those for bathrooms.

† Unit interiors of “soft lofts” may or may not have high ceilings and often include full or partial interior partitions.

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

The above rents and prices are in year 2003 dollars and are exclusive of consumer options and upgrades, or floor or location premiums. Significant premiums are typically achievable on units that face parks or greens, or are located on high floors with view potential.

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Rental Distribution

The market-rate rent range covers leases by households with annual incomes ranging between \$25,000 and \$80,000 or more. A one-person household with an income of \$25,000 per year, paying no more than 30 percent of gross income for rent and utilities (the national standard for affordability) is qualified for a rent of \$475 per month. A two- or three-person household, with an income of \$80,000 or more per year, paying no more than 30 percent of gross income for rent and utilities, is qualified for a rent of \$1,500 per month.

Based on the incomes of the target households, the distribution by rent range of the 38 market-rate rental units that could be absorbed each year over the next five years in Downtown Jackson is as follows (*see also* Table 3):

Loft/Apartment Distribution by Rent Range DOWNTOWN JACKSON City of Jackson, Jackson County, Michigan

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
\$450-\$600	4	10.5%
\$600-\$750	11	28.9%
\$750-\$900	10	26.3%
\$900-\$1,050	7	18.4%
\$1,050 and up	<u>6</u>	15.9%
Total:	38	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

For-Sale Distribution

The market-rate price range covers purchases by households with annual incomes ranging between \$30,000 and \$125,000. A one-person household with an income of \$30,000 per year, paying no more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, is qualified for a mortgage of \$65,000 at current interest rates. A two- or three-person household with an income of \$125,000 per year, paying no more than 25

Table 3

Target Groups For Rental Lofts/Apartments
Downtown Jackson

City of Jackson, Jackson County, Michigan

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 15 Percent Capture</i>
Post-War Suburban Pioneers	10	2
Affluent Empty Nesters	10	2
Blue-Collar Button-Downs	10	2
Middle-Class Move-Downs	30	4
Active Retirees	20	3
Middle-American Retirees	10	2
Rowhouse Retirees	10	2
Subtotal:	100	17
Traditional & Non-Traditional Families		
Full-Nest Urbanites	10	1
Multi-Cultural Families	10	1
Subtotal:	20	2
Younger Singles & Couples		
Urban Elite	10	1
The VIPs	20	2
e-Types	10	2
Fast-Track Professionals	20	3
University/College Affiliates	20	3
Urban Achievers	10	2
New Bohemians	10	2
Twentysomethings	30	4
Subtotal:	130	19
Total Households:	250	38

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

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percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, is qualified for a mortgage of \$250,000 at current interest rates.

Based on the incomes of the target households, the distribution by price range of the 14 market-rate for-sale apartments that could be absorbed each year over the next five years in Downtown Jackson is as follows (*see* Table 4):

Loft/Apartment Distribution by Price Range
 DOWNTOWN JACKSON
 City of Jackson, Jackson County, Michigan

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$50,000–\$125,000	2	14.3%
\$125,000–\$200,000	6	42.8%
\$200,000–\$275,000	4	28.6%
\$275,000 and up	<u>2</u>	14.3%
Total:	14	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

Based on the incomes of the target groups, the distribution by price range of the seven market-rate townhouse/rowhouse/live-work units that could be absorbed each year over the next five years in Downtown Jackson is as follows (*see* Table 5):

Townhouse/Rowhouse/Live-Work Distribution by Price Range
 DOWNTOWN JACKSON
 City of Jackson, Jackson County, Michigan

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$150,000–\$200,000	3	42.8%
\$200,000–\$250,000	2	28.6%
\$250,000 and up	<u>2</u>	28.6%
Total:	7	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

Table 4

Target Groups For For-Sale Apartments
Downtown Jackson

City of Jackson, Jackson County, Michigan

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 15 Percent Capture</i>
Urban Establishment	10	2
Affluent Empty Nesters	10	2
Middle-Class Move-Downs	10	1
Active Retirees	10	1
Subtotal:	40	6
Younger Singles & Couples		
Urban Achievers	10	1
New Bohemians	10	2
The VIPs	10	2
Fast-Track Professionals	10	2
University/College Affiliates	10	1
Subtotal:	50	8
Total Households:	90	14

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 5

**Target Groups For For-Sale Townhouses/
Rowhouses/Live-Work
Downtown Jackson**

City of Jackson, Jackson County, Michigan

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 10 Percent Capture</i>
Urban Establishment	10	1
Middle-Class Move-Downs	20	2
Active Retirees	10	1
Subtotal:	40	4
Younger Singles & Couples		
The VIPs	10	1
Fast-Track Professionals	10	1
University/College Affiliates	10	1
Subtotal:	30	3
Total Households:	70	7

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

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City of Jackson, Jackson County, Michigan
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THE CURRENT CONTEXT

Demographic Overview

The City of Jackson is the largest city in Jackson County, containing nearly one quarter of the county's households. The city has excellent regional access via Interstate 94, U.S. Route 127, and State Routes 50 and 60. Jackson is less than an hour's drive from Ann Arbor, Lansing and Battle Creek, and just over an hour's drive from Kalamazoo and Detroit. The two largest non-government employers in the county—the W.A. Foote Memorial Hospital and Consumers Energy—have their headquarters Downtown. In addition to the Foote Hospital and Consumers Energy, major employers in the county include the Michigan Department of Corrections, local government, Meijer, Inc., and Jackson Community College. With the exception of the Jackson County Intermediate School District, the remaining major county employers are engaged in automotive-related manufacturing.

The changes in population, households, income, tenure and occupancy rates that have occurred in Jackson County and the City of Jackson between the 1990 and 2000 Census of the Population show that, as is typical in many small regions across the country, the growth rates of the city have lagged behind those of the county. Current estimates (for year 2003) and projections (for year 2008) assume those trends will continue.

Population

According to the U.S. Bureau of the Census, the population of Jackson County rose by 5.8 percent during the 1990s, from 149,755 persons in 1990 to 158,422 in 2000; on average, the county gained more than 850 residents each year. (*See Table 6A.*) Much of the growth was attributable to natural increase (a larger number of births than deaths).

Between 2003 and 2008, it is estimated that the population of the County will increase by another 2,400 residents, or a gain of 1.5 percent. (*See Table 6B.*) By 2008, Jackson County is projected to be home to 162,450 persons.

In 1990, approximately 25 percent of the county's population, or 37,446 persons, lived in the City of Jackson. (*See Table 7A.*) By the year 2000, the city's population had fallen by three percent, to

Table 6A

1990 And 2000 Census Of The Population
Population Age Groups As A Share Of Total Population
Jackson County, Michigan
1990, 2000

Age	.....1990.....		.....2000.....		Change.....1990-2000.....	
	Number	Share	Number	Share	Number	Percent
Under 5 years	10,935	7.3%	10,397	6.6%	-538	-4.9%
5 to 14 years	27,631	18.5%	23,545	14.9%	-4,086	-14.8%
15 to 19 years	6,129	4.1%	10,611	6.7%	4,482	73.1%
20 to 24 years	8,128	5.4%	8,863	5.6%	735	9.0%
25 to 44 years	49,812	33.3%	48,136	30.4%	-1,676	-3.4%
45 to 54 years	15,365	10.3%	22,487	14.2%	7,122	46.4%
55 to 59 years	6,504	4.3%	7,899	5.0%	1,395	21.4%
60 to 64 years	6,694	4.5%	6,104	3.9%	-590	-8.8%
65 to 74 years	10,857	7.2%	10,534	6.6%	-323	-3.0%
75 to 84 years	5,822	3.9%	7,367	4.7%	1,545	26.5%
85 years and over	1,878	1.3%	2,479	1.6%	601	32.0%
Total:	149,755	100.0%	158,422	100.0%	8,667	5.8%

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 6B

Estimates And Projections
Population Age Groups As A Share Of Total Population
Jackson County, Michigan
2003, 2008

Age	.....2003.....		.....2008.....		Change.....2003-2008.....	
	Number	Share	Number	Share	Number	Percent
Under 5 years	10,300	6.4%	10,400	6.4%	100	1.0%
5 to 14 years	23,665	14.8%	22,850	14.1%	-815	-3.4%
15 to 19 years	10,815	6.8%	11,350	7.0%	535	4.9%
20 to 24 years	9,335	5.8%	9,600	5.9%	265	2.8%
25 to 34 years	20,815	13.0%	20,450	12.6%	-365	-1.8%
35 to 44 years	25,955	16.2%	23,700	14.6%	-2,255	-8.7%
45 to 54 years	23,490	14.7%	25,000	15.4%	1,510	6.4%
55 to 59 years	8,720	5.4%	10,200	6.3%	1,480	17.0%
60 to 64 years	6,515	4.1%	7,950	4.9%	1,435	22.0%
65 to 74 years	10,290	6.4%	10,650	6.6%	360	3.5%
75 to 84 years	7,375	4.6%	7,250	4.5%	-125	-1.7%
85 years and over	2,755	1.7%	3,050	1.9%	295	10.7%
Total:	160,030	100.0%	162,450	100.0%	2,420	1.5%

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 7A

1990 And 2000 Census Of The Population
Population Age Groups As A Share Of Total Population
City of Jackson, Jackson County, Michigan
1990, 2000

Age	.....1990.....		.....2000.....		Change.....1990-2000.....	
	Number	Share	Number	Share	Number	Percent
Under 5 years	3,506	9.4%	3,289	9.1%	-217	-6.2%
5 to 14 years	7,091	18.9%	5,976	16.5%	-1,115	-15.7%
15 to 19 years	1,736	4.6%	2,548	7.0%	812	46.8%
20 to 24 years	2,399	6.4%	2,509	6.9%	110	4.6%
25 to 44 years	11,615	31.0%	11,041	30.4%	-574	-4.9%
45 to 54 years	2,921	7.8%	4,148	11.4%	1,227	42.0%
55 to 59 years	1,376	3.7%	1,368	3.8%	-8	-0.6%
60 to 64 years	1,512	4.0%	1,104	3.0%	-408	-27.0%
65 to 74 years	2,837	7.6%	2,026	5.6%	-811	-28.6%
75 to 84 years	1,846	4.9%	1,655	4.6%	-191	-10.3%
85 years and over	607	1.6%	652	1.8%	45	7.4%
Total:	37,446	100.0%	36,316	100.0%	-1,130	-3.0%

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

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36,316 persons, representing less than 23 percent of the county's population. By 2008, it is projected that the city's population will have stabilized, with a net increase of only 25 persons between 2003 and 2008. (See Table 7B.) However, with the continued population growth in the county, by 2008, the population of the city will comprise just 22.3 percent of the county's population.

Households and Income

The number of households has increased more rapidly than population in the county, due to the decrease in average household size, the increase in the number of single-person households, and the rise in new household formations that occurred during the 1990s. According to the Census Bureau, Jackson County gained more than 4,400 households between 1990 and 2000, an 8.2 percent increase. (See Table 8A.) Median incomes rose more than 48 percent over the decade, from \$29,147 to \$43,171.

The number of households in Jackson County is projected to exceed 60,400 households by 2008, an increase of 2.4 percent, or 1,400 households, over five years. (See Table 8B.) Median household income should gain another 13.5 percent between 2003 and 2008, rising from an estimated \$46,000 in 2003 to a projected \$52,200 in 2008.

Compared to many other midwestern cities, which experienced significant declines in the number of households during the 1990s, the City of Jackson lost less than four percent of its household population, with the number of households falling from 14,796 in 1990 to 14,215 in 2000. (See Table 9A.) The number of households in the lower-income brackets (annual incomes below \$25,000 per year) in the city fell by more than 2,700 households over the decade; conversely, the number of households earning more than \$75,000 a year increased substantially—by more than 1,000 households. Median household income for the City rose from \$20,844 in 1990 to \$31,294 in 2000, or 50.1 percent, although the median was approximately \$10,700 below the 2000 national median income of \$42,000.

Between 2003 and 2008, it is projected that the household decline will have ended and the number of households living in the city will show a modest gain of one-half of one percent, from an estimated 14,150 in 2003 to 14,220 in 2008. (See Table 9B.) Median household income will

Table 7B

Estimates And Projections
Population Age Groups As A Share Of Total Population
City of Jackson, Jackson County, Michigan
2003, 2008

Age	.....2003.....		.....2008.....		Change.....2003-2008.....	
	Number	Share	Number	Share	Number	Percent
Under 5 years	3,245	9.0%	3,200	8.8%	-45	-1.4%
5 to 14 years	5,920	16.3%	5,650	15.6%	-270	-4.6%
15 to 19 years	2,570	7.1%	2,675	7.4%	105	4.1%
20 to 24 years	2,595	7.2%	2,675	7.4%	80	3.1%
25 to 34 years	5,575	15.4%	5,475	15.1%	-100	-1.8%
35 to 44 years	5,125	14.1%	4,600	12.7%	-525	-10.2%
45 to 54 years	4,320	11.9%	4,550	12.5%	230	5.3%
55 to 59 years	1,475	4.1%	1,700	4.7%	225	15.3%
60 to 64 years	1,150	3.2%	1,400	3.9%	250	21.7%
65 to 74 years	1,935	5.3%	2,000	5.5%	65	3.4%
75 to 84 years	1,640	4.5%	1,575	4.3%	-65	-4.0%
85 years and over	700	1.9%	775	2.1%	75	10.7%
Total:	36,250	100.0%	36,275	100.0%	25	0.1%

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 8A

1990 And 2000 Census Of The Population
Household Income Groups As A Share Of Total Households
Jackson County, Michigan
1990, 2000

Income†	..... 1990 .....		..... 2000		Change 1990-2000	
	Number	Share	Number	Share	Number	Percent
Less than \$15,000	13,226	24.5%	8,029	13.8%	-5,197	-39.3%
\$15,000 to \$24,999	9,827	18.2%	7,399	12.7%	-2,428	-24.7%
\$25,000 to \$34,999	9,159	17.0%	7,457	12.8%	-1,702	-18.6%
\$35,000 to \$49,999	10,416	19.3%	10,620	18.2%	204	2.0%
\$50,000 to \$74,999	8,013	14.9%	13,050	22.4%	5,037	62.9%
\$75,000 to \$99,999	2,010	3.7%	6,585	11.3%	4,575	227.6%
\$100,000 to \$149,999	878	1.6%	3,696	6.3%	2,818	321.0%
\$150,000 or More	361	0.7%	1,482	2.5%	1,121	310.5%
Total:	53,890	100.0%	58,318	100.0%	4,428	8.2%
Median Household Income:	\$29,147		\$43,171		\$14,024	48.1%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 8B

Estimates And Projections
Household Income Groups As A Share Of Total Households
Jackson County, Michigan
2003, 2008

Income†	.....2003.....		.....2008.....		Change.....2003-2008.....	
	Number	Share	Number	Share	Number	Percent
Less than \$15,000	7,800	13.2%	5,900	9.8%	-1,900	-24.4%
\$15,000 to \$24,999	7,700	13.0%	6,900	11.4%	-800	-10.4%
\$25,000 to \$34,999	7,575	12.8%	7,585	12.6%	10	0.1%
\$35,000 to \$49,999	9,800	16.6%	9,700	16.1%	-100	-1.0%
\$50,000 to \$74,999	13,260	22.5%	12,640	20.9%	-620	-4.7%
\$75,000 to \$99,999	6,800	11.5%	8,100	13.4%	1,300	19.1%
\$100,000 to \$149,999	4,210	7.1%	6,600	10.9%	2,390	56.8%
\$150,000 or More	1,880	3.2%	3,000	5.0%	1,120	59.6%
Total:	59,025	100.0%	60,425	100.0%	1,400	2.4%
Median Household Income:	\$46,000		\$52,200		\$6,200	13.5%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 9A

1990 And 2000 Census Of The Population
Household Income Groups As A Share Of Total Households
City of Jackson, Jackson County, Michigan
1990, 2000

Income†	.....1990.....		.....2000.....		Change.....1990-2000.....	
	Number	Share	Number	Share	Number	Percent
Less than \$15,000	5,505	37.2%	3,400	23.9%	-2,105	-38.2%
\$15,000 to \$24,999	3,091	20.9%	2,433	17.1%	-658	-21.3%
\$25,000 to \$34,999	2,386	16.1%	1,877	13.2%	-509	-21.3%
\$35,000 to \$49,999	2,111	14.3%	2,622	18.4%	511	24.2%
\$50,000 to \$74,999	1,261	8.5%	2,407	16.9%	1,146	90.9%
\$75,000 to \$99,999	301	2.0%	910	6.4%	609	202.3%
\$100,000 to \$149,999	101	0.7%	436	3.1%	335	331.7%
\$150,000 or More	40	0.3%	130	0.9%	90	225.0%
Total:	14,796	100.0%	14,215	100.0%	-581	-3.9%
Median Household Income:	\$20,844		\$31,294		\$10,450	50.1%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 9B

Estimates and Projections
Household Income Groups As A Share Of Total Households
City of Jackson, Jackson County, Michigan
2003, 2008

Income†	.....2003.....		.....2008.....		Change.....2003-2008.....	
	Number	Share	Number	Share	Number	Percent
Less than \$15,000	3,110	22.0%	2,520	17.7%	-590	-19.0%
\$15,000 to \$24,999	2,260	16.0%	2,140	15.0%	-120	-5.3%
\$25,000 to \$34,999	2,020	14.3%	2,060	14.5%	40	2.0%
\$35,000 to \$49,999	2,245	15.9%	2,330	16.4%	85	3.8%
\$50,000 to \$74,999	2,580	18.2%	2,690	18.9%	110	4.3%
\$75,000 to \$99,999	1,130	8.0%	1,280	9.0%	150	13.3%
\$100,000 to \$149,999	590	4.2%	875	6.2%	285	48.3%
\$150,000 or More	215	1.5%	325	2.3%	110	51.2%
Total:	14,150	100.0%	14,220	100.0%	70	0.5%
Median Household Income:	\$33,400		\$38,300		\$4,900	14.7%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Downtown Jackson
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continue to rise at faster rates than the county, with an additional 14.7 percent increase projected between 2003 and 2008. By 2008, median household income in the city should reach \$38,300.

Housing Stock

Between 1990 and 2000, the number of housing units in Jackson County increased at a slightly higher rate, 8.5 percent, than the number of households, 8.2 percent. (*See* Table 10A.) The vacancy rate in the county rose over the decade, because the number of new dwelling units created exceeded the number of new households. The county experienced a 3.3 percent drop in multi-family rental units and a 12.6 percent increase in ownership dwelling units. Median housing values more than doubled over the decade, and median contract rents rose by more than 63 percent.

Between 2003 and 2008, another 1,000 dwelling units are projected to be added to the county's housing stock, with a continued decline in vacant units. (*See* Table 10B.)

The City of Jackson lost nearly 450 dwelling units during the 1990s as demolitions outstripped the number of new units constructed. (*See* Table 11A.) The vacancy rate rose over the same period, from 6.2 percent in 1990 to 6.8 percent in 2000. (*See above.*) Median housing values also doubled in the city, from just \$32,150 to \$64,300, and contract rents in the city rose at the same rate as in the county.

Another 100 dwelling units are projected to be lost in the city between 2003 and 2008; based on current trends, Jackson City is likely to contain just under 15,100 dwelling units by 2008. (*See* Table 11B.) However, the vacancy rate is projected to continue to drop over the same period, falling below six percent in 2008. By that year, median housing value should climb another 13.3 percent, to exceed \$80,000.

In 1990, owner-occupied housing represented just under 74 percent of all occupied housing units in Jackson County; by 2000, with new-home construction occurring in suburban areas of the county, owner-occupied housing rose to 76.5 percent of all occupied housing units. (*See again* Table 10A.) By 2008, it is estimated the share of owner-occupied housing should exceed 78 percent. (*See again* Table 10B.)

Table 10A

1990 And 2000 Census Of The Population
Housing Stock, Tenure And Vacancy
Jackson County, Michigan
1990, 2000

	..... 1990 .....		..... 2000		Change 1990-2000	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Percent</i>
Total Housing Units:	57,979	100.0%	62,906	100.0%	4,927	8.5%
Occupied:	53,660	92.6%	58,168	92.5%	4,508	8.4%
Owner	39,528	73.7%	44,503	76.5%	4,975	12.6%
Renter	14,132	26.3%	13,665	23.5%	-467	-3.3%
	<u>53,660</u>	<u>100.0%</u>	<u>58,168</u>	<u>100.0%</u>	<u>4,508</u>	<u>8.4%</u>
Vacant:	4,319	7.4%	4,738	7.5%	419	9.7%
Type of Units:	57,979	100.0%	62,906	100.0%	4,927	8.5%
Single-Family Units	43,205	74.5%	48,103	76.5%	4,898	11.3%
(Detached)	42,357		47,246		4,889	11.5%
(Attached)	848		857		9	1.1%
2 to 9 Units Per Structure	6,314	10.9%	6,072	9.7%	-242	-3.8%
2 to 4/Structure	4,832		4,627		-205	-4.2%
5 to 9/Structure	1,482		1,445		-37	-2.5%
10+ Units Per Structure	3,536	6.1%	3,641	5.8%	105	3.0%
Mobile Homes/Other	4,924	8.5%	5,090	8.1%	166	3.4%
Median Home Value*:	\$47,925		\$96,900		\$48,975	102.2%
Median Contract Rent*:	\$309		\$505		\$196	63.4%
Average Household Size:	2.62		2.55		-0.07	-2.7%
Owner:	2.73		2.64		-0.09	-3.3%
Renter:	2.30		2.27		-0.03	-1.3%

* Current dollars for each year.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 10B

Estimates and Projections
Housing Stock, Tenure And Vacancy
Jackson County, Michigan
2003, 2008

	..... 2003 .....		..... 2008		Change 2003-2008	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Percent</i>
Total Housing Units:	64,400	100.0%	65,400	100.0%	1,000	1.6%
Occupied:	59,025	91.7%	60,425	92.4%	1,400	2.4%
<i>Owner</i>	45,950	77.8%	47,100	77.9%	1,150	2.5%
<i>Renter</i>	13,500	22.9%	13,325	22.1%	-175	-1.3%
	59,450	100.0%	60,425	100.0%	975	1.6%
Vacant:	4,950	7.7%	4,975	7.6%	-400	-8.1%
 Median Home Value*:	 \$106,700		 \$123,400		 \$16,700	 15.7%
 Average Household Size:	 2.54		 2.52		 -0.02	 -0.8%
Owner:	2.61		2.59		-0.02	-0.8%
Renter:	2.25		2.24		-0.01	-0.4%

* Current dollars for each year.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 11A

1990 And 2000 Census Of The Population
Housing Stock, Tenure And Vacancy
City of Jackson, Jackson County, Michigan
1990, 2000

	..... 1990 .....		..... 2000		Change 1990-2000	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Percent</i>
Total Housing Units:	15,689	100.0%	15,241	100.0%	-448	-2.9%
Occupied:	14,723	93.8%	14,210	93.2%	-513	-3.5%
Owner	8,217	55.8%	8,181	57.6%	-36	-0.4%
Renter	6,506	44.2%	6,029	42.4%	-477	-7.3%
	<u>14,723</u>	<u>100.0%</u>	<u>14,210</u>	<u>100.0%</u>	<u>-513</u>	<u>-3.5%</u>
Vacant:	966	6.2%	1,031	6.8%	65	6.7%
Type of Units:	15,689	100.0%	15,241	100.0%	-448	-2.9%
Single-Family Units	10,100	64.4%	10,232	67.1%	132	1.3%
(Detached)	9,749		9,946		197	2.0%
(Attached)	351		286		-65	-18.5%
2 to 9 Units Per Structure	4,084	26.0%	3,519	23.1%	-565	-13.8%
2 to 4/Structure	3,323		2,825		-498	-15.0%
5 to 9/Structure	761		694		-67	-8.8%
10+ Units Per Structure	1,327	8.5%	1,423	9.3%	96	7.2%
Mobile Homes/Other	178	1.1%	67	0.4%	-111	-62.4%
Median Home Value*:	\$32,150		\$64,300		\$32,150	100.0%
Median Contract Rent*:	\$283		\$462		\$179	63.3%
Average Household Size:	2.47		2.48		0.01	0.4%
Owner:	2.60		2.55		-0.05	-1.9%
Renter:	2.31		2.38		0.07	3.0%

* Current dollars for each year.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 11B

Estimates And Projections
Housing Stock, Tenure And Vacancy
City of Jackson, Jackson County, Michigan
2003, 2008

	..... 2003 .....		..... 2008		Change 2003-2008	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Percent</i>
Total Housing Units:	15,175	100.0%	15,075	100.0%	-100	-0.7%
Occupied:	14,150	93.2%	14,220	94.3%	70	0.5%
<i>Owner</i>	8,193	57.9%	8,532	60.0%	339	4.1%
<i>Renter</i>	5,957	42.1%	5,688	40.0%	-269	-4.5%
	<u>14,150</u>	<u>100.0%</u>	<u>14,220</u>	<u>100.0%</u>	<u>70</u>	<u>0.5%</u>
Vacant:	1,025	6.8%	855	5.7%	-170	-16.6%
 Median Home Value*:	 \$70,700		 \$80,100		 \$9,400	 13.3%
 Average Household Size:	 2.49		 2.50		 0.01	 0.4%
Owner:	2.54		2.53		-0.01	-0.4%
Renter:	2.39		2.40		0.01	0.4%

* Current dollars for each year.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Downtown Jackson
City of Jackson, Jackson County, Michigan
July, 2003

During the 1990s, owner-occupied housing units in the City of Jackson rose from 55.8 percent to 57.6 percent of all occupied dwelling units. (*See again* Table 11A.) By 2008, it is estimated the share of owner-occupied housing units should reach 60 percent. (*See again* Table 11B.)

The specified ownership housing stock in Jackson County increased by over 15.3 percent between 1990 and 2000, with 4,591 more owner-occupied housing units in 2000 than in 1990. (*See* Table 12A.) Median housing value reached \$96,900 by the year 2000. By 2008, median housing value should exceed \$123,400. (*See* Table 12B.)

In the City of Jackson, the specified ownership housing stock increased by just under four percent, with 283 more ownership housing units in 2000 than in 1990. (*See* Table 13A.) Between 2003 and 2008, it is projected that the number of specified owner-occupied dwelling units should rise by another 185 units, or 2.4 percent, to approach 7,900 units by 2008. (*See* Table 13B.)

The Supply Side

Jackson County experienced moderate new residential development during the 1990s, with a rate of growth of approximately eight percent over the decade, or less than eight-tenths of a percent per year. Most of the new development has occurred south and east of the City of Jackson. Few new dwelling units have been developed within the existing neighborhoods surrounding Downtown.

Although new residential construction has been moderate in Jackson County, extensive new development has been occurring along the Interstate 94 corridor between Jackson and Ann Arbor, in and around the small towns of Chelsea and Dexter, and south of Ann Arbor in Saline, and Pittsfield and Marion Townships. Another growth corridor is along Interstate 96 between Detroit and Lansing, with extensive new development under way and in the planning stages in Brighton and Howell. To date, new residential construction in the region has been dominated by local and regional builders and developers; few national homebuilders or rental developers have entered the market. Base sales prices typically range between \$100 and \$150 per square foot; market-rate rents for comparatively new (post-1990) or renovated apartments in Jackson rarely exceed \$0.90

Table 12A

1990 And 2000 Census Of The Population
Housing Value, Specified Owner-Occupied Housing Units
Jackson County, Michigan
1990, 2000

Value†	..... 1990 .....		..... 2000		Change 1990-2000	
	Number	Share	Number	Share	Number	Percent
Less than \$50,000	15,869	52.8%	4,107	11.9%	-11,762	-74.1%
\$50,000 to \$99,999	11,554	38.5%	14,295	41.3%	2,741	23.7%
\$100,000 to \$149,999	1,831	6.1%	8,893	25.7%	7,062	385.7%
\$150,000 to \$199,999	497	1.7%	4,464	12.9%	3,967	798.2%
\$200,000 to \$299,999	229	0.8%	2,134	6.2%	1,905	831.9%
\$300,000 to \$499,999	58	0.2%	548	1.6%	490	844.8%
\$500,000 or More	10	0.0%	198	0.6%	188	1880.0%
Total:	30,048	100.0%	34,639	100.0%	4,591	15.3%
Median:	\$47,925		\$96,900		\$48,975	102.2%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 12B

Estimates And Projections
Housing Value, Specified Owner-Occupied Housing Units
Jackson County, Michigan
2003, 2008

Value†	.....2003.....		.....2008.....		Change.....2003-2008.....	
	Number	Share	Number	Share	Number	Percent
Less than \$50,000	3,700	10.2%	3,650	9.8%	-50	-1.4%
\$50,000 to \$99,999	15,050	41.3%	14,900	40.1%	-150	-1.0%
\$100,000 to \$149,999	9,200	25.3%	9,600	25.8%	400	4.3%
\$150,000 to \$199,999	4,700	12.9%	4,850	13.0%	150	3.2%
\$200,000 to \$299,999	2,650	7.3%	2,700	7.3%	50	1.9%
\$300,000 to \$499,999	800	2.2%	1,050	2.8%	250	31.3%
\$500,000 or More	300	0.8%	450	1.2%	150	50.0%
Total:	36,400	100.0%	37,200	100.0%	800	2.2%
Median:	\$106,700		\$123,400		\$16,700	15.7%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 13A

1990 And 2000 Census Of The Population
Housing Value, Specified Owner-Occupied Housing Units
City of Jackson, Jackson County, Michigan
1990, 2000

Value†	.....1990.....		.....2000.....		Change....1990-2000....	
	Number	Share	Number	Share	Number	Percent
Less than \$50,000	5,978	81.6%	2,289	30.1%	-3,689	-61.7%
\$50,000 to \$99,999	1,162	15.9%	4,288	56.4%	3,126	269.0%
\$100,000 to \$149,999	131	1.8%	667	8.8%	536	409.2%
\$150,000 to \$199,999	27	0.4%	235	3.1%	208	770.4%
\$200,000 to \$299,999	22	0.3%	114	1.5%	92	418.2%
\$300,000 to \$499,999	6	0.1%	13	0.2%	7	116.7%
\$500,000 or More	0	0.0%	3	0.0%	3	na
Total:	7,326	100.0%	7,609	100.0%	283	3.9%
Median:	\$32,150		\$64,300		\$32,150	100.0%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 13B

Estimates And Projections
Housing Value, Specified Owner-Occupied Housing Units
City of Jackson, Jackson County, Michigan
2003, 2008

Value†	.....2003.....		.....2008.....		Change....2003-2008....	
	Number	Share	Number	Share	Number	Percent
Less than \$50,000	2,020	26.2%	1,980	25.1%	-40	-2.0%
\$50,000 to \$99,999	3,140	40.8%	3,095	39.3%	-45	-1.4%
\$100,000 to \$149,999	1,150	14.9%	1,210	15.3%	60	5.2%
\$150,000 to \$199,999	485	6.3%	575	7.3%	90	18.6%
\$200,000 to \$299,999	375	4.9%	430	5.5%	55	14.7%
\$300,000 to \$499,999	305	4.0%	345	4.4%	40	13.1%
\$500,000 or More	225	2.9%	250	3.2%	25	na
Total:	7,700	100.0%	7,885	100.0%	185	2.4%
Median:	\$70,700		\$80,100		\$9,400	13.3%

† Current dollars for each year.

SOURCE: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Downtown Jackson
City of Jackson, Jackson County, Michigan
July, 2003

per square foot, whereas in Ann Arbor, rents at the comparable properties surveyed typically exceed \$1.00 per square foot.

A wide range of rental properties—predominantly older construction—are located in Jackson; for the most part, this analysis has been limited to those projects built or renovated since 1990. Nearly all are leasing one- and two-bedroom apartments; studio/efficiency and three-bedroom apartments are less frequently found. (See Table 14.) Of the properties included in the survey, monthly rents for one-bedroom units range from \$475 to \$650 a month for apartments of approximately 650 to 750 square feet (\$0.72 to \$0.90 per square foot). Rents for two-bedroom apartments start at \$600 per month and exceed \$750 a month, for approximately 750 square feet to nearly 1,200 square feet of living space (\$0.61 to \$0.81 per square foot). Three-bedroom units, featured at half the projects included in the survey, range between approximately \$800 per month (for up to 1,200 square feet) to just \$870 per month (comparable unit sizes), or \$0.67 to \$0.75 per square foot. The majority of the rental properties are at functional full occupancy (more than 95 percent occupied).

Rent ranges and rents per square foot are considerably higher in Ann Arbor to the east. (See again Table 14.) Of the properties included in the survey, monthly rents for one-bedroom units start at \$575 a month for a 565-square foot apartment (\$1.02) and go as high as approximately \$1,000 per month for a 940-square-foot one-bedroom/one-bath apartment with a powder room (\$1.06 per square foot). Rents for two-bedroom apartments start at just over \$700 per month for 865 square feet of living space (\$0.82 per square foot) and, at selected properties, exceed \$1,300 a month, for more than 1,000 square feet of living space (\$1.00 to \$1.11 per square foot). Three-bedroom units start at more than \$1,400 per month (for nearly 1,300 square feet, or \$1.08 per square foot) and can lease for nearly \$1,900 per month (for just under 1,600 square feet, or \$1.04 to \$1.19 per square foot). All of the rental properties included in the Ann Arbor survey are at functional full occupancy (more than 95 percent occupied).

At the present time, other than scattered infill sites, there is very limited development of for-sale housing, either attached or detached, in Jackson. (See Tables 15 and 16.) The redevelopment of the Camp Building on Washington Avenue as 26 condominium apartments will be the first example of Downtown ownership housing. Unit sizes are proposed from 1,154 to more than 2,000 square feet; estimated prices may run from \$160,000 to more than \$300,000. Outside the

Summary Of Selected Rental Properties

Jackson and Washtenaw Counties, Michigan

March, 2003

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number of Units</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
<i>..... Jackson</i>					
Polo Club (1978)	300				98% occupancy
2951 Pheasant Run Drive	1BR/1BA	\$475 to \$490	641	\$0.74 to \$0.76	Pool, play area and basketball court.
	2BR/1BA	\$600	741	\$0.81	
Alpine Lakes (1998)	268				97% occupancy
665 N. Alpine Lake Drive	Studio	\$435	500	\$0.87	Covered parking.
	1BR/1BA	\$535	740	\$0.72	
	2BR/1.5BA	\$715	1,180	\$0.61	
Glenwood (1978:1998)	144				
435 Peppertree Circle	1BR/1BA	\$539 to \$549	662	\$0.81 to \$0.83	Covered parking, pool, tennis court and fitness center.
	2BR/1BA	\$639	849	\$0.75	
Autumn Woods (1973:2000)	112				
435 Peppertree Circle	1BR/1BA	\$589	665	\$0.89	Fitness center, pool and tennis court.
	2BR/1BA	\$739	998	\$0.74	
	2BR/1.5BA	\$769	1,052	\$0.73	
	3BR/1.5BA	\$869	1,152	\$0.75	
Gallery Place (2001)	300				97% occupancy
1412 Gallery Place	1BR/1BA	\$600 to \$630	720 to 725	\$0.83 to \$0.87	Garage and business center.
	2BR/2BA	\$715 to \$775	1,008 to 1,186	\$0.65 to \$0.71	
	3BR/2BA	\$790 to \$820	1,178 to 1,182	\$0.67 to \$0.69	
Springbrook Meadows (1999)	154				95% occupancy
1903 Springport Road	1BR/1BA	\$620 to \$650	720	\$0.86 to \$0.90	Business center and play area.
	2BR/2BA	\$736 to \$756	1,008 to 1,157	\$0.65 to \$0.73	
	3BR/2BA	\$785 to \$815	1,178	\$0.67 to \$0.69	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

Jackson and Washtenaw Counties, Michigan

March, 2003

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number of Units</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
. Ann Arbor					
Randolph Court (1989) 3008 Randolph Street	81				98% occupancy Controlled access.
	1BR/1BA	\$575	565	\$1.02	
	2BR/1-2BA	\$705 to \$715	865	\$0.82 to \$0.83	
Valley Ranch (1989&1999) 1315 Oak Valley Drive	384				98% occupancy Controlled access, tennis court, covered parking, fitness and business center, clubhouse and pool.
	1BR/1BA	\$750 to \$1,000	870 978	\$0.86 to \$1.02	
	2BR/1-2BA	\$860 to \$910	1,150 1,194	\$0.75 to \$0.76	
Village Green of Ann Arbor (1990) 459 Village Green BLVD.	520				97% occupancy Controlled access, tennis court, covered parking, pool, spa, clubhouse and fitness center.
	Studio	\$750 to \$830	650	\$1.15 to \$1.28	
	1BR/1BA	\$795 to \$900	700 to 775	\$1.14 to \$1.16	
	2BR/1-2BA	\$875 to \$1,175	950 to 1,075	\$0.92 to \$1.09	
Woodland Meadows (1988) 275 Field Crest Street	306				97% occupancy Clubhouse, pool, fitness center and attached garages.
	1BR/1BA	\$799 to \$910	905	\$0.88 to \$1.01	
	2BR/1.5BA	\$900 to \$1,680	1,010	\$0.89 to \$1.66	
	3BR/2.5BA	\$1,650 to \$1,875	1,580	\$1.04 to \$1.19	
Briar Cove (1991) 650 Waymarket	272				96% occupancy Clubhouse, tennis court, covered parking, fitness center, playground, spa/hot tub and pool.
	1BR/1BA	\$905 to \$975	750	\$1.21 to \$1.30	
	2BR/1.5BA	\$1,125 to \$1,330	1,162 to 1,228	\$0.97 to \$1.08	
	3BR/2.5BA	\$1,434 to \$1,480	1,286 to 1,368	\$1.08 to \$1.12	

Summary Of Selected Rental Properties*Jackson and Washtenaw Counties, Michigan***March, 2003**

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
. <i>Ann Arbor (continued)</i>					
Windemere Park (1987) 2820 Windwood	480				99% occupancy
	1BR/1BA	\$905 to \$955	700	\$1.29 to \$1.36	Clubhouse, tennis court, covered parking, pool, playground, spa/hot tub, and fitness center.
	2BR/2BA	\$1,020 to \$1,125	950 to 1,050	\$1.07 \$1.07	
Lake Village of Ann Arbor (1998-2002) 101 Lake Village Drive	360				96% occupancy
	1BR/1BA	\$952 to \$1,126	900	\$1.06 to \$1.25	Clubhouse, garages, spa/hot tub, business center, fitness center, tennis court and pool.
	2BR/2BA	\$1,161 to \$1,443	1,100 to 1,300	\$1.06 to \$1.11	
	3BR/3BA	\$1,627 to \$1,722	1,700	\$0.96 to \$1.01	
Woodbury Villas (1991) 3000 Signature BLVD.	336				96% occupancy
	1BR/1.5BA	\$975 to \$995	940	\$1.04 to \$1.06	Clubhouse, fitness center, tennis court, covered parking pool, spa/hot tub, fitness center and garages.
	2BR/2BA	\$1,070 to \$1,115	1,050 to 1,100	\$1.01 to \$1.02	
The Ponds at Georgetown (1990) 2511 Packard Street	144				97% occupancy
	2BR/2BA	\$1,045 to \$1,165	1,050	\$1.00 to \$1.11	Clubhouse, fitness center, spa/hot tub, tennis court, pool and covered parking.
	3BR/2BA	\$1,445 to \$1,495	1,350	\$1.07 to \$1.11	

**Summary Of Selected For-Sale Multi-Family
And Single-Family Attached Developments**
Jackson, Washtenaw and Livingston Counties, Michigan
March, 2003

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Unit Type</u>	<u>Unit Price Range</u>	<u>Unit Size Range</u>	<u>Price Per Sq. Ft.</u>	<u>Total Units</u>	<u>Total Sales (Monthly Average)</u>
. Jackson						
City View Lofts (2003) <i>E.S.S.C., LLC</i>	Flats	* \$160,000 to * \$320,000	1,154 to 2,061	\$139 to \$155	26	na
. Summit Township						
Summit Glen (2001) <i>Norfolk Development Corp.</i>	Flats	\$104,975 to \$130,335	1,079 to 1,229	\$97 to \$106	136	103 (3.7)
Summit Ridge (2002) <i>Norfolk Development Corp.</i>	Ranch Condominiums	\$164,230 to \$180,215	1,395 to 1,430	\$118 to \$126	39	35 (2.2)
. Chelsea and Dexter						
Fieldstone Village (2002) <i>Sutton Development Co.</i>	Condo	\$148,480 to \$179,900	1,072 to 1,514	\$119 to \$139	150	18 (2.3)
Georgetown (2002) <i>Kaftan Realty</i> (converted from rentals)	Condo	\$159,900 to \$174,990	1,200 to 1,321	\$132 to \$133	83	37 (3.7)
. Pittsfield, Saline & Marion Townships						
Rosewood Village (2002) <i>Rock Construction</i>	Attached	\$139,990 to \$164,990	1,200 to 1,600	\$103 to \$117	336	18 (3.6)
Wildwood Commons (2002) <i>Peters Building Co.</i>	Condo	\$209,200 to \$238,900	1,016 to 1,953	\$122 to \$206	86	38 (2.7)

* Estimated pre-construction prices.

SOURCE: Zimmerman/Volk Associates, Inc.

**Summary Of Selected For-Sale Multi-Family
And Single-Family Attached Developments**
Jackson, Washtenaw and Livingston Counties, Michigan
March, 2003

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Unit Type</u>	<u>Unit Price Range</u>	<u>Unit Size Range</u>	<u>Price Per Sq. Ft.</u>	<u>Total Units</u>	<u>Total Sales (Monthly Average)</u>
<i>..... Howell</i>						
Jonathan's Landing (2002) <i>Crosswinds</i>	12-plex	\$125,990 to \$131,990	1,196 to 1,377	\$96 to \$105	252	48 (3.7)
The Meadows (2002) <i>Mitch Harris Building Co.</i>	Attached	\$178,500 to \$197,900	1,212 to 1,450	\$136 to \$147	147	30 (3.3)
<i>..... Brighton</i>						
Covington Green (2002) <i>Westminster Homes Abbey</i>	Condo	\$184,990 to \$212,990	1,425 to 1,917	\$111 to \$130	28	2 (0.3)
Northridge (1999) <i>Advance Craft Home Builders</i>	Condo	\$229,900 to \$269,900	1,480 to 1,703	\$155 to \$158	300	150 (3.1)

**Summary Of Selected For-Sale
Single-Family Detached Developments**
Jackson, Washtenaw and Livingston Counties, Michigan
March, 2003

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Average Lot</u> <u>Width/Size</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Jackson						
Essex Park (1998) <i>Eagle Ventures</i>		Lot prices: \$31,500 to \$41,900	\$160,000 to 1,449 to \$200,000 1,694	\$110 to \$118	40	36* (0.6)
..... Summit Township						
Lakewood Ridge Preserve (1999) <i>Belote Homes, Inc.</i>	80'		\$202,000 to 1,182 to \$240,000 1,740	\$138 to \$171	60	30 (0.6)
Oak Grove (2002) ("Freestanding Condominiums") <i>Norfolk Development Corp.</i>			\$203,900 to 1,395 to \$238,900 1,764	\$135 to \$146	34	1 (0.4)
..... Chelsea, Dexter & Ann Arbor						
Cavanaugh Lake Farms (2000) <i>Various</i>	1 acre and up		\$95,000 † \$379,000 †		28	19 (0.6)
The Preserve (1999) <i>Various</i>	1 acre and up		\$106,000 † \$325,000 †		92	43 (1.0)
Ridgeview Estates of Grass Lake (2002) <i>Marhofer/Campbell</i>	1/2 acre		\$152,900 to 1,040 to \$169,900 1,450	\$117 to \$147	33	4 (0.7)

* Six floor plans available on the four remaining lots.

† Lot prices

**Summary Of Selected For-Sale
Single-Family Detached Developments**
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<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Average Lot</u> <u>Width/Size</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
. <i>Chelsea, Dexter & Ann Arbor (continued)</i>						
Huron Farms (1999) <i>Norfolk Development Corp.</i>	85'	\$204,000 to \$266,000	1,554 to 2,442	\$109 to \$131	267	61 (1.3)
Dexter Crossing (2002) <i>Peters Building Co.</i>	85'	\$209,990 to \$245,900	1,408 to 2,000	\$123 to \$149	71	20 (2.2)
Chelsea Fairways (2002) <i>Cook Development</i>	80'	\$239,900 to \$259,900	1,860 to 3,200	\$81 to \$129	124	21 (2.1)
Chelsea Ridge (2001) <i>Cook Development</i>	85'	\$248,000 to \$315,000	1,860 to 2,900	\$109 to \$133	59	24 (1.0)
Island Hills Estates (2002) <i>Guenther Homes</i>	1 acre and up	\$254,900 to \$319,900	1,700 to 2,800	\$114 to \$150	24	0 (0.0)
Saddlebrook (2000) <i>Guenther Homes</i>	85'	\$267,120 to \$299,830	1,870 to 2,380	\$126 to \$143	70	64 (2.1)
Hidden Woods (2001) <i>Guenther Homes</i>	3/4 acre and up	\$298,110 to \$398,540	2,200 to 3,250	\$123 to \$136	23	18 (0.8)
Hickory Creek (2002) <i>Guenther Homes</i>	2 acres	\$331,900 to \$377,900	2,000 to 3,250	\$116 to \$166	22	7 (0.6)

SOURCE: Zimmerman/Volk Associates, Inc.

**Summary Of Selected For-Sale
Single-Family Detached Developments**
Jackson, Livingston and Washtenaw Counties, Michigan
March, 2003

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Average Lot</u> <u>Width/Size</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Howell						
Ravines of Rolling Ridge (2002) <i>Centex Homes</i>	80'	\$183,900 to \$217,900	1,500 to 2,100	\$104 to \$123	97	43 (3.1)
Turtle Creek of Marion (2001) <i>Mitch Harris Building Co.</i>	100'	\$214,500 to \$278,000	1,943 to 2,742	\$101 to \$110	57	9 (0.4)
Woodland Springs at Lake Chemung (2001) <i>Ivanhoe Huntley</i>	1/2 acre	\$262,900 to \$333,900	1,840 to 2,875	\$116 to \$143	119	32 (1.3)
Northshore Commons East & Hills (1999) <i>Norfolk Development Corp.</i>	90'	\$275,170 to \$289,275	1,784 to 2,165	\$134 to \$154	116	114 (2.1)
..... Brighton						
Chadwick Farms (2002) <i>Mitch Harris Building Co.</i>	90'	\$275,500 to \$364,500	1,800 to 2,742	\$133 to \$153	57	34 (2.8)
Setters Pointe (2000) <i>Mitch Harris Building Co.</i>	90'	\$312,000 to \$368,000	2,200 to 2,742	\$134 to \$142	63	55 (1.5)
Boulder Ridge (1997) <i>Mitch Harris Building Co.</i>	1/2 acre	\$325,000 to \$397,000	2,200 to 2,690	\$148 to \$148	18	15 (0.2)

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city limits, in Summit Township, Norfolk Development Corporation is building 136 two-bedroom flats in eight-unit buildings (Summit Glen) and attached ranches in three-unit buildings (Summit Ridge). Base prices range from just under \$105,000 to more than \$130,000 for the 1,079- to 1,229-square-foot flats (\$97 to \$106 per square foot), and from approximately \$165,000 to \$180,000 for the four remaining 1,395- to 1,430-square-foot ranches (\$118 to \$126) that remain unsold.

The most expensive attached units are being marketed at Northridge, in Brighton, where condominiums range in price from \$229,900 to \$269,900 and in size from 1,480 to 1,703 square feet (\$155 to \$158 per square foot). The property is averaging more than three sales per month since opening in 1999, and half of the 300 planned units have been sold.

New detached houses are being sold for a wide range of price points throughout the market area. In Jackson, a small subdivision called Essex Park is being developed in the southwestern part of the city not far from the Ella Sharp Park. The project, started in 1998, has sold 36 of the 40 lots, and houses range in price from approximately \$160,000 to \$200,000 for 1,450 to 1,700 square feet (\$110 to \$118). South of the city in Summit Township, the 60-unit Lakewood Ridge Preserve is selling its second phase. Thirty houses have been sold, and new models are priced from just over \$200,000 to \$240,000 for just under 1,200 to more than 1,700 square feet (\$138 to \$171). A variety of façade treatments are available, including stucco, brick and stone. Norfolk Development Corporation has also recently introduced “freestanding condominiums” adjacent to its Summit Ridge and Summit Glen developments, and prices of these houses range from \$204,000 to \$238,900 for 1,400 to more than 1,700 square feet of living space (\$135 to \$146 per square foot).

Elsewhere in the market area, new detached houses are priced as low as \$152,900 for a house with just over 1,000 square feet (\$147 per square foot) at Ridgeview Estates of Grass Lake, or as high as \$397,000 for a 2,700-square-foot model (\$148 per square foot) at Boulder Ridge in Brighton. Sales paces vary widely, often based on factors other than mere price. For example, the lower-priced Ridgeview Estates has sold just four of its planned 33 houses for an average of just over one house every two months; whereas the highest sales pace has been achieved at the Ravines of Rolling Ridge, a Centex development in Howell (one of the few national developers in the marketplace), where an average of more than three houses a month has been sold since opening, or 43 of the

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planned 97 units. Houses here are the conventional Centex models, priced between \$183,900 and \$217,900 for 1,500 to 2,100 square feet of living space (\$104 to \$123).

HOUSING TYPES

Adaptive re-use of existing, non-residential buildings can yield either lofts or fully-finished apartments. The lofts, whether for-rent or for-sale, new construction or adaptive re-use, should include work space as a permitted use.

Building and unit types most successfully used in residential redevelopment or new residential construction in other downtowns comparable in size and scale to Downtown Jackson, include:

- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is four or more stories, often combined with non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above grade. Parking is either below grade or in an integral structure.

The building's apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price.

- Loft Apartment Building: Either adaptive re-use of older warehouse and manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version is usually elevator-served with double-loaded corridors.

Hard Lofts: Unit interiors typically have high ceilings and commercial windows and are minimally finished (with limited architectural elements such as columns and fin walls), or unfinished (with no interior partitions except those for bathrooms).

Soft Lofts: Unit interiors typically have high ceilings, are fully finished and often include full or partial interiors. Units may also contain architectural elements reminiscent of "hard lofts," such as brick walls and iron railings, particularly if the building is an adaptive re-use of an existing industrial structure.

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The building's loft apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price. (Loft apartments can also be incorporated into multifamily buildings along with conventionally-finished apartment units.)

- Townhouse/Rowhouse: Similar in form to a conventional suburban townhouse except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban townhouses conform to the pattern of streets, typically with shallow front-yard setbacks. To provide privacy and a sense of security, the first floor should be elevated significantly above grade.
- Flex Rowhouse (Live-Work Rowhouse): The façade is similar to that of a rowhouse, except that the ground floor contains additional “unfinished” space, designed to be used separately, as office, retail or studio space, or as an accessory dwelling unit (from which income can help in mortgage qualification). This space could also be used for future expansion when finished by the homeowner, but should have the widest range of permitted uses. The owner/occupant can lease the flex space separately; the flex space rowhouse can also be purchased as an investment, in which both the residential space and flex space are leased independently.

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METHODOLOGY

The technical analysis of city-wide and Downtown market potential included delineation of the draw area(s) and evaluation of Downtown Jackson's market potential.

The delineation of the draw area(s) for housing within the City of Jackson was based on historic settlement patterns, migration trends for Jackson County, and other market dynamics.

The evaluation of Jackson's market potential was derived from target market analysis of households in the draw area(s), and yielded:

- The depth and breadth of the potential housing market by tenure (rental and ownership) and by type (apartments, attached and detached houses); and
- The composition of the potential housing market (empty-nesters/retirees, traditional and non-traditional families, younger singles/couples).

NOTE: The Appendix Tables are provided in a separate volume.

Target Market Methodology:

The proprietary target market methodology developed by Zimmerman/Volk Associates is an analytical technique, using the PRIZM geo-demographic system, that establishes the optimum market position for residential development of any property—from a specific site to an entire political jurisdiction—through cluster analysis of households living within designated draw areas. In contrast to classical supply/demand analysis—which is based on supply-side dynamics and baseline demographic projections—target market analysis establishes the optimum market position derived from the housing and lifestyle preferences of households in the draw area and within the framework of the local housing market context, even in locations where no close comparables exist.

In geo-demographic segmentation, clusters of households (usually between 10 and 15) are grouped according to a variety of significant factors, ranging from basic demographic characteristics, such as income qualification and age, to less-frequently considered attributes such as mobility rates, lifestyle patterns and compatibility issues. Zimmerman/Volk Associates has

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refined the analysis of these household clusters through the correlation of more than 500 data points related to housing preferences and consumer and lifestyle characteristics.

As a result of this process, Zimmerman/Volk Associates has identified 41 target market groups with median incomes that enable most of the households within each group to qualify for market-rate housing. The most affluent of the 41 groups can afford the most expensive new ownership units; the least prosperous are candidates for the least expensive existing rental apartments.

Once the draw area(s) for specific city, location or site have been defined, then—through field investigation, analysis of historic migration and development trends, and employment and commutation patterns—the households within those areas are quantified using the target market methodology. The potential market for market-rate units is then determined by the correlation of a number of factors—including, but not limited to household mobility rates; median incomes; lifestyle characteristics and housing preferences; and the competitive environment.

Delineation of the Draw Areas (Migration Analysis)—

Taxpayer migration data provide the framework for the delineation of the draw areas—the principal counties of origin for households that are likely to move to Jackson County. These data are maintained at the county and “county equivalent” level by the Internal Revenue Service and provide a clear representation of mobility patterns.

Appendix One, Table 1.

Migration Trends

Analysis of Jackson County migration and mobility patterns from 1996 through 2000—the latest data available from the Internal Revenue Service—shows that the number of households moving into the county has increased from approximately 2,700 households in 1996 to just over 3,300 households in 2000. (*Reference* Appendix One, Table 1.) Over the same period, the number of households moving out of the county ranged from just under 2,700 households in 1996 to more than 3,200 households in 2000. Until the year 1999, Jackson County net-migration had remained comparatively stable. However, in 1999, there was a net gain of 85 households, and in 2000, a net gain of 110 households—in part due to an increase in the number of households moving from neighboring Washtenaw County, where housing affordability has become an issue.

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NOTE: Although net migration provides insights into the county's historic ability to attract or retain households compared to other locations, it is those households likely to move into the county (gross in-migration) that represent the county's external market potential.

Based on the migration data, the draw areas for the City of Jackson have been delineated as follows:

- The local (internal) draw area, covering households currently living within the Jackson city limits, as well as those currently living in the balance of Jackson County.
- The regional draw area, covering households with the potential to move to the City of Jackson from surrounding and nearby counties.
- The national draw area, covering households with the potential to move to the City of Jackson from all other U.S. counties.

As noted above, the regional draw area consists of Washtenaw, Ingham, Wayne, Lenawee, Calhoun and Hillsdale Counties, Michigan (*reference* Appendix One, Table 1). The national draw area includes the balance of the country taken in aggregate.

Appendix One, Tables 2 and 3.

Target Market Classification of City and County Households

Geo-demographic data obtained from Claritas, Inc. provide a framework for the categorization of households, not only by demographic characteristics, but also by lifestyle preferences and socio-economic factors. For purposes of this study, only those household groups with median incomes that enable most of the households within each group to qualify for market-rate housing are included in the tables. An appendix containing detailed descriptions of each of these target market groups is provided along with the study.

Approximately 39 percent, or 5,445 households, of the estimated 14,150 households living in the City of Jackson in 2003 had the capacity to rent or buy market-rate housing. Over 72 percent of these households are classified as traditional and non-traditional families and 27.6 percent are empty nesters and retirees. (*Reference* Appendix One, Table 2.)

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Of the 59,025 households estimated to be living in Jackson County in the year 2003, 65.9 percent, or 38,875 households, can be classified within target market groups where most of the households have the capacity to rent or buy market-rate housing. (*Reference Appendix One, Table 3.*) Nearly 78 percent of these households can be characterized as traditional and non-traditional families, 18 percent are empty nesters and retirees, and the remaining four percent are younger singles and couples.

Appendix One, Tables 4 through 7.

Determination of the Potential Market for the City of Jackson (Mobility Analysis)—

The mobility tables, individually and in summaries, indicate the number and type of households that have the potential to move to the City of Jackson in the year 2003. The total number from each county is derived from historic migration trends; the number of households from each group is based on each group's mobility rate.

Internal Mobility (Households Moving Within The City Of Jackson)

Zimmerman/Volk Associates uses U.S. Bureau of the Census data, combined with Claritas data, to determine the number of households in each target market group that will move from one residence to another within a specific jurisdiction in a given year (internal mobility).

Using these data, Zimmerman/Volk Associates has determined that up to 700 households currently living in the City of Jackson have the potential to move from one residence to another in the city this year. (*Reference Appendix One, Table 4.*) More than 81 percent of these households are likely to be traditional and non-traditional families (as characterized within three Zimmerman/Volk Associates target market groups) and 18.6 percent are likely to be empty nesters and retirees (in three groups).

External Mobility (Households Moving To The City Of Jackson)

The same sources of data are used to determine the number of households in each target market group that will move from one area to another within the same county. Using these data, up to 620 households currently living in the balance of Jackson County have the potential to move from a residence in the county to a residence in the City of Jackson this year. (*Reference Appendix*

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One, Table 5.) Nearly 60 percent of these households are likely to be traditional and non-traditional families (in seven market groups); 30.6 percent are likely to be empty nesters and retirees (in three groups); and the remaining 9.7 percent are likely to be younger singles and couples (in one group).

As noted, the total potential market for the City of Jackson includes the local, regional, and national draw areas. (*Reference* Appendix One, Table 8.) More than 2,700 households have the potential to move within or to the City of Jackson this year. Traditional and non-traditional families are likely to account for more than 55 percent of these households (in 13 market groups); another 23.4 percent are likely to be empty nester and retiree households (in 10 groups); and just over 21 percent are likely to be younger singles and couples (in 11 groups).

The distribution of the draw areas as a percentage of the potential market for the City of Jackson is as follows:

Market Potential By Draw Area City of Jackson, Jackson County, Michigan	
City of Jackson (Local Draw Area):	25.5 percent
Jackson County (Local Draw Area):	22.6 percent
Adjacent and Nearby Counties (Regional Draw Area):	24.5 percent
Balance of US (National Draw Area):	27.4 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

Determination of the Potential Market for Downtown Jackson—

The total potential market for Downtown Jackson includes the same draw areas. Zimmerman/Volk Associates uses U.S. Bureau of the Census data, combined with Claritas data, to determine which target market groups, as well as how many households within each group, are likely to move to a downtown location in a given year.

Using these data, Zimmerman/Volk Associates has determined that more than 900 households have the potential to move to Downtown Jackson this year. (*Reference* Appendix One, Table 9.) Approximately 54 percent of these households are likely to be empty-nester and retiree households (in eight market groups); another 41 percent are likely to be younger singles and

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couples (in eight groups); and the remaining 5.5 percent are likely to be traditional and non-traditional family households (in two groups).

The distribution of the draw areas as a percentage of the potential market for Downtown Jackson is as follows:

Market Potential By Draw Area DOWNTOWN JACKSON City of Jackson, Jackson County, Michigan	
City of Jackson (Local Draw Area):	13.2 percent
Jackson County (Local Draw Area):	9.8 percent
Adjacent and Nearby Counties (Regional Draw Area):	35.2 percent
Balance of US (National Draw Area):	41.8 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2003.

The 910 draw area households that have the potential to move to Downtown Jackson this year have also been categorized by tenure propensities to determine the appropriate renter/owner ratio. Just under 42 percent of these households (or 380 households) comprise the potential market for rental units, of which 250 households comprise the potential market for rental units at the rent levels required to support newly-constructed market-rate housing. The remaining 58.2 percent (or 530 households) comprise the market for market-rate for-sale housing units. (*Reference Appendix One, Table 10.*)

Of these 530 households, 17.0 percent (or 90 households) comprise the market for multi-family for-sale units (condominium/cooperative lofts/apartments); another 13.2 percent (70 households) comprise the market for attached single-family (townhouse/rowhouse/live-work) units; and the remaining 69.8 percent (370 households) comprise a market for all ranges of single-family detached houses. (*Reference Appendix One, Table 11.*)

—Target Markets—

Zimmerman/Volk Associates' target market classifications are updated periodically to reflect the relentless change in the composition of American households. Because of the nature of geo-demographic segmentation, a change in household classification is directly correlated with a change in geography, *i.e.*—a move from one neighborhood condition to another. However, these

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changes of classification can also reflect an alteration in one of three additional basic characteristics:

- Age;
- Household composition; or
- Economic status.

Age, of course, is the most predictable, and easily-defined of these changes. Household composition has also been relatively easy to define; recently, with the growth of non-traditional households, however, definitions of a family have had to be expanded and parsed into more highly-refined segments. Economic status remains clearly defined through measures of annual income and household wealth.

A change in classification is rarely induced by a change in just one of the four basic characteristics. This is one reason that the target household categories are so highly refined: they take in multiple characteristics. Even so, there are some rough equivalents in household types as they move from one neighborhood condition to another. There is, for example, a strong correlation between the *Suburban Achievers* and the *Urban Achievers*; a move by the *Suburban Achievers* to the urban core can make them *Urban Achievers*, if the move is accompanied by an upward move in socio-economic status. In contrast, *Suburban Achievers* who move up socio-economically, but remain within the metropolitan suburbs may become *Fast-Track Professionals* or *The VIPs*.

Migration Methodology:

County-to-county migration is based on the year-to-year changes in the addresses shown on the population of returns from the Internal Revenue Service Individual Master File system. Data on migration patterns by county, or county equivalent, for the entire United States, include inflows and outflows. The data include the number of returns (which can be used to approximate the number of households), and the median and average incomes reported on the returns.

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Target Market Data—

Target market data are based on the Claritas PRIZM geo-demographic system, modified and augmented by Zimmerman/Volk Associates as the basis for its proprietary target market methodology. Target market data provides number of households by cluster aggregated into the three main demographic categories—empty nesters and retirees; traditional and non-traditional families; and younger singles and couples.

Household Classification Methodology:

Household classifications are based on the Claritas PRIZM geo-demographic segmentation system, which was established in 1974 and is the most widely-used neighborhood target marketing system in the United States. Claritas uses 15 unique clustering algorithms to define various domains of affluence and settlement density. These algorithms isolate the key factors in each density-affluence domain that accounted for the most statistical difference among neighborhoods within that group.

Over the past 15 years, Zimmerman/Volk Associates has augmented the PRIZM cluster system for use within the company's proprietary target market methodology specific to housing and neighborhood preferences, with additional algorithms, correlation with geo-coded consumer data, aggregation of clusters by broad household definition, and unique cluster names. (*See TARGET MARKET METHODOLOGY above.*) For purposes of this study, only those household groups with median incomes that enable most of the households within each group to qualify for market-rate housing are included in the tables.

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PART THREE: IMPLEMENTATION

From the perspective of draw area target market propensities and compatibility, new construction as well as adaptive re-use of existing buildings will be required to support and sustain residential diversity in Downtown Jackson.

NOTE: Throughout the discussion of implementation, policies and programs it is assumed and recommended that the Community Development Department staff will be responsible for implementation.

An effective housing strategy to attract the target households should include:

- The creation of a variety of housing types, both rental and for-sale, in the Downtown, particularly the West Side;
- The establishment of general neighborhood guidelines to assure the compatibility of every scale and type of housing; and
- The development or continuation of programs and policies that will encourage the creation of Downtown housing.

DOWNTOWN HOUSING STRATEGIES

1. Target Areas For Residential Development

Potential areas for market-rate housing initiatives within the Downtown have been evaluated relative to the following criteria for successful urban housing development or redevelopment initiatives:

- Advantageous adjacency: It is critical to “build on strength,” not only to provide maximum support for any proposed housing initiatives, but also, conversely, so that housing initiatives will reinforce existing or proposed adjacent developments (commercial, retail, or residential).
- Building and/or land availability: At present, several buildings or parcels within the Downtown are under-utilized or vacant. From the City’s perspective, poorly-located or

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under-used open parking lots are better utilized as sites for new infill mixed-use development.

- Potential for expansion: Each housing initiative should be located in an area where, at the successful completion of the initial project, adjacent or nearby buildings and/or land appropriate for the continuation or extension of the neighborhood, either through new construction or adaptive re-use would potentially be available. Each housing initiative should not be viewed as a “stand-alone” project, but should serve as a catalyst for additional residential development in surrounding areas.
- Anchors/linkage: Each housing initiative must be seen as part of an overall urban strategy to build a critical mass of both housing and related non-residential uses. “Anchor” locations establish the potential for economic activity in an underutilized area; “linkage” locations build on the strength of two or more established, but isolated locations.

Successful residential development/redevelopment in Downtown Jackson will require the establishment of residential “addresses,” leading to the creation of a downtown residential neighborhood where none currently exists. A neighborhood is established when enough “mass” is created—both in number of people and in number of residential buildings. Rental apartments in particular can be instrumental in the rapid establishment of “mass.” Rentals allow households to experiment with living in a particular location without the commitment of home ownership; and Downtown renters will form a pool of potential purchasers of ownership units that may be developed at a later date.

Residential “addresses” can be created through the delineation of separate “districts” within the Downtown. The location and proximity of various existing uses to each other suggest three core mixed-use districts: a “Theater District”—in general, focused on Mechanic Street from the railroad tracks to Washington Street, with the Michigan Theater as the centerpiece; “Library Place”—specifically, both sides of Michigan Avenue from Blackstone to Jackson Streets, with the beautiful Carnegie Library as the centerpiece, and extending from the Louis Glick Highway in the north to Washington Avenue in the south; and “Restaurant Row,” anchored by Bella Notte and Darryl’s restaurants—specifically, the area straddling Michigan Avenue from Jackson Street in the west and Mechanic Street in the east, and extending from the highway to Washington Avenue. A fourth district, the “Hospital District”—encompassing the area from Pearl Street to the north,

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Waterloo Avenue to the east, Elizabeth Street to the south, and the railroad tracks to the west—should be targeted after revitalization of the three core districts has been successfully initiated.

From a market perspective, then, the most promising areas for market-rate residential development—primarily adaptive re-use of upper floors of existing buildings—in Downtown Jackson have been evaluated relative to the four criteria for successful urban housing development or redevelopment initiatives:

The Theater District—

- Advantageous adjacency: Residential redevelopment on Mechanic Street would be adjacent to, or within short walking distance of major attractions—the Michigan Theater, the Grand River Market, several restaurants, as well as employment in the new Consumers Energy building, the State of Michigan building, and the Citizens Bank building.
- Building and/or land availability: The upper stories of several buildings on Mechanic Street are either vacant or underutilized; in particular, the upper floors of the building located at the southwest corner of Mechanic and Pearl would be an excellent location for new apartments.
- Potential for expansion: A variety of parking lots are located within one block of Mechanic Street.
- Anchors/linkage: The Theater District would become the anchor for the east side of a Downtown neighborhood. Residential development in this area will significantly enhance existing non-residential uses and will complement the redevelopment of the Otsego and Elaine buildings as residences for seniors.

Library Place—

- Advantageous adjacency: Residential development in Library Place would center on the conversion of the city-owned former Hayes Hotel to market-rate residential. The juxtaposition of the Hayes Hotel building, the Carnegie Library, and the Jackson District Library building around the Library green and across

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Michigan Avenue from a very attractive church creates a very desirable “address” that is within walking distance of most of the office buildings located on the west side of the core Downtown.

- Building and/or land availability: Considerable open, on-site parking exists between the railroad tracks and Washington Avenue at this end of Downtown—entire blocks in some instances.
- Potential for expansion: Upper-story residential development on this block is likely to be limited to the former Hayes Hotel; however, planning and redesign of the large parking lots north of Pearl and south of Cortland could produce opportunities for new residential construction.
- Anchors/linkage: Continuing residential development to the west and south would begin to connect the Downtown residential neighborhoods with nearby in-town neighborhoods. Library Place would become the anchor for the west side of Downtown.

Restaurant Row—

- Advantageous adjacency: The concentration of uses on this block—City Hall, Bella Notte and Darryl’s restaurants, Mike’s Deli and the Downtown Eatery, and the row of historic two and three-story buildings anchored by the Dupuis Jewelry Store make this block of Michigan Avenue the heart of Downtown Jackson. The residential redevelopment of the Harris Building on the north side of Michigan Avenue is currently underway.
- Building and/or land availability: The upper floors of several smaller buildings are underutilized or vacant.
- Potential for expansion: The potential for expansion of residential development could either be substantial or very limited. Although it might seem a radical proposal, if City Hall were to be relocated to another building or location, the existing building would have significant upscale residential potential.

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- Anchors/linkage: Residential development in this district will link the Theater District with Library Place.

The Hospital District—

- Advantageous adjacency: The Hospital District is located between two major city employers—the Foote Hospital directly to the east and the new Consumers Energy building across the railroad tracks to the southwest.
- Building and/or land availability: There are a limited number of small parking lots.
- Potential for expansion: The potential for expansion of residential development outside the Hospital District could be significant, given the large number of parking lots that surround the district.
- Anchors/linkage: Residential development in this district will link the residential neighborhood to the north with new housing in the West Side Study Area.

2. Ensure Appropriate Urban Design

A Downtown residential neighborhood succeeds when its physical characteristics consistently emphasize urbanity and the qualities of city life; conversely, attempts to introduce suburban scale and housing types into urban areas have invariably yielded disappointing results. Therefore, appropriate urban design—which places as much emphasis on creating quality streets and public places as on creating or redeveloping quality buildings—will be essential to success. The important elements can be summarized in several practical inter-related guidelines:

- Preservation or restoration of the urban fabric. Emphasis should be on adaptive re-use, with new construction used as infill among rehabilitated structures.
- Respect for the urban context. Major renovation and new infill construction should maintain the building lot disposition and “build-to” line. When building heights are increased, the new floors should be set back from the historic cornice line. Pedestrian

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entrances should always be from the sidewalk; automobile entrances should always be minimized. Buildings should never present a blank wall to the street.

- Streets designed for pedestrian comfort. Automobiles are accommodated on great urban streets; however, they are not given precedence over ease of pedestrian movement. The emphasis on streets can have significant, long-term impact on both street safety (providing “eyes on the street”) and usable parks and squares.
- Continuing improvement of the streetscape. Local artists can create a unique physical environment which could be extended to the Downtown’s “street furniture”—the trash receptacles, seating areas, public sculptures, and other small street amenities that make the difference between an “automobile-oriented road” and a “neighborhood street.”
- Reduced parking requirements. Urban, rather than suburban, parking ratios should be utilized, with 1.3 parking spaces per rental unit and 1.5 parking spaces per for-sale unit. Although lack of parking is a recurring complaint in many cities, detailed analysis of parking capacity typically reveals under-utilization of existing parking. A number of cities have recently begun to shrink parking requirements. For example, Portland, Oregon now exempts downtown residential development from required off-street parking; Olympia, Washington has no minimum parking requirements in its downtown.

Parallel parking should be encouraged wherever possible not only to enhance pedestrian safety but also to help meet residents’ parking needs. Resident parking on designated streets should be ensured through a permit system; permits should be issued at the cost of administering the program, including the added cost of enforcement.

Shared parking should be encouraged in the core Downtown. The overall number of required parking spaces could be significantly reduced if businesses and residential development shared parking facilities.

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3. Market and Monitor the Downtown

A high-profile marketing program should be undertaken to promote the Downtown as a viable and exciting housing option. An effective marketing program will require advertising and public relations, merchandising and promotion. This could be undertaken as an adjunct to the marketing of Downtown as a destination for shopping and entertainment.

- Advertising and public relations should include an “image” campaign that not only keeps the Downtown within the public consciousness, but also reinforces the positive aspects of urban living.
- Merchandising includes consistent street amenities, such as lighting and trash receptacles with uniform and distinctive designs (*see above*).
- Promotion should include a series of special events that attract large numbers of households to the Downtown.

Marketing efforts are most effective when they are constantly fine-tuned based on results, which requires some means of monitoring marketing impact. In the City of Baltimore, Maryland, the Downtown Partnership maintains a database of all existing residential properties located within the Downtown. The Partnership updates, on a quarterly basis, the monthly rents, vacancy and turnover rates at each rental building; the values and sales of newly-developed units in new construction or adaptive re-use of existing buildings; and the values and frequency of resale activity within older condominium buildings, to determine value escalation, if any. In addition, the Partnership monitors the status of all new development proposals. This information is readily available to potential developers via the Partnership’s website.

Downtown, and most of Baltimore’s in-town neighborhoods, are actively marketed through another website, linked to the Downtown Partnership website. This site describes in detail each neighborhood’s assets, from cultural institutions to architectural characteristics, and also provides comprehensive listings of available rental apartments (with location, asking rent and photograph) and for-sale units on the market (also accompanied by information on location, asking price, unit size, and a photograph).

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POLICIES AND PROGRAMS

The City of Jackson should encourage residential redevelopment of existing buildings, particularly those of architectural merit, because of the demonstrated positive impact historic rehabilitation has had on housing and neighborhood values nationally.

Impediments to Downtown residential development and redevelopment that could discourage the private sector include regulatory obstacles (zoning and code requirements), high asking prices for existing, underutilized buildings and vacant land, and potentially high production cost relative to the initial value of completed units. The cost problem may actually be more acute in adaptive re-use, since the existing structure often complicates the design effort while costing nearly as much as or, under some circumstances, more than new construction.

Strategies for Downtown housing should be supported by targeted policies and programs that are coordinated for effective and efficient implementation. Policies and programs appropriate for Jackson and that have been effective across the country are outlined here, along with a summary of Michigan's downtown development and rehabilitation incentive programs.

1. Policies and Programs For Adaptive Re-Use

—Special Code for Adaptive Re-Use—

Regulatory relief for adaptive re-use would best come in the form of a new regulatory approach. Rather than applying new construction code standards, life and safety issues relating to existing buildings undergoing substantial rehabilitation should be evaluated pragmatically—or in the context of the code that was in effect when the building was constructed.

New Jersey was the first state to adopt a separate construction code for existing buildings. One important element of the code is that it is responsive to scale, easing compliance for small projects; code requirements increase with the scope of the rehabilitation project. This is of primary importance, since most neighborhoods will derive maximum benefits from residential and, indeed, non-residential initiatives that occur on a variety of scales. In cities across the country, it has become clear that neighborhoods with significant historic rehabilitation efforts have fared best in the maintenance and building of housing value. These historic rehabilitations have ranged in

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scale from the professional renovation and rehabilitation of large, multi-unit buildings to sweat-equity efforts of individual owner occupants.

Since the New Jersey code's adoption in 1998, the amount of rehabilitation in the state's largest cities has increased by 60 percent. Jackson could adopt a similar code, following the example of Wilmington, Delaware, which was the first of many cities to adopt a code modeled on the New Jersey statute. [New Jersey Department of Community Affairs, Division of Codes and Standards: Rehab Subcode of the Uniform Construction Code (NJAC 5:23-6).]

NOTE: Effective October 2002, the State of Michigan adopted a Uniform Rehabilitation Code applying to structures existing before November 6, 1974 (R 408.30429a of the Michigan Administrative Code as amended). The intent of the code is "to maintain or increase the current degree of public safety, health, and general welfare in existing buildings while permitting repair, alteration, addition, and change of occupancy without requiring full compliance with [the Michigan Building Code]."

—Adaptive Re-Use Handbook—

Once the code for existing buildings has been adopted, a handbook for developers and building professionals should be produced that summarizes the code and, if applicable, typical trade-offs and variances required. Qualification for regulatory relief should be presented clearly and unambiguously to assist in the evaluation of building suitability. The handbook could be used in the redevelopment of other city neighborhoods, not just the Downtown.

—Adaptive Re-Use "Ombudsman"—

Even with an appropriate and clearly-presented code for existing structures, given the wide variety of conditions represented by existing buildings, it should be anticipated that an equally wide variety of solutions to code compliance of adaptive re-use will be required. The coordination of the regulatory process can be overwhelming. The City can smooth the process by appointing a single code officer—an adaptive re-use "ombudsman"—to provide technical assistance to owners and developers. The ombudsman's oversight of all adaptive re-use would also assure an informed and even-handed treatment of all cases. Again, depending on the volume of development, the ombudsman could also oversee development and redevelopment in other city neighborhoods.

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2. Policies and Programs For New Construction

—Gap Financing Pool—

With some exceptions, infill development opportunities within Downtown Jackson are likely to be small scale—in most cases, fewer than 50 units and usually fewer than 25. These small properties lack development efficiency; since fixed costs are spread over fewer units, the cost per unit is higher without any corresponding increase in market value. Small properties have historically had difficulties attracting public capital assistance in any form; because of their small size, they are generally not considered to have the potential for catalytic impact. (This is one of the long-standing ironies of American urban initiatives: the properties that are large enough to have gained government support are often self-contained and have significantly less impact on surrounding uses than the same number of units in smaller, pedestrian-oriented properties.)

A revolving loan pool for subordinated, low-interest gap funding should be established to put the financial feasibility of smaller Downtown properties on an equal footing with larger suburban properties.

Gap funding should be available to both adaptive re-use and to new construction. The gap fund should be very flexible in order to respond to the special needs of each small, highly-individual property. Gap funding is typically structured as low-interest debt in a second or third position, but can incorporate interest accrual or other features designed to address the short-term financing impediments to residential developments that are essentially sound when viewed over the long term.

The Greater Downtown Partnership of Detroit recently assembled a \$23 million fund to provide gap financing; the fund is currently being utilized to assist in the renovation and conversion of a number of downtown buildings from commercial to residential use.

—City-Owned Land—

City-owned land in key Downtown locations should be used to leverage residential development. To ensure maximum beneficial impact, the city could require that each appropriately-located parcel include residential uses.

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3. Selected Michigan Programs Covering New Construction

—Downtown Development Authority Tax Increment Financing—

(To be earmarked for Downtown housing when available.)

The Downtown Development Authority (DDA) tax increment financing (TIF) allows the increment in tax value to be captured to finance public infrastructure improvements associated with a new construction project, which includes parking capacity, street improvements, and other items.

—Brownfield Redevelopment Authority Tax Increment Financing—

The Brownfield Redevelopment Authority (BRA) tax increment financing (TIF) allows the increment in tax value to be captured to finance demolition, private property site improvements, and public infrastructure improvements. The BRA TIF may also capture school taxes unavailable to the Downtown Development Authority TIF. Eligible properties include contaminated, blighted, or functionally obsolete parcels.

4. Selected Michigan Programs Covering Rehabilitation

—State of Michigan Commercial Historic Preservation Tax Credit—

A 25 percent tax credit—five percent if used in conjunction with the Federal Credit—on investment value for rehabilitation of historic properties when work has been certified as consistent with the *Secretary of the Interior's Guidelines for Historic Preservation*.

—Obsolete Property Tax Exemption, State of Michigan 2000 PA 146—

A 100 percent exemption from state and local *ad valorem* property tax on new value from rehabilitation of a designated commercial property. Must have an approved certificate and be located in a designated district.

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5. Selected Michigan Programs Covering New Construction and Rehabilitation

—Neighborhood Enterprise Zone (NEZ) Certificate, State of Michigan 1992 PA 147—

Real property taxes are reduced by 50 percent on newly-constructed or rehabilitated residential units (rental or ownership) where rehabilitation value is greater than \$5,000. Certificates may be approved for up to 12 years, and are transferable to new owners.

—Brownfield Single Business Tax Credit, State of Michigan 1996 PA 382—

A 10 percent credit against the Michigan Single Business Tax (SBT) of the total value from new construction, restoration, rehabilitation activities—or the addition of machinery, equipment, or other personal property—may be taken for a period of up to 10 years, and may be assigned to another party. An approved Act 381 Brownfield Plan must be approved and tasks started pursuant to that Plan for SBT credit eligibility.

6. Best Practices

—Smart Growth Zoning Codes: A Resource Guide—

A publication of the California-based Local Government Commission, the guidebook is based on research on more than 150 “smart growth” zoning codes from across the nation. The guidebook is designed to encourage walkable, mixed-use neighborhoods and the revitalization of existing places. Each chapter analyzes a critical issue—such as design, streets and parking—and highlights exemplary codes from across the country. The guidebook comes with a CD-ROM that contains copies of some of the best zoning codes in the United States and other resources.

—Form-Based Zoning Codes—

A new system of zoning recently adopted in a wide variety of municipalities, ranging from Arlington, Virginia to Waynesville, North Carolina, to Charleston, South Carolina, to Contra Costa County, California. In contrast to Euclidian zoning models, which regulate land use and only indirectly deal with the form of buildings and streets, form-based zoning deals directly with building form and sets only broad parameters for use. Form-based zoning regulates the size,

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shape and organization of streets and buildings to create a walkable, transit-friendly collection of inter-connected streets and to foster the development of a dense mix of housing and businesses.

Form-based zoning codes assert that a community's physical form—its buildings—is its most defining characteristic. As such, form-based codes avoid regulating development based on the use of a piece of land, and make design of the buildings, streetscape and civic infrastructure the central issue. Proponents of form-based coding claim that it regulates fewer elements than a typical zoning ordinance because it does not encompass every combination of setback and density, but prescribes upfront what types of developments are acceptable and then graphically illustrates them to promote usability. Form-based codes seek to control only the most important physical attributes of a group of buildings. This often includes their alignment on a street, the disposition of space between them and their overall height. Typically, such controls are not expressed as absolutes, but rather as ranges of acceptable values. For example, building heights along a street can range from two to eight stories. The ultimate design objectives can vary from seeking an absolutely consistent eave line, requiring nearly uniform building heights, to one that allows a tower location that clearly rises above nearby buildings to “punctuate” a key section.

—City of Birmingham, Michigan, Code of Ordinances—

To encourage mixed-use development, the City of Birmingham, Michigan, Code of Ordinances includes a Mixed-Use District (MX)—see Chapter 126, Zoning, Article XVIII—specifically governing the Eton Road corridor, and a Downtown Overlay Zoning District—see Chapter 126, Zoning, Article XIX—covering Downtown Birmingham. Although a number of Michigan cities are exploring more flexible zoning to encourage Downtown residential development, few have actually crafted new regulations at this time.



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Research & Strategic Analysis

ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the methodology employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.



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Research & Strategic Analysis

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