This is a copy of materials in a binder distributed to the East Lansing Planning Commission on 3/22/2017 by Harbor Bay for the Center City project. Please note that the market studies exclude pages that were fully redacted.
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DOWNTOWN LIFESTYLE DIST.
E. GRAND RIVER AVE BUILDING
SE ISOMETRIC
A Market-Rate Analysis in the City of East Lansing, Michigan

Prepared For:
Harbor Bay Real Estate Advisors
3412 Commercial Avenue
Northbrook, IL 60062

Project Number CH095PCNG
January 26, 2017
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III. CONCLUSIONS

A. INTRODUCTION

This report evaluates the potential to develop a 271-unit mixed-use residential rental housing development in the City of East Lansing, Michigan. The subject 12-story building will be constructed at 205 East Grand River Avenue, near the East Grand River Avenue/M.A.C. Avenue t-intersection.

The proposed site will also feature just over 22,500 square feet of retail space on the ground floor of the building. However, because we did not complete a field survey of commercial/retail space in the area, the feasibility of the ground floor commercial/retail space at the proposed site was not analyzed for the purpose of this analysis.

Nearly 65% of the occupied conventional apartment units are occupied by a Michigan State University (MSU) student or students, which is a good illustration of the significant impact that Michigan State University has on the East Lansing apartment market.

Based on this high percentage of MSU student-occupied rental housing units and given the site's convenient location on the northern edge of the Michigan State University (MSU) campus and 0.9 mile from the academic center of the MSU campus, we expect a large percentage of students will also be attracted to the units at the proposed site.

Conclusions for the development of a rental housing project are based on analyses of the area including the existing and anticipated rental housing market, demographics, the economy, and housing demand. The study will evaluate past, current, and future trends of student enrollment in the area; the impact of those trends on student housing alternatives; current rental housing alternatives; need and market support for additional housing; and any proposed additions to the area rental base. The analysis of the existing rental housing market is based on the establishment and analysis of a Site Effective Market Area (EMA) for the proposed project.

EMA refers to a methodology developed by the Danter Company, LLC to describe areas of similar economic and demographic characteristics. EMAs are bounded by both "hard" and "soft" boundaries. Hard boundaries are marked by rivers, freeways, railroad rights of way, and other physical boundaries. Soft boundaries are changes in the socioeconomic makeup of neighborhoods.

The East Lansing Site Effective Market Area includes East Lansing, the western portion of Meridian Township, a small portion of Lansing Township and the far eastern portion of Lansing. Specifically, the Site EMA is bounded by Coleman Road to the north, Okemos Road to the east, Jolly Road to the south and Aurelius Road and Wood Street to the west.
Based on the characteristics of the Site EMA, a field survey of existing rental housing development of the Site EMA, and given the site's convenience on the edge of the Michigan State University campus, a student enrollment and demographic analysis of the subject school, support levels can be established for additional rental development.

The following analyses have been conducted to identify market potential for a proposed rental housing apartment development at the site:

- Analysis of the overall EMA student rental housing market
- Historical housing trends
- Current market conditions based on 100% field survey of modern apartments
- Appropriateness of the site for the subject development
- Current and expected economic and household growth conditions
- Area apartment demand factors, including
  - Local trends in student housing
  - Support from existing multifamily renters (step-up/down support)
  - A trend line analysis, based on a "rent by comparability index" evaluation of all conventional developments within the Site EMA, is used to evaluate rents for the proposed development.
- Floor plan analysis and comparison with comparable product
B. RECOMMENDATIONS

1. PROJECT CONCEPT

The proposed mixed-use, 12-story residential rental housing development will include 271 apartment units and just over 22,500 square feet of ground floor retail in the City of East Lansing, Michigan. The proposed site will be constructed at 205 East Grand River Avenue, near the East Grand River Avenue/M.A.C. Avenue t-intersection.

Because of the site's convenience to the Michigan State University (MSU) campus, we expect a large portion of student-occupied apartment units. The developer plans to have units available to lease in the summer 2019, prior to the start of the 2019 fall semester at MSU.

Based on our analysis of the East Lansing Site Effective Market Area, interviews with area realtors and school representatives, analysis of school enrollment trends, and current market conditions, it is our opinion that a market exists for a market-rate development as proposed in this report.
3. COMPETITIVE ANALYSIS

The Site EMA currently contains a total of 30 existing purpose-built student housing projects, as well as 2 purpose-built student housing projects currently under construction.
The following is a summary of the 4 competitive purpose-built student housing properties in the Site EMA:

<table>
<thead>
<tr>
<th>MAP CODE</th>
<th>PROJECT</th>
<th>YEAR OPENED</th>
<th>NUMBER OF UNITS</th>
<th>NUMBER OF BEDS</th>
<th>OCCUPANCY RATE</th>
<th>DISTANCE FROM THE CAMPUS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Lodges Of East Lansing</td>
<td>2011/2013</td>
<td>373</td>
<td>1,070</td>
<td>99.7%</td>
<td>1.7 Miles</td>
</tr>
<tr>
<td>23</td>
<td>Hannah Lofts and Townhomes</td>
<td>2014</td>
<td>282</td>
<td>688</td>
<td>100.0%</td>
<td>1.6 Miles</td>
</tr>
<tr>
<td>51</td>
<td>Skyvue</td>
<td>2017**</td>
<td>338</td>
<td>825</td>
<td>U/C</td>
<td>1.4 Miles</td>
</tr>
<tr>
<td>74</td>
<td>Campus Village</td>
<td>2004</td>
<td>106</td>
<td>355</td>
<td>100.0%</td>
<td>1.6 Miles</td>
</tr>
<tr>
<td>-</td>
<td>Subject Site</td>
<td>2018***</td>
<td>271</td>
<td>420</td>
<td>-</td>
<td>0.9 Mile</td>
</tr>
</tbody>
</table>

*Academic center of campus
**Anticipated
U/C- Under construction
4. PLANNED/PROPOSED/UNDER CONSTRUCTION PROJECTS

Based on interviews with area planning officials, besides the apartment properties currently under construction, there are 6 other apartment projects officially proposed in the Site EMA. The following is a summary of each project:

- **Next Generation Investment Properties LLC** is proposing White Oak Place, a six-story, mixed-use development at 1301 and 1307 East Grand Avenue and 116-132 Spartan Avenue. This project would include ground floor retail and 69 apartment units (7 one-bedroom, 20 two-bedroom, 2 three-bedroom, and 40 four-bedroom units). Unit sizes will be 617 square feet for one-bedroom units, 815 square feet for two-bedroom units, 1,318 square feet for three-bedroom units, and 1,360 square feet for four-bedroom units. This $22-million project would involve demolishing 2 vacant buildings and one building currently occupied by the FIJI Fraternity in the northeast quadrant of East Grand Avenue and Spartan Avenue.

- **East Towne Flats** is a $5-million, 36-unit mixed-use development being proposed along the 2000 block of East Michigan Avenue in Lansing. The developer, The Gillespie Company, is proposing an 11,500-square foot, four-story building with a restaurant and retail on the ground floor and the apartment units on the top 3 floors. The developer submitted a request in November 2015 to receive $1.1-million in brownfield re-imbursement dollars over a 20-year period and city council approved this request in December 2015. While the demolition of several older existing buildings is complete and construction has recently begun, there is no other information currently available on this project. Construction is anticipated to be completed in early 2018.

- **Red Cedar Renaissance** is a $380-million, mixed-use development that is being proposed on the former Red Cedar golf course on the south side of East Michigan Street, east of South Clippert Street in the City of Lansing. The developer, Ferguson-Continental LLC, signed a comprehensive development agreement with the City of Lansing on November 2014. This development could potentially include 2 boutique hotels (Hyatt Centric and Moxy Hotel), although there have been no definitive agreements signed with either hotel, as well as medical office buildings, 5 restaurants, 129 three-story town homes, and student housing for up to 1,200 students to be managed by Hallmark Campus Communities. Although this is considered a proposed project, approvals are still required by city council, the Michigan Economic Development Corporation, and the Michigan Department of Environmental Quality in order for construction to begin.

- **Park District Area** is a large mixed-use development originally proposed in 2014; however, there are now 2 different developers involved in this project and once developed, will consist of 4 different buildings. Currently, new site plans were submitted on December 21st, 2016 to the City of Lansing and are currently...
awaiting approval. The site consists of 2.92 acres with a mix of developed and vacant parcels. The parcels along West Grand River Avenue include a 37,192-square foot, four-story commercial building at 100 West Grand River Avenue and a 17,369-square foot, two-story commercial and residential building at 124-140 West Grand River Avenue. The two buildings along West Grand River Avenue have been vacant and/or underutilized for over a decade. The former bank building located at 303 Abbot Road was demolished by the East Lansing Downtown Development Authority (DDA) in August 2016. The buildings located at 314-340 Evergreen Avenue include both residential and commercial buildings and are all currently occupied, but will ultimately be demolished as part of this project. The former Evergreen Arms apartment property at 341 Evergreen Avenue was demolished by the developer in July 2016. One of the buildings will be a mixed-use building that will include a 12-story hotel and apartment building with ground floor retail located in the northwest quadrant of the Abbot Road and West Grand River Avenue intersection. The proposed building will include 150 guestrooms (hotel to be named at a later date), meeting space, 176 market-rate apartment units (24-studios, 33 one-bedroom, 43 two-bedroom, 18 three-bedroom and 58 convertible efficiency units), ballroom and a rooftop restaurant/lounge, office space and accessory underground parking. The building includes a plaza at the corner of West Grand River Avenue and Abbot Road for the benefit of the tenants, customers and the general public. There will also be 2 buildings that will feature for-sale condominium units; a four-story building will include 52 condominium units, while the other will be a three-story building that will contain 12 condominium units. These for-sale condominium units will consist of 33 one-bedroom units and 31 two-bedroom units. The fourth building will be a 5-story, 425-space parking garage that will serve both residents and hotel guests at the property. The developers have recently submitted a 90-day demolition extension for the existing buildings at 100 West Grand River Avenue and 124-140 West Grand River Avenue. Under this extension the developers would have to have all demolition completed by the end of March 2017 or would have to re-submit demolition plans for approval by the East Lansing DDA.

- “Elevation” at Okemos Point is an apartment developed currently being proposed by TA Forsburg near the Jolly Road/Okemos Road intersection, behind the Staybridge Suites, approximately 5.8 miles from the academic center of the MSU campus. The Lansing Economic Area Partnership (LEAP) recently announced that the Ingham County Board of Commissioners has given final approval to the Brownfield Plan for this 37.29-acre development, which will be developed in 3 phases. Phase I will include 166 apartment units and 6,214 square feet of commercial space, while Phases II & III will include 232 additional apartment units and 20,000 square feet of space for a community market and food innovation district. This development is currently in the site plan review stage and the developer is anticipating commencing construction in spring 2017.
During a December 19, 2016 Charter Township of Meridian Planning Commission meeting, Capstone Collegiate Communities, LLC submitted preliminary plans for Hannah Farms East, a mixed-use development that would include 296-unit multifamily residential units on 10.6 acres along Hannah Boulevard at Eyde Parkway. This project would include 2 four-story apartment buildings, 116,000-square foot, 2-story parking garage, and 56 three-story townhouse buildings. According to the proposal, the 2 four-story buildings would include a combined 131 one-bedroom units, 59 two-bedroom units, 28 three-bedroom units, and 22 four-bedroom units, while the 56 townhouse units will all be four-bedroom units. This would total 645 student housing beds, if this project is ultimately constructed. A spokesperson with the Planning Commission indicated that there are issues with the current proposal regarding setbacks and density. Because the status of this project is currently unknown and site plan revisions will likely be required, this property has been omitted from the following student housing demand analysis.
An Apartment Analysis
For Adults Age 55 and Over in the
City of East Lansing, Michigan

Prepared For:
Harbor Bay Real Estate Advisors
3212 Commercial Avenue
Northbrook, Illinois 60062

Project Number CH095GGNG
January 27, 2017

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I. INTRODUCTION

A. OBJECTIVES

This study analyzes the feasibility of developing an apartment complex for adults age 55 and over in East Lansing, Michigan. After fully discussing the scope and area of survey with Mr. Tom Lund of Harbor Bay Real Estate Advisors, the Danter Company, LLC undertook the analysis.

B. METHODOLOGY

The methodology we use in our studies is centered on three analytical techniques: the Effective Market Area (EMA)\textsuperscript{SM} principle, a 100% data base, and the application of data generated from supplemental proprietary research.

The Effective Market Area (EMA) Principle—The EMA principle is a concept developed by the Danter Company, LLC to delineate the support that can be expected for a proposed development. An EMA is the smallest specific geographic area that will generate the most support for that development. This methodology has significant advantages in that it considers existing natural and manmade boundaries and socioeconomic conditions.

Survey Data Base—Our surveys employ a 100% data base. In the course of a study, our field analysts survey not only the developments within a given range of price, amenities, or facilities, but all conventional developments within the EMA.

Proprietary Research—in addition to site-specific analyses, Danter Company, LLC conducts a number of ongoing studies, the results of which are used as support data for our conclusions. Danter Company, LLC maintains a 100% data base of more than 1,500 communities, with each development cross-analyzed by rents, unit and project amenities, occupancy levels, rate of absorption, and rent/value relationships.

\textsuperscript{SM} Service mark of Danter Company, LLC
C. DATA ANALYSIS

This study represents a compilation of data gathered from various sources, including the properties surveyed, local records, and interviews with local officials, real estate professionals, and major employers, as well as secondary demographic material. Although we judge these sources to be reliable, it is impossible to authenticate all data. The analyst does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgment.

The secondary data used in this study are the most recent available at the time of the report preparation.

In Section VI—Field Survey, we have attempted to survey 100% of all units. Since this is not always possible, we have also compared the number of units surveyed with the number of multifamily housing starts to establish acceptable levels of representation. All developments included in the study are personally inspected by a field analyst directly employed by the Danter Company, LLC.

The objective of this report is to gather, analyze, and present as many market components as reasonably possible within the time constraints agreed upon. The conclusions contained in this report are based on the best judgments of the analysts; we make no guarantees or assurances that the projections or conclusions will be realized as stated. It is our function to provide our best effort in data aggregation, and to express opinions based on our evaluation.

D. USES AND APPLICATIONS

Although this report represents the best available attempt to identify the current market status and future market trends, note that most markets are continually affected by demographic, economic, and developmental changes. Further, this analysis has been conducted with respect to a particular client's development objectives, and consequently has been developed to determine the current market's ability to support those particular objectives. For these reasons, the conclusions and recommendations in this study are applicable only to the proposed site identified herein, and only for the potential uses for that site as described to us by our client. Use of the conclusions and recommendations in this study by any other party or for any other purpose compromises our analysis and is strictly prohibited, unless otherwise specified in writing by the Danter Company, LLC.
II. SCOPE OF SURVEY

A complete analysis of a rental market requires the following considerations: a field survey of conventional apartments; an analysis of area housing; an analysis of the area economy; a demographic analysis; and recommendations for development.

Field Survey—Our survey of conventional apartments includes a cross-analysis of vacancies by rents, a survey of unit and project amenities, and a rent/value analysis.

Area Housing Analysis—We have conducted an analysis of housing demand that includes a study of support by both growth and internal mobility. Further, we have analyzed existing housing using the most recent census material.

Economic Analysis—Major employers, utilities, banks, savings and loans, and media that serve the area are listed in the study. The information gathered has been used to create a Community Services map showing school, shopping, and employment areas in relation to the proposed site.

Demographic Analysis—The study includes an analysis of social and demographic characteristics of the area, and a description of the area economy that includes income and employment trends.
III. CONCLUSIONS

A. INTRODUCTION

This report evaluates the market potential to develop an upscale 83-unit high-rise (12-story) apartment development designated for adult residents (age 55 and over) in East Lansing, Michigan. Units will be on floors 7 through 12, with retail on the ground floor and parking on floors 2 through 6.

The site is in downtown East Lansing just east of the Abbot Road/Albert Avenue intersection along the south side of Albert Avenue.
It is our opinion that a market exists for a 93-unit high-rise rental housing development at the subject site, assuming the project is developed as detailed in this report. The project will be designated for adults (age 55 and over). The proposed project will be available in spring 2019. Changes in the project’s site, rent, unit mix, amenities, floor plans, or opening date may invalidate these findings. The project is proposed as follows:
Harbor Bay Real Estate Advisors, LLC (Harbor Bay) is proposing to develop a mixed-use project in East Lansing, MI. The project consists of the redevelopment of several existing properties along East Grand River Avenue. The properties are identified as 125, 133, 135, and 201-209 East Grand River Avenue. The redevelopment area will also consist of a City owned, 148 stall surface parking lot. The parking lot is identified in the City's system as Lot 1. The project area is shown in Figure 1 below.

Figure 1. Existing Site – East Lansing, MI
The proposed redevelopment will consist of an approximate 22,307 square foot general merchandise/grocery retailer (anchor tenant), approximately 20,187 square feet of retail (Albert Avenue retail), approximately 271 units of market rate apartments, approximately 93 age restricted (55 and older) apartments, and a 715-stall parking garage. The anchor tenant and market rate apartments are proposed to be located on East Grand River Avenue, the Albert Avenue retail is proposed to be in the current location of Lot 1 facing Albert Avenue. The proposed age restricted apartments are proposed to be constructed above the proposed parking garage. The proposed parking garage and the Albert Avenue retail will be constructed on City owned property. The parking garage will be owned and operated by the City. It is assumed that the City will lease the Albert Avenue retail to Harbor Bay.

**PROJECT PURPOSE**

The purpose of this study is to assist Harbor Bay in analyzing the existing and proposed parking for the Site. The study will review the following variables as related to parking for the development;

- Existing East Lansing parking system,
- Existing parking system occupancy,
- Proposed development parking demand,
- Proposed parking garage revenue,

The study may be relied upon only by Harbor Bay. It is not intended for use by any other party. Harbor Bay may use this report as part of its due diligence, but this report should not be used as the sole basis for the Client's decision making. Our assessment is based on information provided to us by others and therefore is only as accurate and complete as the information provided to us. This report is based on our knowledge as of March 7, 2017, and is based on the desires of Harbor Bay that have been specifically disclosed to us. New issues may arise during development because of changes in governmental rules and policy, changed circumstances, or unforeseen conditions.

**PLANNING AND ZONING**

The Site is currently zoned City Center Commercial (B-3). The proposed retail for the Site is considered a permitted use by the City of East Lansing. The apartments and parking garage are permitted via a Special Use Permit, which must be approved by the City Council. The Site is also located within the City of East Lansing's Downtown Development Authority. It is understood that there is a City Ordinance that requires developments within this district to contain at least 25% of the total residential units on Site as either owner occupied units or 55 and older rental units.

The B-3 zoning ordinance has been included in the Appendix for reference.

**EXISTING PARKING SYSTEM**

In order to understand the potential utilization of the proposed parking garage, it is necessary to understand the use and economics of the existing City of East Lansing parking system. The customers who elect to park in the proposed parking garage will make their decision based on location of downtown or campus destination, rates, and availability of suitable alternatives. The existing public parking system contains approximately 2,746 spaces in 16 separate parking facilities. The system consists of surface lots, multi-level parking garages and on street meters. In 2016, the total parking system generated approximately $3,815,478. Lot 1 was the most profitable asset, generating $4,287/space/year or $357/month. Table 1 shows the revenue generated from each parking asset.
### Table 1: East Lansing Existing Parking Facilities

<table>
<thead>
<tr>
<th>Lot/Location</th>
<th>2016 Revenue</th>
<th>No. of Spaces</th>
<th>Per Year</th>
<th>Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 1 - Albert Avenue Lot</td>
<td>$634,485</td>
<td>148</td>
<td>$4,287</td>
<td>$357</td>
</tr>
<tr>
<td>Lot 3 - City Center / Charles Street Parking Garage</td>
<td>$825,001</td>
<td>683</td>
<td>$1,208</td>
<td>$101</td>
</tr>
<tr>
<td>Lot 4 - Albert Avenue Lot West</td>
<td>$67,224</td>
<td>33</td>
<td>$2,037</td>
<td>$170</td>
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<tr>
<td>Lot 7 - Bailey Street Garage</td>
<td>$114,570</td>
<td>66</td>
<td>$1,736</td>
<td>$145</td>
</tr>
<tr>
<td>Lot 8 - Evergreen Avenue Lot</td>
<td>$28,248</td>
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<td>$353</td>
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<td>Lot 9 - Grove Street Garage</td>
<td>$408,070</td>
<td>408</td>
<td>$1,000</td>
<td>$83</td>
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<tr>
<td>Lot 10 - Division Street Garage</td>
<td>$562,514</td>
<td>622</td>
<td>$904</td>
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<tr>
<td>Lot 11 - Bailey Street Lot</td>
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<td>121</td>
<td>$3,222</td>
<td>$268</td>
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<tr>
<td>Lot 12 - MAC Avenue Garage</td>
<td>$231,095</td>
<td>245</td>
<td>$943</td>
<td>$79</td>
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<tr>
<td>Lot 13 - Valley Court</td>
<td>$40,297</td>
<td>52</td>
<td>$775</td>
<td>$65</td>
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<tr>
<td>Lot 14 - City Hall Lot</td>
<td>$20,118</td>
<td>50</td>
<td>$402</td>
<td>$34</td>
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<tr>
<td>Lot 15 City Hall Lot West</td>
<td>$11,010</td>
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<td>$220</td>
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<tr>
<td>Lot 16 - CVS Lot</td>
<td>$75,361</td>
<td>21</td>
<td>$3,589</td>
<td>$299</td>
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<tr>
<td>Street Meters</td>
<td>$134,205</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Validations</td>
<td>$273,442</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,815,478</strong></td>
<td><strong>2,579(^2)</strong></td>
<td><strong>$1,479</strong></td>
<td><strong>$123</strong></td>
</tr>
</tbody>
</table>

\(^1\) Source: City of East Lansing

\(^2\) The City of East Lansing's system contains 2,746 parking spaces. It is assumed the remainder of the stalls are metered parking.
Figure 2, depicts the current City of East Lansing parking system.

Figure 2: Parking Inventory – East Lansing Michigan

- Bailey Street Garage (66 - Public Portion)
- Division Street Garage (622)
- Charles Street Garage (683)
- MAC Avenue Garage (245)
- Grove Street Garage (408)
- City Hall Lot (50)
- City Hall W. Lot (50)
- Evergreen Lot (80)
- Valley Court (52)
- CVS Lot (21)
- Albert Avenue Lot (148)
- Albert Ave. Lot W. (33)
- MICHIGAN STATE UNIVERSITY

Imagery Date - July 14, 2018
EXISTING PARKING RATES

The current daily parking rates range from $0.75/half hour in parking garages and parking meters to $1.00/half hour in gated surface lots. Monthly rates in the in surface lots and parking garages range from $75.00/month to $115/month. The table below provides a breakdown of the surface and structured parking rates.

<table>
<thead>
<tr>
<th>Daily Rates</th>
<th>1/2 Hour</th>
<th>Daily</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gated Garage</td>
<td>$0.75</td>
<td>$15.00</td>
</tr>
<tr>
<td>Gated Surface Lot</td>
<td>$1.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>Pay by Space</td>
<td>$0.75</td>
<td>NA</td>
</tr>
<tr>
<td>Parking Meters</td>
<td>$0.75</td>
<td>NA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Special Events</th>
<th>1/2 Hour</th>
<th>2 Hours +</th>
<th>Daily Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gated Garage</td>
<td>$1.00</td>
<td>$4.00</td>
<td>/ Hour $25.00</td>
</tr>
<tr>
<td>Gated Surface Lot</td>
<td>$1.00</td>
<td>$4.00</td>
<td>/ Hour $25.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Parking</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles Street Garage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper Level</td>
<td>$90.00</td>
<td></td>
</tr>
<tr>
<td>Lower Level</td>
<td>$115.00</td>
<td></td>
</tr>
<tr>
<td>Grove Street Garage</td>
<td>$85.00</td>
<td></td>
</tr>
<tr>
<td>Division Street Garage</td>
<td>$80.00</td>
<td></td>
</tr>
<tr>
<td>Evergreen Ave. Lot</td>
<td>$80.00</td>
<td></td>
</tr>
<tr>
<td>City Hall West Lot</td>
<td>$75.00</td>
<td></td>
</tr>
<tr>
<td>Valley Court Lot</td>
<td>$80.00</td>
<td></td>
</tr>
</tbody>
</table>
EXISTING PARKING OCCUPANCY

To estimate the demand for parking in the proposed Albert Avenue parking garage, the current occupancy of the system was examined. The City of East Lansing provided occupancy counts for the week of April 16, 2016. This is assumed to be an average parking week in which the University is in session and there are no football or basketball games, which attract large numbers of customers to the City’s system.

Based on the occupancy counts, parking supply exceeded demand during the entire week. On the peak day (Friday) the parking systems highest occupancy was 60% with 1,648 spaces out of 2,746 spaces occupied at 12:30 PM. Figure 3, below depicts the existing system’s occupancy percentage throughout the day on the peak day.

Figure 3: Percentage Parking Occupancy (Total System)

Figure 3: Percentage Parking Occupancy (Total System)
The occupancy count of Lot 1 was also examined during the same week (April 16, 2016). The occupancy often approached 100% with 138 out of 148 spaces occupied at 1:30 PM on Friday. On Saturday occupancy counts reached 100% at 11:00 AM, 12:30 PM and 12:00 PM. This is depicted in Figure 4 below.

![Figure 4: Percentage Parking Occupancy (Lot 1)](image)

This high occupancy compared to the total system suggests the following:

- Parking demand in Lot 1 exceeds supply. It can be assumed that; customers that cannot park in Lot 1 due to lack of capacity are parking in alternative parking spaces within the public parking system. It is assumed that if additional capacity was provided in Lot 1, there would not be a significant increase in City revenues because of the availability of other parking lots/garages near Lot 1 with comparable parking rates.
- Due to the high occupancy in Lot 1, there may be an opportunity to increase rates and generate additional parking revenue. However, increasing the rates would likely dampen demand resulting in revenues similar to the current system.

**PROPOSED PARKING DEMAND**

Parking demand ratios were developed based on discussions with Harbor Bay and on previous experience with similar urban redevelopment projects. Parking demand was calculated for the anchor tenant, Albert Avenue retail and both the market rate apartments and the 55 and older apartments. The parking demand associated with Lot 1 was assumed to be equal to existing supply. The proposed anchor tenant will require the demolition of approximately 24,000 square feet of existing retail along Grand River Avenue. The existing parking demand associated with the existing retail to be demolished, was subtracted from the parking demand for the project. The total net new parking demand for the Lot 1 parking garage is estimated to be 462 spaces as depicted in Table 3 below. It is assumed that Harbor Bay will lease the stalls from the City of East Lansing based on the demand below.
Table 3: Parking Demand

<table>
<thead>
<tr>
<th>Existing Lot 1</th>
<th>Units</th>
<th>Parking Ratio</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchor Tenant</td>
<td>22,307</td>
<td>Per tenant requirements</td>
<td>28</td>
</tr>
<tr>
<td>Market Rate Apartments</td>
<td>271 (421 Beds)</td>
<td>0.4/Bed</td>
<td>169</td>
</tr>
<tr>
<td>55 and Older Apartments</td>
<td>93</td>
<td>1.25/Unit</td>
<td>117</td>
</tr>
<tr>
<td>Albert Avenue Retail¹</td>
<td>20,187</td>
<td>2/1,000 GFA</td>
<td>(41)</td>
</tr>
</tbody>
</table>

¹ Assumed to be included within the existing Lot 1 parking demand

PROPOSED PARKING GARAGE

The proposed parking garage contains 715 parking spaces. The proposed entry to the garage is located on Albert Avenue at the northwest corner of the garage. The entrance consists of one entry and two exits (dedicated left and right turns). The access will also include entrance for delivery vehicles to service the retail along Grand River Avenue through the existing alley.

The garage ramps up to provide queuing for vehicles prior to reaching the parking payment system. Stalls will be dedicated within the garage for the various proposed uses. The breakdown of the parking demand is shown below in the Projected Parking Revenue section of the report.

Service vehicles will enter through the proposed alley entrance from Albert Avenue and circulate from west to east through the existing alley. The service vehicles will exit onto M.A.C. Avenue. It has been assumed that a WB-40 truck will be used to deliver to the proposed anchor retail tenant.

EXISTING LOT 1 REVENUE

In 2016, Lot 1 generated a gross revenue of $634,485. The average operational costs per stall was $726/stall. Below is a summary of the net revenue generated by Lot 1 in 2016.

Table 4: Existing Lot 1 Revenue

<table>
<thead>
<tr>
<th>Parking Demand (Spaces)</th>
<th>148</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>$634,485</td>
</tr>
<tr>
<td>Annual Operating Costs¹</td>
<td>$107,448</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$527,037</td>
</tr>
</tbody>
</table>

¹Operating costs assumed at $726/space.
PROJECTED ANNUAL REVENUE

The components to calculate parking revenue for the 715-stall parking garage and Albert Avenue Retail consists of: existing revenue for Lot 1, new revenue associated with the apartments, anchor tenant, and Albert Avenue retail. The operation costs for the entire parking garage have been accounted for in the projected revenue calculations. It is also assumed that the operational costs of the proposed parking garage will be $510/space. The decrease in operation costs is based on the proposed revenue control technology and a decrease in energy costs through efficient design (LED lights) that will be implemented. It is assumed that Harbor Bay will lease the spaces for the proposed uses at an assumed 0% vacancy rate from the City of East Lansing.

LOT 1

It is assumed that the existing parking demand associated with Lot 1 will be replaced on the new Lot 1 parking garage. The parking facility is currently operating at capacity and generates approximately $634,485 per year (before expenses). As discussed, there may be an opportunity to increase rates to generate new revenue, but because of the surplus of parking throughout the system this could decrease demand in Lot 1. Since any change in parking rates would have to be approved and implemented by the City of East Lansing, it was assumed that revenue generation would remain constant at 2016 level.

<table>
<thead>
<tr>
<th>Table 5: Lot 1 Parking Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Spaces</td>
</tr>
<tr>
<td>Occupancy</td>
</tr>
<tr>
<td>Current Demand</td>
</tr>
<tr>
<td>Monthly Revenue /Space</td>
</tr>
<tr>
<td><strong>Gross Annual Revenue</strong></td>
</tr>
<tr>
<td>Annual Operating Costs</td>
</tr>
<tr>
<td><strong>Net Annual Revenue</strong></td>
</tr>
</tbody>
</table>

1 Assumed proposed occupancy is equivalent to existing

2 Operating costs assumed at $510/space
MARKET RATE APARTMENTS

The revenue generation potential was based on the needs of the project as reported by Harbor Bay. The parking demand ratio is based on the number of proposed units in the project and the achievable monthly contract rate. Based on this calculation approximately 169 spaces would be reserved for apartment tenant parking.

<table>
<thead>
<tr>
<th>Table 6: Market Rate Apartment Parking Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Apartments</td>
</tr>
<tr>
<td>No. of Beds</td>
</tr>
<tr>
<td>Parking Demand / Unit</td>
</tr>
<tr>
<td>Parking Demand</td>
</tr>
<tr>
<td>Monthly Revenue /Space</td>
</tr>
<tr>
<td><strong>Gross Annual Revenue</strong></td>
</tr>
<tr>
<td>Annual Operating Costs $^1$</td>
</tr>
<tr>
<td><strong>Net Annual Revenue</strong></td>
</tr>
</tbody>
</table>

$^1$Operating costs assumed at $510/space

55 AND OLDER APARTMENTS

The revenue generation potential was based on the needs of the project as reported by the developer. The parking demand ratio is based on 1.25 parking spaces / unit and the achievable month contract rate. Based on this calculation approximately 117 spaces would be reserved for 55 and older apartment parking.

<table>
<thead>
<tr>
<th>Table 7: 55 and Older Parking Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Apartments</td>
</tr>
<tr>
<td>Parking Demand / Unit</td>
</tr>
<tr>
<td>Parking Demand</td>
</tr>
<tr>
<td>Monthly Revenue /Space</td>
</tr>
<tr>
<td><strong>Gross Annual Revenue</strong></td>
</tr>
<tr>
<td>Annual Operating Costs $^1$</td>
</tr>
<tr>
<td><strong>Net Annual Revenue</strong></td>
</tr>
</tbody>
</table>

$^1$Operating costs assumed at $510/space
ANCHOR TENANT CUSTOMER PARKING

Based on preliminary discussions with the anchor tenant, approximately 28 parking spaces are required to satisfy parking demand for their customers and employees.

<table>
<thead>
<tr>
<th>Table 8: Anchor Tenant Customer Parking Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Leasable Area (SF)</td>
</tr>
<tr>
<td>Parking Demand</td>
</tr>
<tr>
<td>Monthly Revenue /Space</td>
</tr>
<tr>
<td>Annual Revenue</td>
</tr>
<tr>
<td>Annual Operating Costs</td>
</tr>
<tr>
<td>Net Annual Revenue</td>
</tr>
</tbody>
</table>

1 Parking demand provided by anchor tenant
2 Operating costs assumed at $510/space

ALBERT AVENUE RETAIL - PARKING

The proposed development will require the removal of approximately 24,000 SF of existing retail space along East Grand River Avenue. The proposed parking garage will contain approximately 20,187 SF of retail space along Albert Street. Since the quantity of retail spaces to be removed is roughly the same as the amount of retail to be added there will be no net new increase in parking demand or parking revenue.

<table>
<thead>
<tr>
<th>Table 9: Albert Avenue Retail Parking Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Retail GFA</td>
</tr>
<tr>
<td>New Retail GFA</td>
</tr>
<tr>
<td>Net New</td>
</tr>
<tr>
<td>Parking Demand</td>
</tr>
<tr>
<td>Annual Revenue</td>
</tr>
</tbody>
</table>

1 Existing retail along Grand River Avenue to be demolished.
2 Assumed parking revenue from Albert Retail accounted for in Existing Lot 1 revenue.

OVERFLOW PARKING REVENUE

As mentioned previously, the proposed parking demand for the development is 462 spaces. The proposed parking garage is 715 spaces. This allows for an additional 253 parking spaces that will be owned by the City of East Lansing.

Based on the transformative nature of the project it can be assumed there will be additional demand for parking within the proposed parking garage. This demand can be generated by: the centralized location of the proposed parking garage, demand generated from a known proposed development west of Abbot Road, demand from future developments that may occur within the project area, and additional contract parking to support the proposed development if demand increases. To quantify the projected revenue, it can be assumed that the overflow parking will be conservatively priced at $85/space (typical monthly
contract rates range from $85/space - $115/space) and have a vacancy rate of 20%. The table below summarizes the proposed revenue generated by the overflow parking spaces.

<table>
<thead>
<tr>
<th>Table 10: Overflow Parking Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Overflow Parking Spaces</td>
</tr>
<tr>
<td>% Vacancy</td>
</tr>
<tr>
<td>Monthly Contract Rate</td>
</tr>
<tr>
<td>Gross Annual Overflow Revenue</td>
</tr>
<tr>
<td>Annual Operating Costs¹</td>
</tr>
<tr>
<td>Net Annual Overflow Revenue</td>
</tr>
</tbody>
</table>

¹ Operating costs assumed at $510/space

ADDITIONAL REVENUE GENERATION

In addition to the proposed parking revenue, the development will generate utility fees, based on the proposed uses, as well as lease fees for the Albert Avenue retail. The estimated water and sewer billings based on the proposed uses is $367,658/year. The Developer has also agreed to the proposed ground lease rates with the City of East Lansing for the Albert Avenue Retail. The agreed upon ground lease rate is $75,000/year.

PROPOSED REVENUE SUMMARY

The total annual revenue generated from the parking garage and the leasing of the Albert Avenue Retail are shown in the table below:

<table>
<thead>
<tr>
<th>Table 11: Annual Parking Revenue Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking Spaces</td>
</tr>
<tr>
<td>Proposed Net Parking Revenue</td>
</tr>
<tr>
<td>Proposed Water and Sewer Billing</td>
</tr>
<tr>
<td>Proposed Ground Lease Revenue</td>
</tr>
<tr>
<td>Total Net Project Revenue</td>
</tr>
</tbody>
</table>

FINDINGS AND CONCLUSIONS

This study analyzed the parking demand associated with this project and developed a plan to satisfy the parking demand. The study also evaluated the anticipated revenue associated with the parking demand.

It is estimated that 462 spaces are required to satisfy the parking demand for the project as well as the existing parking demand on Lot 1. An additional 253 spaces will be provided to allow for additional capacity within the garage.
The existing and proposed annual net revenue for existing Lot 1 and the proposed revenue for the parking garage and Albert Avenue Retail is summarized below:

- Existing Lot 1 Annual Net Revenue: $527,037
- Proposed Parking Garage Annual Net Revenue: $645,843
- Proposed Water and Sewer Billings: $367,658
- Proposed Albert Avenue Ground Lease Revenue: $75,000
- Total Annual Increase in City Revenue: $561,464, a 107% increase in net revenue

The proposed development would provide both immediate and future financial benefits. In addition to the financial benefits the development can bring the following benefits to the City of East Lansing:

- Revitalization of an under-utilized area of the downtown core
- Bring diverse housing, grocery, retail, and additional parking to the area
- Provide additional parking capacity for future redevelopment within the downtown core
- Be a catalyst for future redevelopment of the surrounding properties

While the proposed redevelopment project will be revenue neutral for the taxing jurisdictions for the term of the bond issue, the benefits of public assistance would result in much needed retail and other amenities and potentially be a catalyst for future redevelopment in the area. This has been noted by several projects throughout the Country and case studies can be provided in the attached White Paper titled “Parking as an Economic Development Strategy” prepared by Kimley-Horn in 2012. With the proposed development, this project will provide a vibrant development in the downtown core which will provide a mixture of uses for all of the residents of East Lansing, and potentially facilitate additional growth within the downtown core.
DIVISION 4. - CITY CENTER COMMERCIAL DISTRICT, B-3

FOOTNOTE(S):

--- (9) ---

Cross reference— Businesses, ch. 8.

Sec. 50-591. - Purpose.

(a) The purpose of this district is to provide for a wide range of commercial and high density residential land uses designed to serve the residents and shoppers of the East Lansing City Center. Because of its proximity to the Michigan State University campus and nearby residential neighborhoods, a major characteristic of the City Center is its intense core of pedestrian activity. This activity helps to create a unique social environment where people can gather and enjoy the festive atmosphere of a university downtown, attractive landscaping and greenery, and the diversity of retail shops.

(b) The provisions of this district are intended to encourage the planned development of pedestrian amenities and public and private open space, and closely regulate the need for direct automobile access to each establishment. Also important in the future development of the City Center is the concept of mixed-use development promoted by this district and the East Lansing Comprehensive Plan. Mixed-use development for purposes of this district is defined as the combination of commercial and residential land uses within the same building. Since the City Center contains only limited geographic area for expansion, intensifying development through a mixture of uses within the same building is of major importance to the city's efforts to expand the tax base and broaden the housing and shopping opportunities available in the City Center.

(Code 1994, ch. 55, § 5.75; Ord. No. 1186, 6-17-2008)

Sec. 50-592. - Permitted uses.

The following uses of buildings and premises, individually or in combination, shall be permitted in the B-3 district.

(1) Principal uses permitted subject to an approved site plan as set forth in section 50-36 of this chapter.

a. About:blank
Any retail business except those uses which tend to detract from or interfere with a high intensity of pedestrian shopping activity including automobile sales facilities, auto service centers, drive-in restaurants and similar uses which rely on regular direct vehicular access to serve a significant portion of their customers; and except establishments licensed for the sale at retail of alcoholic liquor, as defined by section 105(2) of the Michigan Liquor Control Code of 1998, MCL 436.1105(2), including specially designated merchants and specially designated distributors as described at MCL 436.1537.

b. Any personal service establishment such as barber and beauty shops, dry cleaners and laundries, shoe repair shops, photographers, and service establishments of a like nature.

c. Any office use or establishment, including but not limited to, general and professional offices, medical and dental offices, banks and financial institutions, automatic teller machines, real estate offices, travel agencies, and offices of political, professional, or civic organizations or associations.

d. Restaurants, except restaurants licensed for the sale of alcoholic beverages or alcoholic liquor as defined by section 105(1) of the Michigan Liquor Control Code of 1988, MCL 436.1105(2), cafes, and similar establishments, including such establishments that may offer outdoor dining areas and walk-up service windows.

e. Hotels.

f. Theaters, public assembly halls, concert halls, meeting rooms, clubs, lodges, churches or similar places of assembly.

g. Public and semipublic uses including government and public utility offices, museums, and art galleries.

h. Colleges, universities, business or trade schools or similar education or training facilities.

i. Radio and television studios and broadcasting facilities, excluding transmission, and receiving towers.

(2) Principal uses permitted subject to an approved special use permit as provided by article II, division 3, of this chapter.

a. Parking lots and structures available to the general public.

b. Recreational uses and facilities which do not serve alcoholic beverages, including but not limited to, video game arcades, billiard or pool parlors, spas, health clubs, and indoor or outdoor court facilities.
c. Restaurants licensed for the sale of alcoholic beverages or alcoholic liquor as defined by section 105(1) of the Michigan Liquor Control Code of 1988, MCL 436.1105(2).

d. Multiple-family dwellings, providing dining, social, or recreational facilities for persons residing off-site such as sororities or fraternities.

e. Establishments licensed for the sale at retail of alcoholic liquor, as defined by section 105(2) of the Michigan Liquor Control Code of 1998, MCL 436.1105(2), including specially designated merchants and specially designated distributors as described at MCL 436.1537.

f. Multiple-family dwelling units provided within a building which also contains one or more of the principal uses permitted in subsection (1) of this section; except, that an application for a special use permit may be approved for multiple-family dwelling units as the sole principal use of a building where it has been deemed by city council that:

1. Provides unique housing opportunities which are not otherwise available in the City Center; or

2. Provides a transition from mixed use development to a lower density residential use where a unique characteristic is present on the edge of the district.

g. Uses with drive-in facilities, such as banks and financial institutions, automobile service businesses, including carwashes, and uses which rely on short-term on-site parking to serve their customers which exist at the time of adoption of the ordinance from which this division is derived or at the time the property is zoned into this district, may continue to operate in accordance with the provisions of article IX of this chapter; except, that such uses may be reconstructed or modified when such uses are designed and operated to promote public safety by minimizing conflicts with pedestrian flow and congestion on public streets and alleys, and to reduce the visual impact of parking areas and driveways.

(3) Permitted accessory uses. In addition to uses customarily incidental to the main use of the building or lot, the following uses shall be permitted as accessory uses:

a. Class A home occupations.

b. Video games, pool tables, and other similar amusement games, provided that, the total number of games or machines contained within the building shall not exceed one game for every 400 square feet of gross floor area.

c. Automatic teller machines which are enclosed within or attached to the principal building.
d. In conjunction with a major commercial establishment or attractor which promotes a high intensity pedestrian environment, offers a variety of goods or services, and has a minimum of 25,000 square feet of floor area, such as a large retail establishment or department store, a major office headquarters, or a hotel, limited drive-in or parking facilities may be provided to allow customers to drop off goods to be serviced, to pick up previously ordered goods, to drop off or pick up passengers, to be used in conjunction with a valet parking system or to be used for short-term delivery vehicle parking, provided that such drive-in or parking facilities are designed and operated to promote public safety by minimizing conflicts with pedestrian flow and congestion on public streets and alleys, and to reduce the visual impact of parking areas and driveways, and subject to an approved special use permit as provided by article II, division 3, of this chapter.

e. Recreational uses and facilities such as swimming pools, indoor or outdoor court facilities, and weight or training rooms for the use of the patrons or tenants of a hotel or apartment use, provided that, such uses do not exceed 20 percent of the gross floor area.

f. Automobile appearance reconditioning, performed by hand or with handheld equipment, including washing, vacuuming, polishing, paint touch-up and decaling, when provided within an enclosed parking structure and occupying no more than five percent of the total floor area contained within the parking structure, and subject to an approved special use permit as provided in article II, division 3 of this chapter.


Sec. 50-593. - Development standards.

(a) No use conducted on any premises within this district shall be permitted to occupy or use space within the public right-of-way, or operate a business which would restrict the use of a public street, sidewalk, or alley unless the proper authorization is first granted by the city council or its agent.

(b) Minimum front yard depth: None.

(c) Minimum rear yard depth: None, except if the rear yard abuts any residential district, in which case the minimum setback shall be ten feet.

(d) Minimum side yard width: None, except if the side yard abuts any residential district, in
which case the minimum setback shall be ten feet.

(e) Minimum floor area requirement. The minimum floor area of any proposed building, exclusive of basement areas used for mechanical or storage purposes, shall be determined by a ratio of 1.25 times the area of the site. Any building existing at the time of adoption of the ordinance from which this division is derived shall be allowed to expand without regard to this standard. Small, separately held lots of less than 10,000 square feet that abut a residential district may also be exempted from this requirement if the planning commission determines that the development potential of the lot is limited because of its size, configuration or location and that the proposed design and use of the lot would provide a desirable buffer between adjacent uses.

(f) Maximum building height shall be four stories or 64 feet; except buildings may be up to eight stories or 112 feet in height, subject to an approved special use permit as provided by article II, division 3, of this chapter; and except further, that within that portion of the area zoned in this district bounded by Grand River Avenue, Bailey Street, Albert Avenue, Grove Street, Linden Street, Abbot Road, City Parking Lot 15, the north-south alley west of Abbot Road and 200 West Grand River Avenue (The Peoples Church), the city council may, upon an affirmative vote of three-fourths of all members of the city council, permit an increase in stories or a maximum building height of up to 140 feet for a building deemed by the city council to be of significant public benefit subject to an approved special use permit as provided in article II, division 3 of this chapter.

(g) Maximum building and ground coverage. The percentage of total site area allowed to be covered shall be determined according to the following schedule:

<table>
<thead>
<tr>
<th>Base Ratio</th>
<th>Base Allotment</th>
<th>Maximum Permitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building coverage</td>
<td>80% + (*)</td>
<td>= 100%</td>
</tr>
<tr>
<td>Ground coverage</td>
<td>85% + (*)</td>
<td>= 100%</td>
</tr>
</tbody>
</table>
Bonus allotments of building and ground coverage may be granted, provided that, the proposed use, its site or its relationship to adjacent properties incorporates certain architectural or site design features which allow for public or private open space, free movement of pedestrian traffic, abundant light and air, and other related elements. Qualifying features may include, but are not limited to, atriums, arcades, enclosed walkways, rooftop gardens, landscaped areas, plazas, and outdoor dining areas.

(1) For buildings and sites where the principal use is any commercial use identified in section 50-592, bonus coverage shall be allotted on the basis of one and one-half square feet of added building and ground coverage for every one square foot of site area occupied by qualifying features.

(2) For buildings and sites where the principal use is a major commercial establishment or attractor which promotes a high intensity pedestrian environment, offers a variety of goods or services, and has a minimum of 25,000 square feet of floor area, such as a large retail establishment or department store, a major office headquarters, or a hotel, bonus coverage shall be allocated on the basis of three square feet of added building and ground coverage for every one square foot of site area occupied by qualifying features.

(3) For buildings and sites where the principal use is a combination of any commercial use identified in section 50-592 and housing, bonus coverage shall be allocated on the basis of five square feet of added building and ground coverage for every one square foot of site area occupied by qualifying features.

(h) Any portion of a site not occupied by a building or covered by paving necessary for adequate ingress and egress, off-street loading or parking, or qualifying bonus features shall be landscaped with a combination of living deciduous and evergreen trees and shrubs in an attractive manner.

(i) Loading requirements. Off-street loading areas shall be provided as required by article VIII of this chapter.

(j) On-premises parking. Consistent with the purposes of this district and the city’s policies to optimize use of its consolidated parking facilities in the City Center commercial district, on-premises parking facilities intended as accessory uses to serve one or more uses on the same lot shall be prohibited, except where:

(1)
The applicant has demonstrated that the parking is necessary for the residents or customers of the proposed use and the municipal parking facility cannot accommodate the use; or

(2) The applicant has demonstrated that the parking is necessary for increased accessibility for handicapped persons.

If it is demonstrated that on-premises parking is necessary, the planning commission may stipulate conditions on the arrangement and operation of such parking to ensure that it is used for the purposes for which it is intended and approved or to ensure that it does not cause disruption of pedestrian or vehicular circulation.

(k) Off-premises parking. To ensure accessible parking for all uses in the district, the standards of subsection 50-814(d) must be met.

(l) Applications for a building and/or occupancy permit to construct or expand a building or to convert or extend the use of a building which would result in an increased parking demand, as determined from the standards in section 50-812, shall first be submitted to the planning and zoning official for review.

(1) To determine the number of parking spaces available, the planning and zoning official shall yearly prepare a report on the utilization of parking spaces within the district which specifies the number of spaces available by location, price, and tenure rates, and time of day. The report shall be presented to and approved by city council. The planning and zoning official shall also keep a record of all new, expanded, and converted uses which generate increased parking demands. The planning and zoning official shall not approve an application when the total amount of additional parking demands approved under subsection (l)(2) and subsection (l)(3) of this section within a one-year period would exceed a figure equal to 75 percent of the total number of parking spaces determined to be available in the annual report.

(2) If the application would result in an increase of ten or fewer spaces for a use within a two-year period, the planning and zoning official shall approve it, if there are adequate and appropriate parking spaces available to serve the use, as defined by the following standards:

a. The price and tenure rates for available parking spaces must be consistent with the expected parking habits of customers, employees, and tenants of the proposed use.

b. The parking spaces must be available at all times consistent with anticipated peak parking demands of the proposed use.
c. The parking spaces must meet the standards of subsection 50-814(d).

(3) If the application would result in an increase of more than ten spaces within a two-year period or would exceed the limit of 75 percent of available spaces described above, the applicant shall submit a parking plan to the planning commission for review at a public hearing. The parking plan shall indicate where customers, employees, and tenants of the proposed use will be expected to park; the estimated number of employees and tenants; the anticipated time(s) of peak customer loads; the location and arrangement of all existing or proposed on-site parking spaces as may be permitted under subsection (j) of this section; evidence of any arrangement(s) made by the applicant to use other off-premises parking spaces; and evidence of any proposed action(s) by the applicant to control or limit the parking demand generated by the proposed use. The planning commission shall approve the parking plan if it determines that the proposed use would not adversely affect surrounding properties and public facilities and that one or more of the following conditions exist:

a. Because of the particular characteristics of the proposed use, it would not be expected to generate a significant increase in parking demand.

b. Existing or proposed on-site spaces or other private off-street parking facilities, as may be permitted under subsection (j) of this section, would meet the parking needs of the proposed use.

c. The parking demand would be adequately accommodated within the municipal parking system due to the availability of spaces appropriate to serve the proposed use, as defined in the standards in subsection (l)(2) of this section.

d. The parking demand would be adequately accommodated within the municipal parking system by directing customers, employees, and tenants to available spaces through validation policies, leasing arrangements, promotional programs, providing bus tokens, or other actions of the applicant.

The commission may, at its discretion, condition approval of a parking plan to ensure the parking needs of the proposed use are adequately met without adversely impacting other property or causing congestion on public streets or within the municipal parking system, including mandatory validation policies, mandatory parking space leasing arrangements, and/or other mandated actions.

(Code 1994, ch. 55, § 5.77; Ord. No. 970, pt. IV, 4-3-2001; Ord. No. 1186, 6-17-2008; Ord. No. 1289C, 5-21-2013)

Secs. 50-594—50-610. - Reserved.
Parking Planning White Paper Series

Parking AS AN Economic DEVELOPMENT STRATEGY
Parking as an Economic Development Strategy

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ACKNOWLEDGEMENTS

This research began with the request of several clients that desired more information on the topic of "Parking as an Economic Development Strategy".

A series of initial research questions was developed and refined internally and then an email was sent out to respected industry experts and economic development practitioners.

We would like to acknowledge several individuals that made special contributions to the production of this "white paper".

» **Mr. Phillip K. Kushlan**  
Executive Director, Capital City Development Corporation, Boise, Idaho

» **Mr. Daniel A. Howe, ASLA, AICP**  
Assistant City Manager, City of Raleigh, North Carolina

» **Ms. Susan Pollay**  
Executive Director, Downtown Development Authority, City of Ann Arbor, Michigan

» **Mr. Lorne Persiko**  
Vice President of Real Estate and Development, Toronto Parking Authority
INTRODUCTION

Parking as an Economic Development Strategy?

The idea that parking can be an effective economic development strategy has gained greater and greater acceptance as innovative programs from around the country have proven this concept with many successful examples. We have documented several of these case studies in this white paper.

However, as the principles have become more accepted many clients are asking us how they can take this concept to the next level.

» What new trends are emerging?
» What are the specifics strategies that have proven to be most successful?
» What are realistic 'return on investment' ratios?

In this White Paper we will evaluate these questions and many more.

Consider parking as a platform to support these other potential community priorities:

- Downtown Residential Development
- Urban Parks/Green Space
- Activated Street Level Retail with Office or Residential Above
- Public Art / Local Artist Community Engagement
- Sustainable Development / Renewable Energy

Leverage parking development to catalyze additional community development.

Having a well-defined and shared vision relative to preferred or targeted types of development is a key first step in the process.

Parking can also be used as a "platform" to achieve a variety of other community goals, beyond parking infrastructure.

PARKING PLANNING WHITE PAPER SERIES • DECEMBER 2012
OVERVIEW

Several maturing parking programs across the US want to move into a new phase for their organizations. They are looking for ways to improve their communities and stimulate additional community and economic development opportunities by leveraging strategic parking and mixed-use facility development.

These programs have developed more advanced and sophisticated planning capabilities in recent years. They have well defined "parking analysis zones" and actively monitor changes to parking supply and demand. They measure and track changes to on-street utilization. Using pricing and regulation (time-limits, special permitting strategies, etc.) they are managing their limited on-street resources to maximize their value by promoting turn-over. Price is being used, as recommended by the noted UCLA economist Dr. Donald Shoup, to achieve a targeted on-street vacancy rate of 15%.

New technologies are emerging that will greatly change the parking management landscape in ways that would have been hard to image even a few years ago. The impact of "smart meters", wireless sensors, web-based parking availability data, on-line parking reservation systems and even satellite-based mechanisms that employ GPS and GIS "geo-fencing" technologies will combine to create "smart parking systems" that will help reduce green house gas emission, improve parking availability and make paying for parking easier and more customer friendly. All of this is even more powerful when combined with sophisticated new mobile devices such as the I-Phone. Indeed, at last count there were already 60+ "apps" designed just for parking related uses. It is hoped that this new data rich world of "smart parking" will allow us to better utilize existing parking resources (and recapture some the value inherent in the "over-built" parking supply of the past decades) as well as to begin providing better designed parking facilities that are integrated with a variety of mixed-uses and that better complement the urban fabric in which they exist.

Mixed-Use Parking as an Economic Development Catalyst

There are many variations on the theme of parking as an integrated use in a mixed-use development project. There is little doubt that parking is an essential element in the success of these projects. In many cases, it is often the parking dimension that, from a developers perspective, makes the project "not pencil". Parking facility design and management have dramatically improved in recent years. We no longer "deaden an entire block or half block in a downtown for a "vehicle warehouse". We now see parking facilities more as the "interface between the vehicular and pedestrian experience". Parking facilities are being designed more as "people places" than simply as dull, grey, utilitarian storage facilities.
Mixed-Use Parking Design Advances

Architecturally, parking is being developed to better blend into and even contribute positively to the “urban form”. Several successful design approaches for integrating parking in urban environments with other uses are becoming well accepted. These models include:

**Parking Design Approach**

**City of Greenville, SC**

**Spring Street Garage**

**Description**: This 912 space, 3 bay parking facility is located at 316 S. Spring Street, Greenville, SC. This multi-level parking garage, located adjacent to the Wachovia Building and the Bookends development, provides monthly, daily and event parking in downtown Greenville.

**Parking Design Approach**

**City of Boulder, CO**

**15th & Pearl Street Garage**

**Description**: This 686 space, 2 bay parking facility is located at 15th Street and Pearl Street in downtown Boulder is conveniently located near the Pearl Street Mall. This multi-level parking garage is wrapped with retail uses on the street level and office space above.
The facility provided monthly and hourly parking.

Parking Design Approach

- Parking facilities stacked between other uses

LoDo District Downtown Denver, CO

Wynkoop Garage

Description: The Wynkoop garage in the LoDo District of downtown Denver is an example of a "stack" garage design with 2 levels of below grade parking, a destination restaurant at grade, 4 levels of above grade parking below 4 floors of residential development.

Parking Design Approach

- Parking facilities 'below' with other uses

The City of Greenville, SC

Terrace at Riverplace

Description: The Terrace at Riverplace is located just off of Main Street and across from the $13.5 million River Falls Park on the Reedy River in downtown Greenville, SC. The Terrace is part of the $65 million RiverPlace mixed use development which includes 155 RiverPlace, RiverHouse, The Terrace, and The Hampton Inn and Suites. The project includes office space, retail space, restaurants, and condos. RiverPlace also offers underground secured parking with card access.
PARKING AS AN ECONOMIC DEVELOPMENT STRATEGY?

Best Practices Research

Innovative municipal parking programs, urban redevelopment agencies, business improvement districts and downtown development authorities have led the charge as it relates to leveraging investments in strategic parking and mixed-use facility development as a key strategy to improve their communities and stimulate additional economic development opportunities.

One key trend we have identified is that many of these parking programs have developed more advanced and sophisticated planning capabilities in recent years. They have well defined "parking analysis zones" within their downtowns and actively monitor changes to off-street parking supply and demand. They also have begun measuring and tracking changes to on-street utilization. Using demand-based pricing and other creative parking management strategies such as extended time-limits combined with progressive on-street parking pricing, pay-by-cell phone options, special permitting strategies, etc., they are beginning to manage their limited on-street resources to maximize their value by more effectively promoting turnover and also providing enhanced customer services and more flexible parking options. Price is being used to achieve the goal of a 15% on-street vacancy rate. This has had the related effect of improving access to businesses, reducing traffic congestion, lowering fuel consumption and lessening greenhouse gas emissions.

These advances in planning and management are being combined with another, and perhaps more important trend - a philosophy that aims at making parking more visitor friendly (and thereby positively impacting the "overall downtown experience"). It is important to note however, that "friendly" does not equal "free". Parking is never free, even when there is no direct charge to the customer - someone somewhere is paying the price for providing not only the space, but the utility costs, the maintenance, the management, etc.

As part of the research effort for this project we focussed on identifying new or creative approaches to using parking as a tool for economic development.

Following are a series of interview questions and responses from several respected industry professionals.
RESEARCH INTERVIEWS

1. What are the current industry best practices and successful strategies related to parking facility development? How are these development deals structured?

   a. "Generally public/private deals are not unlike pure private deals insofar as each side has assets to bring to the table to leverage the assets of their partner. The primary negotiation revolves around how much each side is willing to offer to get what the partner can provide. Thus it is very important on the private side to understand what the public interest is for any given project, and tailor a response to that. Usually it is clearly articulated in a plan (a downtown plan for example) or in a series of goals in the community's comprehensive plan.

   b. From the public side, it is important to understand how the developer is structuring a proforma...what market they are trying to land and where their cost centers and risk centers are. For example, if a major tenant is insisting on available parking while the lender is insisting on a certain return ratio, the ability of the public to bring the parking availability to bear to remove the cost and risk of building and operating parking from the developer's proforma, while addressing the tenant's demand, can make the difference as to whether a project gets the necessary bank funding to get off the ground. Understand, however, that unlike private / private agreements, the public side is heavily wrapped in legal limitations, public process and transparency. This comes with the territory, so any time a private developer wants to leverage their idea by working with a public entity, they need to build in sufficient time and resources to work through a lot of the necessary "fairness" limitations the public side has to work with, and be ready for the "sunshine" laws to come to bear...so lots of documentation will be necessary.

   c. Consider the concept of a "Bridge Investment" rather than a full subsidy as in the example below. From the public entity perspective, understanding the "real needs" of the private sector partner can mean the difference between a project moving forward or not. Our agency was in discussions with a partner to redevelop a surface parking lot into a 600,000 square foot mixed-use project. Originally the developer asked the agency to build them a $12,000,000 parking structure. Ultimately it was determined that there was financing gap of $180,000 per year for five years. Rather than a cash incentive, the agency ultimately agreed to lease the developer 200 parking spaces/year (which it had available in a nearby parking facility) for five years.
at no charge (an in-kind contribution of approximately $1,000,000 in value). This essentially equated to a “bridge Investment” by the agency that allowed the deal to move forward.

2. What is the best way to interest potential development partners?

a. Transformational investments. If an existing property or area has inherent value that is not being tapped, the market will already have responded to that and you will be fending off development proposals. Usually the case is that the public is trying to interest developers in property that really does not appear to have inherent value beyond its current use. The way to change that is for the community to decide on what can be done on the public side to inject value where there was none before.

For example, before our Fayetteville Street Renaissance project was funded and under construction, nobody would take a risk on downtown Raleigh. After...suddenly a lot of properties were being acquired, new buildings built and everything seems to have taken on new value and a transformed market image that generated a lot of tax base. Deciding what that transformational investment or investments are is the key. You need LOT'S of private sector, market savvy input before pulling the trigger on expensive public projects to ensure that there will be a fish on the end of the hook when you cast it.

b. Boise essentially created a parking district that over-built supply in strategic locations and then worked on multiple tracks to stimulate community development to "grow into it". We approached parking as a utility to support long-term growth. Under this approach it is perfectly logical to build capacity ahead of immediate demand needs.

c. Our approach also considered the “idealized build out” of the downtown based on our downtown master plan. We developed our parking development plan to support the desired build out. We were guided by two major principles – first, we desired to keep the public parking supply between 30 – 40% of the total parking supply. This approach provides us flexibility relative to attracting new development and allows us the capacity to address uses in the realm of the “public good”. Second, we understood that we would have to make more of our parking investment on the front end of the process.

d. Boise made it to the top of the Forbes’s “Best Places to Do Business” list by “creating places where people want to
The Cube is a unique and innovative landmark tower that will occupy a prime location within Dubai Sports City. Parking condos are available in the basement level.

be". The combination of integrated parking (all of our parking is in convenient, mixed-use facilities with activated street-level uses) and a concentrated effort on "place making" and public realm improvements.

e. We embraced the idea of an "E Zone" or "Energy Zone" in the downtown core. The synergies created by the downtown environment is large part of our success. Parking, and specifically parking facility design, is an important component because it contributes to our compact urban form and the reduction of surface parking lots.

3. What combinations of financing options are most popular and most successful?

a. One successful strategy is "Certificates of Participation". They offer several benefits. First, they are mortgage-backed, essentially, because City assets are put up as collateral, thus making them low risk and thereby low cost investment vehicles. We have found them equivalent to General Obligation financing in terms of cost, without the necessity of any kind of taxpayer referendum on their use.

b. When putting together public/private partnerships, one of the benefits of working with the public is that public sector entities are often more tolerant of longer-term payback schemes where an asset is provided by the public to leverage private development, much more so than equity partners or banks, so this ability to be around long enough to tolerate a longer horizon is a potential "asset" that public entities bring to the table.

c. Another option to consider is the "condominiumization of parking". Under this scenario the land doesn't have to be purchased by either party. The condominium association owns the land and manages the property including shared expenses and taxes.

4. What combinations of incentives are currently being offered?

a. Right now (due to the economic downturn) we are not offering a lot of direct incentives, but generally when it comes to land development, the cost of land is one of the first things the developer goes after. If the public can acquire land and then re-sell it at favorable terms, this helps leverage a private proforma.

b. Many communities provide cash incentives based on jobs or total investment. Some believe that this rarely determines whether the project gets built, particularly in a downtown. Usually after the private side team has already determined where it wants to build, then it goes after as much cash as it can leverage out of the elected officials.

c. Parking is a favorite downtown leverage tool, as it is a business the public is often already in and it is usually (unless you are in a REALLY big or very enlightened mar-
With capital funds in short supply, public investment can sometimes make the difference with "projects on the bubble." The key is often understanding the real estate equation. The agency needs to understand where to draw the line. Sometimes, the fact that an incentive is offered at all is as important as the amount.

5. What specific options are seen as producing "win-win" scenarios for different communities?

a. Deals that are structured where there are documented returns to the public are often easiest to justify...a cash flow that can be documented such as specific tax base enhancement commitments, creation of permanent jobs if a major employer is involved, etc.

b. On the other side, developers need to see both a short term (this current project is profitable in the short run) and a longer term (this deal will potentially spin off more deals with the same public entity) benefit from playing ball with the public sector. This is often why working with local developers with more of a stake in the success of the local market sometimes works better than going after the big, national development entity who may flee the market if times turn bad.

6. What are the common obstacles that tend to sour these public-private partnerships?

a. Unrealistic expectations...on both sides. Also an unwillingness to trust. There is no way you can write down every last contingency in a deal. All deals involve some level of trust on both sides. This has to be clear up front, and a commitment made to work through things in the middle when something unexpected comes up. The best thing to do is to talk clearly about how to deal with unexpected issues, not to try to anticipate all of them and write them all into an agreement up front.

b. The public sector is all about process and fairness. There will be multiple committee meetings. The design will likely be micromanaged to some degree. It is very important for private side entities to build this extra time into the project schedule and make sure somebody on their team is good at navigating the public process.

7. What types of deals should public agencies avoid? Why?

a. Avoid anything that involves putting the public in the role of primary risk-taker. Risk analysis in land development is not something public sector agencies do particularly well, and in a public/private deal it should be made clear up front that the public is not in the entrepreneur role in a typical deal. That should be the private sector entity's role, and the public risk ought to be clear, simple, and limited...the major financial benefits may need to go to the private side but the primary risk should be there also.
b. Public entities also ought not to make their decisions based on a glorious vision of a very cool development. Instead, the decision should be made looking at a spreadsheet and a balance sheet. The key success factors on public/private developments revolve around the strength of the private side financing package and the predictability of behavior of the public side partner. To the extent these can be maximized, the likelihood of the project being a success is enhanced.

8. What creative combinations of land uses have produced special benefits for their communities?

a. Projects that attract the young as well as the working age public. Kids bring parents. Parents bring money and come back on the weekend if they like what they see. Youth brings energy.

b. Libraries are excellent tools for attracting kids, as are museums. Places to have big outdoor parties that generate lots of press (New Year celebrations, food celebrations, concerts, etc.) are great compliments to retail and office as well as urban residential. In Boise, housing projects have generated the greatest amount of “spin off” benefits.

c. Sports venues bring lots of people but beware...they also tend to spawn lots of surface parking that kills life around it when an event is not taking place. The best public investments we have made in Raleigh have SYMBOLIC value! The reconnection of iconic architectural views between the state capitol and the performing arts center. A major artwork that can be seen on the skyline, creating a postcard view. These things change the way people think about a place, and lift everyone’s boats.

9. From a planning perspective, are there new concepts or specific development code approaches that encourage creative urban designs and special partnership opportunities?

a. “Form-based” codes often work well in dense urban areas, by creating an emphasis less on land use and more on form, relationship of the building to the street, density and amenity access. Having a rehabilitation code option that applies realistic building code standards to old buildings means more investment in historic buildings that bring character and interest to a city.

b. Most of the incentives that might encourage more public-private arrangements would happen on the state level in states that govern the activities of cities. The ability of public entities to engage in private projects is often limited by “no-competition” limitations or by restrictions on the ability of the community to provide tax or fee incentives for projects with a public benefit.
**CASE STUDIES**

**Case Study #1**

The Ashley Mews Project  
**ANN ARBOR, MICHIGAN**

Ashley Mews was one of the first downtown developments since the early 1980's. The city owned a piece of land at the intersection of Main/Packard and wanted to sell it for redevelopment with the goal of seeing at least some affordable housing units (80% of AMI) included as part of the project.

The Ann Arbor Downtown Development Authority (DDA) helped facilitate the conversation between the City & the developer (Syndeco is the real estate arm of Detroit Edison). Final arrangement had a 9 story office building with first floor retail and penthouses on the top, and approx. 50 stacked townhouses of which 8 are permanently affordable.

The developer brought 120 of their own underground parking spaces, but needed 100 more parking spaces plus some gap financing. The DDA provided some funds toward the affordable housing units and additional funds toward the project's pedestrian improvements to make the numbers work.

We gained a wonderful mixed use project that made it possible for Detroit Edison to bring 400-500 high paying jobs (the building houses all the energy company's subsidiaries such as Detroit Edison Nuclear, Detroit Edison Wind, etc.) plus more than 50 new downtown residents (the penthouses were a slower sale because the space wasn't built out and residents clearly had trouble understanding what $1 million was buying them).

**Lesson Learned:**

1. The City must know what it wants up front in a development deal like this so we can understand if it's worth providing a limited public asset (lots of public parking spaces) to accomplish their goal.

2. If possible, use these public/private arrangements to clean up previous mistakes (before the DDA took over parking, the City had given away parking permits in a contract for 3 renewable 20 year terms at the cost of operations plus bond payments. The bond payments were ending if we hadn't revised the agreement the developer would have been paying $10-20/month for permits that cost other downtown users $100/month).

3. Consider all the elements that can make a project work, not just the parking elements.
January 9, 2017

Mayor Mark E. Meadows
410 Abbot Road
Room 100
East Lansing, MI 48823

George Lahanas
City Manager
410 Abbot Road
Room 207
East Lansing, MI 48823

Dear Mayor Meadows and Mr. Lahanas:

My name is Stevan Kvenvold and I am the City Administrator for Rochester, Minnesota. I have been employed by the City of Rochester for 46 years and I have served as the City Administrator for the past 37 years.

During my years of service with the City of Rochester, the City has been one of the fastest growing cities in Minnesota and I have worked with many private individuals on various development projects. The City of Rochester is anticipating significant growth in the next 20 years as part of a City/State development initiative named the Destination Medical Center (DMC) Initiative to position Rochester, as home of the Mayo Clinic, as the world’s premier destination for health and wellness.

The DMC masterplan is largely located in the downtown urban setting, which requires careful forethought, meticulous planning and experienced execution by qualified developers.

The City of Rochester has recently begun working with Mark Bell of Harbor Bay on a couple of development projects. I have been impressed with Harbor Bay’s approach to the formulation of development projects; their preparation and communication with City departments and their commitment to designing a quality development project.
I understand that you are working with Harbor Bay on a development in your community, and from the City of Rochester's experience with Harbor Bay, I believe that you will have a very positive experience working with them.

I would be happy to answer any questions that you may have.

Sincerely,

Stevan E. Kvenvold
City Administrator
March 13, 2017

Mayor Mark E. Meadows
410 Abbot Road, Room 100
East Lansing, MI 48823

George Lahanas
City Manager
410 Abbot Road, Room 207
East Lansing, MI 48823

Dear Mayor Meadows and Mr. Lahanas,

The City of Duluth has recently completed a project with Mark Bell of Harbor Bay Real Estate Advisors, the ENOl housing and retail development, and it was a huge success. I am impressed with Harbor Bay’s approach to the formulation of development projects; their preparation and communication with City departments and their commitment to designing a quality development project.

With their vision, Harbor Bay has created a mixed-use building that fits well into the neighborhood while raising the bar for future developments. ENDI’s residential apartment units with underground parking and on trend design features are market rate and already more than 70% occupied. The retail shops have created an added convenience to residents and neighbors in an area of town that has traditionally lacked walkability.

I understand that you are working with Harbor Bay on a development in your city, and from the city of Duluth’s experience with Harbor Bay, I believe that you will have a very positive experience working with them.

I would be happy to answer any questions that you may have.

Sincerely,

Emily Larson
Mayor
March 7, 2017

Mark Bell
Harbor Bay Real Estate Advisors
3412 Commercial Ave
Northbrook, IL 60062

Re: Construction Loan – Center City District

Dear Mark:

Thank you for your inquiry regarding potential construction financing for a new mixed use market-rate housing, age-restricted senior housing, and retail project along East Grand River Avenue and Albert Avenue in downtown East Lansing.

First National Bank has a valued and successful history with your organization, closing approximately $150,000,000 in construction and development financing over the last couple years alone. Our position as an active construction lender provides diverse and insightful exposure to the construction and development industries and we hold your expertise, reliability, and credit-worthiness in the highest esteem. As a similar multi-generational, family owned business, the First National Bank/Harbor Bay partnership remains strong and we are eager to advance the relationship.

We are excited to discuss a potential construction loan and support Harbor Bay’s efforts to enrich the communities you serve. We look forward to assisting as you pursue your exciting project in East Lansing, MI.

Sincerely,

Dan Holoch
Vice President
MEMORANDUM

March 8, 2017

To: Mark Bell, Chief Executive Officer
    Harbor Bay Real Estate Advisors

From: Timothy S. Bradley
    TSB Capital Advisors, LLC

Re: TSB Capital Advisors Successful Partnership with Harbor Bay Real Estate Advisors

Dear Mr. Bell,

This letter serves to detail TSB Capital Advisors successful track record with Harbor Bay Real Estate Advisors. We would also like to take this opportunity to express our sincere gratitude for the ongoing business relationship our two companies enjoy and our excitement for the upcoming landmark opportunity in East Lansing.

TSB Capital Advisors is a real estate finance advisory firm built on client relationships developed through proven results. TSB brings a unique, personalized and hands-on approach to real estate finance, staying proactively involved in every transaction from beginning to end. Since its inception in 2009 TSB Capital Advisors has closed over 190 deals and $8.3 billion in commercial real estate transactions. Our position, as an extremely active advisor in the multifamily development financing space, provides insight to the current construction market and confidence in sourcing executable financing terms from multiple lending sources for Harbor Bay’s Center City District project in East Lansing.

Harbor Bay Real Estate Advisors is a long-standing client of TSB Capital Advisors with a proven track record of success. Harbor Bay and its related entities represent a strong developer and borrower with well-established credit as demonstrated by the diverse portfolio of closed transactions we have collaborated on totaling $213,670,000 and counting, including the following deals:

- Roundy’s Distribution Center – Oconomowoc, WI: $76,500,000 (refinance)
- The Boden – Grand Forks, ND: $18,000,000 (construction)
- The Boden – Grand Forks, ND: $21,173,000 (refinance)
- Autumn Chase Apartments – Schaumburg, IL: $50,000,000 (refinance)
- ENDI – Duluth, MN: $28,000,000 (construction)
- Hilton Garden Inn – Oconomowoc, WI: $10,000,000 (refinance)
- Staybridge Suites – Oconomowoc, WI: $10,000,000 (refinance)

We look forward to continuing our successful partnership with the Center City District development in East Lansing.

Sincerely,

Timothy S. Bradley, Principal
TSB Capital Advisors, LLC

3131 E Camelback Rd. STE 330, Phoenix, AZ 85016
Phone: (480) 626-4416 Cell: (610) 283-1264 Fax: (267) 386-1143
tbradley@tsbca.com
March 9, 2017

Mark Bell
Harbor Bay Real Estate Advisors
3412 Commercial Ave
Northbrook, IL 60062

Re: Construction Loan – Center City District

Dear Mark:

Harbor Bay has been a long-standing client of Walker & Dunlop for over four years and we greatly value the relationship we have established with this family run business. Our firm has lent over $70 million to Harbor Bay for both conventional multifamily and dedicated student housing projects in Chicago and North Dakota. They have been a pleasure to work with and always delivered what was requested of them in a timely manner to fund the projects. We look forward to more financing opportunities with Harbor Bay in the near future.

We are excited about the prospects of their latest planned project in East Lansing and look forward to seeing the many years of hard work on this exciting opportunity come to fruition.

Sincerely,

Will Baker
Managing Director
ALBERT AVE - SHADOW STUDY

MARCH 21

JUNE 21

SEPT 21

DEC 21

8:00AM

12:00PM

4:00PM

03/21/2017
4. Supporting Documents:
   a. Ashely Mews Development Agreement
   b. Ashely Mews Parking Agreement
   c. Ashely Mews Planned Unit Development (PUD) Agreement

Case Study #2

"BoDo" Development
Capital City Development Corporation, Boise, Idaho

The Capital City Development Corporation (CCDC) is the urban renewal agency in Boise, Idaho. The CCDC manages three separate districts in the downtown area as well as managing the off-street public parking system.

CCDC has a stated goal of a 5 to 1 return on infrastructure investments. With the recent completion of the so called “BoDo” (Boise Downtown) project, they leveraged $15.5 million dollars in public infrastructure investment (The Civic Center parking garage [$8,000,000], the Myrtle street garage [$6,000,000] and a $1,500,000 investment in streetscapes) in return for $87,000,000 in private development – a 5.61 return on investment!

Beyond this initial success, the “BoDo” project also generated another $650,000 in tax increment financing revenues that the CCDC will reinvest in downtown and the project is generating an additional 1,000 parkers per day for an estimated $800,000 in additional parking revenue per year. It is also worth noting that the “BoDo” project brought several targeted types of development to the downtown including a 17 story residential development, a multi-plex cinema and a new hotel.

Lessons Learned:
1. CCDC has successfully used "parking development as a catalyst for other development”
2. They have a defined expectation ( 5 to 1) relative to parking and other infrastructure investments.
3. Their standard agreement is a “blank page”. Be flexible. Consider all options,
4. Housing/Residential development projects have more spin-off benefits.
5. Their parking strategy was based on an “idealized build out” of the downtown based on the downtown master plan. Their parking development plan is designed to support the desired build out.
6. Goals: Keep the public parking supply between 30 – 40% of the total parking supply & realize that more parking investment is needed on the front end of the process.
Case Study #3

Village Green
Ann Arbor, Michigan

Village Green is the Ann Arbor DDA’s most recent development project. The City distributed an RFP to sell/redevelop the site of our oldest parking structure. The Village Green project was selected and plans include a multi-story apartment building with an underground public parking structure.

The development agreement was much simpler than the Ashley Mews Project discussed above. The DDA formulated early what it was willing to provide to make this deal work ($100K per unit for up to 4 units of affordable housing to 60% AMI = $400,000 and exact dollar amounts for what it would pay to have the underground parking structure constructed ($35,000/above ground space + $45,000/below ground space). This eliminated negotiations later on, as the developer bids on the property were made knowing that these were the only two sources of local funds for the project.

Currently the DDA has no developers on its board so knowing the cost up front made sense for us. Since we no longer had folks on the board with real estate experience to negotiate for us.

Lessons Learned:
1. If the developer is building a public parking structure as part of this public/private development, come to an agreement up front on what the DDA or City is willing to pay per parking space since it is virtually impossible to delineate what is/isn’t part of an underground parking structure (earlier developers wanted to charge the DDA for their construction crane costs, all costs to bring utilities to the site, etc.) Once this price is established, it makes it easier to sort between various bids for the site since the variables are reduced.

2. The DDA /Village Green parking agreement has us providing 73 spaces for monthly parking + 73 flex parking spaces, leaving some number for public parking. The flex parking numbers made the banks happier about providing financing since the project has more parking spaces per unit - even though the flex spaces can only be used at night.

Supporting Documents:
1. Village Green Parking Agreement