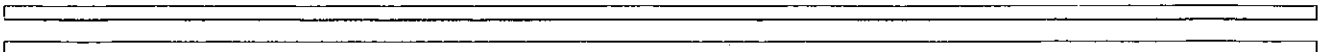
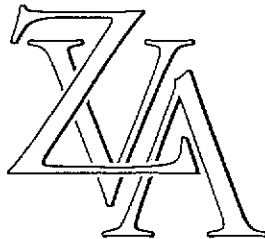

RESIDENTIAL MARKET POTENTIAL

Downtown Belding
And The In-Town Neighborhoods
City of Belding, Ionia County, Michigan

December, 2005

On Behalf of the
CITY OF BELDING

Conducted by
ZIMMERMAN/VOLK ASSOCIATES, INC.
6 East Main Street
Clinton, New Jersey 08809



ZIMMERMAN/VOLK ASSOCIATES, INC.

6 East Main Street
Clinton, New Jersey 08809

908 735-6336 · 908 735-4751 *facsimile*
www.ZVA.cc · info@ZVA.cc

Research & Strategic Analysis

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ZIMMERMAN/VOLK ASSOCIATES, INC.

6 East Main Street
Clinton, New Jersey 08809

(908) 735-6336 • (908) 735-4751 *facsimile*
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

RESIDENTIAL MARKET POTENTIAL

Downtown Belding and the In-Town Neighborhoods

City of Belding, Ionia County, Michigan

December, 2005

EXECUTIVE SUMMARY

The purpose of this analysis is to identify the market potential for newly-introduced market-rate housing units to be leased or sold within Downtown Belding in specific, and the in-town neighborhoods, in general, in the City of Belding, Ionia County, Michigan. The conclusions and recommendations of the study are as follows:

- A core premise underlying an overall housing strategy for the City of Belding is to retain as many households as it attracts.
 - A secondary premise is to seek potential households currently living within or outside the City who would consider URBAN residential housing options if those building types were available in either rehabilitation or new construction.
 - The draw areas for the City of Belding have been delineated as follows:
 1. Belding/Ionia County
 2. Grand Rapids/Kent County
 3. Adjacent Metro Counties: Barry and Montcalm Counties
 4. Lansing Region: Clinton/Eaton/Ingham counties
 5. National: Remainder of U.S.
-
-

Downtown Belding and the In-Town Neighborhoods
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- The Grand Rapids/Lansing/National draw areas represent a larger portion of demand for downtown than the in-town neighborhoods. The reverse is true for the Belding/Ionia/Adjacent draw areas.
- The 2005 ANNUAL potential market for downtown/in-town (urban-location preference of migrating households across the draw areas) is 300 households. Note the word POTENTIAL, because at present, the urban residential building types—rowhouses, townhouses, lofts, condominium apartments, and small-lot houses—do not exist or are not available in sufficient numbers to accommodate the demand.
- The breakdown of potential market demand into building type preference and annual market capture is as follows:

Building Type	Market Potential	Market Capture
(1) Multi-Family For-Lease	110	28
(2) Multi-Family For-Sale	70	18
(3) Single-Family For-Sale Attached	60	9
(4) Single-Family For-Sale Detached	60	6
<i>TOTAL</i>	<i>300</i>	<i>61</i>

The household groups that comprise the potential market are:

- 70 percent—Younger singles and childless couples (Millennials/Generation Xers);
- 13 percent—Traditional and non-traditional families (Generation Xers/Baby Boomers); and
- 17 percent—Empty nesters and retirees(exclusively Baby Boomers).

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- The recommended development program is as follows:

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
Rental—			
Hard Lofts *	\$525-\$1,000/month	600-1,200 sf	\$0.83-\$0.88 psf
Soft Lofts †	\$600-\$850/month	650-1,000 sf	\$0.85-\$0.92 psf
For-Sale—			
Soft Lofts †	\$75,000-\$140,000	600-1,200 sf	\$117-\$125 psf
Apartments	\$105,000-\$170,000	800-1,400 sf	\$121-\$131 psf
Townhouses	\$135,000-\$185,000	1,000-1,500 sf	\$123-\$135 psf
Urban Houses	\$145,000-\$195,000	1,100-1,650 sf	\$118-\$132 psf

- The projected level of potential demand is higher than expected and an indication that Belding has a drawing power for urban living.
- The annual number of units projected for capture/lease or sale (61 units) is insufficient for any production developer/builder (more than 75 units/year) to establish an ongoing operation in-town.
- For small proprietors and medium-size firms (30 to 75 units/year) operating their production activities via contract, demand is ample for rehabilitation and/or new construction IF they have a specialty in one or more of the urban building types.
- These numbers should provide good value to the Silk Mill project developers. Belding should focus loft development activities on that project exclusively for the next year. A phased approach should be recommended based upon the absorption forecasts (up to 28 rental units/year).
- Condominium apartment development (rehabilitation) should be packaged within existing downtown buildings and include first-floor commercial rehabilitation. Market absorption is up to 18 units per year.

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- Infill and open space sites should be evaluated with physical and financial analysis for a pilot rowhouse/townhouse new construction project. Market absorption is up to nine units per year.
- Almost every housing market in Michigan (and the Midwest) is reality-focused in consumer selection. This means one or more projects must be “pioneered” so that potential customers can see, touch, and imagine themselves within the building type’s inside and outside living environment.
- Most or all of these projects will need to be incented because local or regional small/medium size developers (1) may be unsure or even unwilling to consider urban project/product development, (2) may be nervous about being a pioneering project, and (3) likely do not have the urban products needed to fill the demand.
- Possible incentives include Michigan Act 534-535 and federal P.L. 99-514 Historic Preservation credits, Michigan Act 197/381/450/530 tax increment financing, federal Section 170 easement/tax deductions, and Michigan Act 382 brownfield SBT credits.



RESIDENTIAL MARKET POTENTIAL

INTRODUCTION

The purpose of this study is to identify the market potential for newly-introduced market-rate housing units—created both through the adaptive re-use of existing non-residential buildings as well as through new construction—to be developed within traditional urban and neighborhood centers in Downtown Belding in specific, and the city's in-town neighborhoods, in general. For purposes of this study, Downtown Belding has been defined as an area bounded by High Street to the north, Ashfield Street to the east, Congress Street to the south, and North State Street to the west. This broader definition of downtown encompasses the central business district, as well as the Flat River and Central Riverside Park, two very important amenities for the development of downtown neighborhoods. The in-town neighborhoods that are the focus of this study are the blocks south of Downtown Belding, bounded by Congress Street to the north, Hall Street to the east, State Road to the south, and the Flat River to the west.

The extent and characteristics of the potential market for new housing within traditional urban and neighborhood centers in Belding's downtown and in-town neighborhoods were identified using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns, which can be substantial when that supply is specifically targeted to match the housing preferences and economic capabilities of the draw area households.

In contrast to conventional supply/demand analysis, then—which is based on supply-side dynamics and baseline demographic projections—target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw area. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less-frequently

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analyzed attributes such as mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban development and redevelopment.

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

- Where the potential renters and buyers for new housing units in Downtown Belding and the in-town neighborhoods are likely to move from (the draw areas);
- Who currently lives in the draw areas and what they are like (the target markets);
- How many are likely to move to Downtown Belding and the in-town neighborhoods if appropriate housing units were to be made available (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
- What their alternatives are (relevant rental and for-sale properties currently marketing units in the region);
- What they will pay to live in Downtown Belding and the in-town neighborhoods (market-rate rents and prices); and
- How quickly they will rent or buy the new units (market capture/absorption forecasts).

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

NOTE: Tables 1 through 7, included in this document, contain summaries of the market potential and optimum market position for new market-rate housing units created through adaptive re-use of existing buildings and/or new construction within Downtown Belding and the in-town neighborhoods, in the City of Belding, Ionia County, Michigan. Tables 8 through 16, also included in this document, outline the relevant demographic and supply-side context. The appendix tables, provided in a separate document, contain migration and target market data covering the appropriate draw areas for the Downtown Belding Study Area.

Downtown Belding and the In-Town Neighborhoods
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MARKET POTENTIAL

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

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

Analysis of Ionia County migration and mobility patterns from 1999 through 2003—the latest data available from the Internal Revenue Service—shows that the number of households moving into the county has varied only slightly, from between 1,330 households in 1999 to 1,380 households in 2002. Nearly a third of the county's in-migration is from Kent County. Approximately 17 percent are households moving to Ionia County from the adjacent counties of Montcalm and Barry, and more than 21 percent are moving from the Lansing region (Easton, Clinton and Ingham Counties).

Over the same period, the number of households moving out of the county has also remained fairly stable, falling slightly from 1,375 households in 1999 to 1,340 households in 2003. As a result, the annual changes in households experienced by Ionia County due to net migration have ranged from a net loss of 95 households in 2001 to a net gain of 60 households in 2002.

Between the 1990 Census and the 2000 Census, the City of Belding lost 33 households: the number of households living within the city limits fell from 2,218 households in 1990 to 2,185 households in 2000, a loss of approximately 1.5 percent. To achieve a stable household population then, a core premise for the City of Belding should be that it is just as important to retain current residents as it is to attract new ones.

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

Where will the potential market for housing in the City of Belding move from?

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

- The local (internal) draw area, covering households currently living within the Belding city limits, as well as those currently living in the balance of Ionia County. Just over 11 percent of the households living in the city move to another residence within the city each year. Just over two percent of the households living in the balance of Ionia County move to a residence within the city each year.
- The Grand Rapids draw area, covering households with the potential to move to the City of Belding from Kent County. Households moving to Ionia County from this area comprise nearly a third of total in-migration.
- The adjacent draw area, covering households with the potential to move to the City of Belding from the adjacent counties of Montcalm and Barry. Households moving to Ionia County from this area make up approximately 17 of total in-migration.
- The Lansing draw area, covering households with the potential to move to the City of Belding from counties in the Lansing region (Eaton, Clinton and Ingham). Households moving to Ionia County from this area represent more than 21 of total in-migration.

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- The national draw area, covering households with the potential to move to the City of Belding from all other U.S. counties. Approximately a third of all households moving into Ionia County are moving from all other counties in the United States.

As derived from migration, mobility and target market analysis, then, the draw area distribution of market potential (those households with the potential to move within or to the City of Belding and the financial capacity to rent or purchase market-rate housing units) would be as follows:

Market Potential by Draw Area
City of Belding, Ionia County, Michigan

City of Belding (Local Draw Area):	11.0 percent
Ionia County (Local Draw Area):	27.4 percent
Kent County (Grand Rapids Draw Area):	13.7 percent
Montcalm and Barry Counties (Adjacent Draw Area):	11.0 percent
Eaton, Clinton and Ingham Counties (Lansing Draw Area):	23.3 percent
Balance of US (National Draw Area):	<u>13.6 percent</u>
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Downtown Belding and the In-Town Neighborhoods
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MARKET POTENTIAL FOR DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS__

Belding is a charming small town of just under 5,900 people situated in the northwest corner of Ionia County, approximately 30 miles northeast of the City of Grand Rapids, and approximately 50 miles northwest of the Cities of Lansing and East Lansing. Interstate 96, which links Grand Rapids and Lansing, crosses the southern part of Ionia County, but it is not directly accessible from Belding.

Belding currently contains approximately 2,295 housing units, of which an estimated 2,190 are occupied. In 2005, median housing value citywide is \$107,300, approximately 28 percent below that of the national median of \$149,300, in part because more than 42 percent of the city's housing units were built before 1950. The Belding median income of \$33,700 is 29 percent below the national median of \$47,800; however, nearly a third of Belding's households have annual incomes of \$50,000 or more.

The Flat River is a central feature of the city, flowing from east to west through the center of the city, and providing an attractive natural amenity for Belding's residents. The city lies just south of the Flat River State Game Area, which covers more than 11,000 acres in Ionia and Montcalm Counties. The Candlestone Inn and Resort, an 18-hole golf course, hotel and conference center, occupies the northwest corner of the city. Every July, the city is host to the Gus Macker Three on Three Basketball Tournament, which draws large crowds to the downtown, and in September, the city holds its annual Labor Day Homecoming Celebration and Apple Fest.

Downtown Belding is the location for city's civic buildings, including City Hall, post office, the Alvah N. Belding Memorial Library, the Belrockton, an historic building that houses the Belding Museum and also serves as the city's Community Center, and the Belding Depot, which was restored in 1994 and now contains the City Council meeting room and the dispatch office for the city's bus service. Chemical Bank and the Independent Bank each have branches in Downtown.

The commercial center of downtown is the Covered Village Mall, a 1970s retail development that transformed Main Street into a suburban enclosed mall. Several of the retailers in the

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mall—the Rite-Aid Pharmacy, Belding Apothecary, Rayborn Hardware, Vogue Furniture, as well as hair salons and medical offices—are appropriate for a downtown, and are lacking in many larger American cities. And unlike most American downtowns, Belding does have a grocery store, Leppinks, which anchors the western end of the mall. However, the suburban form of the mall is out of place in the downtown, and, because it physically closes off Main Street, it disrupts both pedestrian and automobile traffic.

Several vacant buildings are scattered throughout Downtown, among them the Gibson Building, a former silk mill situated at the corner of Bridge and Main Streets. The Belding Clock Tower was added to the Gibson Building in 1903 and has become a well-known landmark in the city. Across Main Street from the Gibson Building are two attractive older buildings that are also vacant; the ground floor of one of them was the location of Rosie's Pizza, now closed. From the market perspective, all of these buildings would be attractive for conversion to residential use. To date, downtown residential has been limited to the Richardson Mill Apartments, at the western edge of Downtown, and the single-family detached houses south of Congress Street.

Two very important amenities for potential residents of Downtown Belding are the Flat River, which meanders through the northern part of Downtown, and the Central Riverside Park, which provides extensive active recreation facilities for residents of the city, including tennis courts, playing fields, and a skating rink.

The in-town neighborhoods, comprised of the more than 50 city blocks lying between Congress and State Streets, are primarily residential, although several churches, the Belding Middle School, and the Washington Alternative School are also located here. The attractive streets are tree-lined, with a wide range of single-family houses represented throughout the neighborhoods. Belding High School is on the eastern edge of this area, and to the west, between the railroad tracks and the Flat River, is an industrial area. State Street (Michigan Route 44), which represents the southern boundary of the neighborhoods, is a commercial arterial, lined with fast-food restaurants, gas stations, and other auto-oriented services.

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*Where will the potential market for housing in Downtown Belding
 and the in-town neighborhoods move from?*

The target market methodology identifies those households in the draw areas that have a preference for Downtown and urban living. Therefore, after discounting for those segments of the potential market with preferences for suburban and/or rural locations, the distribution of draw area market potential for new housing units in Downtown Belding and the in-town neighborhoods would be as follows:

Market Potential by Draw Area
DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS
City of Belding, Ionia County, Michigan

City of Belding (Local Draw Area):	9.5 percent
Ionia County (Local Draw Area):	14.3 percent
Kent County (Grand Rapids Draw Area):	19.0 percent
Montcalm and Barry Counties (Adjacent Draw Area):	9.5 percent
Eaton, Clinton and Ingham Counties (Lansing Draw Area):	31.0 percent
Balance of US (National Draw Area):	<u>16.7 percent</u>
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

The Grand Rapids, Lansing and national draw areas represent significantly larger proportions of market potential for new housing in Downtown than for the city as a whole. Conversely therefore, Belding itself, the balance of Ionia County and the adjacent draw area represent significantly smaller segments of market potential for Downtown than for the city as a whole.

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How many households are likely to move to Downtown Belding and the in-town neighborhoods?

Based on the target market analysis, in the year 2005, up to 410 younger singles and couples, empty nesters and retirees, and family-oriented households represent the potential market for new market-rate housing units within Downtown Belding and the in-town neighborhoods. The housing preferences of these draw area households—according to tenure (rental or ownership) and broad financial capacity—can be arrayed as follows (*see also* Table 1):

Potential Market for New Housing Units
 DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS
 City of Belding, Ionia County, Michigan

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent	110	26.7%
Multi-family for-sale	70	17.1%
Single-family attached for-sale	60	14.6%
Low-range single-family detached	40	9.8%
Mid-range single-family detached	90	22.0%
High-range single-family detached	<u>40</u>	<u>9.8%</u>
Total	410	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

These 410 households comprise just over half of the 730 households that represent the potential market for all of the City of Belding, a share of the total market that is consistent with Zimmerman/Volk Associates' experience in other cities. However, the market potential numbers indicate the depth of the potential market for new housing units within Downtown Belding and the in-town neighborhoods, not housing need and not projections of household change. These are the households that are likely to move within or to Downtown if appropriate housing options were to be made available.

From the perspective of draw area target market propensities and compatibility, and within the context of the new housing marketplace in the Belding/Grand Rapids market area, the potential market for new housing units within the Downtown and in-town neighborhoods could include the

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full range of housing types, from rental multi-family to for-sale single-family detached. However, in the Downtown, redevelopment of existing buildings is limited to multi-family housing. Opportunities for new construction in the Downtown should also concentrate on higher-density housing types, which support urban development and redevelopment most efficiently. Infill housing in the in-town neighborhoods would be most appropriate in the form of single-family attached or detached. The range of housing types covered in this study therefore includes:

- Rental lofts and apartments (multi-family for-rent);
- For-sale lofts and apartments (multi-family for-sale);
- Townhouses, rowhouses, live-work (single-family attached for-sale); and
- Urban houses (single-family detached for-sale).

• • •

Table 1

Potential Housing Market

Derived From New Unit Purchase And Rental Propensities Of Draw Area Households
With The Potential To Move To The Area In 2005

Downtown and In-Town Belding

City of Belding, Ionia County, Michigan

*City of Belding; Balance of Ionia County; Kent County (Grand Rapids);
Adjacent Counties; Lansing Metro Counties; All Other U.S. Counties*

Draw Areas

Total Target Market Households
With Potential To Rent/Purchase In The
City of Belding, Ionia County, Michigan 730

Total Target Market Households
With Potential To Rent/Purchase In
Downtown and In-Town Belding 410

Potential Housing Market

	Multi- Family		Single- Family				Total
	For-Rent	For-Sale	.. Attached .. All Ranges	Low-Range	Mid-Range	High-Range	
Total Households:	110	70	60	40	90	40	410
(Mix Distribution):	26.7%	17.1%	14.6%	9.8%	22.0%	9.8%	100.0%

**Downtown and In-Town Residential Mix
(Excluding Suburban Single-Family Detached Units)**

	Multi- Family		Single- Family		Total
	For-Rent	For-Sale	.. Attached .. All Ranges	.. Detached .. Urban Lots	
Total Households:	110	70	60	60	300
(Mix Distribution):	36.6%	23.4%	20.0%	20.0%	100.0%

NOTE: Reference Appendix One, Tables 1 through 13.

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

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Excluding the market for suburban or rural single-family detached units, then, this analysis has determined that in the year 2005, up to 300 households currently living in the defined draw areas represent the pool of potential renters/buyers of new market-rate housing units (new construction and/or adaptive re-use of formerly non-residential structures) within Downtown Belding and the in-town neighborhoods (*see again* Table 1). As derived from the tenure and housing preferences of those draw area households, the distribution of rental and for-sale multi-family and for-sale single-family attached and detached housing types would be as follows:

Potential Housing Market
Market-Rate Higher-Density Housing Units
DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS
City of Belding, Ionia County, Michigan

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Rental Multi-Family (lofts/apartments, leaseholder)	110	36.6%
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	70	23.4%
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	60	20.0%
For-Sale Single-Family Detached (urban houses, fee-simple ownership)	<u>60</u>	<u>20.0%</u>
Total	300	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

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

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How fast will the units lease or sell?

After nearly 20 years' experience in cities across the country, and in the context of the target market methodology, Zimmerman/Volk Associates has determined that, for new development (including both adaptive re-use of existing non-residential buildings as well as new construction) within the Downtown, where few or no market-rate housing units currently exist, an annual capture of between 10 and 25 percent of the potential market, depending on housing type, is achievable. Based on a 25 percent capture of the potential market for rental and for-sale multi-family units, a 15 percent capture of for-sale single-family attached units, and a 10 percent capture of for-sale single-family detached units then, Downtown Belding and the in-town neighborhoods could support up to 61 new units per year, as follows:

Annual Capture of Market Potential
DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS
City of Belding, Ionia County, Michigan

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Rental Multi-Family (lofts/apartments, leaseholder)	110	25%	28
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	70	25%	18
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	60	15%	9
For-Sale Single-Family Detached (urban houses, fee-simple ownership)	<u>60</u>	10%	<u>6</u>
Total	300		61

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, approximately 90 percent of the annual market potential of 61 new dwelling units in Downtown Belding and the in-town neighborhoods, or approximately 55 units per year, would be from households moving from outside Belding. Over 10 years, the realization of that market potential could lead to an increase of 550 households living in the City of Belding that moved from a location other than the city.

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This analysis examines market potential over the next 10 years. However, because of the significant changes in the composition of American households that occurred during the 1990s (*see THE TARGET MARKETS below*), and the likelihood that significant changes will continue, both the depth and breadth of the potential market for downtown living is likely to expand. The experience of other American cities has been that, once the downtown residential alternative has been established, the percentage of households that will consider urban housing typically increases.

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

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

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

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

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

TARGET MARKET ANALYSIS

Who is the potential market?

The market for urban housing, particularly within downtowns, is now being fueled by the convergence of the two largest generations in the history of America: the 82 million Baby Boomers born between 1946 and 1964, and the 78 million Millennials, who were born from 1977 to 1996.

Boomer households have been moving from the full-nest to the empty-nest life stage at an accelerating pace that will peak sometime in the next decade and continue beyond 2020. Since the first Boomer turned 50 in 1996, empty nesters have had a substantial impact on urban, particularly downtown housing. After fueling the dramatic diffusion of the population into ever-lower-density exurbs for nearly three decades, Boomers, particularly affluent Boomers, are rediscovering the merits and pleasures of urban living.

At the same time, Millennials are just leaving the nest. The Millennials are the first generation to have been largely raised in the post-'70s world of the cul-de-sac as neighborhood, the mall as village center, and the driver's license as a necessity of life. As has been the case with predecessor generations, significant numbers of Millennials are heading for the city. They are not just moving to New York, Chicago, San Francisco and the other large American cities; often priced out of these larger cities, Millennials are discovering second, third and fourth tier urban centers.

The convergence of two generations of this size—simultaneously reaching a point when urban housing matches their life stage—is unprecedented. This year, there are about 40 million Americans between the ages of 20 and 29, forecast to grow to 44 million by 2015. In that same year, the population aged 50 to 59 will have also reached 44 million, from 36 million today. The synchronization of these two demographic waves will mean that there will be an additional 12 million potential urban housing consumers 10 years from now.

As determined by the target market analysis, and reflecting the national trend, the potential market for new market-rate housing units in Downtown Belding and the in-town neighborhoods can be characterized by general household type as follows (*see also* Table 2):

Downtown Belding and the In-Town Neighborhoods
City of Belding, Ionia County, Michigan
 December, 2005

Downtown Residential Mix By Household Type
DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS
City of Belding, Ionia County, Michigan

HOUSEHOLD TYPE	PERCENT OF TOTAL	RENTAL MULTI-FAM.	FOR-SALE MULTI-FAM.	FOR-SALE ROWHOUSES	FOR-SALE HOUSES
Empty-Nesters & Retirees	17%	9%	29%	17%	17%
Traditional & Non-Traditional Families	13%	0%	0%	17%	50%
Younger Singles & Couples	<u>70%</u>	<u>91%</u>	<u>71%</u>	<u>66%</u>	<u>33%</u>
Total	100%	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

- The largest general market segment is composed of younger, mostly childless households (younger singles and couples). These households typically choose to live in neighborhoods that contain a diverse mix of people, housing types, and uses.

The most significant potential markets for Downtown Belding in this segment are *Upscale Suburban Couples, Suburban Achievers, New Bohemians, Urban Achievers* and *Exurban Suburbanites*—young professionals, office and retail workers; and artists or artisans. These households prefer to live in urban neighborhoods for their diversity; many of these households have not yet reached their full income potential which precludes them from living in more expensive areas of the region.

Younger singles and couples currently represent between 33 and 91 percent of the market, depending on housing type, for market-rate housing units in Downtown Belding. However, as noted above, the “Millennials” are likely to become an even larger market for Downtown housing. If the preference for urban housing demonstrated by the leading edge of this group is representative of the entire generation, the market potential from this segment should increase significantly over the next decade.

Table 2

Downtown and In-Town Residential Mix By Household Type
 Derived From New Unit Purchase And Rental Propensities Of Draw Area Households
 With The Potential To Move To The Area In 2005

Downtown and In-Town Belding

City of Belding, Ionia County, Michigan

	Total	Multi- Family		Single- Family	
		<i>For-Rent</i>	<i>For-Sale</i>	<i>.. Attached ..</i> <i>All Ranges</i>	<i>.. Detached ..</i> <i>All Ranges</i>
Number of Households:	300	110	70	60	60
Empty Nesters & Retirees	17%	9%	29%	17%	17%
Traditional & Non-Traditional Families	13%	0%	0%	17%	50%
Younger Singles & Couples	70%	91%	71%	66%	33%
	100%	100%	100%	100%	100%

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

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- The next largest market segment is comprised of older households (empty nesters and retirees). A significant number of these households have children who have grown up and moved away; another large percentage are retirees, with incomes from pensions, savings and investments, and social security.

These older households are quite dissimilar in their attitudes from either younger or family-oriented households. They have different expectations, and paramount among them is the perceived ease and convenience of apartment living, without the maintenance and repairs required for single-family detached houses.

The potential markets for Downtown Belding in this segment are *New Empty Nesters* and *Small-Town Establishment*, predominantly empty-nest couples (many of whom are already living in Belding) who are likely to be attracted to appropriately-designed new construction.

Empty-nest and retiree households currently represent between nine percent and 29 percent of the market for housing units in Downtown Belding, depending on housing type. However, as with the Millennial Generation, over the next several years this market segment should substantially increase, because larger numbers of the "Baby Boom" generation will be entering the empty-nest life stage. In 2005, the oldest Baby Boomers are celebrating their 59th birthdays; in city after city across the country, a significant number of Baby Boomers have already made the decision to move from detached houses in the suburbs to rental or condominium apartments in or near downtowns, when those units have been available. This will be a significant segment of the empty-nest market in Downtown Belding.

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

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

Households with school-age children have historically been among the first to leave a city when one or all of three significant neighborhood elements—good schools, safe and secure streets, and sufficient green space—are perceived to be at risk. Although this is the smallest market segment, the households within the family groups—*New-Town Families*, *Full-Nest Exurbanites* and *Small-Town Families*—are households that have a preference for compact urban neighborhoods. Most of the adults in these households were raised in or near Belding or a similarly-scaled city and would welcome the opportunity to purchase new detached houses in an older neighborhood.

Depending on housing type, family-oriented households are not a market for multi-family dwelling units, either rental or for-sale, but do represent 17 percent of the market for new townhouses and half the market for new detached houses.

Downtown Belding and the In-Town Neighborhoods
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The primary target groups, their median and range of incomes, and median home values, are as follows:

Primary Target Groups
 (In Order of Median Income)
DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS
City of Belding, Ionia County, Michigan

HOUSEHOLD TYPE	MEDIAN INCOME	BROAD INCOME RANGE	MEDIAN HOME VALUE (IF OWNED)
Empty Nesters & Retirees			
<i>Small-Town Establishment</i>	\$82,800	\$45,000-\$125,000	\$187,200
<i>New Empty Nesters</i>	\$77,000	\$40,000-\$110,000	\$164,000
Traditional & Non-Traditional Families			
<i>Full-Nest Exurbanites</i>	\$74,900	\$40,000-\$100,000	\$196,000
<i>New Town Families</i>	\$66,700	\$40,000-\$90,000	\$188,900
<i>Small-Town Families</i>	\$55,900	\$30,000-\$85,000	\$119,100
Younger Singles & Couples			
<i>Ex-Urban Power Couples</i>	\$85,400	\$50,000-\$125,000	\$195,800
<i>Upscale Suburban Couples</i>	\$67,900	\$40,000-\$85,000	\$155,200
<i>New Bohemians</i>	\$63,400	\$30,000-\$90,000	\$193,200
<i>Cross-Training Couples</i>	\$58,200	\$40,000-\$80,000	\$151,600
<i>Twentysomethings</i>	\$53,900	\$30,000-\$80,000	\$138,100
<i>Suburban Achievers</i>	\$52,600	\$25,000-\$85,000	\$139,500
<i>No-Nest Suburbanites</i>	\$51,800	\$25,000-\$80,000	\$130,400
<i>Urban Achievers</i>	\$50,600	\$25,000-\$80,000	\$162,800
<i>Small-City Singles</i>	\$46,200	\$25,000-\$75,000	\$130,600
<i>Exurban Suburbanites</i>	\$43,400	\$25,000-\$70,000	\$135,600

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

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

The mix of general household types often progresses during the establishment of downtown living. In city after American city, the successful establishment of new market-rate housing options in previously non-residential areas has often been initially dependent upon “risk-oblivious” households. “Risk-oblivious” households are mostly young singles and couples, often with a high percentage of artists and artisans seeking inexpensive live-work space. These pioneers will typically begin neighborhood transformation by living, often illegally, in former commercial

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space. Eventually, once the area becomes populated, restaurants, bars, clubs and innovative or off-beat retail establishments begin to define the neighborhood character. At this point, these neighborhoods become sought after by "risk-tolerant" households. "Risk-tolerant" households are also usually young and almost always childless. The "risk-tolerant" includes those willing to make investments in ownership housing—sometimes they are the former "risk oblivious" seeking to recoup years of sweat equity.

In every case, however, the neighborhood established by these households has grown to encompass more than simply housing; its flavor and tone has been reinforced by the non-residential uses—the shops, galleries, clubs, and eating and drinking establishments—that trail the risk-oblivious and risk-tolerant households, make the neighborhood acceptable for the "risk-aware" households that follow, and contribute to the area's residential rent/price escalation and perceived economic stability.

The target market analysis indicates that there is the potential to attract younger and older, single- and two-person households from other urban areas, particularly the Cities of Grand Rapids and Lansing/East Lansing, provided that the appropriate types of housing units are developed.

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MARKET-RATE RENT AND PRICE RANGES

What is the market currently able to pay?

Based on the tenure preferences of draw area households and their income and equity levels, the general range of rents and prices for newly-developed market-rate residential units that could currently be sustained by the market is as follows (*see also* Table 3):

**Rent, Price and Size Range
 Newly-Created Housing
 DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS
*City of Belding, Ionia County, Michigan***

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
Rental—			
Hard Lofts *	\$525-\$1,000/month	600-1,200 sf	\$0.83-\$0.88 psf
Soft Lofts †	\$600-\$850/month	650-1,000 sf	\$0.85-\$0.92 psf
For-Sale—			
Soft Lofts †	\$75,000-\$140,000	600-1,200 sf	\$117-\$125 psf
Apartments	\$105,000-\$170,000	800-1,400 sf	\$121-\$131 psf
Townhouses	\$135,000-\$185,000	1,000-1,500 sf	\$123-\$135 psf
Urban Houses	\$145,000-\$195,000	1,100-1,650 sf	\$118-\$132 psf

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

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

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 3

Optimum Market Position
Downtown and In-Town Belding
City of Belding, Ionia County, Michigan
 November, 2005

<i>Housing Type</i>	<i>Base Rent/Price Range*</i>	<i>Approx. Unit Size Range</i>	<i>Approx. Rent/Price Per Sq. Ft.*</i>
Multi-Family For-Rent			
Hard Lofts	\$525 to	600 to	\$0.83 to
Open Floorplans	\$1,000	1,200	\$0.88
Soft Lofts	\$600 to	650 to	\$0.85 to
Studios to 2-Bedrooms	\$850	1,000	\$0.92
Multi-Family For-Sale			
Soft Lofts	\$75,000 to	600 to	\$117 to
1- and 2-Bedrooms	\$140,000	1,200	\$125
Apartments	\$105,000 to	800 to	\$121 to
1- to 3-Bedrooms	\$170,000	1,400	\$131
Single-Family Attached For-Sale			
Townhouses	\$135,000 to	1,000 to	\$123 to
2- and 3-Bedrooms	\$185,000	1,500	\$135
Single-Family Detached For-Sale			
Urban Houses	\$145,000 to	1,100 to	\$118 to
2- and 3-Bedrooms	\$195,000	1,650	\$132

NOTE: Base rents/prices in year 2005 dollars and exclude floor and view premiums, options and upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

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The above rents and prices are in year 2005 dollars, are exclusive of consumer options and upgrades, or floor or location premiums, and cover the broad range of rents and prices currently sustainable in the Downtown and in-town neighborhoods. These rents and prices are also “market rates”—that is, within the current economic capability of the target households that represent the initial market for downtown housing; however, depending on acquisition and construction costs, units in these price and rent ranges could require substantial subsidy to bring to market.

Premiums are typically achievable on units that face squares, parks or greens. The rents and prices will depend not only on location and adjacencies, but also on the number of new units created in that location; the larger the number of units created, the greater the potential for a wider range of values.

To meet the expectations of potential Downtown residents, all units should be wired for cable television and high-speed internet. For “hard lofts” or “soft lofts” in adaptive re-use structures, existing floors should be salvaged and refinished wherever possible; in new construction, bamboo floors would be appropriate, with ceramic tile for the bathroom and kitchen areas.

In the kitchens, buyers in particular will expect countertops to be Corian or granite, with integral or undermount sinks, mid-scale appliances, and plain-front European-style cabinetry; renters will expect contemporary, durable finishes appropriate to urban living, as opposed to the “beige” interiors of suburban multi-family housing. Although hard lofts are typically designed without interior walls, with the exception of the bathroom, as much closet and storage space as possible should be provided. “Soft lofts” are units that are fully finished and partitioned into individual rooms but also contain architectural elements reminiscent of “hard lofts,” such as exposed beams, ductwork and masonry or brick walls, reconditioned floors and large, commercial-style windows.

Apartments in new construction will require more conventional finishes, such as carpeted bedroom floors, with carpet or hardwood in living and dining areas and tile in the kitchens and baths. Again, kitchen countertops should be Corian or granite, with integral or undermount ceramic sinks

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and mid-scale appliances, and a choice of European or traditional cabinets. Bathrooms should have ceramic tile floors and traditional fixtures.

Rental Distribution

The market-rate rents covers leases by households with annual incomes ranging between \$25,000 and \$50,000 or more. A one-person household with an income of \$25,000 per year, paying no more than 30 percent of gross income for rent and utilities (the national standard for affordability) would qualify for a rent of \$525 per month. A two-person household, with an income of \$50,000 or more per year, paying no more than 30 percent of gross income for rent and utilities, would qualify for a rent of \$1,000 per month.

Based on the incomes of the target households, the distribution by rent range of the 28 market-rate rental units that could be absorbed each year over the next 10 years in Downtown Belding is as follows (*see also* Table 4):

Loft Distribution by Rent Range DOWNTOWN BELDING *City of Belding, Ionia County, Michigan*

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
\$450-\$600	4	14.3%
\$600-\$750	8	28.6%
\$750-\$900	9	32.1%
\$900 and up	7	25.0%
Total:	28	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 4

Target Groups For Rental Lofts/Apartments
Downtown Belding
City of Belding, Ionia County, Michigan

Empty Nesters & Retirees	<u><i>Number of Households</i></u>	<u><i>At 25 Percent Capture</i></u>
New Empty Nesters	10	2
Subtotal:	10	2
Younger Singles & Couples		
New Bohemians	10	3
Urban Achievers	10	3
Small-City Singles	10	3
Upscale Suburban Couples	10	2
Suburban Achievers	20	4
No-Nest Suburbanites	10	3
Ex-Urban Power Couples	10	2
Cross-Training Couples	10	3
Exurban Suburbanites	10	3
Subtotal:	100	26
Total Households:	110	28

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

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For-Sale Distribution

The market-rate price range covers purchases by households with annual incomes ranging between \$30,000 and \$65,000. A one-person household with an income of \$30,000 per year, paying no more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, would qualify for a mortgage of \$70,000 at current interest rates. A two- or three-person household with an income of \$65,000 per year, paying no more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, would qualify for a mortgage of at least \$160,000 at current interest rates.

Based on the incomes of the target households, the distribution by price range of the 18 market-rate for-sale lofts and apartments that could be absorbed each year over the next 10 years in Downtown Belding is as follows (*see Table 5*):

Loft/Apartment Distribution by Price Range DOWNTOWN BELDING *City of Belding, Ionia County, Michigan*

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$75,000–\$100,000	4	22.2%
\$100,000–\$125,000	6	33.4%
\$125,000–\$150,000	4	22.2%
\$150,000 and up	<u>4</u>	<u>22.2%</u>
Total:	18	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 5

Target Groups For For-Sale Lofts/Apartments
Downtown Belding
City of Belding, Ionia County, Michigan

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 25 Percent Capture</i>
Small-Town Establishment	10	2
New Empty Nesters	10	2
Subtotal:	20	4
Younger Singles & Couples		
New Bohemians	10	3
Urban Achievers	10	3
Upscale Suburban Couples	10	3
Suburban Achievers	10	3
Cross-Training Couples	10	2
Subtotal:	50	14
Total Households:	70	18

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

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Based on the incomes of the target groups, the distribution by price range of the nine market-rate townhouse units that could be absorbed each year over the next 10 years in Downtown Belding is as follows (*see* Table 6):

Townhouse Distribution by Price Range
 DOWNTOWN BELDING
City of Belding, Ionia County, Michigan

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$125,000–\$150,000	4	44.5%
\$150,000–\$175,000	3	33.3%
\$175,000 and up	<u>2</u>	<u>22.2%</u>
Total:	9	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 6

Target Groups For For-Sale Townhouses
Downtown Belding
City of Belding, Ionia County, Michigan

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 15 Percent Capture</i>
New Empty Nesters	10	1
Subtotal:	10	1
Traditional & Non-Traditional Families		
New-Town Families	10	1
Subtotal:	10	1
Younger Singles & Couples		
Twentysomethings	10	2
Upscale Suburban Couples	10	2
Ex-Urban Power Couples	10	1
Exurban Suburbanites	10	2
Subtotal:	40	7
Total Households:	60	9

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Based on the incomes of the target groups, the distribution by price range of the six market-rate urban houses that could be absorbed each year over the next 10 years in Belding's in-town neighborhoods is as follows (*see* Table 7):

Urban House Distribution by Price Range
BELDING'S IN-TOWN NEIGHBORHOODS
City of Belding, Ionia County, Michigan

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$125,000-\$150,000	3	50.0%
\$150,000-\$175,000	2	33.3%
\$175,000 and up	<u>1</u>	<u>16.7%</u>
Total:	6	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

Table 7

Target Groups For For-Sale Urban Houses
Downtown Belding
City of Belding, Ionia County, Michigan

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 10 Percent Capture</i>
Small-Town Establishment	<u>10</u>	<u>1</u>
Subtotal:	10	1
Traditional & Non-Traditional Families		
Full-Nest Exurbanites	10	1
New-Town Families	10	1
Small-Town Families	<u>10</u>	<u>1</u>
Subtotal:	30	3
Younger Singles & Couples		
Small-City Singles	10	1
Exurban Suburbanites	<u>10</u>	<u>1</u>
Subtotal:	20	2
Total Households:	60	6

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

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THE CURRENT CONTEXT

Demographic Overview

The changes in number of households, incomes, tenure and vacancy rates, and housing values that are projected to occur in Ionia County and the City of Belding between 2005 and 2010 show that, as is typical in many small regions across the country, unless historical trends are reversed, the county will grow at a much faster pace than the city. New residential and mixed-use development should be encouraged in the downtown and in vacant buildings and parcels located elsewhere within the city limits to help reverse this trend.

Population

According to the U.S. Bureau of the Census, the population of Ionia County will increase by more than 3,000 residents between 2005 and 2010, a gain of 4.7 percent. (See Table 8.) By 2010, the county is projected to be home to 67,485 persons.

In 2005, just over nine percent of the county's population, or 5,875 persons, is estimated to live in the City of Belding. (See Table 9.) Without the addition of new downtown and in-town housing units, by the year 2010, it is projected that the city's population will rise by just 30 persons to 5,905 persons (an increase of 0.5 percent). Because the city is projected to gain fewer people than the county over the study period, by 2010, the population of the city will comprise just 8.75 percent of the county's population.

Households and Income

Between 2005 and 2010, the number of households in Ionia County population is projected to increase at a faster rate than the population due to a projected decrease in average household size and an increase in the number of single-person households. According to the Census Bureau, the number of households in Ionia County is projected to reach 23,060 households by 2010, an increase of 5.5 percent, or 1,200 households, over five years. (See again Table 8.) Median household income should rise by 10 percent between 2005 and 2010, increasing from an estimated \$47,900 in 2005 to a projected \$52,700 in 2010.

Table 8

Estimates And Projections
Household Income Groups As A Share Of Total Households
Ionia County, Michigan
 2005, 2010

Income†	Estimates 2005		Projections 2010		Change 2005-2010	
	Number	Share	Number	Share	Number	Percent
Less than \$15,000	2,465	11.3%	2,305	10.0%	-160	-6.5%
\$15,000 to \$24,999	2,625	12.0%	2,475	10.7%	-150	-5.7%
\$25,000 to \$34,999	2,615	12.0%	2,535	11.0%	-80	-3.1%
\$35,000 to \$49,999	3,755	17.2%	3,640	15.8%	-115	-3.1%
\$50,000 to \$74,999	5,195	23.8%	5,300	23.0%	105	2.0%
\$75,000 to \$99,999	2,825	12.9%	3,245	14.1%	420	14.9%
\$100,000 to \$149,999	1,845	8.4%	2,700	11.7%	855	46.3%
\$150,000 or More	535	2.4%	860	3.7%	325	60.7%
Total:	21,860	100.0%	23,060	100.0%	1,200	5.5%
Median Household Income:	\$47,900		\$52,700		\$4,800	10.0%
Population:	64,465		67,485		3,020	4.7%
Average Household Size:	2.67		2.65		-0.02	-0.7%

† Current dollars for each year.

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

Table 9

Estimates and Projections
Household Income Groups As A Share Of Total Households
City of Belding, Ionia County, Michigan
 2005, 2010

Income†	Estimates 2005		Projections 2010		Change 2005-2010	
	Number	Share	Number	Share	Number	Percent
Less than \$15,000	475	21.7%	450	20.5%	-25	-5.3%
\$15,000 to \$24,999	330	15.1%	325	14.8%	-5	-1.5%
\$25,000 to \$34,999	330	15.1%	330	15.0%	0	0.0%
\$35,000 to \$49,999	350	16.0%	340	15.5%	-10	-2.9%
\$50,000 to \$74,999	470	21.5%	470	21.4%	0	0.0%
\$75,000 to \$99,999	165	7.5%	180	8.2%	15	9.1%
\$100,000 to \$149,999	60	2.7%	85	3.9%	25	41.7%
\$150,000 or More	10	0.5%	15	0.7%	5	50.0%
Total:	2,190	100.0%	2,195	100.0%	5	0.2%
Median Household Income:	\$33,700		\$34,700		\$1,000	3.0%
Population:	5,875		5,905		30	0.5%
Average Household Size:	2.59		2.59		0.00	0.0%

† Current dollars for each year.

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

Downtown Belding and the In-Town Neighborhoods
City of Belding, Ionia County, Michigan
December, 2005

Based on historic and recent trends, the number of households living in the City of Belding is projected to remain stable over the next five years, with just five more households in 2010 than in 2005. (*See again* Table 9.) The number of households in the city with annual incomes below \$25,000 per year is projected to fall by 30 households over the study period; conversely, the number of households earning more than \$75,000 a year is projected to increase by 45 households. Median household income for the city is therefore projected to rise slightly from \$33,700 in 2005 to \$34,700 in 2010, a three percent increase over five years.

Housing Stock

Between 2005 and 2010, the number of housing units in Ionia County is projected to rise by 1,285 units, from an estimated 23,335 dwelling units in 2005. (*See* Table 10.) The vacancy rate in the county is projected to remain at 6.3 percent of all units over the study period. Over the same period, the county is projected to experience a 4.8 percent increase in multi-family rental units and a 5.7 percent increase in ownership dwelling units.

Based on historic and recent trends, the City of Belding is projected to gain five new dwelling units between 2005 and 2010, from 2,295 dwelling units in 2005 to 2,300 units in 2010. (*See* Table 11.) As in the county, the vacancy rate is likely to remain stable over the study period, at 4.6 percent of all units.

In 2005, owner-occupied housing is estimated to represent just under two-thirds of all occupied housing units in the city; the five new dwelling units projected for the city by 2010 are also projected to be owner-occupied. (*See again* Table 11.)

Table 10

Estimates and Projections
Housing Stock, Tenure And Vacancy
Ionia County, Michigan
 2005, 2010

	<i>Estimates</i>2005.....		<i>Projections</i>2010.....		<i>Change</i>2005-2010.....	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Percent</i>
Total Housing Units:	23,335	100.0%	24,620	100.0%	1,285	5.5%
Occupied:	21,860	93.7%	23,060	93.7%	1,200	5.5%
Owner	17,510	80.1%	18,500	80.2%	990	5.7%
Renter	4,350	19.9%	4,560	19.8%	210	4.8%
	<u>21,860</u>	<u>100.0%</u>	<u>23,060</u>	<u>100.0%</u>	<u>1,200</u>	<u>5.5%</u>
Vacant:	1,475	6.3%	1,560	6.3%	85	5.8%

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

Table 11

Estimates And Projections
Housing Stock, Tenure And Vacancy
City of Belding, Ionia County, Michigan
 2005, 2010

	<i>Estimates</i>		<i>Projections</i>		<i>Change</i>	
	<i>..... 2005</i>		<i>..... 2010</i>		<i>..... 2005-2010</i>	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Percent</i>
Total Housing Units:	2,295	100.0%	2,300	100.0%	5	0.2%
Occupied:	2,190	95.4%	2,195	95.4%	5	0.2%
Owner	1,455	66.4%	1,460	66.5%	5	0.3%
Renter	735	33.6%	735	33.5%	0	0.0%
	<u>2,190</u>	<u>100.0%</u>	<u>2,195</u>	<u>100.0%</u>	<u>5</u>	<u>0.2%</u>
Vacant:	105	4.6%	105	4.6%	0	0.0%

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

Downtown Belding and the In-Town Neighborhoods
City of Belding, Ionia County, Michigan
December, 2005

The specified ownership housing stock in Ionia County should rise by 5.7 percent between 2005 and 2010, with 990 more owner-occupied housing units in 2010 than are estimated to exist in 2005. (See Table 12.) Median housing value in the county is estimated to have reached \$119,600 in 2005; by 2010, median housing value should exceed \$131,900, an increase of 10.3 percent over the study period.

In the City of Belding, the specified ownership housing stock is projected to increase by the five new dwelling units projected by 2010. (See Table 13.) Median housing value in the city is estimated to have reached \$107,300 in 2005; by 2010, median housing value should approach \$121,600, an increase of 13.3 percent over the study period.

Table 12

Estimates And Projections
Housing Value, Specified Owner-Occupied Housing Units
Ionia County, Michigan
 2005, 2010

Value†	Estimates 2005		Projections 2010		Change 2005-2010	
	Number	Share	Number	Share	Number	Percent
Less than \$59,999	2,545	14.5%	2,285	12.4%	-260	-10.2%
\$60,000 to \$99,999	4,040	23.1%	3,185	17.2%	-855	-21.2%
\$100,000 to \$149,999	5,550	31.7%	5,930	32.1%	380	6.8%
\$150,000 to \$199,999	2,935	16.8%	3,410	18.4%	475	16.2%
\$200,000 to \$299,999	1,690	9.7%	2,580	13.9%	890	52.7%
\$300,000 to \$499,999	600	3.4%	870	4.7%	270	45.0%
\$500,000 or More	150	0.9%	240	1.3%	90	60.0%
Total:	17,510	100.0%	18,500	100.0%	990	5.7%
Median:	\$119,600		\$131,900		\$12,300	10.3%

† Current dollars for each year.

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

Table 13

Estimates And Projections
Housing Value, Specified Owner-Occupied Housing Units
City of Belding, Ionia County, Michigan
 2005, 2010

Value†	Estimates 2005		Projections 2010		Change 2005-2010	
	Number	Share	Number	Share	Number	Percent
Less than \$59,999	165	11.3%	155	10.6%	-10	-6.1%
\$60,000 to \$99,999	485	33.3%	295	20.2%	-190	-39.2%
\$100,000 to \$149,999	525	36.1%	645	44.2%	120	22.9%
\$150,000 to \$199,999	195	13.4%	210	14.4%	15	7.7%
\$200,000 to \$299,999	60	4.1%	115	7.9%	55	91.7%
\$300,000 to \$499,999	25	1.7%	30	2.1%	5	20.0%
\$500,000 or More	0	0.0%	10	0.7%	10	n/a
Total:	1,455	100.0%	1,460	100.0%	5	0.3%
Median:	\$107,300		\$121,600		\$14,300	13.3%

† Current dollars for each year.

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

Downtown Belding and the In-Town Neighborhoods
City of Belding, Ionia County, Michigan
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The Supply Side

The majority of new residential development in the Belding/Grand Rapids area is occurring outside of urbanized areas. Relatively few new construction projects have been developed within existing neighborhoods in the region. To date, new residential construction in the region has been dominated by local and regional builders and developers; Pulte was the only national homebuilder to have entered the market, and in July, the company sold its remaining phases in Heritage Park in Rockford to Eastbrook Homes. Base sales prices are typically below \$150 per square foot and market-rate rents outside of Downtown Grand Rapids rarely exceed \$0.95 per square foot.

There are no market-rate rental properties located in Downtown Belding. Most of the market-rate rentals are located in and around Grand Rapids, and are leasing one-, two- and three-bedroom apartments; studios are rarely found. (See Table 14.) Of the market-rate rental properties included in the survey, monthly rents for one-bedroom apartments generally range between \$500 and \$800 a month for apartments of approximately 550 to nearly 900 square feet (\$0.70 to \$0.99 per square foot). Two-bedroom apartments generally start at more than \$600 per month and go up to \$1,000 a month, for approximately 850 square feet to more than 1,200 or more square feet of living space (generally \$0.70 to \$0.80 per square foot, although many individual units fall below this rent-per-square-foot range).

Summary Of Selected Rental Properties

Grand Rapids Area, Michigan

September, 2005

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
..... Grand Rapids					
The Crossings (1990) 1315 Oak Valley Drive	625				98% occupancy
	1BR/1BA	\$530 to \$540	689 to 712	\$0.76 to \$0.77	Community building, covered parking.
	2BR/1BA	\$635 to \$665	919 to 922	\$0.69 to \$0.72	
Ridgewood Village (1980) 2110 Woodwind Drive	600				96% occupancy
	1BR/1BA	\$550 to \$605	756 to 860	\$0.73 to \$0.70	Playground, pool, covered parking,
	2BR/2BA	\$711 to \$885	912 to 1,175	\$0.78 to \$0.75	tennis court, club house, fitness center
Green Ridge Apartments (1998) 3359 Ridgeview Drive	624				98% occupancy
	1BR/1BA	\$555 to \$585	735 to 848	\$0.69 to \$0.76	Community building, pool, covered parking.
	2BR/2BA	\$680 to \$690	980 to 998	\$0.69 to \$0.69	
Eastbrook Apartments (1994) 2329 Timberbrook Drive	54				99% occupancy
	1BR/1BA	\$569 to \$664	774 to 935	\$0.74 to \$0.71	Playground, covered parking
	3BR/2BA	\$739	1,256	\$0.59	
Woodfield Apartments (1990) 6111 Woodfield Drive	880				97% occupancy
	Loft	\$594	774	\$0.77	Detached garage, tennis court
	Loft/1.5BA	\$749	545	\$1.37	
	1BR/1BA	\$514 to \$599	670 to 760	\$0.77 to \$0.79	
	2BR/1.5BA	\$569 to \$749	835 to 934	\$0.68 to \$0.80	
Beckwith Place Apts (1985) 1359 Dewberry Place	186				98% occupancy
	2BR/2BA	\$635 to \$800	900 to 1,200	\$0.71 to \$0.71	Pool, fitness center, covered parking.

Summary Of Selected Rental Properties
Grand Rapids Area, Michigan
 September, 2005

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number of Units</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
Fountains (1989) 3900 Whispering Way	168 Loft 1BR/1BA 2BR/1BA	\$645 \$565 \$570 \$615 \$645	774 545 to 626 883 to 896	\$0.83 \$0.91 \$1.04 \$0.70 \$0.72	97% occupancy Pool, playground, tennis court, covered parking
Hidden Creek Apts (2001) 1513 Hidden Creek Circle	300 1BR/1BA 2BR/1.5BA 3BR/2BA	\$650 \$745 \$845 \$899	654 1,016 to 1,360 1,150	\$0.99 \$0.62 \$0.73 \$0.78	97% occupancy Playground, garages, pool, business center, fitness center, clubhouse
Woodland Creek Apts (1986) 3300 East Paris Avenue SE	756 1BR/1BA 2BR/1.5BA 2BR/2BA	\$670 \$780 \$755 \$945	740 to 1,000 1,040 1,325	\$0.78 \$0.91 \$0.71 \$0.73	97% occupancy Garages, fitness center, pool, clubhouse, tennis court
Wyndham Hill Apts (1992) 1851 Knapp NE	192 1BR/1BA 2BR/2BA	\$705 \$840 \$785 \$935	850 to 960 1,010 to 1,220	\$0.83 \$0.88 \$0.77 \$0.78	98% occupancy Garages, fitness center, pool, clubhouse, tennis court
Glenhaven Manor (1995) 2619 Kalamazoo	133 1BR/1BA 2BR/1BA	\$867 \$1,020	600 760	\$1.45 \$1.34	98% occupancy Fitness center, covered parking
..... Wyoming					
Waterchase Apartments (1987) 3100 Waterchase Way SW	418 1BR/1BA 2BR/1BA 2BR/2BA 3BR/2BA	\$595 \$700 \$760 \$850 \$950	652 870 988 1,020 to 1,288	\$0.91 \$0.80 \$0.77 \$0.74 \$0.83	98% occupancy Fitness center, pool, club house, detached garage

Summary Of Selected Rental Properties
Grand Rapids Area, Michigan
September, 2005

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
		 Kentwood		
River Oaks (1998) 5425 East Paris	380				97% occupancy
	1BR/1BA	\$800	890	\$0.90	Pool, playground, tennis court, covered parking
	2BR/2BA	\$835 to	1,160 to	\$0.72 to	
		\$935	1,275	\$0.73	
	3BR/2BA	\$1,120	1,725	\$0.73	

Downtown Belding and the In-Town Neighborhoods
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December, 2005

Three-bedroom units, which are available in about a third of the rental properties surveyed, generally start at \$850 per month (for 1,000 square feet) to more than \$1,100 per month (1,725 square feet), or \$0.73 to \$0.83 per square foot. Despite low interest rates enabling more renter households to become buyers, occupancy rates are high, and all of the rental properties surveyed are at functional full occupancy (more than 95 percent occupied).

At the time of the field investigation, there was limited for-sale housing under construction in Belding, although large numbers of new projects are under development throughout the region. (See Tables 15 and 16.) Three projects, two attached and one detached, had units for sale in Belding—Ranney Village, north of Ellis Street; the Flat River Vista Condominiums on Riverside Avenue; and Pine View, a single-family subdivision just north of the Ellis Elementary School.

Ranney Village is planned for 54 ranch condominiums priced between \$139,900 and \$199,999 for 1,224 to 1,580 square feet of living space (\$114 to \$127 per square foot). There will eventually be 39 units at the Flat River Vista Condominiums project, where prices range from \$183,900 to \$211,200 for two- or three-bedroom units containing between 1,527 and 1,717 square feet of living space (\$120 to \$123 per square foot). Twelve of the 60 houses planned for the current phase of Pine View have been sold, and base prices for the 892- to 1,274-square-foot houses range from \$110,900 to \$123,900 (\$97 to \$124 per square foot).

Throughout the market area, most of the new condominium development has been concentrated in single-family attached, rather than multi-family housing types. The least expensive property, The Meadows in Caledonia, was marketing units priced between \$96,900 and \$105,900; at the time of the field investigation, 198 of the 212 proposed units had been sold, for an average sales pace of more than three units per month.

The most expensive property, Redstone Group's East Lake in Grand Rapids, was marketing considerably larger units—ranging in size from more than 2,100 to just under 2,900 square feet—priced from \$384,900 to \$404,900. Eleven of the 60 proposed duplexes had been sold, for an average sales pace of one unit per month.

Summary Of Selected Attached For-Sale Properties
Belding/Grand Rapids Area, Michigan
September, 2005

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
<i>..... Belding</i>					
Ranney Village (2004)				54	3
Toesoc	\$139,900 to	1,224 to	\$114 to		
Ranch Condos	\$199,900	1,580	\$127		
Flat River Vista (2005)				39	0
Friend Brook Meadows, LLC	\$183,900 to	1,527 to	\$120 to		
Condominiums	\$211,200	1,717	\$123		
<i>..... Greenville</i>					
Hawthorne Condominiums (7/05)				6	0
Hathaway Properties	\$139,900 to	1,110 to	\$115 to		
Townhouses	\$199,900	1,740	\$126		
Hawthorne Condominiums (10/02)				75	39 (1.3)
Hathaway Properties	\$180,900 to	1,116 to	\$110 to		
Ranch Condos	\$205,900	1,864	\$162		
<i>..... Grand Rapids</i>					
Paris Meadows (9/05)				61	0
Gunnick & DeVries	\$136,900 to	888 to	\$147 to		
Ranch Condos	\$176,900	1,200	\$154		
Grand Ridge Townhomes (6/05)				72	16 (4.0)
Manchester Properties	\$144,900 to	1,600 to	\$75 to		
Townhouses	\$164,900	2,200	\$91		
Cascade Place (2/04)				36	31 (1.7)
Manchester Properties	\$164,900	1,380	\$119		
Ranch Condos					
Ledgestone Townhomes (4/05)				35	0 (0.0)
Orion Building	\$174,900 to	1,475 to	\$119 to		
Townhouses	\$194,900	1,475	\$132		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Attached For-Sale Properties
Belding/Grand Rapids Area, Michigan
September, 2005

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Grand Rapids (continued)					
River House at Bridgewater Place (April 2005)				198	100 (17.0)
<i>Robert Grooters Development</i>	\$176,900 to	906 to	\$195 to		
Condominium Flats	\$534,900	1,871	\$286		
South Bridge (6/03)				81	51 (2.0)
<i>Redstone Group</i>	\$178,900 to	1,300 to	\$138 to		
Ranch Condos	\$202,900	1,343	\$151		
Treemont Condos (2/03)				61	49 (1.6)
<i>Redstone Group</i>	\$207,900 to	1,384 to	\$150 to		
Duplexes	\$225,900	1,420	\$159		
Prestwick Village (6/04)				44	17 (1.2)
<i>Redstone Group</i>	\$239,900 to	1,384 to	\$173 to		
Duplexes	\$272,900	1,397	\$195		
The Enclave (7/05)				31	1 (1.0)
<i>Redstone Group</i>	\$239,900 to	1,509 to	\$156 to		
Duplexes	\$285,900	1,838	\$159		
Trillium Glen (4/05)				127	3 (0.9)
<i>Redstone Group</i>	\$239,900 to	1,509 to	\$156 to		
Duplexes	\$285,900	1,838	\$159		
E vergreen Lake (9/04)				60	11 (1.0)
<i>Redstone Group</i>	\$239,900 to	1,509 to	\$156 to		
Ranch Condos	\$285,900	1,838	\$159		
Waterford Condominiums (2/03)				76	70 (2.3)
<i>Summer Meadows</i>	\$299,900	1,538	\$195		
East Lake (7/04)				60	11 (1.0)
<i>Redstone Group</i>	\$384,900 to	2,164 to	\$142 to		
Duplexes	\$404,900	2,853	\$178		

Summary Of Selected Attached For-Sale Properties
Belding/Grand Rapids Area, Michigan
September, 2005

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Kentwood					
Palmer Hills (3/03) <i>Eastbrook Homes</i>	\$124,990 to \$154,990	870 to 1,168	\$133 to \$144	56	51 (1.7)
Summer Shores (1999) <i>Gunnick & DeVries</i> <i>Ranch Condos</i>	\$128,900 to \$159,900	974 to 1,091	\$132 to \$147	Approx 100	55 (0.9)
Bailey's Grove (5/00) <i>Bosgraaf</i> <i>Ranch Condos</i>	\$132,990 to \$177,990	870 to 1,273	\$140 to \$153	208	207 (3.5)
Cobblestone at the Ravines (5/05) <i>Bosgraaf</i> <i>Villa Condominiums</i> Phase 1	\$147,800 to \$210,415	959 to 2,043	\$103 to \$154	15	9 (2.0)
Bristol Ridge Condos (9/05) <i>Steve Visser Builder</i>	\$151,900 to \$159,900	1,189 to 1,417	\$113 to \$128	58	0 (0.0)
Village Woods Condos (2/03) <i>Steve Visser Builder</i>	\$151,900 to \$159,900	1,189 to 1,285	\$124 to \$128	60	57 (1.8)
Huntington Ridge (5/02) <i>Grand Valley Properties</i>	\$151,900 to \$183,000	1,146 to 1,280	\$133 to \$143	118	96 (2.4)
Cobblestone at the Ravines (5/05) <i>Bosgraaf</i> <i>Row Homes</i> Phase 1	\$154,500 to \$162,500	1,070 to 1,742	\$93 to \$144	36	11 (2.8)

Summary Of Selected Attached For-Sale Properties

Belding/Grand Rapids Area, Michigan

September, 2005

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Caledonia					
The Meadows Condominiums (2000)					
<i>Circle R Company</i>	\$96,900 to \$105,900	1,051 to 1,162	\$91 to \$92	212	198 (3.2)
..... Gaines Township					
Stevens Pointe (6/02)					
<i>Bosgraaf Homes</i>				88	64 (1.8)
<i>Villa Condominiums</i>	\$147,900 to \$181,632	1,553 to 2,044	\$89 to \$95		

SOURCE: Zimmerman/Volk Associates, Inc.

Downtown Belding and the In-Town Neighborhoods
City of Belding, Ionia County, Michigan
December, 2005

Nearly all of the newly-constructed single-family detached houses for sale in the region are located west of Belding. Several subdivisions are marketing new houses with base prices below \$200,000. At the time of the field investigation, the least expensive was Edgewood Village, a 38-unit subdivision being built in Greenville by KBH Homes (builder of Pine View), where prices range from just under \$107,000 to \$122,000. The houses are the same as those being sold at Pine View, starting at 892 square feet of living space; the largest is 1,274 square feet. Prices per square foot range between \$96 and \$120, and 19 of the 38 units had been sold.

The most expensive houses being marketed in the region outside of Grand Rapids were being built by Roersma and Wurn at Squire Estates in Rockford. Base prices ranged between \$359,900 for a 2,280-square-foot model to \$399,900 for a 2,727-square-foot model (or \$147 to \$158 per square foot). Four of the 35 planned houses had been sold, for an average sales pace of one unit every two months, an absorption pace that is below many of the less expensive properties.

Summary Of Selected For-Sale Detached Subdivisions
Belding/Grand Rapids Area, Michigan
 September, 2005

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Average</u> <u>Lot Size</u>	<u>Lot</u> <u>Price Range</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Belding							
PineView (6/03) KBH Homes, LLC	3/4 Acre	NA	\$110,900 to \$123,900	892 to 1,274	\$97 to \$124	60	12 (0.5)
..... Greenville							
Edgewood Village (11/03) KBH Homes	80' x 150'	NA	\$106,900 to \$121,900	892 to 1,274	\$96 to \$120	38	19 (0.9)
Autumn Ridge (5/04) KBH Homes	80' x 150'	NA	\$110,900 to \$125,900	860 to 1,274	\$99 to \$129	116	13 (0.9)
..... Cedar Springs							
The Pines of Cedar Springs (5/02) KBH Homes	1/2 Acre	NA	\$123,900 to \$157,000	1,050 to 1,330	\$118 to \$118	45	14
Saddlebrook (11/03) Coldwell Banker	70' x 150'	\$34,000 to \$42,000	\$127,800 to \$144,292	1,094 to 1,224	\$117 to \$118	37	11 (0.5)
Deer Run (5/2000) Coldwell Banker	1/2 Acre	\$0 to \$0	\$132,900 to \$149,900	1,062 to 1,356	\$111 to \$125	57	53 (0.9)
Vista View Estates (2/03) Sable Homes	1/2 Acre	NA	\$132,900 to \$184,432	1,100 to 2,600	\$71 to \$121	82	56 (1.8)
Green Timbers (5/00) Sable Homes	1/2 Acre	NA	\$134,900 to \$184,432	1,100 to 2,600	\$71 to \$123	125	102 (1.6)

Summary Of Selected For-Sale Detached Subdivisions
Belding/Grand Rapids Area, Michigan
September, 2005

<i>Development (Date Opened)</i> <i>Developer/Builder</i>	<i>Average Lot Size</i>	<i>Lot Price Range</i>	<i>Unit Price Range</i>	<i>Unit Size Range</i>	<i>Price Per Sq. Ft.</i>	<i>Total Units</i>	<i>Total Sales (Monthly Average)</i>
..... Cedar Springs (continued)							
Ridge Water Estates (5/05) <i>Sable Homes</i>	1/2 Acre	NA	\$137,000 to \$183,300	1,100 to 2,600	\$71 to \$125	75	7(1.1)
Fieldstone Meadow (3/03) <i>E. A. De Vries Builder</i>	1/3 Acre	NA	\$137,500 to \$139,900	936 to 1,102	\$127 to \$147	46	34 (1.2)
..... Rockford							
Myers View (9/04) <i>KBH Homes</i>	80' x 150'	NA	\$132,900 to \$169,900	1,296 to 1,500	\$103 to \$113	76	12 (1.0)
Holmden Estates (8/03) <i>Sable Homes</i>	1/2 Acre	NA	\$134,900 to \$184,432	1,100 to 2,600	\$71 to \$123	43	34 (1.3)
Stone Crest (5/03) <i>E. A. De Vries Builder</i>	1/3 Acre	NA	\$169,900 to \$239,900	1,131 to 1,918	\$125 to \$150	69	28 (0.9)
Beyhill (8/05) <i>Roersma & Wurn</i>	90' x 150'	NA	\$170,000 to \$220,000	1,566 to 2,350	\$94 to \$109	0	0 (0.0)
Cannon Farms South (7/03) <i>Eastbrook Homes</i>	90' x 130'	NA	\$179,990 to \$225,990	1,324 to 2,150	\$105 to \$136	47	27 (2.0)
Hidden Highlands (7/05) <i>Roersma & Wurn</i>	1/2 acre	\$42,900 to \$64,900	\$180,000 to \$260,000	1,586 to 2,350	\$113 to \$111	25	2 (1.0)
River Chase (6/2002) <i>Eastbrook Homes</i>	70' x 140'	NA	\$187,990 to \$290,990	1,324 to 2,833	\$103 to \$142	45	24 (1.0)
<i>Diephuis Builder</i>	1/2 Acre	\$36,000 to \$65,000	\$299,900 to \$348,000	1,862 to 2,478	\$140 to \$161		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Detached Subdivisions

Belding/Grand Rapids Area, Michigan

September, 2005

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Average</u> <u>Lot Size</u>	<u>Lot</u> <u>Price Range</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Rockford (continued)							
Fieldstone Ridge (3/03) Roersma & Wurn	1/2 acre lots	NA	\$190,000 to \$220,000	1,748 to 2,350	\$94 to \$109	17	16 (0.8)
Jupiter Estates III (3/03) Roersma & Wurn	1/2 acre	\$46,900 to \$54,900	\$190,000 to \$250,000	1,748 to 2,350	\$106 to \$109	73	55 (1.9)
Heritage Park (4/04) Pulte Homes	70' x 140'	NA	\$229,900 to \$289,900	1,775 to 2,500	\$116 to \$130	40	37 (2.8)
Heritage Park (7/05) Redstone Group	70' x 140'	NA	\$229,900 to \$289,900	1,775 to 2,500	\$116 to \$130	230	0 (0.)
Meadows of Cannon Farms (8/05) Eastbrook Homes	120' x 160'	NA	\$258,990 to \$287,990	2,316 to 2,833	\$102 to \$112	26	0 (0.0)
Saddle Ridge (5/04) Wellington Ridge (1997) Abbey Homes	1/2 Acre	NA	\$285,000 to \$392,000	2,400 to 2,800	\$119 to \$140	230 72	27 (2.0) 66 (0.8)
Squire Estates (3/04) Roersma & Wurn	1/2 acre	\$59,900 to \$77,900	\$359,900 to \$399,900	2,280 to 2,727	\$147 to \$158	35	4 (0.5)
..... Lowell Township							
Whispering Hills (2/02) Holwerda Homes	70' x 140'	NA	\$142,900 to \$199,900	874 to 1,708	\$117 to \$164	104	48 (1.1)
Highland Hills (5/05) Holwerda Homes	70' x 140'	NA	\$163,900 to \$179,900	1,597 to 1,606	\$112 to \$103	44	5 (1.0)

Summary Of Selected For-Sale Detached Subdivisions

Belding/Grand Rapids Area, Michigan

September, 2005

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Average</u> <u>Lot Size</u>	<u>Lot</u> <u>Price Range</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Ada							
Ada Moorings (1998)						183	
<i>Bosgraaf Homes</i>						161	148 (1.8)
Designer & Americana	80' x 120'	NA	\$215,990 to \$297,900	1,802 to 2,833	\$105 to \$120		
Detached Villas	No lot Line		\$224,990 to \$250,990	1,359 to 1,732	\$145 to \$166	22	
West Village (8/03)						149	65 (1.8)
<i>Mountain Ridge Properties</i>	80' x 150'	\$77,500 to \$85,000	\$325,000 to \$399,900	2,300 to 3,200	\$125 to \$141		
..... Grand Rapids							
Woodside Court (6/03)						27	13 (0.5)
<i>Holwerda Builders</i>	70' x 150'	NA	\$129,900 to \$157,900	869 to 1,357	\$116 to \$149		
Blackberry (2/03)						50	36 (2.4)
<i>Holwerda Builders</i>	70' x 150'	NA	\$152,900 to \$207,900	874 to 1,642	\$127 to \$175		
<i>Mosaic Properties</i>	Zero Lot Line	\$75,000 to \$99,000	\$489,900 to \$639,900	2,400 to 3,200	\$200 to \$204		
Cherry Run (9/05)						20	0 (0.0)
<i>Roersma & Wurn</i>	70' x 150'	\$45,900 to \$58,900	\$170,000 to \$240,000	1,640 to 2,250	\$104 to \$107		
Northbend Estates (4/02)						68	50 (1.2)
Villas of Oakleigh Woods (1999)						104	93 (0.9)
<i>Trinity Development</i>	Zero Lot Line	NA	\$210,000 to \$242,000	1,409 to 1,884	\$128 to \$149		
Brook Hollow (1998)						77	68 (0.9)
<i>NewLine Construction</i>	70' x 140'	\$65,000	\$212,400 to \$242,900	1,476 to 1,860	\$144 to \$131		
Deer View (4/04)						80	34 (2.0)
<i>Roersma & Wurn</i> (Another builder)	1/2 acre	NA	\$215,000 to \$299,000	1,748 to 2,400	\$123 to \$125		

Summary Of Selected For-Sale Detached Subdivisions
Belding/Grand Rapids Area, Michigan
September, 2005

<u>Development (Date Opened)</u> <u>Developer/Builder</u>	<u>Average</u> <u>Lot Size</u>	<u>Lot</u> <u>Price Range</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total Sales</u> <u>(Monthly</u> <u>Average)</u>
..... Grand Rapids (continued)							
Arbor Hills (2/03) <i>Eastbrook Homes</i>	70' x 160'	NA	\$227,990 to \$300,990	1,980 to 2,833	\$106 to \$115	152	90 (3.0)
Aberdeen Valley (4/03) <i>Pulte Homes</i>	70' x 150'	NA	\$239,900 to \$298,000	1,776 to 2,470	\$121 to \$135	63	60 (1.5)
Oakleigh Woods (1999) <i>Trinity Development</i>	85' x 140'	\$40,000 to \$65,000	\$259,000 to \$369,000	1,800 to 2,900	\$127 to \$144	49	41 (0.8)
Stoneshire (5/04) <i>Eastbrook Homes</i>	100' x 150'	NA	\$364,900 to \$431,990	2,834 to 3,276	\$129 to \$132	81	14 (.9)
Balsam Hills (2/04) <i>Mosaic Properties</i>	Zero Lot Line	\$67,000 to \$95,000	\$489,000	2,850	\$172	25	24 (1.8)

SOURCE: Zimmerman/Volk Associates, Inc.

DOWNTOWN HOUSING TYPES

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

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

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

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

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

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

Soft Lofts: Unit interiors typically have high ceilings, are fully finished and often include full or partial interiors. Units may also contain architectural elements reminiscent of "hard lofts," *e.g.*—exposed ductwork, scored and polished concrete floors, brick walls and

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iron railings, particularly if the building is an adaptive re-use of an existing industrial structure.

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

- Townhouse: Similar in form to a conventional suburban townhouse except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban townhouses conform to the pattern of streets, typically with shallow front-yard setbacks. To provide privacy and a sense of security, the first floor should be elevated significantly above grade.
- Urban House: A two- to three-story single-family detached house on a narrow lot. The garage is located to the rear of the house and accessed from an alley or auto court. Urban houses also conform to the pattern of streets, typically with shallow front-yard setbacks or dooryards.

URBAN HOUSING STRATEGIES

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

The residential re-use of existing non-residential structures is one of the most beneficial redevelopment types because it creates and enhances a pedestrian-oriented street environment at a familiar, and often historic, urban scale. The City of Belding should encourage residential redevelopment of existing buildings, particularly those of architectural merit, because of the demonstrated positive impact historic rehabilitation has had on housing and neighborhood values nationally.

An urban neighborhood is the sum of a variety of elements: the configuration of the street and block network, the arrangement of lots on those blocks, and the manner in which buildings are disposed on their lots and address the street. Successful residential development in Downtown Belding will depend upon the restoration of the Downtown's urban character. A downtown residential neighborhood succeeds when its physical characteristics consistently emphasize urbanity and the qualities of urban life; conversely, attempts to introduce suburban scale and housing types (or, indeed, suburban building forms in general) into urban areas have invariably yielded disappointing results. Therefore, appropriate urban design—which places as much emphasis on creating quality streets and public places as on creating or redeveloping quality buildings—will be essential to success. The important elements can be summarized in several practical inter-related guidelines:

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

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

- Streets designed for pedestrian comfort. Automobiles are accommodated on great urban streets; however, they are not given precedence over ease of pedestrian movement. The emphasis on streets can have significant, long-term impact on both street safety (providing “eyes on the street”) and usable parks and squares.

Currently, the owner of the Gibson Building is considering conversion of the building to a mix of uses, including residential, that will focus on an arts and crafts studio environment. This has been a very successful approach to establishing downtown residential in other cities—affordable housing and live-work space for artists have been created through the use of dedicated Low-Income Housing Tax Credits (LIHTC). In many cases, in addition to household-size income qualification, prospective residents are also subject to a portfolio review to assure that at least one member of the household is a working artist. This program can be augmented with federal and state historic tax credits to redevelop existing buildings within an historic district. Artspace Projects, Inc., based in Minneapolis, Minnesota, has redeveloped several buildings for artists in St. Paul, Minneapolis and Duluth using this strategy and has provided consultation services, with planned projects, for equivalent redevelopments in Buffalo, New York; Jackson, Michigan; Salt Lake City, Utah; Detroit, Michigan; and Philadelphia, Pennsylvania, among others.

Since resident artists are critical to the establishment of a recognizable urban arts district, they can also be encouraged through targeted tax relief. The City of Providence, Rhode Island has populated its DownCity Arts and Entertainment District by sales and income tax exemptions. Artists and artisans in DownCity are exempt from state and local sales taxes; and resident artists are exempt from personal state income tax. The program has been deemed so successful that the Rhode Island General Assembly recently passed legislation to establish similar districts in two other Rhode Island cities, Westerly and Pawtucket.

From the market perspective, the old Basket Factory building on the north side of the Flat River, with its views of the river, the Clock Tower, and the central business district, would also be

appropriate for conversion to residential, either soft lofts or more conventional apartments, targeted to both older and younger singles and couples.

A complete restoration of the Downtown's urban fabric will require reopening Main Street, making new construction an important piece in a downtown revitalization plan. From the market perspective, new mixed-use buildings located along a reconstructed Main Street or facing Central Riverside Park would accommodate residential units for those households who prefer new construction to adaptive re-use, as well as retail space on the ground floors.

Because a significant segment of the market places high value on new construction, the in-town neighborhoods could be strengthened by infill development of new townhouses and single-family detached houses on vacant lots. Given that there are very few vacant lots, building on those lots and replacing existing dwellings should be undertaken following a specific and predictable strategy, starting where there is the largest number of vacant lots and deteriorated and/or obsolete dwellings in close proximity.

As soon as residential development is underway, a marketing program should be undertaken to promote the Downtown and in-town neighborhoods as viable and exciting housing alternatives. An effective marketing program will require advertising and public relations, merchandising and promotion. This could be undertaken as an adjunct to the marketing of Downtown as a destination for events and entertainment.

- Advertising and public relations should include an "image" campaign that reinforces the positive aspects of urban living. The City of Norfolk, Virginia adopted the slogan "Come Home to Norfolk Now" as the centerpiece of its marketing campaign that focuses on Downtown and surrounding in-town neighborhoods. The campaign has been highly effective in attracting new residents, not only to the Downtown but also to the city's in-town neighborhoods.
- Merchandising includes consistent street amenities, such as lighting and trash receptacles with uniform and distinctive designs.

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- Many cities, both large and small, sponsor annual housing tours, which have been enormously successful in familiarizing the public with the housing options available in the core downtown and in-town neighborhoods. In Louisville, Kentucky, the first Downtown housing tour attracted over 100 people with minimal marketing; tours now require several buses to accommodate the hundreds of participants. Many cities charge fees for the tours, with the fees donated to downtown public or charitable organizations, ranging from arts organizations to the public library. Belding should undertake a tour once there are at least 10 market-rate downtown apartments available.

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

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

METHODOLOGY

The technical analysis of city-wide and Downtown/in-town market potential included delineation of the draw areas and evaluation of Downtown Belding's market potential.

The delineation of the draw areas for housing within the City of Belding was based on historic settlement patterns, migration trends for Ionia County, and other market dynamics.

The evaluation of Belding's market potential was derived from target market analysis of households in the draw areas, and yielded:

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

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

DELINEATION OF THE DRAW AREAS (MIGRATION ANALYSIS)—

Analysis of Ionia County migration and mobility patterns from 1999 through 2003—the latest data available from the Internal Revenue Service—shows that the number of households moving into the county has varied only slightly, from between 1,330 households in 1999 up to 1,380 households in 2002. Nearly a third of the county's in-migration is from Kent County. Approximately 17 percent are households moving to Ionia County from the adjacent counties of Montcalm and Barry, and more than 21 percent are moving from the Lansing region (Easton, Clinton and Ingham Counties).

Over the same period, the number of households moving out of the county has also remained fairly stable, falling slightly from 1,375 households in 1999 to 1,340 households in 2003. As a result, the annual changes in households experienced by Ionia County due to net migration have ranged from a net loss of 95 households in 2001 to a net gain of 60 households in 2002.

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

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

- The local (internal) draw area, covering households currently living within the Belding city limits, as well as those currently living in the balance of Ionia County.
- The Grand Rapids draw area, covering households with the potential to move to the City of Belding from Kent County.
- The adjacent draw area, covering households with the potential to move to the City of Belding from the adjacent counties of Montcalm and Barry.
- The Lansing draw area, covering households with the potential to move to the City of Belding from counties in the Lansing region (Eaton, Clinton and Ingham).
- The national draw area, covering households with the potential to move to the City of Belding from all other U.S. counties.

Anecdotal information obtained from real estate brokers, leasing agents, and other knowledgeable sources corresponded to the migration data.

Migration Methodology:

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

TARGET MARKET CLASSIFICATION OF CITY AND COUNTY HOUSEHOLDS—

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

Appendix One, Tables 2 and 3. Target Market Classifications

Just over 32 percent, or 705 households, of the estimated 2,190 households living in the City of Belding in 2005 had the capacity to rent or buy market-rate housing. Median income within the city was \$33,700, just over 29 percent lower than the national median of \$47,800 in 2005. Median home value within the city was \$107,300, more than 28 percent below the national median of \$149,300. Nearly 59 percent of Belding's "market-rate" households are classified as traditional and non-traditional families, another 27.7 percent are empty nesters and retirees, and the remaining 13.5 percent are younger singles and couples. (See Appendix One, Table 2.)

Of the estimated 21,860 households living in Ionia County in 2005, approximately 44 percent, or 9,680 households, had the capacity to rent or buy market-rate housing. Median income within the county was \$47,900, slightly higher than the national median in 2005. Median home value within Ionia County was \$119,600, approximately 20 percent below the national median. Just over 62 percent of the county's "market-rate" households can be classified as traditional and non-traditional families, approximately 33 percent are empty nesters and retirees, and 4.9 percent are younger singles and couples. (See Appendix One, Table 3.)

Target Market Methodology:

The proprietary target market methodology developed by Zimmerman/Volk Associates is an analytical technique, using the PRIZM geo-demographic system, that establishes the optimum

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

In geo-demographic segmentation, clusters of households (usually between 10 and 15) are grouped according to a variety of significant factors, ranging from basic demographic characteristics, such as income qualification and age, to less-frequently considered attributes such as mobility rates, lifestyle patterns and compatibility issues. Zimmerman/Volk Associates has refined the analysis of these household clusters through the correlation of more than 500 data points related to housing preferences and consumer and lifestyle characteristics.

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

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

The end result of this series of filters is the optimum market position—by tenure, building configuration and household type, including specific recommendations for unit sizes, rents and/or prices—and projections of absorption within the local housing context.

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DETERMINATION OF THE POTENTIAL MARKET FOR THE CITY OF BELDING (MOBILITY ANALYSIS)—

The mobility tables, individually and in summaries, indicate the number and type of households that have the potential to move within or to the City of Belding in the year 2005. The total number from each county is derived from historic migration trends; the number of households from each group is based on each group's mobility rate.

Appendix One, Table 4.

Internal Mobility (Households Moving Within the City of Belding)—

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

Using these data, Zimmerman/Volk Associates has determined that up to 80 households, currently living in the City of Belding and with the capacity to rent or purchase market-rate housing, have the potential to move from one residence to another within the city this year. Three-quarters of these households are likely to be traditional and non-traditional families (as characterized within three Zimmerman/Volk Associates' target market groups); and the remainder are equally split between younger singles and couples (in one market group) and empty nesters and retirees (in one market group).

Appendix One, Table 5.

External Mobility (Households Moving To the City of Belding from the Balance of Ionia County)—

The same sources of data are used to determine the number of households in each target market group that will move from one area to another within the same county. Using these data, up to 200 households, currently living in the balance of Ionia County and with the capacity to rent or purchase market-rate housing, have the potential to move from a residence in the county to a residence in the City of Belding this year. Up to 65 percent of these households are likely to be traditional and non-traditional families (in four market groups); 30 percent are likely to be empty

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nesters and retirees (in three groups); and the remaining five percent are likely to be younger singles and couples (in one group).

Appendix One, Tables 6 and 7; Appendix Two, Tables 1 through 9.

External Mobility (Households Moving To the City of Belding from Outside Ionia County)—

These tables determine the number of households in each target market group living in each draw area county that are likely to move to the City of Belding in 2005 (through a correlation of Claritas data, U.S. Bureau of the Census data, and the Internal Revenue Service migration data).

Appendix One, Table 10.

Market Potential for the City of Belding—

Appendix One, Table 10 summarizes Appendix One, Tables 4 through 9. The numbers in the Total column on page one of this table indicate the depth and breadth of the potential market for new and existing market-rate dwelling units in the City of Belding in the year 2005 originating from households currently living in the draw areas. Up to 730 households with the potential to rent or purchase market-rate housing have the potential to move within or to the City of Belding this year. Younger singles and couples are likely to account for 44 percent of these households (in 10 market groups); another 39.7 percent are likely to be traditional and non-traditional families (in five groups); and 16.4 percent are likely to be empty nesters and retirees (in three groups).

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

Market Potential by Draw Area
City of Belding, Ionia County, Michigan

City of Belding (Local Draw Area):	11.0 percent
Ionia County (Local Draw Area):	27.4 percent
Kent County (Grand Rapids Draw Area):	13.7 percent
Montcalm and Barry Counties (Adjacent Draw Area):	11.0 percent
Eaton, Clinton and Ingham Counties (Lansing Draw Area):	23.3 percent
Balance of US (National Draw Area):	<u>13.6 percent</u>
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

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DETERMINATION OF THE POTENTIAL MARKET FOR DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS—

The total potential market for Downtown Belding and the in-town neighborhoods also includes the local, Grand Rapids, adjacent, Lansing, and national draw areas. Zimmerman/Volk Associates uses U.S. Bureau of the Census data, combined with Claritas data, to determine which target market groups, as well as how many households within each group, are likely to move to Downtown Utica in a given year.

Appendix One, Tables 11 through 13.

Market Potential for Downtown Belding and the In-Town Neighborhoods—

As derived by the target market methodology, up to 420 of the 730 households that represent the market for new and existing housing units in the City of Belding are a market for new housing units within Downtown Belding and the in-town neighborhoods. (See Appendix One, Table 11.) Two-thirds of these households are likely to be younger singles and couples (in 10 market groups); another 23.8 percent are likely to be empty nesters and retirees (in two groups); and just 9.5 percent are likely to be traditional and non-traditional family households (in three groups).

The distribution of the draw areas as a percentage of the market for Downtown Belding is:

Market Potential by Draw Area DOWNTOWN BELDING AND THE IN-TOWN NEIGHBORHOODS *City of Belding, Ionia County, Michigan*

City of Belding (Local Draw Area):	9.5 percent
Ionia County (Local Draw Area):	14.3 percent
Kent County (Grand Rapids Draw Area):	19.0 percent
Montcalm and Barry Counties (Adjacent Draw Area):	9.5 percent
Eaton, Clinton and Ingham Counties (Lansing Draw Area):	31.0 percent
Balance of US (National Draw Area):	<u>16.7 percent</u>
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2005.

The 420 draw area households that have the potential to move within or to the Downtown and in-town neighborhoods this year have been categorized by tenure propensities to determine renter/owner ratios. Just under 29 percent of these households (or 120 households) comprise the

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potential market for rental units, of which 110 households comprise the potential market for new market-rate rentals. The remaining 71 percent (or 300 households) comprise the market for new market-rate for-sale (ownership) housing units. (*See Appendix One, Table 12.*)

Of these 300 households, 23.3 percent (or 70 households) comprise the market for multi-family for-sale units (condominium apartments and lofts); and another 20 percent (60 households) comprise the market for attached single-family (townhouse or duplex) units. The remaining 57 percent (or 170 households) comprise the market for all ranges and densities of single-family detached houses. (*See Appendix One, Table 13.*) Of the 110 households with the potential to buy single-family detached houses in Belding, 60 represent the market for urban detached houses.

—Target Market Data—

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

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

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

Age, of course, is the most predictable, and easily-defined of these changes. Household composition has also been relatively easy to define; recently, with the growth of non-traditional

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households, however, definitions of a family have had to be expanded and parsed into more highly-refined segments. Economic status remains clearly defined through measures of annual income and household wealth.

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

Household Classification Methodology:

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

Over the past 17 years, Zimmerman/Volk Associates has augmented the PRIZM cluster system for use within the company's proprietary target market methodology specific to housing and neighborhood preferences, with additional algorithms, correlation with geo-coded consumer data, aggregation of clusters by broad household definition, and unique cluster names. For purposes of this study, only those household groups with median incomes that enable most of the households within each group to qualify for market-rate housing are included in the tables.



ZIMMERMAN/VOLK ASSOCIATES, INC.

6 East Main Street
Clinton, New Jersey 08809
908-735-6336 • 908-735-4751 *facsimile*
info@ZVA.cc • www.ZVA.cc

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ASSUMPTIONS AND LIMITATIONS—

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

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

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



ZIMMERMAN/VOLK ASSOCIATES, INC.

6 East Main Street
Clinton, New Jersey 08809
908 735-6336 • 908 735-4751 *facsimile*
www.ZVA.cc • info@ZVA.cc

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RIGHTS AND STUDY OWNERSHIP—

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