

Downtown Housing Policy

Background

The Downtown Development Authority (DDA) has requested that city staff and other interested Commissions and Boards assist it in developing a Housing Policy to apply within the geographic boundaries of the DDA. The primary purpose of the policy shall be to assist the DDA in making decisions regarding its recommendations to the Planning Commission and/or the City Council concerning proposed projects and, in the case of the DDA specifically, the extension of various public incentives such as tax increment financing and any others that may from time to time apply.

The policy recognizes and addresses three main types of housing in the downtown:

1. **Owner-occupied.** These include the traditionally defined owner units such as the City Center I project. Occupants include a wide range of age groups, both singles and married couples, with and without children.
2. **Student rental.** As defined for this policy, “student rental” refers to a specific portion of the housing market that accommodates college-age students whose primary reason for residing in the community is to attend a local college. Student rental units as defined in this policy means units designed and marketed to the college student consumer, such as bedroom-bath suite style units with three or more bedrooms, in which each bedroom may be leased separately as opposed to a lease covering an entire apartment unit. Student units also include converted single-family homes and some group quarters such as fraternities, sororities and cooperatives.
3. **Mixed-market rental.** This includes the more “traditional” rental housing market for persons not interested in purchasing a housing unit. Rental units can provide a transition zone for future owner occupants in the same market. Mixed-market rental includes units designed and marketed to a broad demographic, including young professionals, singles, families, empty nesters, etc. These units may appeal to a segment of college students but are not specifically marketed to students.

Policy Framework

The policy recognizes that all three types of housing have a role to play in downtown East Lansing by creating and supporting a dynamic housing market. Each of the housing types fills a niche by providing a diverse mix and balance of housing types and price points.

Policy Components

A. Location

The policy only addresses housing within the Downtown Development Authority District as a separate “neighborhood.” While the context of surrounding neighborhoods is noted, the mix within downtown itself is viewed as distinct from that which may work in traditional residential neighborhoods.

B. Housing Mix

In order to create a diversified and balanced downtown housing mix, the overall policy aims to prioritize projects as follows:

1. **Owner occupied** - strongly encourage and promote for both the short- and long-term
2. **Mixed-market rental** – assess this market’s potential with the Stonehouse Village project and encourage balance with owner occupied units
3. **Student rental** - allow over long-term if demand in other housing types is being met

Within the context of the overall priorities, it is understood that certain areas of the downtown are more accommodating for certain uses. As a result, the overall priorities can be further subdivided into specific areas of downtown. Those areas or “districts” are the Park District (west of Abbott), the City Center District (Abbott to Division), and the University District (Division to Collingwood). The priority for housing within each district will be as follows:

| DISTRICT | HOUSING TYPE | | |
|-------------|----------------------|---------------------------|----------------------|
| | Owner-Occupied Units | Mixed-Market Rental Units | Student Rental Units |
| Park | 1 | 2 | 3 |
| City Center | 1 | 2 | 3 |
| University | 2 | 1 | 3 |

1 = Highest Priority; 3 = Lowest Priority

The housing mix will be reassessed every five years or more often if significant development occurs within the DDA District, including regular updates to the downtown housing study.

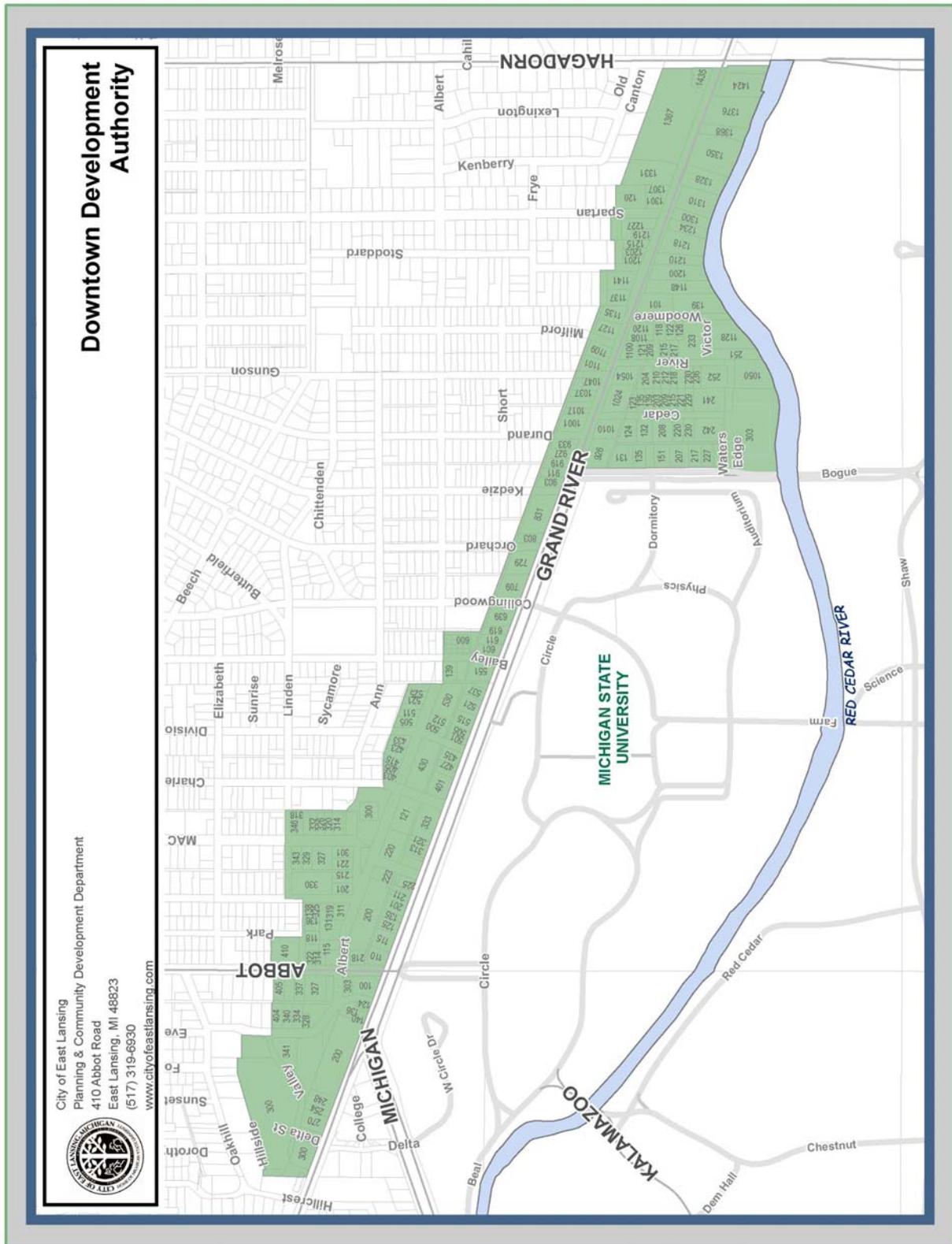
C. Design

All housing should be urban in nature, compliment adjacent uses, and provide for first floor retail where possible. Architectural themes should be consistent and harmonious to the greatest extent possible.

D. Public Incentives

Housing incentives will be limited to owner-occupied and multiple market rental units. Student rental units will only be recommended for incentives as part of a larger development initiative that demonstrates a critical public purpose.

Appendix A – Boundary Map



Appendix B – Market Profile

Downtown Housing Market Profile – Current Inventory

The market conditions described in this section are current as of April 2011. Information was gathered from the City of East Lansing Assessment, Code Enforcement and Planning and Community Development Departments, and other sources.

Table 1. Current housing stock in the DDA district (by tenure)

| Type of Housing | # of Units | % of Total |
|---------------------|------------|------------|
| Total Rental Units | 1,024 | 93% |
| Total Owner Units* | 76 | 7% |
| Total Housing Units | 1,100 | 100% |

The DDA district is primarily commercial with the bulk of its 1,100 residential units located on the northern and southeastern peripheries of the district. The area between Bogue St, Hagadorn Rd, and E. Grand River Ave is predominantly rental with the largest number of housing units and residents. Between 2000

and 2010, downtown housing stock grew by 10.11%, with the completion of the following projects: City Center I, Albert Place Condominiums and Stonehouse Village I.

*As of April 2011, of a total of 76 units built for owner occupancy in the DDA district, 10 units are currently rented (in the City Center I and Albert Place Condominiums projects).

Owner-occupied housing units. In the last ten years, a series of condominium projects have increased housing ownership in downtown. In addition to the 2001 City Center I project (with 38 condominium units), Albert Place Condominiums (36 units) were completed in 2008. Two single-family owner-occupied houses, built in 1920 and respectively 1921, are located in the northern periphery of the DDA district.

- City Center I Condominiums are currently fully occupied. The project has a 36% retention rate with 14 households living in the building since 2001. On an average, owners lived in the same unit for almost 6 years. In 2001, the average sold price per housing unit was \$198,429 (or \$159/sf, which is \$195/sf in 2010, based on calculations using the Bureau of Labor Statistics consumer price index). Two condo units are rented to up to 6 persons.
- Albert Place has sold 18 owner-occupied units to date, at an average sold price of \$209,139 (or \$185/sf). Eight units are currently rented, with a license capacity of 16 persons.
- Located on the western edge of the downtown (not in the DDA district), West Village project, built in 2007, includes 15 townhouses and 31 condominium flats. Currently, 12 townhouses are sold with 3 units still on the market. Average sold price per unit was \$249,770 or \$189/sf.

Renter-occupied housing units. The rental units are licensed for a total of 3,283 persons.

Table 2. Rental License by Type of Structure

| Rental License by Type of Structure | # of Housing Units | License Capacity |
|--|---------------------------|-------------------------|
| Apartment Units Above Commercial | 95 | 230 |
| Single-Family Houses | 44 | 202 |
| Multi Family Building | 736 | 2,422 |
| Condominiums | 10 | 22 |
| Fraternities | 141 | 383 |
| Duplex | 8 | 24 |
| Total | 1,034 | 3,283 |

- The apartment units above commercial spaces are located in general along E. Grand River Avenue in the core downtown area. Median year built is 1950; a few downtown buildings were built in the first part of the 20th century while Stonehouse Village I and IV were built more recently (2006 and respectively 1998).
- There are 44 single-family housing units, licensed for a total of 202. With 3 exceptions, these units were built between 1892 and 1949, median age built is 1924.
- Multi-family buildings house 736 housing units with the largest number of persons (2,422). Median age is 1964. With a few exceptions, multi-family units were built in the 1960s.
- Currently, the condominium projects have a total of 10 units rental units licensed for 22 persons.
- There are 18 buildings designated for fraternity or group use with a total capacity of 383. In general, the units were built between 1911 and 1964; median age is 1925. Some of the fraternities located in the DDA district are: Delta Chi, Delta Sigma Phi, Beta Tau, Michigan Farmhouse Association, and Sigma Chi.

A comparison of rent per bedroom requested at select rental properties in downtown to rent per bedroom in select housing project elsewhere (i.e. Chandler Crossing, Campus Village, DTN Cedar Green, and The Oak) indicates no significant difference between rent requested for downtown rental housing and rent requested for apartments located elsewhere in the city.

As of April 2011, many rental management companies claim full downtown housing occupancy for the current year 2010-2011. Many companies have already leased most of their downtown housing units for the 2011-2012 year. Among them, SRP Management has only one DDA district housing unit for lease. Cron Management has completely rented their downtown apartments and houses for 2011-2012. Based on the DTN Management website, the company does not have any units located in downtown available for the 2011-2012 season.

Future downtown housing projects. In addition to the City Center II project, two Ann Street Plaza projects are proposed for the heart of the downtown that will increase housing options.

1. **A&G Partnership Project.** The project, at the corner of Albert Avenue and Grove Street, is being developed by A&G Partnership and will contain one-, two- and three-bedroom apartments on the upper floors and commercial space on street level. The project will result in an eight-story building with 42 housing units for up to 84 residents at a cost of about \$9.7 million. The building's location is currently occupied by two buildings leased for a combined occupancy of 13 people. The buildings will be demolished for the proposed mixed-use development. Construction could begin by June 2011 and be completed by mid summer 2012.



2. **Infiniti Companies Project (213-217 Ann St).** The developer is proposing to completely redevelop the .224 acre site. The new building is proposed to be four stories with commercial businesses on the first two levels and eighteen loft-style apartment units on the top two floors. The site is currently home to The Post. Kirabo, Spartan Dance Center and Mackerel Sky have recently relocated from the site. There are no residential units on the property. Construction is projected to start in 2011.



3. **City Center II.** Strathmore Development Company is proposing a \$115-125 million mixed-use redevelopment project at the corner of Grand River Avenue and Abbot Road. The proposed 5.25-acre project includes a ten-story building, which would include residential units, along with retail, restaurant and office space, a boutique hotel, public exhibition space and a 400-seat performing arts theater, a four-story residential building and 9 townhouses backing up to Valley Court Park. The original approved site plan (2008) permitted retail, restaurant and residential uses in Building B. An amendment approved in 2010 allows for substantial office space in the building in lieu of residential units.



Background Information (Citywide and downtown)

- **City population.** Between 2000 and 2010, the East Lansing population increased 4.4 percent. The City now has a resident population of 48,579, a number that increased by 2,054 from the previous 2000 Census count of 46,525. The results demonstrate that East Lansing continues to be the home of a thriving and diverse population, despite the overall state population trend.

- **Michigan State University.** Between 2000 and 2010, the total enrollment at MSU grew by 6.5%. In addition, the University employs approximately 4,985 faculty and academic staff in addition to 6,335 support staff, many whom call East Lansing their home.

- **East Lansing & Greater Lansing Housing market**

According to the Census Bureau, between 2000 and 2010, East Lansing experienced a 3.04% increase of the housing stock, from 15,321 up to 15,787. The growth was primarily driven by the housing projects that occurred in the Clinton County portion of the city. Occupied housing units increased by 2.67% between 2000 and 2010 while the number of vacant units increased by 8.81%. The share of vacant housing units grew by 5.60% over the reported decade.

During the same decade, the City of Lansing experienced a 1.92% increase of its housing stock. The tri-county region experience tremendous positive growth over the decade with Clinton County having a 24.6% increase of its housing stock. Housing vacancy increased considerably by 66% in the region.

Between 2000 and 2010, downtown housing stock grew by 10.11% (due to the following projects: City Center I, Albert Place Condominiums and Stonehouse Village I). This increase (a total of 101 new downtown housing units) represents more than 20% of a total of 466 housing units built throughout the city during the same decade.

The market report published by Coldwell Banker Hubbell BriarWood (4Q, 2010) indicates a strong condominium market in East Lansing. During 2010, 61 condo units were sold of a total of 84 active listings. The average sold price was \$126,346 and the median sold price was \$109,000.