CITY OF EAST LANSING, MICHIGAN

Housing Study
East Lansing, Michigan

A Request for Qualifications and Proposals Issued November 27, 2019
Executive Summary

The City of East Lansing (City) is seeking proposals from a qualified firm for a comprehensive study of housing in and adjacent to the City borders. The City desires more information about our current housing market, especially the impacts of recent developments on housing demand in our area. We also seek to answer some fundamental questions regarding projected trends to help us understand the current conditions and assist in the future planning of the City in line with our policy goals. A successful proposal will be made by an experienced research entity that has demonstrated success in executing complex housing studies of a similar nature in other communities in the Midwest, especially other communities that have a significant university presence. The project will provide benchmark data and insights intended to be intrinsically useful and also lead to future phases of tracking and analysis.

Background

The City of East Lansing is situated in mid-Michigan, Ingham County, and is the home of Michigan State University (MSU). Occupying roughly 13.5 square miles of land area, the City population is nearly 49,000, while the Lansing metropolitan area counts more than 478,000 residents.

MSU is one of the top research universities in the world on one of the largest, greenest campuses in the nation. Home to nationally ranked and recognized academic, residential college, and service-learning programs, MSU is a diverse community of dedicated students and scholars, athletes, artists, scientists, entrepreneurs and leaders. MSU is also one of the largest universities in the Nation. Enrollment in 2018 was over 50,000 students. As the largest employer in East Lansing, MSU employs more than 12,500 faculty and staff. Furthermore, Michigan State is ranked in the top 20 in the nation for international student enrollment, and brings the world to East Lansing through more than 325 international institutional partnership agreements in 80 countries. Approximately 16,500 students reside on campus, but many students choose to live off-campus in East Lansing or neighboring communities. Clearly, the people attracted to study or work at the University creates the primary demand for housing in the City. Understanding how this demand has changed over time in East Lansing will be helpful in shaping the future of the City.

Conversion of Neighborhood Rental Properties

Over several decades, many single family properties were converted into rental properties, especially in neighborhoods proximate to the University such as the Bailey, Chesterfield Hills, Oakwood, Southeast
Marble, and Red Cedar neighborhoods. This was largely due to student demands to live off campus and the economic attractiveness to property owners to meet the demand. The trend started following large increases in student enrollment at Michigan State University. From 1960 to 1970 the university enrollment nearly doubled, creating a large demand for housing off campus as the housing available on campus was not keeping up with the increased enrollment. It was during this time period that a significant number of single family owner occupied homes became rental property for the growing student population. This trend continued at a fairly significant pace until November 1997 when zoning was changed in the R1, R2 and R3 residential zoning districts that limited the rental occupancy to two unrelated persons for any property converted to rental use.

*Developments in the Northern Tier*

In recent years, several mixed-market projects were constructed in the northern tier to provide housing options, largely to the student population. The majority of these developments have taken place outside of the City limits in neighboring townships. These projects were the first to offer students a new style of living with apartments rented individually by the bedroom and complexes with amenities that had previously not been common.

*Recent Densification of Downtown*

Within the last two years, three major projects have been approved in downtown East Lansing, with two recently completed and one under construction with a target opening date of late 2020. Collectively, they are adding 1000 residential apartments, a 194-key full service hotel, over 70,000 square feet of new retail and hundreds of publicly available parking spaces to the downtown core through the investment of several hundred million dollars. The effects of this densification in terms of housing, especially the student population, are a main thrust for this request for a study.
Center City

The Center City District is a mixed-use redevelopment project that includes significant placemaking improvements to Albert Avenue and Grand River Avenue, both senior housing (91 rental units) and mixed market housing (273 rental units), street level retail and the addition of a Target “urban” or flexible-format store, which includes groceries and fresh produce. The project site is located along Grand River Avenue and Albert Avenue, including 125, 133, 135 and 201-209 E. Grand River Ave. and the City’s Albert Avenue Parking Lot, 200 Albert Ave. The total project site is 2.02 acres. More information, including project plans is available here. The project is largely complete with hundreds of new residents moved in, Target and Foster Coffee open, and restaurants Jolly Pumpkin and Barrio Tacos planning to open in the near future. Five levels of City-owned structured parking are now operational, with 305 spaces available for the public.
The Hub @ East Lansing

This redevelopment project includes a 10-story mixed use building, including 347 market rate apartments and 12,220 square feet of retail. The project is adjacent to the University at the southeast corner of Grand River Avenue and Bogue Street (918 E. Grand River). More information, including project plans, is available here.

Park District

This project, currently under construction, is replacing a set of functionally obsolete and blighted buildings at the major gateway corner of Grand River Ave and Abbot Roads, as well as bringing more
affordable housing to downtown with a building at the corner of Evergreen Avenue and Valley Court. Included are a mixed-use development with 197 mixed-market apartment rooms, 14,000 square feet of ground floor retail and parking, a 10 story hotel with 194 keys, and a five story income-qualified apartment building.

Evergreen properties

The East Lansing Downtown Development Authority currently owns approximately 1.08 acres at 314, 328, 334, 340 and 344 Evergreen Avenue, which it desires to redevelop in the near future. Past concepts have included additional mixed-market residential uses.

Neighboring Communities

Several other nodes of housing density exist near the borders of the City. In order to ensure that the housing analysis for East Lansing comprehensively details the demand generated within the East Lansing/MSU community in terms of where people decide to live, it is important that the study include an analysis of these properties as well.

Context for Study

Comprehensive Plan/Goals

The City recently updated its Master Plan, also known as the Comprehensive Plan. The plan provides the high-level policy framework for future land uses in East Lansing. It is available in its entirety here: https://www.cityofeastlansing.com/DocumentCenter/View/7403/Final-Master-Plan-2018-PDF

As noted in the Executive Summary:

Some of the trends that influenced the goals and objectives for housing include:

- Increased need for market rate housing after housing bust of 2008
- Ongoing interest from developers in developing student rental housing, followed by community concerns of over saturation of student housing
- Ongoing concern about the impacts of single-family rental properties on traditional neighborhoods
- Increased interest in urban housing for all demographic cohorts. Baby Boomer (born between 1947 and 1964) and Millenial (born between 1977 and 1995) two of the largest U.S. populations have been known to desire living where they can walk to work, entertainment, restaurants and grocery stores specifically near or in the core downtown
• Increase in number of persons desiring to age in place or move within their community to housing opportunities in walkable neighborhoods in close proximity to stores, restaurants and entertainment
• Increase interest in accessible housing, including new one-story, multi-level flats or existing retrofitted housing units

Some goals, objectives, and actions are highlighted below to help provide context relevant to our stated desires regarding housing in the City. A complete list of goals, objectives, and actions is available via the link above.

- Goal: To capitalize on and strengthen existing citizen assets
- Goal: To have a diversified, growing tax base and a vital economy
  - Objective 2-1: Increase the attraction and vitality of the downtown for all demographic groups
    - Action 2-1.7: Work with the Capital Area Transportation Authority (CATA) and Michigan Department of Transportation (MDOT) to maintain downtown access, pedestrian access, greenspace and median alignment during design of redevelopment projects...
    - Action 2-1.10: Promote housing for persons 55 years and older in the downtown to diversify the residential options in the district.
- Goal: To have strong neighborhoods that are diverse, attractive, and safe
  - Objective 3-1: Increase supply of diverse housing to accommodate the needs of all current and future residents.
  - Objective 3-2: Support activities, policies, and organizations that maintain neighborhood stability and quality.
- Goal: To have quality community assets
- Goal: To have land use patterns consistent with smart growth principles such as higher density providing better community self-sufficiency and quality of life mixed land uses and walkable neighborhoods.

Desire to Understand Current Trends and Forecasts

Following the recession we have seen what appears to be an increase in families purchasing homes for members of the family that are students to live in while attending school at MSU. In some of these cases the homes are also being rented to friends or at least allowing friends to live there under some sort of arrangement. This does cause some strain in neighborhoods adding density, vehicles and more enforcement by the City in monitoring the use of the properties. It is unknown if this is truly an upward trend and at what selling price is this no longer a market that is viable to families to consider purchasing homes for students?

As the housing options have increased especially for students we may have reached the point where the rental supply exceeds what is needed by the traditional undergraduate student market. As this has
clearly been the vast majority of the market in East Lansing what will happen to vacancy rates and will anyone other than students find the vacant units appealing?

Although the supply of rental units has increased the demand to purchase rental property has continued to be strong. The selling prices for rental property appear to be holding strong especially with buyers that are from out of the area. Is this a trend that will continue as current rental property owners disinvest to some degree?

Local rental property owners appear to be more strategic in recent purchases and may be more interested in having multiple parcels in close proximity to each other that have the potential to be redeveloped into slightly different styles of housing. For example a group of very small cottage type units redeveloped into a mid size apartment complex or a couple of single family houses redeveloped into a small townhouse building. How likely is it that the market will continue to support these types of developments.

*Diversification of Future Housing Opportunities*

The Community desires to add more opportunities for people of diverse backgrounds. These desires are illustrated in the diversity standards under Chapter 50-Zoning, Article II, Division 3 Section 50-94 of the code that are relevant to any multifamily development within the DDA district, but provide a framework to understand the intent for the entire City.

As noted in sub paragraph 4e:

...*in order to achieve diversity in the types of housing offered in the area including an appropriate balance of owner occupied housing, senior housing, low to moderate income housing, mixed-market rental housing and other types of diverse housing in the area, for all development plans that contain housing, an appropriate number of the dwelling units shall be marketed and/or sold as owner occupied housing or housing offered to and restricted to residents 55 and older, restricted to low to moderate income housing or restricted to some other occupancy that would add diversity to the area so that at least 25 percent of the housing is owner occupied, restricted to residents 55 and older, restricted to low to moderate income housing or restricted to some other occupancy that would add diversity to the area. For purposes of this section, "development" shall include more than one structure as long as multiple structures are part of the same site plan approval. The requirement of this section shall not apply to hotels...*

The intention of the City Council’s requirement is to include a diversity of housing options with any new development, especially:

- Owner-Occupied
- Low to Moderate Income Qualified
Scope of Study

Questions We’re Trying to Answer with the Study

1. What are the current conditions/ projected trends, especially in terms of:
   a. Rental and Owner-Occupied Housing
   b. Conversions of Rental to Owner-Occupied and vice versa
2. What housing types are currently needed, and what is the data-driven forecast for future demand?
3. What impacts have the recent developments had on the housing market in the East Lansing region? Where are people deciding to live, and why?
4. How might we glean data from MSU and other sources to determine patterns of student housing populations?
5. How might we better utilize data from this study to inform policies?
   a. Avoiding over-saturation of particular housing types
   b. Insights for future planning efforts

Quantitative Data/ Analysis

The selected firm will present a methodology that includes the gathering and presentation of data that includes, but is not limited to:

6. Demographic and Employment Information
7. Benchmark Analysis of Rental Market (including multifamily apartments, senior care facilities, and non-conventional rentals such as single-family homes, duplexes, units over storefronts, etc)
   a. Current Supply, Under Construction, and Proposed
   b. Property Information: Name, address, total units, and number of stories
   c. Owner/ Developer and/or Property Manager: Name, telephone, website
   d. Market information and sales trends
      i. Sales data by rental housing type (e.g. multi-family, duplex, single family, etc)
         1. Include projects currently being developed & proposed projects
   e. Population Served (i.e. students, seniors, family, low-income, market rate, etc.)
   f. Available Amenities/ Features: Both in-unit and within the overall project
   g. Years Built and Renovated (if applicable)
      i. Data by housing type (e.g. multi-family, duplex, single family, etc)
   h. Vacancy Rates
   i. Square Feet and Number of Bathrooms by Bedroom Type
   j. Gross Rents or Price Points by Bedroom Type
   k. Property Type
   l. Quality Ratings
   m. GPS Locations
   n. Market Trends
   o. Demand forecast
      i. General Multi-Family & Student Rentals
1. Insights into Student market segmentation
   a. Customer profiles
2. Insights into other market segments
   a. e.g. 55+, Emerging Professionals, etc
8. Benchmark Analysis of Ownership/For Sale, including condominiums
   a. Property Information: Neighborhood, Address, Square Footage, Lot size
   b. Years Built and Renovated (if applicable)
   c. Ownership Demographic Information
   d. Market information and sales trends
      i. Include projects currently being developed & proposed projects
9. Demand forecast
   a. New owner-occupied growth, including condominiums
   b. Need for replacement housing
   c. Available supply/Gap Analysis

Proposal Content

The City is requesting that interested firms submit qualifications and examples of previous work. The amount of information submitted is not limited to a set number of pages, but we ask that you be concise and mindful of the review team. The proposal must include the following content:

1. Background on Firm
   a. Including examples of past work
2. References/Similar Projects
3. Methodology/Approach
4. Format Overview
5. Costs
   a. Financial
   b. Other City Resources needed

Evaluation Criteria

All proposals will be reviewed based upon the criteria provided in Attachment 1, the scoring matrix. The proposed scoring is intended to assist the review committee in comparing and assessing the qualifications and proposals; however, the determination of the most qualified entity or most appropriate proposal may incorporate additional criteria or considerations.

Selection process

A City review team will evaluate the qualifications and proposals based upon the scoring rubric provided as Attachment 1. Proposals will only be scored if the entity is deemed qualified under the qualifications criteria. If more than one submittal scores well when evaluated, then there will be an interview process
to further evaluate the experience and qualifications of key personnel. The review team will take their recommendation to the City Council for approval. The City Council would then make the final selection.

_The City of East Lansing reserves the right to reject or accept any and all proposals received. The public entity is not liable for any costs incurred by any researcher prior to the negotiation, approval, and execution of a development agreement._

**Submittal Process**

Qualifications and proposals, along with inquiries, should be directed to:

Thomas J. Fehrenbach  
Director, Dept. of Planning, Building & Development  
City of East Lansing  
410 Abbot Rd.  
East Lansing, MI 48823  
(517) 319-6887  
tfehren@cityofeastlansing.com

Please submit all questions prior to December 15, 2019. Answers to questions submitted will be provided on the project website as soon as they are available.

Sealed statements of qualification and proposals will be accepted and date/time stamped at the address above on or before 10am EST on Friday January 17, 2020. Late submissions will not be considered.

**Each submission shall include the following:**

1. Eight (8) copies of the qualifications and proposal
2. One electronic copy of the qualifications and proposal
3. Cover letter signed by entity’s authorized office(s)
4. All materials must be packaged in a box or envelope that is marked as follows:
   EAST LANSING HOUSING STUDY  
   [Name of Submitting Organization]  
   Attention: Thomas Fehrenbach  
   Due: 10:00am, January 17, 2020

- Attachment
  1. Scoring Matrix
<table>
<thead>
<tr>
<th>#</th>
<th>Qualifications Criteria</th>
<th>Points Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Demonstrated experience in completing projects of the complexity and significance of what is envisioned for this study.</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Quality and relevance of examples of previous work performed by proposing team.</td>
<td>25</td>
</tr>
</tbody>
</table>

Qualifications Criteria: 50

<table>
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<tr>
<th>#</th>
<th>Proposal Criteria</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Methodology and expected research outcomes in line with stated goals and objectives of the City.</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Proposal clearly demonstrates a framework for future comparable studies</td>
<td>25</td>
</tr>
</tbody>
</table>

Proposal Criteria: 50

Total Final Score: 100