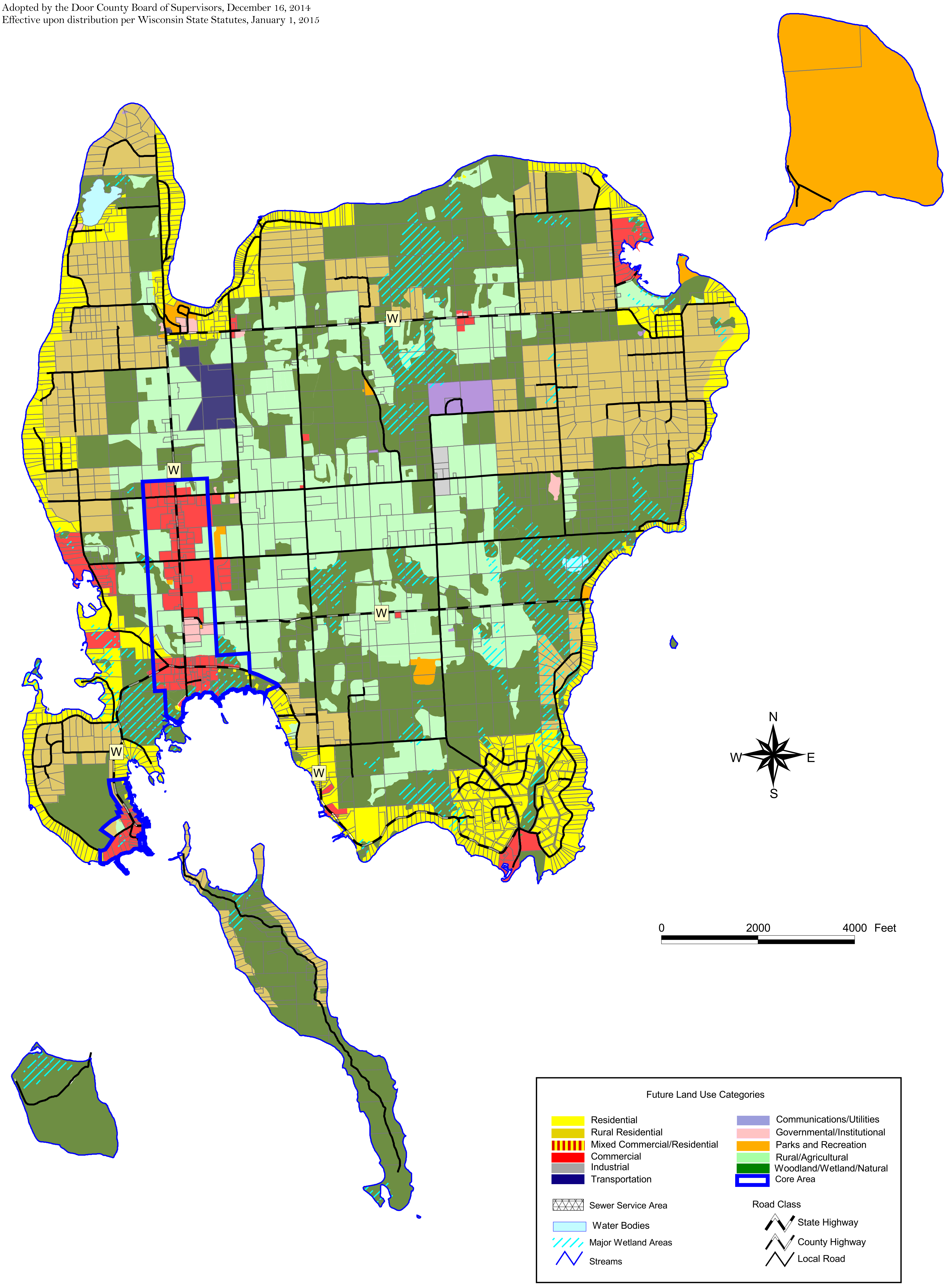
Door County Planning Dept.
421 Nebraska Street
Sturgeon Bay, WI 54235
(920) 746-2323
map.co.door.wi.us/planning

Door County Comprehensive and Farmland Preservation Plan 2035

Town of Washington Future Land Use

Adopted by the Door County Board of Supervisors, December 16, 2014
Effective upon distribution per Wisconsin State Statutes, January 1, 2015



plan maps and accompanying goals, policies, and action items should be consulted for more detailed information as to desired land use activities or guidelines regarding development activities – many proposed land uses or projects might require review and approval by multiple levels of government. All municipalities - except for the Towns of Forestville, Jacksonport, and Washington - have adopted their own municipal-level comprehensive Smart Growth plans as of the date of this county plan adoption.

FUTURE LAND USE CATEGORIES

Future land use category designations are not intended to serve as zoning designations, but rather indicators of desired types of development and land uses. Mapped future land use categories will, however, be one consideration when petitions are presented to the county requesting county zoning ordinance map amendments. (Other considerations will include input from the affected town[s] with regard to the municipal-level future land use map or any pertinent goals and action items, if any, and any pertinent goals, policies, and action items from the county plan.)

Note that there are several areas on the county-level future land use maps where the boundaries of particular land use categories are not meant to be specifically defined, due to loosely defined boundaries on the municipal-level future land use maps. Any proposed map amendments for these areas will need to be evaluated with even more care than usual. Those areas are: 1) the proposed commercial area at the intersection of State Trunk Highway 42 and Europe Bay Road (Town of Liberty Grove), 2) the proposed mixed use area around the community of Namur (Town of Union), 3) two proposed residential areas along State Trunk Highway 42 and one along State Trunk Highway 57 just north of the City of Sturgeon Bay (all three in the Town of Sevastopol), and 4) proposed mixed use areas in/near the communities of Valmy and Institute (both in the Town of Sevastopol). Finally, note that, per the town’s request, the majority of the Town of Egg Harbor – outside areas governed by county shoreland zoning – is depicted as an unbounded mixture of rural/agricultural, residential, and commercial uses.

Core Areas

The areas encompassed by the core area boundaries consist of existing built-up communities and their planned expansion areas. These communities already contain a fairly dense mixture of commercial, residential, and institutional uses. In many cases public sewer already exists. In general, future high density (re)development, whether commercial, residential, or mixed-use, should be directed to these areas. Guidelines for these areas are as listed below.

- Maintain the vital community character of these core areas by encouraging future commercial, residential, and institutional uses to locate in these areas.
- Allow higher density development in accordance with the availability of and capability of wastewater treatment systems.
- Within individual development core areas, guide the future development pattern by identifying suitable locations for each type of desired development (e.g., retail, single family residential, mixed-use, townhouses, etc.).
- Promote orderly and rational expansion of these communities, particularly by avoiding a linear strip development pattern along major roads in favor of a more compact development pattern. Where possible, communities should strive to maintain a distinct “edge” to their built-up areas.
- Avoid sprawl by maintaining undeveloped parts of the core areas as lower density rural lands until such land is actually needed to accommodate growth from the central parts of the core areas.

- Encourage infill development and redevelopment.

Targeting much of the projected commercial and higher-density residential development to core areas will serve to allow the county to grow with minimal "sprawling," utilize sewer or planned sewer extensions, expand commercial and industrial uses contiguous to existing such uses, and maintain the rural atmosphere of outlying areas of the county. Core areas are therefore those areas of the county deemed to be designated for "Smart Growth," as defined by the Wisconsin legislation's 14 municipal planning goals.

Residential – Areas designated as "Residential" are intended to be developed predominantly with single-family uses, or, where allowed by zoning or other ordinance, mobile homes, group quarters, or non-transient multi-family buildings. Some parcels designated as "Residential" may currently contain duplexes, multi-family developments, or resorts, if those uses are located on parcels currently zoned for primarily single-family residential development, or if the municipality wished to ensure that the long-term development of the property would be primarily residential rather than commercial in nature. "Residential" areas include the majority of the county's shorelines and areas containing smaller lots and/or emerging small-lot residential development patterns.

Rural Residential – Areas designated as "Rural Residential" are intended to develop with predominantly single-family residential uses, generally on larger parcels and in areas removed from designated community centers, core areas, or "downtowns." These areas consist primarily of wooded uplands, areas where agricultural activity has greatly diminished, and certain areas adjacent to existing developed areas. Typically, public sewer is not available, though some of these areas have been platted or are beginning to develop at relatively low densities. Development in these areas should continue at modest densities and be consistent with the generally rural character of these areas. Commercial activity should be discouraged except for uses that are compatible with lower density residential development.

Commercial – "Commercial" areas are those intended for development with retail sales, trade of goods and/or services, commercial offices, and commercial lodging establishments and are found largely in community centers, core areas, or "downtowns." Commercial areas should maintain defined boundaries, avoid excessive access points to major roads by encouraging shared driveways or internal circulation patterns, and have buffering or screening of light industrial uses and storage and parking areas from adjacent public rights-of-way and residential areas. Highway corridor development should avoid further strip development and loss of community separation by limiting future development density, employing stringent setbacks, and requiring screening of new uses. Note that the future land use maps depict many "outlying" (i.e., non-core) commercial areas, reflecting existing commercial zoning or businesses such as multiple occupancy developments; when redevelopment is proposed for the latter, it should be undertaken carefully and with consideration for neighborhood compatibility.

Mixed Commercial/Residential – Areas designated as "Mixed Commercial/Residential" are intended to accommodate a variety of commercial and residential activities, typically higher-density and in designated community centers, core areas, or "downtowns." There are also several small "Mixed Commercial/Residential" areas scattered throughout the county outside the core areas, most of which have historically been minor development nodes and which are usually situated at a major crossroads. Unlike core areas, public sewer is not expected to extend to any of these outlying areas. Development in these outlying areas should avoid large-scale projects that would conflict with the "small-town" character of these communities, alter the visual quality of the surrounding areas, or create conflicts with surrounding agricultural uses.

For further guidance, see also the detailed explanations of core areas and the commercial and residential land use categories, as applicable.

Industrial – “Industrial” lands are intended for uses such as fabrication, wholesaling, or long-term storage of products and for extraction (mining) or transformation of materials.

Transportation – Lands designated as “Transportation” include existing or planned parking facilities, airports, marine transportation areas, and non-motorized-related transportation areas.

Communications/Utilities – Those areas shown as “Communications/Utilities” denote areas where the generation, processing, and/or transmission of electronic communications or of water, electricity, petroleum, or other transmittable products is occurring currently, or where the disposal, waste processing, and/or recycling of byproducts is occurring.

Governmental/Institutional Facilities – Those areas shown as “Governmental/Institutional Facilities” denote existing or planned expansions of public and private facilities for education, health, or assembly; cemeteries and related facilities; and government facilities used for administration or safety. (Note that public utilities and outdoor recreation areas are categorized separately.)

Parks and Recreation – Land designated for “Parks and Recreation” are appropriate for out-of-doors sport and general recreation facilities, camping or picnicking facilities, nature exhibits, and protected historical and other cultural amenities.

Rural/Agricultural – “Rural/Agricultural” areas cover much of southern and central Door County, where there are currently relatively stable agricultural lands with few non-agricultural uses, as well as most of the cleared areas located within the northern part of the county, which has more limited or discontinued agricultural activities. These areas are not planned for non-agricultural development in the next 15 years, however, lands in this category can, and most likely will, contain residential uses compatible with agriculture. Agricultural and related operations in these areas should be protected by ensuring development is at low density levels.

Woodland/Wetland/Natural – Lands designated as “Woodland/Wetland/Natural” are primarily in a natural state, and include wetlands, woodlands, and public and private conservancy areas. Note that lands in this category can – outside of wetland and conservancy areas – and most likely will, contain very low-density residential uses in upland areas. The character of these regions should be protected by discouraging any development that would adversely impact the environmental quality or natural beauty of these areas. Maintenance of these natural areas should include continued private stewardship and public ownership or, if necessary, acquisition of easements or additional public lands.

FARMLAND PRESERVATION MAPS

Farmland preservation planning law requires maps and text that clearly delineate and describe the rationale for areas that the county plans to preserve for agricultural and agriculture-related uses. These areas may include undeveloped natural resource and open space areas, but may not include any area that is planned for nonagricultural development within 15 years after the date on which the plan is adopted.

For all of the towns except for the Town of Clay Banks, the Planning Department staff created draft farmland preservation plan maps based solely on two land use categories from the future land use maps described previously. (See Maps 9.2 A - C.) The process for creating these maps is described below.

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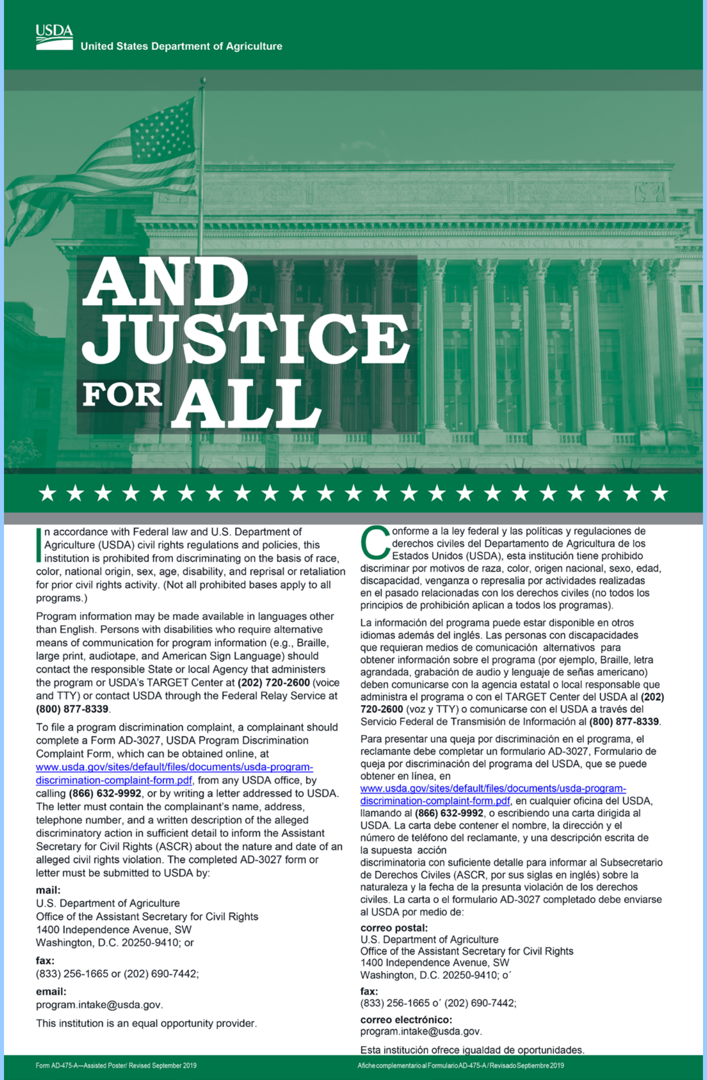

USDA

United States Department of Agriculture

AND JUSTICE FOR ALL

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To file a program discrimination complaint, a complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form, which can be obtained online, at www.usda.gov/sites/default/files/documents/usda-program-discrimination-complaint-form.pdf, from any USDA office, by calling **(866) 632-9992**, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

mail:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or

fax:
(833) 256-1665 or (202) 690-7442;

email:
program.intake@usda.gov.

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Para presentar una queja por discriminación en el programa, el reclamante debe completar un formulario AD-3027, Formulario de queja por discriminación del programa del USDA, que se puede obtener en línea, en www.usda.gov/sites/default/files/documents/usda-program-discrimination-complaint-form.pdf, en cualquier oficina del USDA, llamando al **(866) 632-9992**, o escribiendo una carta dirigida al USDA. La carta debe contener el nombre, la dirección y el número de teléfono del reclamante, y una descripción escrita de la supuesta acción discriminatoria con suficiente detalle para informar al Subsecretario de Derechos Civiles (ASCR, por sus siglas en inglés) sobre la naturaleza y la fecha de la presunta violación de los derechos civiles. La carta o el formulario AD-3027 completado debe enviarse al USDA por medio de:

correo postal:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; o´

fax:
(833) 256-1665 o´ (202) 690-7442;

correo electrónico:
program.intake@usda.gov.

Esta institución ofrece igualdad de oportunidades.

Form AD-475-A—Assisted Poster/ Revised September 2019

Afiche complementario al Formulario AD-475-A / Revisado Septiembre 2019

2023 Critical Conversations in Michigan Tourism: Short Term Rentals

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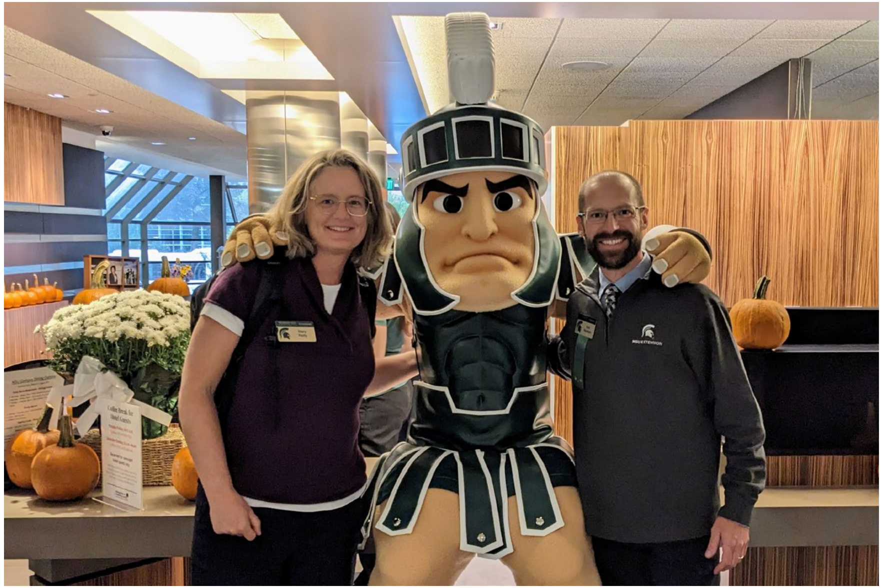

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Critical Conversations in MI Tourism Webinars

What we will cover

1. Status of STRs (international, national, state)
2. Thinking about regulating? FAQs
3. Common regulatory approaches
4. Approaches to STR regulation: Michigan examples
5. Administration and enforcement options
6. STR innovations - yurts, glamping, tree houses, farm hosts, oh my!

POLL

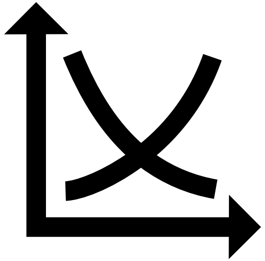
Status of STRs

Intersection of housing issues for tourism destinations

- In rural communities, there may not be the conventional lodging to capture potential local tourist spending.
  - STRs can be good!
- A popular destination with lots of STRs can reduce workforce housing options for purchase and for rent.
  - STRs can be bad!
- **The right balance for your community will likely be very different than the next!**

STR Demand

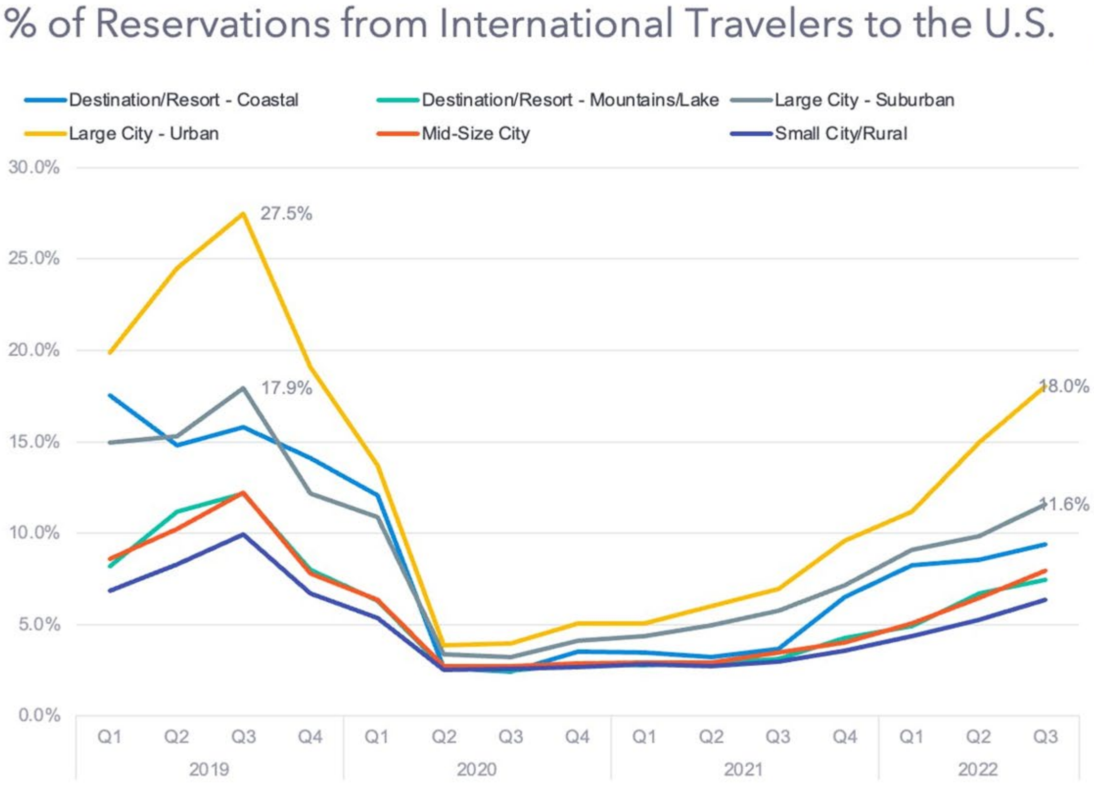
- Demand driven by:
  - Convenience of online platforms, booking and payment systems
  - Flexibility and personalized experiences
  - Unique locations
  - Privacy, cleanliness...

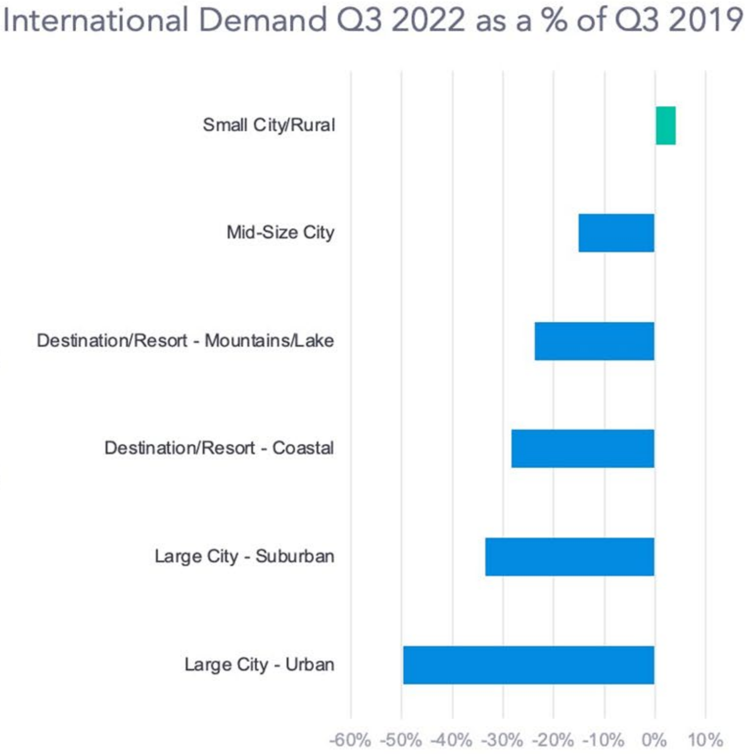


- STR Market currently valued at $100.8 billion (2022)
- By 2030, projected to reach a value of $228.9 billion by 2030
  - Compound Annual Growth Rate of 10.8% (2023-30)

Vantage Market Research, 2023

International Travel to U.S., Staying in STRs, Just 33% of 2019 Levels





Source: AirDNA

AirDNA, US 2023 Short-Term Rental Outlook

STR reservations – national trends

Change since 2019

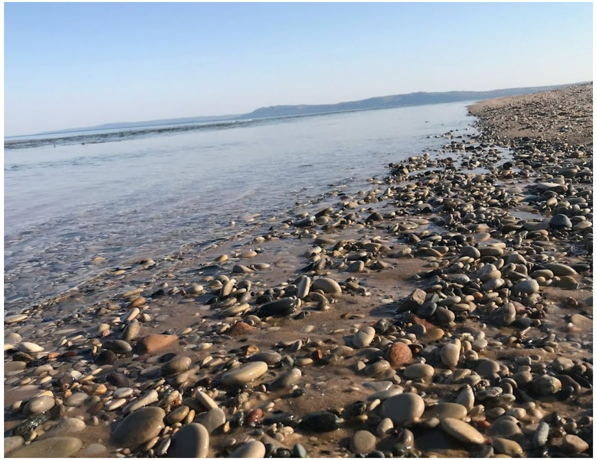
• Small City/Rural	105%
• Large City-Suburban	12%
• Mid-Size City	30%
• Large City-Urban	-26.7%
• Destination Resort	
• Mountains/Lakes	46.7%
• Coastal	15.3%

AirDNA, December 2022

Michigan STR growth in destinations

- 2022–2023 significant growth
- Mostly rural and waterfront (French, 2023)

  - 24% increase – Traverse City and Frankfort
  - 16% increase – Williamsburg (east of T.C.)
  - 7% increase – Charlevoix



STRs in Michigan

- Other communities experiencing (or are now acknowledging) increase in STRs - Cadillac
- With year over year increase in supply, revenue is declining in some areas- Grand Traverse Region (Thompson, 2023)
- Reversal on policy from allowing to banning STRs, meeting vocal (or legal) challenge
    - Park Township, Ottawa County (Watson, 2023)
    - Lake Township, Huron County (Hardy, 2023)

STR effects on housing and rent

- Boston: Researches found a 3% premium in asking rents attributed to STRs at the Census tract. *Horn and Merante (2017)*
- Los Angeles: Effect of STRs on home values in aggregate accounted for a 3.6% price increase. *Koster, Ommeron, and Volkhausen (2021)*
- National study: STR growth accounted for about 1% of home price appreciation ($2.00 growth in monthly rent) between 2015–2018. *Tourism Economics (2019)*

General conclusions: Negative externalities

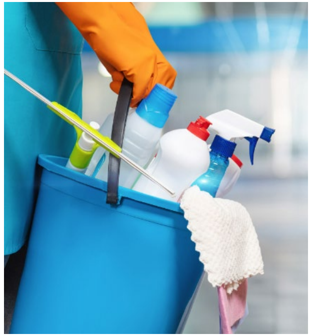
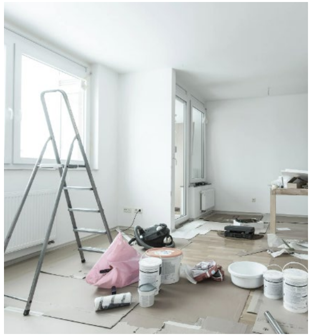
- Effects of STRs are more pronounced in popular tourist areas.

- Higher home prices translate to higher rents where there is substitutability between the STR and long-term rental markets.

- STR housing/rent appreciation most likely to affect up-market assets and renters.

General conclusions: Positive externalities

- There are positive externalities associated with other spending and business development that must be considered as partial offsets to any negative externalities.


The local context: How do you know?

- Assessment from a monitoring/compliance service (may be a fee)
  - www.hostcompliance.com
  - www.lodgingrevs.com
  - Airdna.com (break out by zip code)

- Housing assessment
- Surveys
- Census data
- Tax information (PRE?)
- Elected officials made it a priority
- Community meetings/focus groups
- Other?

MI's Statewide Housing Plan – A Source of Related Data

- As part of the MSHDA's Statewide Housing Plan efforts, massive data books were created for each region
- Compiled data on households, housing affordability, quality, vacancy
- Classified markets and provided suggested housing policies

www.michigan.gov/mshda/developers/statewide-housing-plan

RHP Regional Data Sheets

- Western Upper Peninsula Housing Partnership – A
- Central Upper Peninsula Housing Partnership – B
- Eastern Upper Peninsula Housing Partnership – C
- Northwest Housing Partnership – D
- Northeast Housing Partnership – E
- West Michigan Housing Partnership – F
- East Central Michigan Housing Partnership – G
- East Michigan Housing Partnership – H
- South Central Housing Partnership – I
- Southwest Housing Partnership – J
- Southeast Housing Partnership – K
- Oakland Housing Partnership – L
- Macomb Housing Partnership – M
- Wayne Housing Partnership – N
- Detroit Housing Partnership – O

Statewide Housing Plan - Data

- Alpena:

Housing Quality and Vacancy	Market			Partnership		
	Number	%	% Change	Number	%	% Change
"Other" vacancy	1,233	6.5%	79.7%	4,888	3.0%	-1.6%
Seasonal vacancy	3,178	16.7%	-14.6%	57,286	35.6%	-5.4%
For-Sale vacancy	194	1.0%	-46.7%	1,433	0.9%	-50.9%
For-Rent vacancy	76	0.4%	-66.4%	786	0.5%	-48.8%

- New Buffalo:

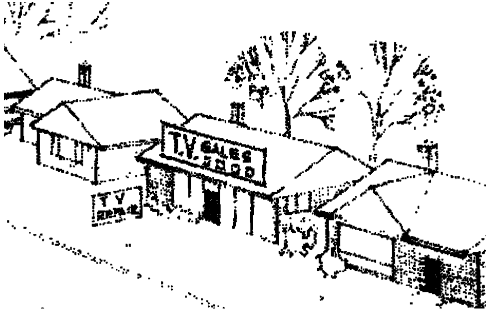
Housing Quality and Vacancy	Market			Partnership		
	Number	%	% Change	Number	%	% Change
"Other" vacancy	295	2.8%	47.5%	14,017	3.9%	-7.0%
Seasonal vacancy	4,285	41.2%	-0.6%	22,596	6.3%	-5.8%
For-Sale vacancy	106	1.0%	-53.9%	2,313	0.6%	-50.0%
For-Rent vacancy	94	0.9%	-51.3%	5,457	1.5%	-13.2%

Thinking about regulating STRs?
Frequently Asked Questions (FAQs)

Are the current STRs nonconforming? (grandfathered)

- Regulating with zoning means **<u>legally established</u>** STRs must be allowed to continue if a regulation is changed
  - As long as it operates in the **same manner** and to the **same extent** as it was when it became nonconforming.

- May not amortize (sunset) nonconformities under zoning
  - *De Mull v. City of Lowell*, 368 Mich. 242 (1962)



- If it was never legal, it is a violation

Nonconformities

- **Court:** prior STR is not nonconforming use (if never permitted)
- A ZAs interpretation is not binding
  - ZA #1"as long as one family is occupying a dwelling at a time, the ordinance permitted the use regardless of length of stay"
  - ZA#2 "one-week rentals are not for residential purposes, and are prohibited in the R1-B zoning district:
- Definitions of “dwelling” and “dwelling unit” central to this case
  - “Because short-term rentals are inherently transitory, by limiting the use to ‘family’ dwelling units, Ordinance 10 plainly prohibited short-term rentals.”

Concerned Prop. Owners of Garfield Twp., Inc. v. Charter Twp. of Garfield, COA, 2018

Zoning vs. Police Power Ordinances

ZONING:
Regulates use of land

POLICE POWER:
Regulates activities
Blight, sound, sidewalks, fireworks, ORV, signs, historic preservation, etc.

★ Counties have very limited police power authority. Townships under county zoning would need to adopt an STR police power ordinance and coordinate with the County for consistency/district terms.

Zoning vs. Police Power Ordinances

Zoning

+ Designate Zone Districts
+ Definitions
+ Signage
+ Overlay zone
+ Levels of intensity- permit type
  - Nonconformities/grandfathering
  - Districts don't align with use
  - Permit revocation is difficult (vested rights)

Police Power/Regulatory

+ **No nonconformities (grandfathering)**
+ Everyone "starts new"
+ How many units, duration of license
+ Refer to location on a map (zoning district or other)
+ 1, 2 or 3-year fees/license
+ License can be revoked or temporarily suspended
+ Additional performance requirements (local contact, garbage, septic, "good neighbor" info.)
  - County cannot adopt

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In your opinion, which is most problematic for a community that has not addressed STRs?...

1. "STRs are prohibited"
   [and we enforce it]

2. "STRs are prohibited"
   [but we don't enforce this regulation]

3. "it's not addressed in the zoning ordinance, so if you start an STR, we won't enforce against it"

4. "We don't regulate forms of ownership (owner or renter occupied)... if the STR is occupied by a single family, we will treat it like a single-family dwelling."

In your opinion, which is most problematic?...

1. "STRs are prohibited" [and we enforce]

2. "STRs are prohibited" [but we don't enforce]

3. "it's not allowed by the zoning ordinance, so if you start an STR, we won't enforce against it"

4. "We don't regulate forms of ownership (owner or renter occupied)... if the STR is occupied by a single family, we will treat it like a single-family dwelling."

- At this stage, purposeful exclusion of STRs in the presence of a *locally demonstrated need* may pose issues (MCL 125.3207).

- Consistent enforcement is the goal; if STRs are prohibited, yet there are dozens of STRs, might it be time to regulate? Failure to enforce does not mean an illegal use is allowed...

- Statements by **any** government official assuring non-enforcement increases legal risk.

- Caution to ZAs making statements like these. Only the ZBA should make significant interpretations (with a legal opinion). How does the ordinance define single family dwelling?

...contact your municipal attorney.

Currently allowed in zoning?

- If a use is <u>not</u> listed as a permitted or special land use in the zoning district, the use is not allowed.

- Most ordinances are written in a permissive manner:
  - "A permissive format states the permissive uses under the classification [zoning district], and necessarily implies the exclusion of any other non-listed use." (*Independence Twp. v Skibowski*, 136 Mich App 178 (1984)).

After ordinance amendment: No vested right

- Defendants sought to stop the township from enforcing amendments to the zoning ordinance to allow STR as conditional use.
- Claimed they had a vested right to continue their STR under the old ordinance (*which did not allow STRs*)
- Appeals Court held property owners had *no vested right*; Twp. had the right to change zoning (and had updated the plan prior to doing so).

Mirabella v. Twp. of Autrain, et al., 2015

"Simply put, an illegal non-conforming use cannot ripen into a legally conforming use on its own imagination or by the unilateral determination of a zoning administrator. . ."

Alger County Circuit Court Opinion, *Verhame et al v AuTrain Twp Zoning Bd of Appeals*, 09-4948-AR

Other court distinctions- centering on definitions

***People v. Dorr,* (COA, 2020)**

- STRs are not classified as a home business with "paying guests".

Reaume v. Twp of Spring Lake (MSC, 2020)

- Definitions of single-family dwelling excludes temporary occupancy—because family is defined to exclude "transitory or seasonal" relationships.
- The ordinance excluded the plaintiff's property as a dwelling, because the property met the definition of a motel (and classified as such for the violation).
- "We must follow the definition provided in the ordinance."

Condos, homeowner associations, deed restrictions

- May restrict or prohibit STRs, exceeding local regulation.
- STR is inconsistent with single-family private residences.
- Renting for short-term use is a commercial use, even if the activity is residential in nature.
  - ***Apache Hills Prop. Owners Ass'n v. Sears Nichols Cottages, LLC,*** 2022
  - ***Cherry Home Ass'n v. Baker***, 2021
  - ***Aldrich v. Sugar Springs Prop. Owners Ass'n***, 2023
  - ***Eager v. Peasley***, 2017

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Let's pause to summarize...

Prior STR is not a nonconforming use if never permitted.

STRs are not residential; not home-based businesses

STR regulations often include both zoning a nd police power ordinances

HOAs may restrict or prohibit STRs, exceeding local regulation

Common regulatory approaches

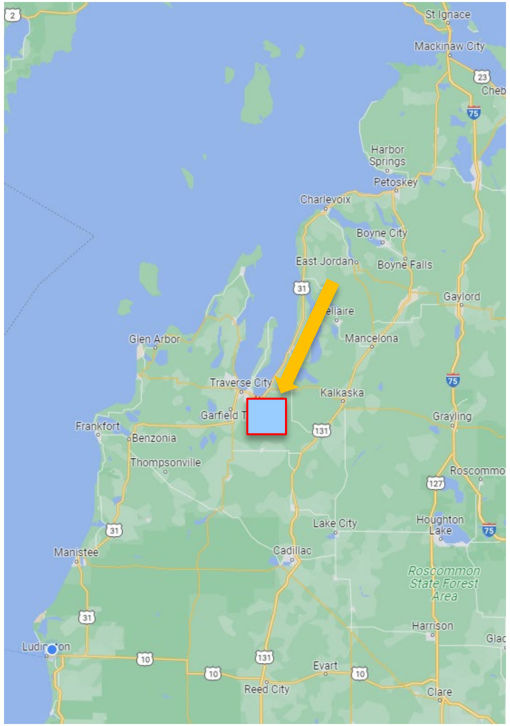
Develop clear intent and objectives for regulation

- Intent should speak to the biggest STR issues as determined by the community:
  - e.g. protect single-family homeowners
  - Decrease concentration of STRs in certain areas
  - Encourage STRs in other areas (downtown/mixed use)
  - Other?

- By listing objectives that are health, safety, and welfare oriented, if challenged, the court does not have to speculate

East Bay Charter Twp- assess current data to substantiate revised regulation

- Rent cost (STR v. long term rental) & associated owner gross revenue
- Current Listings (# of STRs, # long term rentals)
- Price to rent ratio (average cost to own v. monthly rent)
- Housing tenure
- Growth rate
- # of owners vs. investors of STRs
- Concentrated areas (mapping)
- Violations and complaints



Regulatory options

Regulation	Purpose
Set maximum number	STRs are interfering with housing market: increasing housing prices, decreasing ability for permanent residents to find housing
Set minimum distance between rentals	Neighborhoods within high asset areas (waterfront, near beach, near attractive downtown) can become overburdened or saturated with STRs
Limit length of stay	One or two night turn over can be a burden to neighbors. One week stay is aligned with more traditional cabin rental in historically tourist areas (East Bay Twp.)

Regulatory options

Regulatory Ordinance	Purpose
Limit occupancy - often based on septic capacity or building official (if sewer)	Establishes maximum capacity for the unit, dissuades gatherings, tenting. Preserves septic system often in conjunction with Public Health.
Establish a local contact within X minutes to respond to complaints	A local contact must be established for nights and weekends to promptly deal with complaints.
Limit the number of licenses per parcel	If there are two residences (duplex or ADU) on parcel, only one of the units can be used as STR. Encourages permanent occupancy on site.

Regulatory Options

Regulatory Ordinance	Purpose
Limit the number of nights per year	Balances the use of the property with long-term rental and short-term rental or permanent occupancy part of the year.
Limit permits per applicant	Does not allow a single company, individual, LLC to purchase multiple STRs in the area. "Share the pie“
Type of structure (glamping, condo, apt. multi-unit, RV, single room occupancy)	STRs can come in many forms including backyard RVs and canvas tents (glamping). Restrictions on certain forms (if any) should be included in the regulatory ordinance.

Regulatory options

Zoning Ordinance	Purpose
Restrict to certain zoning districts (Zoning)	Can limit STRs to certain zoning districts, or designate different levels of STRs within zoning districts
Different classification of STRs	Commercial/downtown: fewer restrictions Residential areas: increased restrictions such as 7 night minimum, separation distances.
STR Overlay Zone (Grand Haven Charter Township)	Designates specific areas where STRs are permitted, STR licensing not eligible outside of overlay.

Specifically define STR to your intent

Are you allowing just one, or several:

1. **Hosted sharing** - primary occupants of a residence remain on-site with guests;
2. **Unhosted sharing** - primary occupants vacate the unit while it is rented to short-term guests;
3. **Dedicated vacation rentals** - no primary occupants

Exceptions to an STR in zoning

- Bed and Breakfast
- Hotel/Motel
- Adult Foster Care Homes
- Nursing Homes
- Substance Abuse- Rehab Facilities
- Dwellings that have been rented yearly since the date the ordinance took effect (i.e. 1972)

Approaches to STR regulations: Michigan examples

CHAT

Discussion – No action yet? Why?

- STRs are infrequent and not an identified problem
  - STRs rented for a short period (such as two weeks/year).
- There are no concentrated STR areas
- No one is complaining...
- No or low visitor pressure
- Lack of housing/rental supply or increase housing cost not attributed to STRs
- Politics

STRs in Michigan

Considering or studying STR regulation

- Enforcement costs
- Legal considerations
- Administration, licensing
- Scoping the issue

Some early adopters 2012-2020 completed 2nd or 3d amendments

- East Bay Charter Township
- Long Lake Township
- City of Ludington
- City of South Haven
- ...and more!

A few: reversal on policy from allowing to banning STRs (with challenges, petitions, etc.)

- Park Township, Ottawa County (Watson, 2023)
- Lake Township, Huron County (Hardy, 2023)

East Bay Charter Township (Grand Traverse County) 2019 STR regulation, updated 2022-2023

Goal: preserve historic rentals while preserving the integrity of established neighborhoods and long term rentals in the Township.

Issues: concentration of STRs (near water), parking, noise, increase in home prices, high investor interest, frustration with enforcement (issues surfaced, but not quite a violation)

East Bay Charter Township (STR update)

- Cap licenses at 145 (2.5% of housing stock)
- *Reduce current amount of STRs through attrition*
- No new licenses issued until they fall below 145
- License transfer limited to *immediate family only*

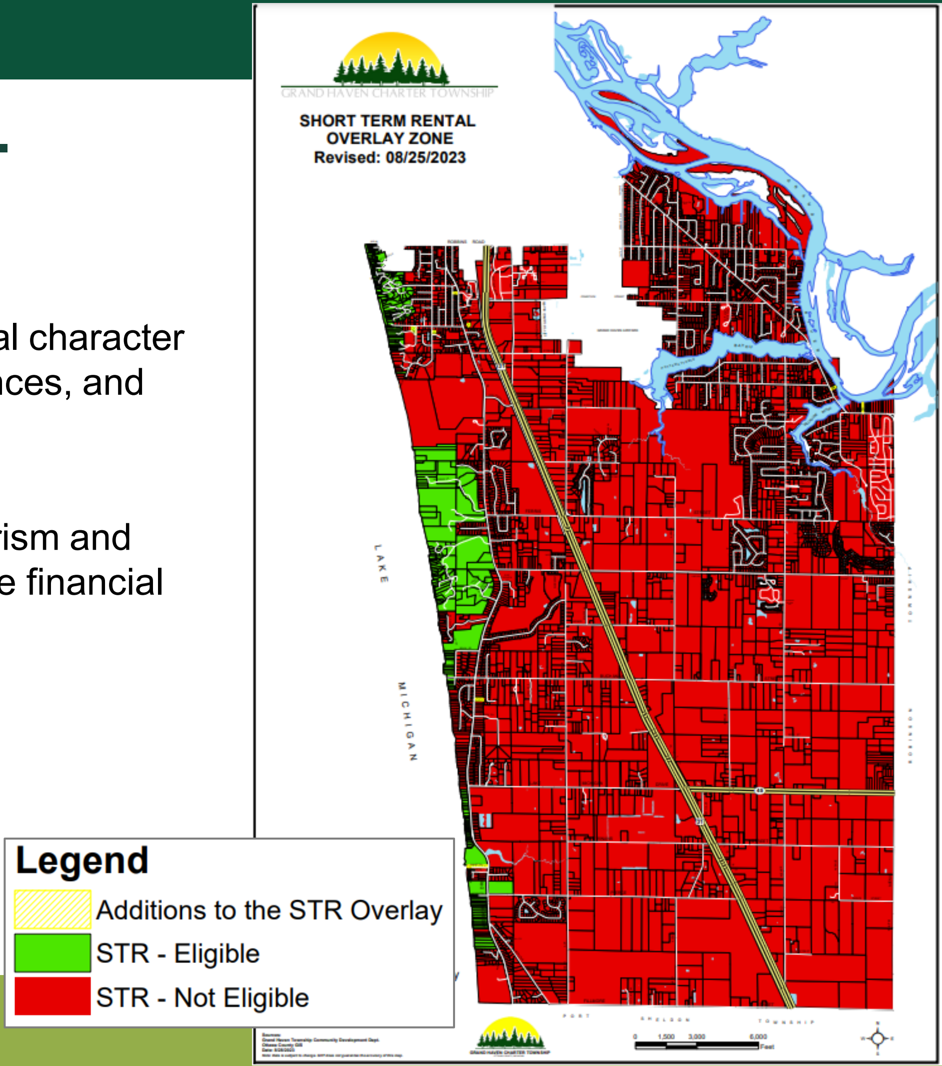
- 1,000 foot separation distance
- Can only turn over once every 7-days (similar to historical rentals, reduces externalities to neighbors)
- Limit # of visitors and hours of visitation
- Require septic inspection once every 3 years
- Designate a local agent

Grand Haven Charter Township- Overlay Zone

...the Township is committed to preserving the residential character of Township neighborhoods, minimizing potential nuisances, and maintaining...small town character.

...Township also recognizes the potential benefits of tourism and additional lodging opportunities for visitors, as well as the financial benefit that STRs can bring to property owners...

… Therefore, the Township wishes to achieve a balance between these considerations by providing that STRs are permitted by right in the STR Overlay Zone...



Adopted, January 9, 2023

City of South Haven (corrected slide)

2016

- Adopted STR ordinance based on a 1:4 ratio
- STRs allowed in all residential districts, with limits on the number of occupants, among other standards
- Registration, inspection, required

2019-2021

- 612 registered short-term units
- Exceptions for certain apartments with subsidized rents, other apartments PUDs, etc. removed from 1:4 ratio.
- Limiting the total number of Business STRs

Current

- *Business STR:* Cap at 497
- *Personal STR:* uncapped (households rented out for less than 28 days/year (weekly rental)).
- Closely monitored system/multi-tiered licensure.
- GIS used for concentration analysis
- **Adding 24/7 hotline hosted by Host Compliance**

South Haven's 1:4 ratio "Annual Snapshot"

Short Term Rental Statistics	
Total Housing Units from 2020 U.S. Census	3,560
New Housing Units Built (since 1/1/2020)	111
Housing Units Demolished (since 1/1/2020)	-10
PUD Units Excluded From 1 to 4 Ratio	-101
Attached Condo Units Excluded From 1 to 4 Ratio	-619
Exclude Housing Commission Single Family Homes	-42
Exclude Apartment Complexes (with 12 or more units)	-416
Number of Housing Units for 1 to 4 Ratio	2,483
Number of Non-Exempt Business Short Term Rentals that would be allowed (20% of 2,483)	497
Number of Non-Exempt Business Short Term Rentals as of 1/4/2023	449
Number of Non-Exempt Business Short Term Rental Certificates that are still available as of 1/4/2023.	**48**

City of St. Ignace

Category 1:
Owner occupied, including B & B, where rooms are rented; 2 or more dwelling units on parcel (duplex, triplex, etc.) where separate dwelling unit exists on the same parcel.

Category 2:
Not the property owner's principal residence.

- Limit of 50 in residential zones (max 3 permits/person)
- Allowed in commercial zones (without cap)
- Those operating prior, where not the primary residence, deemed illegal

Example - New Buffalo

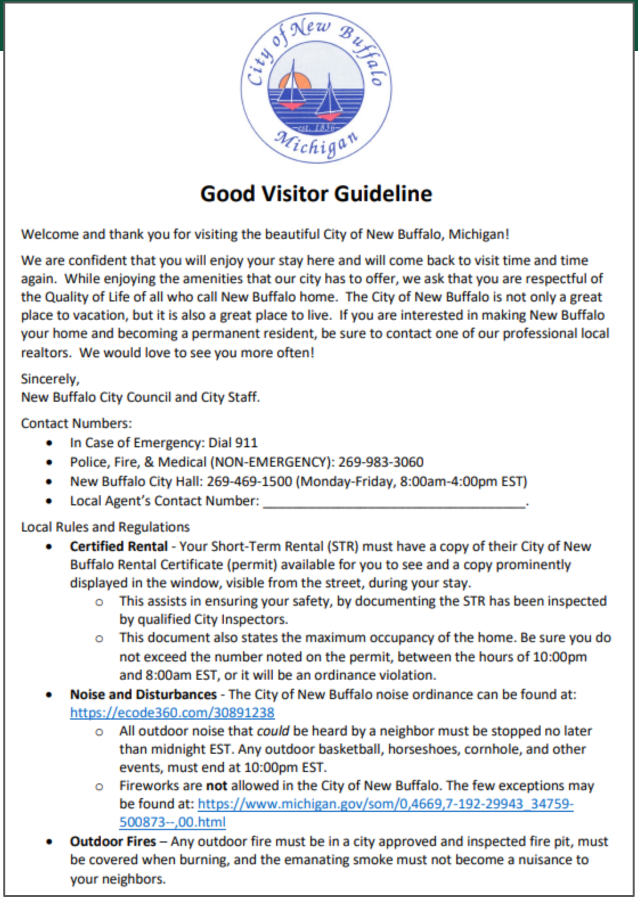
- Purpose: City recognizes that one of its largest industries is tourism; a major part of the industry is the short-term rental marketplace.
- Noteworthy provisions:
  - STR does not include: transitional housing or employer housing
  - Max # of occupants in a dwelling unit during a short-term rental shall not exceed the lesser of 14 total occupants; 2 occupants per bedroom plus 2 additional occupants per finished story
  - Nonconforming STRs allowed to continue
    - Rules allow for transfer of ownership, modifications to structure, and demolition
    - Nonconformity is abandoned if not rented for one STR term; or permit expires and not renewed for 12 months.

https://ecode360.com/30891224

Example - New Buffalo

Good Visitor Guideline Materials - Materials prepared by the City's Zoning Administrator that include:

1. A summary of the City's noise ordinance, fireworks ordinance, trash disposal ordinances.
2. Rental property is in a residential neighborhood, neighbors may not be vacationing.
3. Neighboring property owners may contact the local agent and local police to report any issues relating to the property.



City of New Buffalo, Michigan, est. 1836

Good Visitor Guideline

Welcome and thank you for visiting the beautiful City of New Buffalo, Michigan!

We are confident that you will enjoy your stay here and will come back to visit time and time again. While enjoying the amenities that our city has to offer, we ask that you are respectful of the Quality of Life of all who call New Buffalo home. The City of New Buffalo is not only a great place to vacation, but it is also a great place to live. If you are interested in making New Buffalo your home and becoming a permanent resident, be sure to contact one of our professional local realtors. We would love to see you more often!

Sincerely,
New Buffalo City Council and City Staff.

Contact Numbers:

- In Case of Emergency: Dial 911
- Police, Fire, & Medical (NON-EMERGENCY): 269-983-3060
- New Buffalo City Hall: 269-469-1500 (Monday-Friday, 8:00am-4:00pm EST)
- Local Agent's Contact Number: ______________________.

Local Rules and Regulations

- **Certified Rental** - Your Short-Term Rental (STR) must have a copy of their City of New Buffalo Rental Certificate (permit) available for you to see and a copy prominently displayed in the window, visible from the street, during your stay.
  - This assists in ensuring your safety, by documenting the STR has been inspected by qualified City Inspectors.
  - This document also states the maximum occupancy of the home. Be sure you do not exceed the number noted on the permit, between the hours of 10:00pm and 8:00am EST, or it will be an ordinance violation.
- **Noise and Disturbances** - The City of New Buffalo noise ordinance can be found at: https://ecode360.com/30891238
  - All outdoor noise that *could* be heard by a neighbor must be stopped no later than midnight EST. Any outdoor basketball, horseshoes, cornhole, and other events, must end at 10:00pm EST.
  - Fireworks are **not** allowed in the City of New Buffalo. The few exceptions may be found at: https://www.michigan.gov/som/0,4669,7-192-29943_34759-500873--,00.html
- **Outdoor Fires** – Any outdoor fire must be in a city approved and inspected fire pit, must be covered when burning, and the emanating smoke must not become a nuisance to your neighbors.

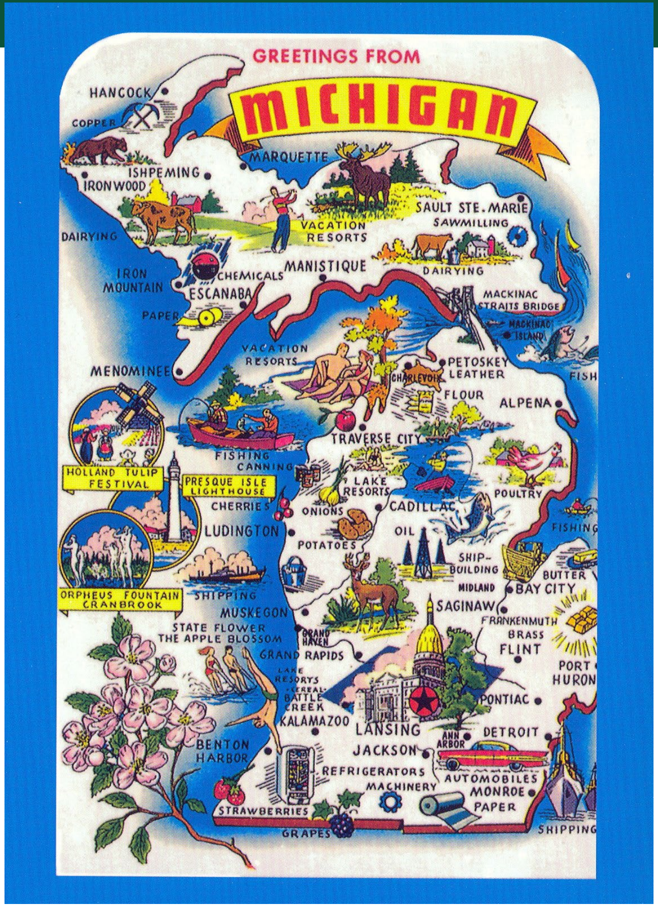
Example – City of Marquette

Example – City of St. Joseph

Use Classes	e.g. Uses Permitted	Permitted Districts
Lodging/Accommodations A facility offering transient lodging accommodations to the general public and possibly providing additional services, such as Restaurants, meeting rooms, entertainment, and recreational facilities as Accessory Uses. Includes Short-term Rental establishments.	a. Hotels, motels, auto courts, lodges, residence inns, and other resident lodging facilities. b. Bed and Breakfast establishments. c. Short-term Rental establishments. d. Special Event Rentals (Temporary Use)	a. "P" in C, D "PUD" in W b. "S" in R3 "PUD" in W c. "C" in W "C" in R3 (if not adjacent to residential District or Use) "S" in R3 (if adjacent to residential District or Use) d. "P" in all zoning Districts; Temporary Use (see requirements of Chapter 8 of the St. Joseph Code of Ordinances)

"P" = Permitted Use; "C"= Conditional based on additional nondiscretionary standards; "S" = Special Use w/ PC review

Please share – What other example MI communities do you know?



Administration and enforcement options

Enforcement

- Add to existing full or part-time staff job duties
  - Code enforcement officer
  - Zoning administrator
  - Building inspector, Rental inspections (safety inspections)
  - Police (complaint response)
  - Clerk's office (licensing)

Structure fees to cover cost of enforcement, licensing, software

- Hire new staff (part time/seasonal/full time depending on scale)
- STR compliance software (monitor, track, contact)
  - Hamari.com; Granicus.com (Host Compliance); GovOS.com; others

License and Fees

- License fee:
  - administration
  - enforcement
  - 1, 2, or 3 year licenses
  - May include first inspection
- Inspection fee
  - 1, 2 or 3 year intervals
  - Smoke detectors, fire extinguisher, carbon monoxide, (other safety)

Community	LICENSE FEE	Inspection	Re-inspect
South Haven *Business use*	$600 annual		$100
Personal use	$125 (2-year)		$100
Ludington	$1500 (3-year)	$100 per unit	
East Bay Charter Twp	$400 annual		
New Buffalo	$500 (3-year)		
Suttons Bay	$500 (3-year)		
St. Ignace Category 1	$250 annual		
Category 2	$350 annual		

STR innovations- glamping, yurts, airstreams, tree houses, tents, farms, wineries, single room occupancy (SRO)...

STR or bring your own tent/RV

4 sites on 10 acres, $80/night

Canvas Tent/Glamping $107/night

City Glamping $105/night

"Secluded Hidden Gem" $100/night

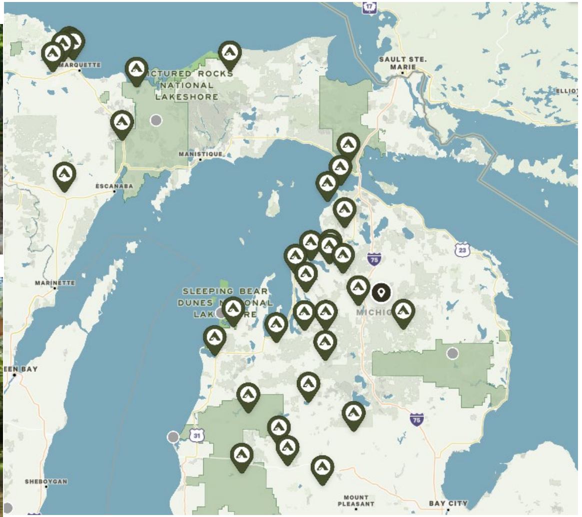
The hive in Luther, MI

Credit: TV 9 and 10

HIPCAMP

Short term rental- land

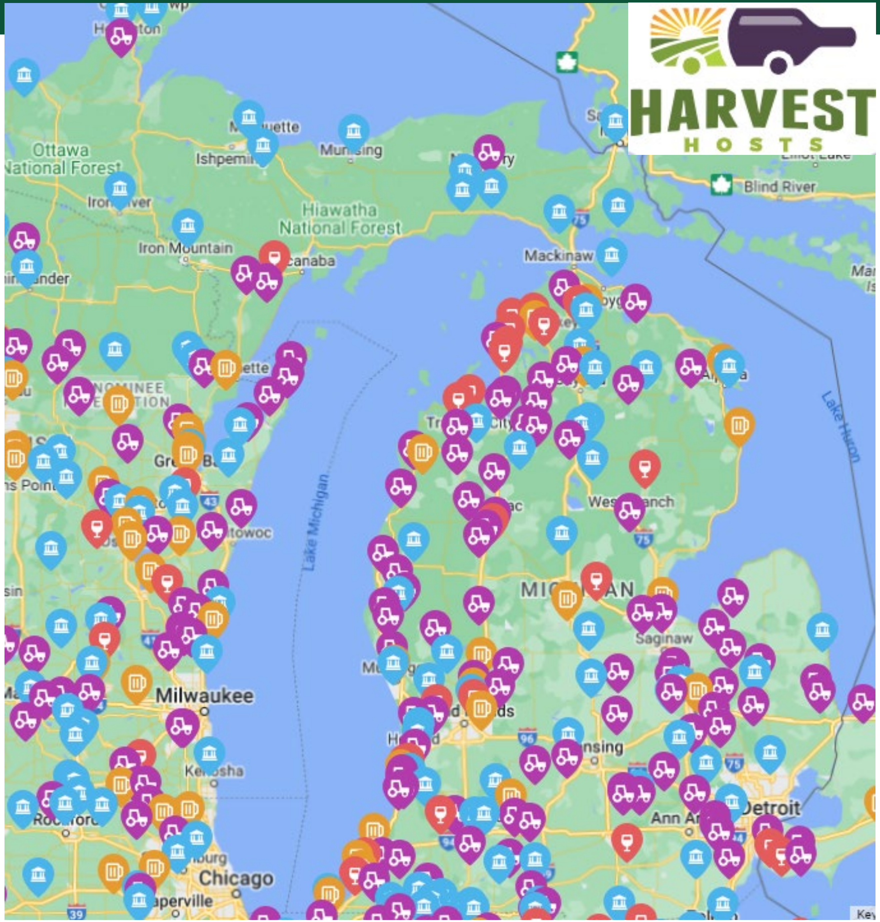
- Hip Camp
  - Tent, lodging, RV specified
  - Host's RV or yours
  - Tiny homes/small lodging
  - Minimal or no infrastructure
  - $20 to $75/night
  - Hip Camp app or hipcamp.com



Locations in MI

Harvest Hosts

- RV camping membership
- Overnight camping at farms, wineries, breweries, attractions, and more!
  - $99 classic/year
  - $169/year *boondockers* welcome
  - $179/year all access (includes golf courses, dump stations, data layers/cell coverage)



www.harvesthosts.com

STR innovations

- Anticipate *different* permanent or temporary structures
- Temporary use of land only
- Where?
- When? (seasonality)
- Concentration
- Value added options for agri-tourism
- Unique visitor experience

Photo credits: harvesthosts.com

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Cases

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- ***Mirabella v. Twp. of Autrain***, et al., Mich App 2015 Mich. App. LEXIS 1158 (Court of Appeals of Michigan June 9, 2015, Decided)
- ***Reaume v. Twp. of Spring Lake***, 505 Mich. 1108, 943 N.W.2d 394, 2020 Mich. LEXIS 1042, 2020 WL 3033308 (Supreme Court of Michigan June 5, 2020, Decided)
- ***People v. Dorr,*** 2020 Mich. App. LEXIS 7316, 2020 WL 6374724 (Court of Appeals of Michigan October 29, 2020, Decided).
- ***Apache Hills Prop. Owners Ass'n v. Sears Nichols Cottages, LLC,*** 2022 Mich. App. LEXIS 7206, 2022 WL 17878015 (Court of Appeals of Michigan December 22, 2022, Decided).
- ***Cherry Home Ass'n v. Baker***, 2021 Mich. App. LEXIS 6004, 2021 WL 4932059 (Court of Appeals of Michigan October 21, 2021, Decided)
- ***Aldrich v. Sugar Springs Prop. Owners Ass'n***, 2023 Mich. App. LEXIS 273 (Court of Appeals of Michigan January 12, 2023, Decided).
- ***Eager v. Peasley***, 322 Mich. App. 174, 911 N.W.2d 470, 2017 Mich. App. LEXIS 1956, 2017 WL 5907310 (Court of Appeals of Michigan November 30, 2017, Decided).

Session Evaluation

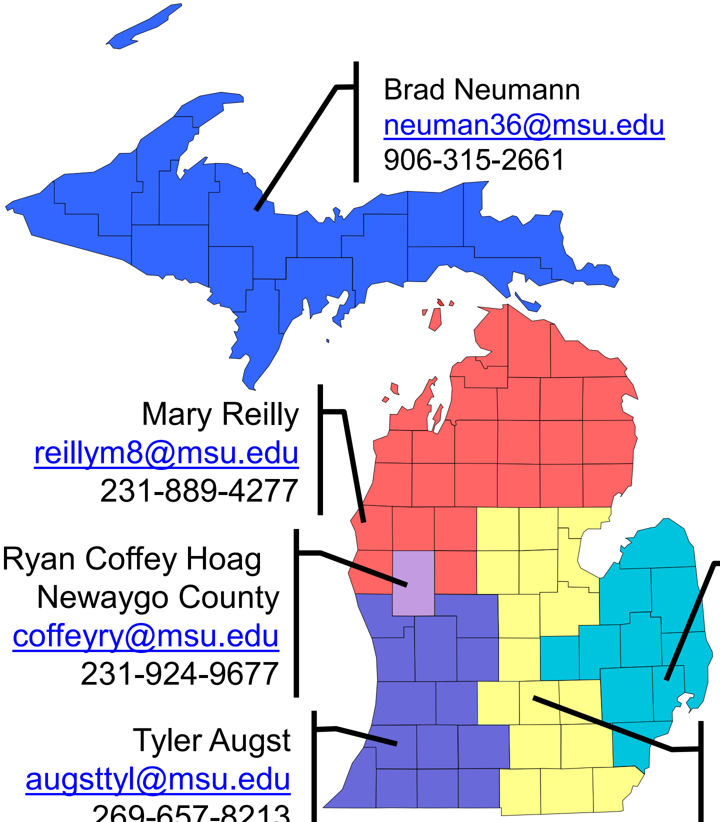
Please take a few moments to share your thoughts:

https://bit.ly/45DulsQ

Numbers are highlighted green, and **letters** are in blue text.

Land Use Educators

Contact the MSU Extension land use educator closest to you with your planning and zoning questions.



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Ryan Coffey Hoag
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coffeyry@msu.edu
231-924-9677

Tyler Augst
augsttyl@msu.edu
269-657-8213

Vacant
Contact another member of the team

Harmony Gmazel
gmazelh@msu.edu
517-763-3591

Thank you!

Questions?

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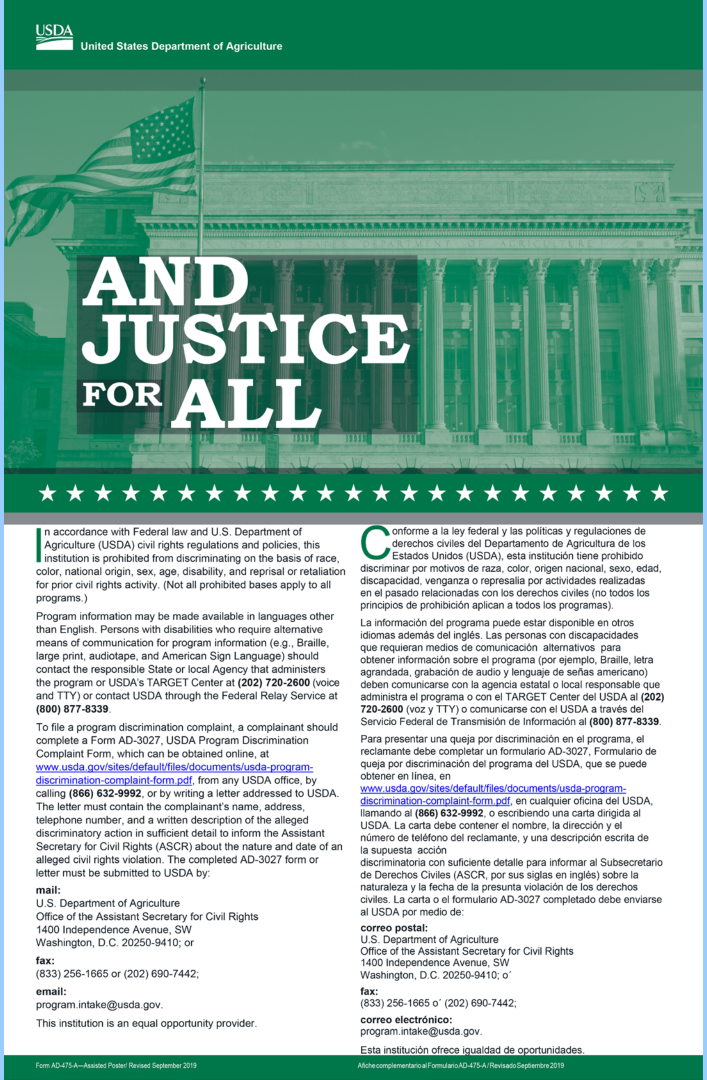

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mail:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or

fax:
(833) 256-1665 or (202) 690-7442;

email:
program.intake@usda.gov.

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correo postal:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; o´

fax:
(833) 256-1665 o´ (202) 690-7442;

correo electrónico:
program.intake@usda.gov.

Esta institución ofrece igualdad de oportunidades.

Form AD-475-A—Assisted Poster/ Revised September 2019

Afiche complementario al Formulario AD-475-A / Revisado Septiembre 2019

CHAPTER 66
GENERAL MUNICIPALITY LAW
SUBCHAPTER X
PLANNING, HOUSING AND TRANSPORTATION

66.1014 Limits on residential dwelling rental prohibited.

(1) In this section:

(a) "Political subdivision" means any city, village, town, or county.

(b) "Residential dwelling" means any building, structure, or part of the building or structure, that is used or intended to be used as a home, residence, or sleeping place by one person or by 2 or more persons maintaining a common household, to the exclusion of all others.

(2)

(a) Subject par. (d), a political subdivision may not enact or enforce an ordinance that prohibits the rental of a residential dwelling for 7 consecutive days or longer.

(b) If a political subdivision has in effect on September 23, 2017, an ordinance that is inconsistent with par. (a) or (d), the ordinance does not apply and may not be enforced.

(c) Nothing in this subsection limits the authority of a political subdivision to enact an ordinance regulating the rental of a residential dwelling in a manner that is not inconsistent with the provisions of pars. (a) and (d).

(d)

1. If a residential dwelling is rented for periods of more than 6 but fewer than 29 consecutive days, a political subdivision may limit the total number of days within any consecutive 365-day period that the dwelling may be rented to no fewer than 180 days. The political subdivision may not specify the period of time during which the residential dwelling may be rented, but the political subdivision may require that the maximum number of allowable rental days within a 365-day period must run consecutively. A person who rents the person's residential dwelling shall notify the clerk of the political subdivision in writing when the first rental within a 365-day period begins.

2. Any person who maintains, manages, or operates a short-term rental, as defined in s. 66.0615 (1) (dk), for more than 10 nights each year, shall do all of the following:

a. Obtain from the department of agriculture, trade and consumer protection a license as a tourist rooming house, as defined in s. 97.01 (15k).

b. Obtain from a political subdivision a license for conducting such activities, if a political subdivision enacts an ordinance requiring such a person to obtain a license.

History: 2017 a. 59.

CHAPTER 66
GENERAL MUNICIPALITY LAW
SUBCHAPTER X
PLANNING, HOUSING AND TRANSPORTATION

66.0615 Room tax; forfeitures.

(1) In this section:

(dk) "Short-term rental" means a residential dwelling that is offered for rent for a fee and for fewer than 29 consecutive days.

CHAPTER 97
FOOD, LODGING, AND RECREATION
SUBCHAPTER I
DEFINITIONS

97.01 Definitions. In this chapter, unless inconsistent with context:

(1g) "Bed and breakfast establishment" means any place of lodging that satisfies all of the following:

(a) Provides 8 or fewer rooms for rent to no more than a total of 20 tourists or transients.

(b) Provides no meals other than breakfast and provides the breakfast only to renters of the place.

(c) Is the owner's personal residence.

(d) Is occupied by the owner at the time of rental.

(e) Was originally built and occupied as a single-family residence, or, prior to use as a place of lodging, was converted to use and occupied as a single-family residence.

(4) "Department" means the department of agriculture, trade and consumer protection.

(7) "Hotel" means all places wherein sleeping accommodations are offered for pay to transients, in 5 or more rooms, and all places used in connection therewith. "Hotelkeeper", "motelkeeper" and "innkeeper" are synonymous and "inn", "motel" and "hotel" are synonymous.

(13r) "Public health and safety" means the highest degree of protection against infection, contagion or disease and freedom from the danger of fire or accident that can be reasonably maintained in the operation of a hotel, tourist rooming house, bed and breakfast establishment, vending machine or vending machine commissary.

(15f) "Tourist or transient" means a person who travels from place to place away from his or her permanent residence for vacation, pleasure, recreation, culture, business or employment.

(15k) "Tourist rooming house" means any lodging place or tourist cabin or cottage where sleeping accommodations are offered for pay to tourists or transients. "Tourist rooming house" does not include:

(a) A private boarding or rooming house, ordinarily conducted as such, not accommodating tourists or transients.

(b) A hotel.

(c) Bed and breakfast establishments.

History: 1975 c. 94 s. 91 (10); 1975 c. 308; 1977 c. 29 s. 1650m (4); 1977 c. 106 s. 15; 1983 a. 189, 261; 1987 a. 276; 1995 a. 225; 2013 a. 374; 2015 a. 55 ss. 2643, 4065, 4067 to 4077; 2015 a. 242; 2017 a. 225.

A Housing Market
Analysis of

Beaver Island

September 15, 2023

Prepared for:

Beaver Island Community Development Corporation/Northern Homes CDC
P.O. Box 86
Boyne City, MI 49712

Prepared by:

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St. Johns, MI 48879
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I. INTRODUCTION

Community Research Services, LLC (CRS) has been commissioned by The Beaver Island Community Development Corporation and Northern Homes CDC, with funding from the Charlevoix County Community Foundation, to investigate the market conditions present for both affordable and market rate housing options for the permanent population that may wish to reside on Beaver Island. Located off the Lake Michigan coast near Charlevoix, Beaver Island is the largest freshwater island within the Great Lakes, and has a unique history regarding settlers and commercial development during the 1800s, including Mormon sects and Irish settlers that have influenced the island's development to this day. The island's population swells during the summer months, with vacationers, visitors, and part-time residents. During the winter season, population totals are notably lower, with subsequent reductions in economic activity.

CRS has been tasked to investigate the viability of various housing options, based on the current and projected market conditions, identified target market segments, and the status of prevailing and projected economic conditions. While the market conditions are measured for those that reside on Beaver Island, assumptions will also be made regarding the likely participation of households outside of the Island, found within adjacent sections of northwest lower Michigan.

No assumptions or analysis will be made regarding the separate market viability of part-time workforce housing, high-priced luxury homes (rental or owner), nor the potential for 2nd homes/vacation residences. Comments and market criteria for these segments will be included, when necessary, as part of an examination of overall housing market conditions.

A discussion of the likely target market segments that match the product types under examination will be included, using standard demographic/economic data. This review will include the relative size and strength of each target market segment, individual characteristics of each target market, and the potential contribution of each segment.

A survey regarding the potential interest in housing options on the Island was also included within this analysis. A summary of findings regarding potential housing interest by both island residents and those that expressed an interest in housing will be included as part of the summary of findings and recommendations.

The primary purpose of the following market analysis is to provide sufficient evidence that market depth and demand may or may not exist for potential housing development. No assumptions regarding site location, sponsorship, or financing options will be made, unless specifically stated within the analysis.

II. EXECUTIVE SUMMARY

The following overview highlights the major findings and conclusions reached from information collected through demographic analysis, economic observations, and primary research of the community:

- The analysis utilizes Beaver Island as the primary market area, with no direct participation from secondary market sources from Charlevoix County. Data is also presented for St. James CDP, an unincorporated section/community located in the northern tip of Beaver Island.
- Three primary target markets were examined for this analysis, including:
  - Affordable rental housing – for singles, couples, or small families of all ages, with incomes up to approximately $45,000 (depending on family size), typically with low to moderate educational attainment, generally employed either part-time or full time within unskilled or entry-level positions within the services or hospitality sectors;
  - Workforce housing (owner and renter) – for singles, couples, or small families of all ages, with incomes up to $60,000, with some degree of specialized training or educational attainment, employed within services or other moderate-wage sectors, or provide services in demand within the community.
  - Market rate housing (owner and renter) – for singles, couples, or small families of all ages, with incomes beginning at $40,000 and higher, with a strong level of educational attainment, specialized training, managerial experience, or professional occupation. May also include young seniors/retirees that are able to live independently.
- Positive factors include the following:
  - Demographic trends reflect an aging population with anticipated declines among most age cohorts. By 2028, the Island's population will total 599 persons, based on ESRI forecasts. This is a slight decline from the current year estimate. The forecast also indicates that seniors will represent the only age cohort to increase over the coming five years, mostly due to aging in place.
  - Employment trends across the community reflect the permanent population, and clearly demonstrate a local economy based in local construction jobs, service positions, followed by sales and transportation occupations. Virtually no production-oriented occupations are present on the Island.
  - Placemaking considerations are favorable, as the community's status and reputation as a seasonal destination point and retirement alternative is positive.
- Impediments and other problematic considerations include:
  - Excessive pricing for most housing options, due to the prevalence of vacation/2nd homes, a limited number of rental housing options, and a significant slowdown in

the number of residential homes constructed over the prior decade. Some of these factors are also found in other Northwest Lower Michigan communities, but the unique circumstances found on the Island present difficult barriers to residential development. These barriers are both economic and geographic in nature, and have led to a unique lack of diversity across the Island in terms of housing options.

- Development costs are somewhat prohibitive, reflecting a range of conditions that make affordable housing more difficult. These include environmental concerns, available utilities, shipping costs for materials, and prevailing price points that are prohibitive for most moderate-income households. The ability to reduce the cost of development is critical to the ability of a community to provide affordable housing.
- A majority of the housing units on Beaver Island are seasonal, and represent a combination of vacation homes, 2nd homes, and hunting/recreational cottages. Just 30 percent of all housing units on Beaver Island are occupied by permanent residents. Current home sales data also points to this imbalance, with most homes for sale at this time either representative of substandard, single-bedroom structures or high-end vacation homes located on attractive lots with shoreline views.

- Primary findings for this analysis include:
  - The size of Beaver Island makes even the smallest introduction of housing units into the community impactful. The introduction of any units would ideally alleviate to some degree the unmet demand potential across the community.
  - Affordability is perhaps not as great a concern regarding housing needs as availability. While pricing is clearly important, the simple lack of any choices for moderate-income residents of the community is the most striking issue. Simple supply and demand considerations will lead to pricing levels that are not reasonable for most residents.
  - Survey data collected for this analysis points to the primary housing demand among moderate and upper-income households seeking a homeownership opportunity. Secondary demand potential was also observed for the introduction of rental housing at the workforce housing and market rate income bands. The survey results provided the following information:
    - A majority of respondents demonstrating interest in local housing are Beaver Island residents
    - The most prominent household size was couples, followed by traditional families with children and single person households
    - The respondents have relatively high annual incomes, with a majority of respondents at or above $75,000
    - Among those respondents expressing an interest in residency on Beaver Island, the large majority (70 percent) would prefer a homeownership

option within a single-family structure. Remaining responses expressed a preference for rental housing or some similar alternative

- The collected data represents a "pent-up" demand scenario, in which the market potential does not materialize due to a lack of product, rather than insufficient demand

- Based on our prior research of island communities within Michigan and other parts of the nation, residents of Beaver Island make a very specific and reasoned choice to reside within the community. Isolated by water, the community is not a reasonable choice based on traditional commuting patterns, a compromise between other regions, nor a destination point among the general population for employment opportunities. This makes the choice for residing on the Island perhaps one of the more binary choices for potential residents. Similarly, multi-generation residents are already aware of the unique characteristics of the community, with many selecting to stay. It is a lack of housing choices for both scenarios (new residents and multi-generation residents) that threatens the long-term viability of the community.
- The most immediate method to address the community's housing needs is with a combination of homeowner and rental housing alternatives. It is hoped that the cost of such units can be reduced by various construction and development methods, and more reasonable cost points may be more attainable through a duplex-style option as compared to a single-family alternative.
- Beaver Island contains a concentration of construction positions, based on available data and information noted from the site visits. A collaboration throughout the development and leasing process with local employers would greatly enhance the viability of the proposal. This includes an understanding that rental units would be primarily intended for year-round occupancy by long-term residents, as compared to seasonal rental housing or vacation options.

The findings point to sufficient statistical support and market depth for rental development that addresses a combination of "workforce housing" and market rate target markets. Insufficient demand potential was determined within the strictly affordable target market, and likely federal/state financing options for this target market would be difficult based on location and project size.

Based on the preliminary findings, such a development should feature the following characteristics:

<u>Project Size</u>: Approximately 4 to 6 units (with additional phases possible)

<u>Project Type</u>: Duplex-style townhomes, with a minimum 1,000 square feet, with single story and two-story options

<u>Unit mix</u>: Two-bedroom options, with some variation based on site and floor plan differences

<u>Preliminary Pricing</u>: $1,200 - $1,400 (Affordable/Market Rate)

Rents do not include utilities (heat, electric, garbage)

Amenities/features: – laundry hook-ups, storage space, full kitchen with modern appliances, full bath, cable/internet ready, and sufficient closet space.

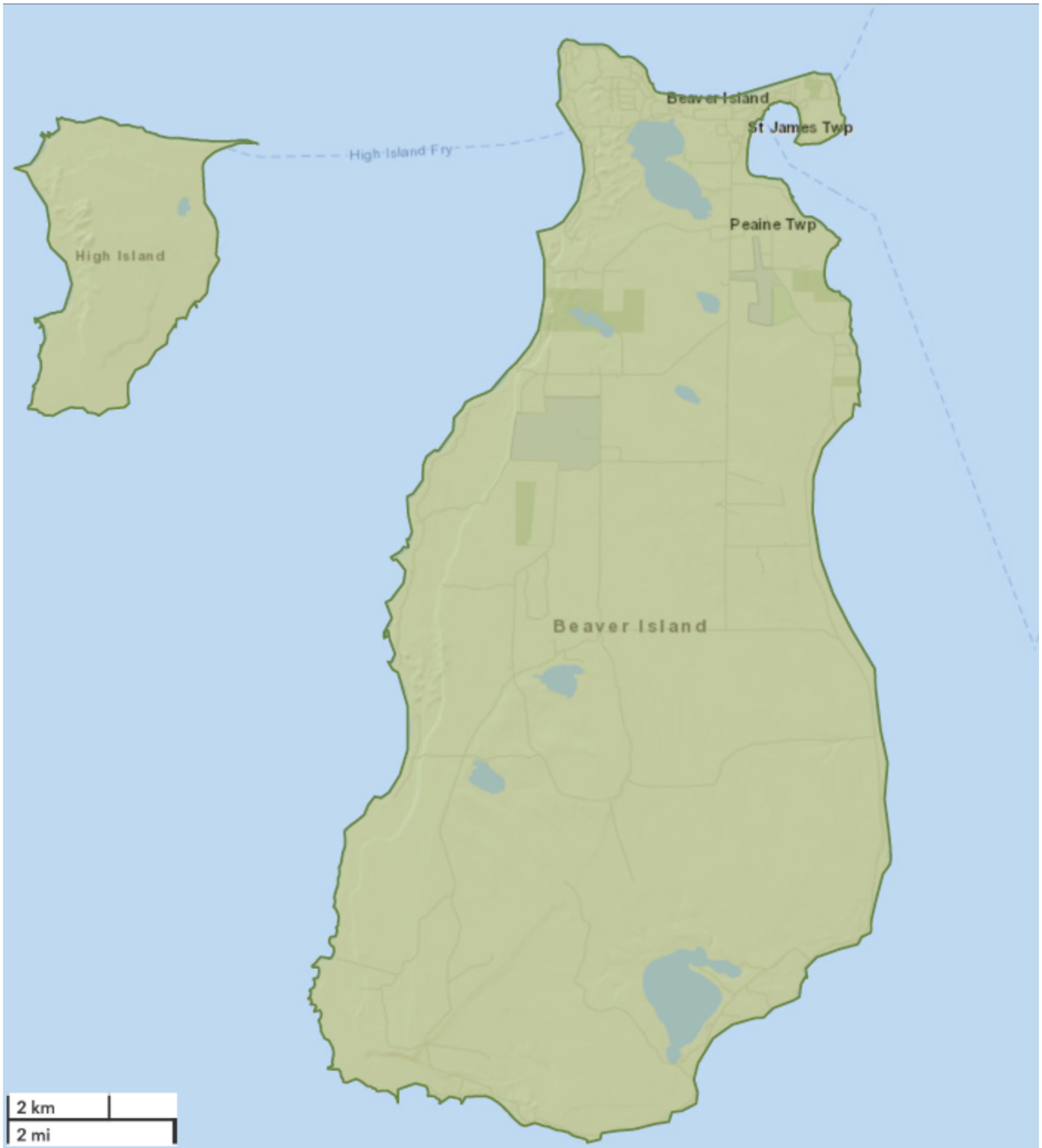
The findings also indicate a definitive demand for homeownership options. Such options for the permanent population on the Island would clearly serve those households that participated in the survey, but may not match the ideal housing alternative, assuming a single-family home on a moderately-size lot is preferrable as determined within the survey results. Until the early 2010s, such options were generally being provided via the private sector. Increased housing costs, reduced development capacity across much of Michigan, economic uncertainty, and other factors have reduced the market's capacity to provide such homeownership options.

In combination with the suggested rental housing recommendation, additional duplex/townhome units could be developed nearby, with cost savings available through economies of scale and shared expenses with the rental development. Factors to consider include:

- Price points should reflect the moderate-income and upper-income levels illustrated within the survey data and overall demographic trends, with commensurate levels of amenities, indoor and outdoor features, along with enhanced unit sizes. The lack of modern homes for sale at the $225,00 to $350,000 levels represents a clear opportunity to serve both existing residents seeking a new housing option as well as those newly arrived households that would prefer a modern, long-term, opportunity to relocate;
- These owner-occupied units should be differentiated to some degree from the rental options, by perhaps location, added unit sizes, separate exterior features, and other characteristics that would enhance the sale prospects;
- Marketing and outreach efforts would enhance these development opportunities, and maximize potential interest by both current and potential Beaver Island residents.
- It is unknown, however, if new homes can be easily constructed on Beaver Island under such pricing levels. This analysis is a focus on housing demand, with the identification of the strongest needs for the Island. Cost considerations, while understood as clearly problematic, are hopefully not prohibitive to the point of preventing housing developments as described from taking place.

These recommendations should be considered preliminary. A positive final recommendation is dependent upon the utilization of a specific marketing plan, inclusion of amenities and building design that reflects the market, and professional preleasing and management. Assumptions also include a positive location with sufficient visibility and access from across the Island. It is also assumed that no delays in the development process would take place that would essentially negate any marketing efforts.

Map: Beaver Island



III. MARKET PROFILE

A typical market analysis will identify a key target market segment or segments as the primary focus for examination and market potential, taking into consideration associated demographic and economic features. For this analysis, the economic and demographic characteristics of Beaver Island indicate a limited concentration of workforce or entry-level housing options. Prevailing housing options currently on the island are centered around owner-occupied, single-family structures, reflective of either year-round units or seasonal/vacation homes. While a high concentration of owner-occupied households is typically welcome and reflective of a stable and moderate/higher income levels, in this case a primary concern for the island is a lack of entry level options (both owner-occupied and rental units).

The decision to relocate to the island or attempt to remain a resident of Beaver Island is a somewhat more involved choice as compared to mainland options. A potential resident must have a clear economic or family-related reason to reside on the island, due to the cost of daily or occasional commuting to work. A degree of accepted isolation in terms of retail, service, or medical opportunities is assumed with such as decision. While home employment is much more feasible as compared to just a few years ago, the island's high-speed internet service has been somewhat less than ideal for such purposes as compared to Charlevoix or Traverse City. It is hoped that such factors are minimized or eliminated in the future, based on high-speed internet infrastructure initiatives currently underway.

With these unique factors under consideration, and taking into consideration the types of housing options that are not immediately found on Beaver Island, the analysis will attempt to focus on the following target market segments, based on age, income, and employment/occupation characteristics:

- Entry-level rental housing, for moderate and higher-income households, including singles, couples, and small families;
- Moderate-priced homeownership options, primarily for moderate-income households, typically composed of couples or small families, with some type of professional, managerial, or skilled occupation.

Additional examination of senior housing options and subsidized rental housing alternatives will also be reviewed as part of the analysis, but are reflective of housing segments that are not likely to reflect a prominent portion of the Island's overall housing market.

This report was initiated to determine market viability for housing options for permanent residents, regardless of income or profession. Investigation of this segment indicates that the large majority of permanent residents exhibit moderate incomes, permanent jobs, and a desire to remain on the Island as a permanent resident.

As a result, the target market segments listed below are not a primary focus for this analysis:

- Upper-Income households with ample resources to relocate
- Senior households that are unable to live independently
- Households seeking 2nd home or vacation homes

Primary and Secondary Market Area Delineation

Beaver Island and the surrounding smaller islands are divided into two townships within Charlevoix County – Peaine Township - the southern section of Beaver Island, and St. James Township - the northern section of Beaver Island, along with Hog Island, Garden Island, and High Island. These islands are relatively small, uninhabited, and are part of the Beaver Islands State Wildlife Research Area, managed by the State of Michigan. For this analysis, the two townships will consist of the Beaver Island Area, and reflect all of the island's permanent residents. The northern settlement is designated the St. James Census Designated Place (CDP), recognized as a separate unincorporated community by the Census Bureau, beginning with the 2010 Census. Data for the St. James CDP will also be used for the analysis.

Comparisons to nearby areas that have similar traits are often helpful to point out differences and unique housing issues. For this analysis, a Secondary Market Area (SMA) will include all of Charlevoix County. Despite the fact that the Beaver Island Area represents less than one percent of the county's population, the Charlevoix area represents the nearest mainland community and a reasonable comparison for the Beaver Island community.

While Secondary Market contributions clearly exist, it is difficult to quantify in a reasonable manner the degree of participation prior to the development of housing options. Such factors are readily determined after the development process, based on visits, various inquiries, and the eventual relocation of residents from outside of the region.

As previously discussed, those persons and families that wish to reside within an isolated community or region (such as an island or community with limited travel options) make a very specific and reasoned choice to reside within the community. Isolated by water, the community is not a reasonable choice based on commuting patterns, a compromise between other cities or towns, nor a destination point among the general population for employment opportunities. This makes the choice for residing on the Island perhaps one of the more binary choices for potential residents. Similarly, individuals or families that represent the offspring of prior residents of Beaver Island are already aware of the unique characteristics of the community, with many selecting to stay. It is a lack of housing choices for both scenarios (new residents and the offspring of prior residents) that are problematic for the future viability of Beaver Island. Thus, the target market for new housing options on the Island is unique, relatively small, and perhaps more determined to relocate than a typical target market segment.

IV. DEMOGRAPHIC & ECONOMIC TRENDS

Economic Trends

Employment by Industry data from the American Community Survey indicates the most common industry for employed residents of the Island to work in was either services or construction, both representing 31 percent of the local labor force. Retail trade employment on the Island represented 10 percent of the local labor force, while transportation/utilities accounted for 16 percent of the local labor force.

Table: Employment by Industry

	St. James CDP	Beaver Island Area	Charlevoix County
Agriculture and Mining	**0**	**4**	**197**
Percent	0.0%	2.1%	1.6%
Construction	**19**	**60**	**915**
Percent	35.8%	30.9%	7.3%
Manufacturing	**0**	**5**	**2,502**
Percent	0.0%	2.6%	20.0%
Wholesale Trade	**0**	**0**	**135**
Percent	0.0%	0.0%	1.1%
Retail Trade	**8**	**20**	**1,278**
Percent	15.1%	10.3%	10.2%
Transportation & Utilities	**1**	**31**	**486**
Percent	1.9%	16.0%	3.9%
Information	**0**	**6**	**91**
Percent	0.0%	3.1%	0.7%
Finance, Insurance, & Real Estate	**2**	**4**	**504**
Percent	3.8%	2.1%	4.0%
Services	**21**	**58**	**6,032**
Percent	39.6%	30.9%	48.5%
Professional & Mangerial Serv	**5**	**12**	**1,051**
Percent of All Services	23.8%	20.7%	17.4%
Educational & Healthcare Serv	**9**	**27**	**2,694**
Percent of All Services	42.9%	46.6%	44.7%
Arts/Entertainment Services	**7**	**19**	**1,707**
Percent of All Services	33.3%	32.8%	28.3%
Other Services	**0**	**0**	**580**
Percent of All Services	0.0%	0.0%	9.6%
Public Administration	**2**	**6**	**397**
Percent	3.8%	3.2%	3.2%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

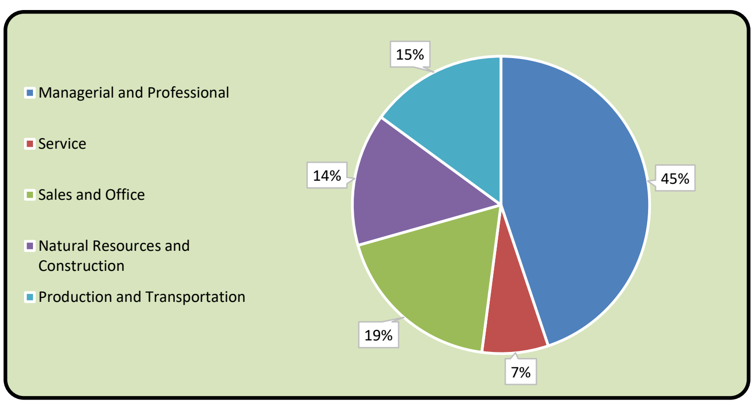
Beaver Island's residential employment base is a combination of construction and service occupations – both of which are somewhat volatile, based on prevailing economic conditions

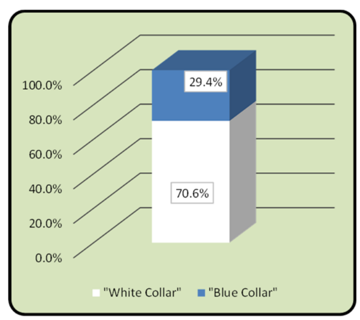
Employment by Occupation data from the American Community Survey indicates the majority of workers are employed in professional, sales, or office positions. These sectors combined totaled 71 percent of the Island's labor force. The Island's concentration of "blue collar" positions represents 29 percent of the labor force. These percentages are similar to most other sections of northern Michigan.

Table: Employment by Occupation

	St. James CDP	Beaver Island Area	Charlevoix County
Managerial and Professional	**24**	**87**	**4,387**
Percent	45.3%	44.8%	35.0%
Service	**8**	**14**	**2,504**
Percent	15.1%	7.2%	20.0%
Sales and Office	**13**	**36**	**2,357**
Percent	24.5%	18.6%	18.8%
Natural Resources and Construction	**5**	**28**	**1,214**
Percent	9.4%	14.4%	9.7%
Production and Transportation	**3**	**29**	**2,075**
Percent	5.7%	14.9%	16.6%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau



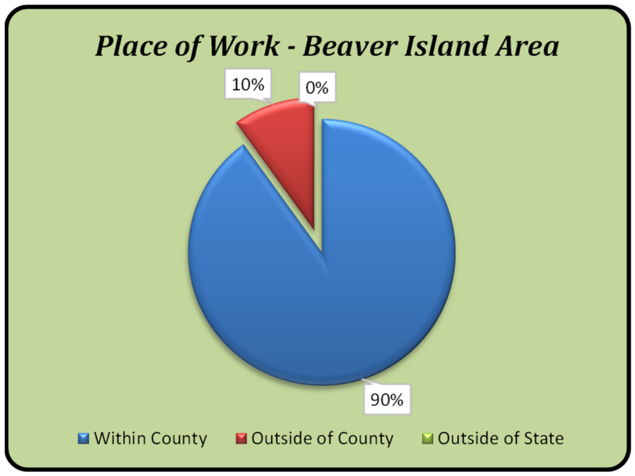


The Island's labor force is overwhelmingly local, with 90 percent of residential workers employed within the county, with most of this total employed on the Island itself. As commuting information is not available below the county level, this is based on more on observations rather than specific data. Given the unique employment and geographic characteristics of the Island, these trends are not surprising.

Table: Employment by Place of Work

	St. James CDP	Beaver Island Area	Charlevoix County
Place of Work within County	**47**	**172**	**8,411**
Percent	88.7%	90.1%	68.2%
Place of Work Outside of County	**6**	**19**	**3,807**
Percent	11.3%	9.9%	30.9%
Place of Work Outside of State	**0**	**0**	**116**
Percent	0.0%	0.0%	0.9%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau



Employment Trends

Labor and employment information from state and federal sources is only published at the county level, so island-specific information is not available; as the vast majority of residential workers are employed within Charlevoix County, a brief review of county economic conditions would be of some interest to this analysis.

For Charlevoix County, overall employment levels have declined for most of the past two decades. Since 2000, the county's employment total has declined by nearly eight percent, with a loss of more than 1,000 workers. Much of these losses took place between 2006 and 2011were during the latter part of the last decade, as the recession during that period inhibited expenditures on northern Michigan's primary industries – leisure/hospitality and retail trade. Since 2020 and the pandemic, employment totals have approached pre-pandemic levels, but some individual industries have not yet recovered in terms of job totals.

Unemployment ratios for Charlevoix County on an annual basis are slowly declining from the high of 14.4 percent in 2009, with the pandemic representing a one-time shift in employment trends. The county's annual unemployment rate for 2022 was recorded at 4.7 percent, a decline from 10.2 percent during the pandemic year of 2020. By comparison, Michigan's 2022 unemployment rate was 4.2 percent, with the national unemployment rate reported at 3.6 percent for 2022.

For last year, the Charlevoix County employment base totaled 12,179 persons. This represented the largest total since 2019, but the size of the county's labor force over the past two decades has slowly declined by more than 2,000 persons from the early 2000s. These trends are most likely a partial influence upon Beaver Island, particularly for those persons that do work off the Island.

Figure: Area Employment Trends – Charlevoix County

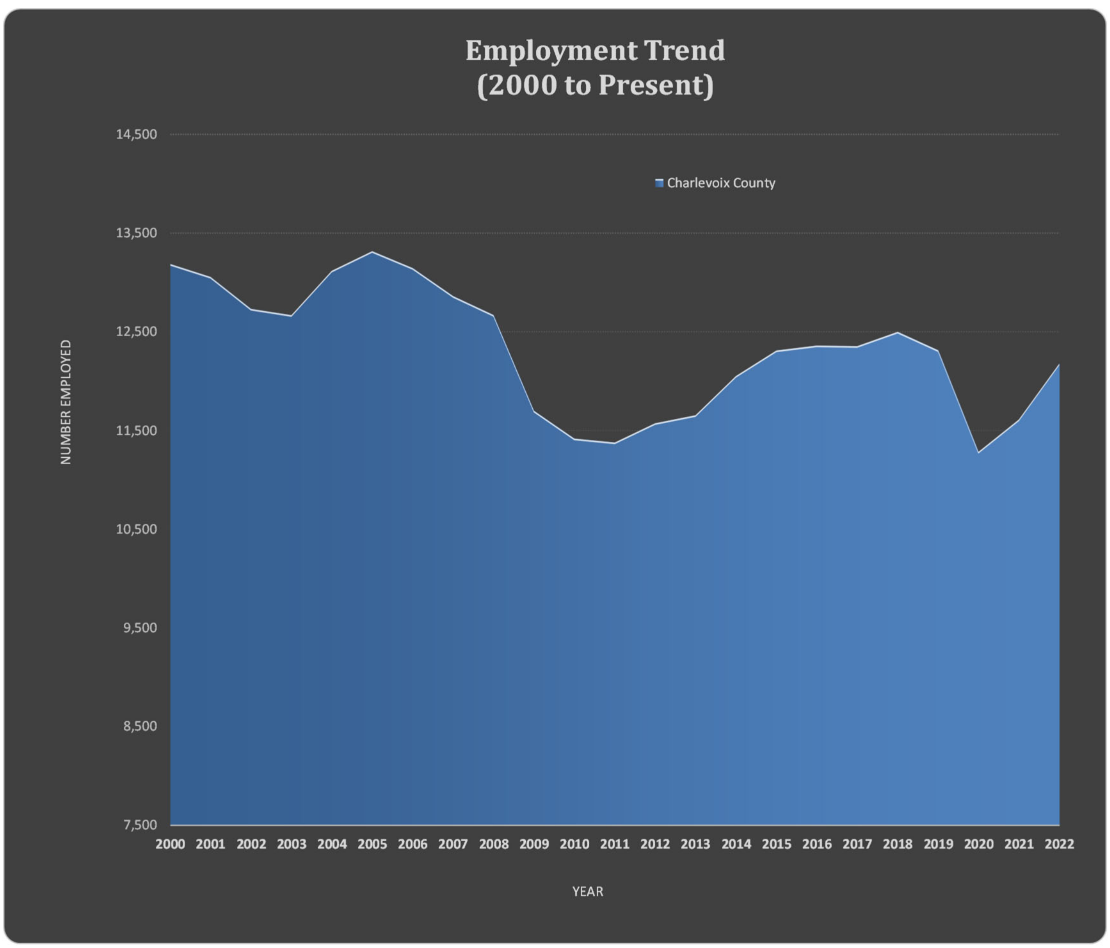


Figure: Annual Change in Employment – Charlevoix County

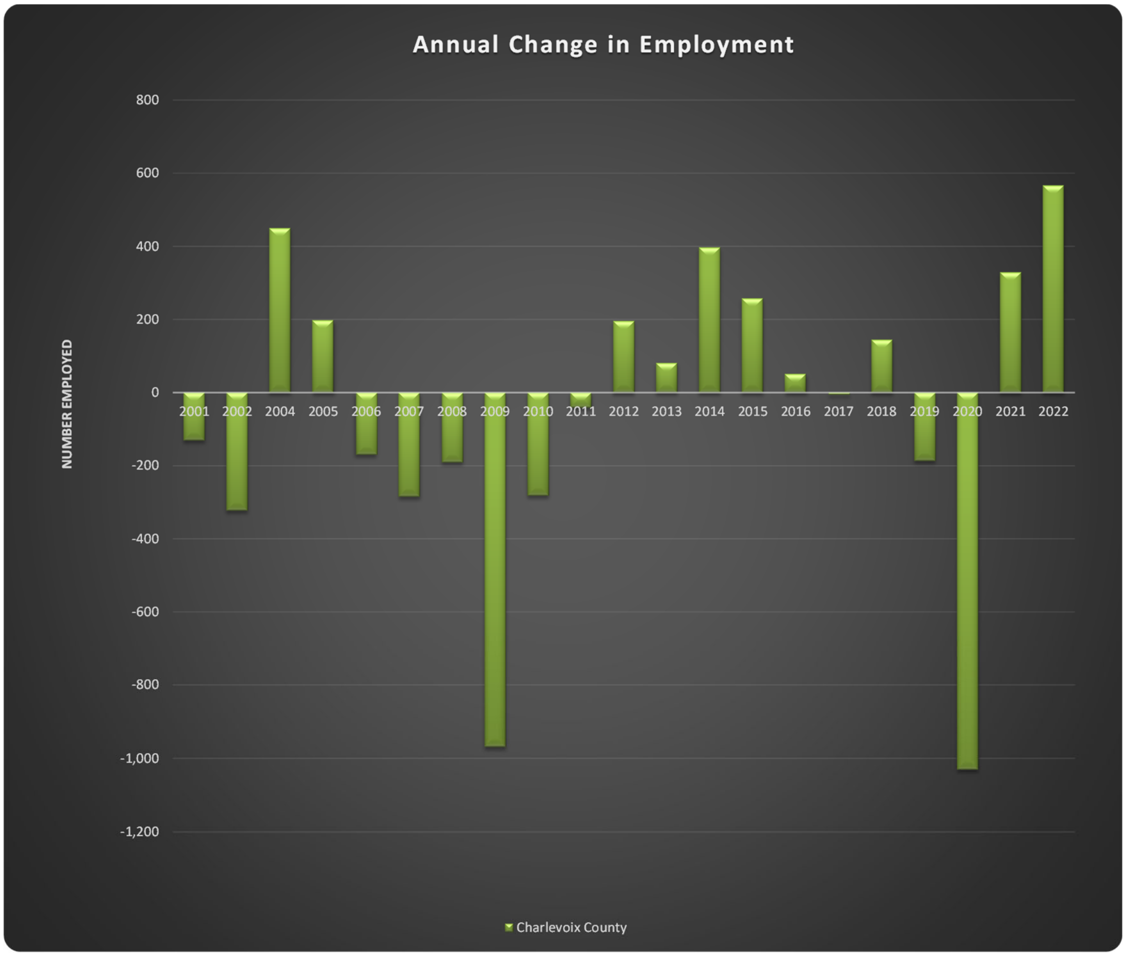


Figure: Unemployment Rate Comparison

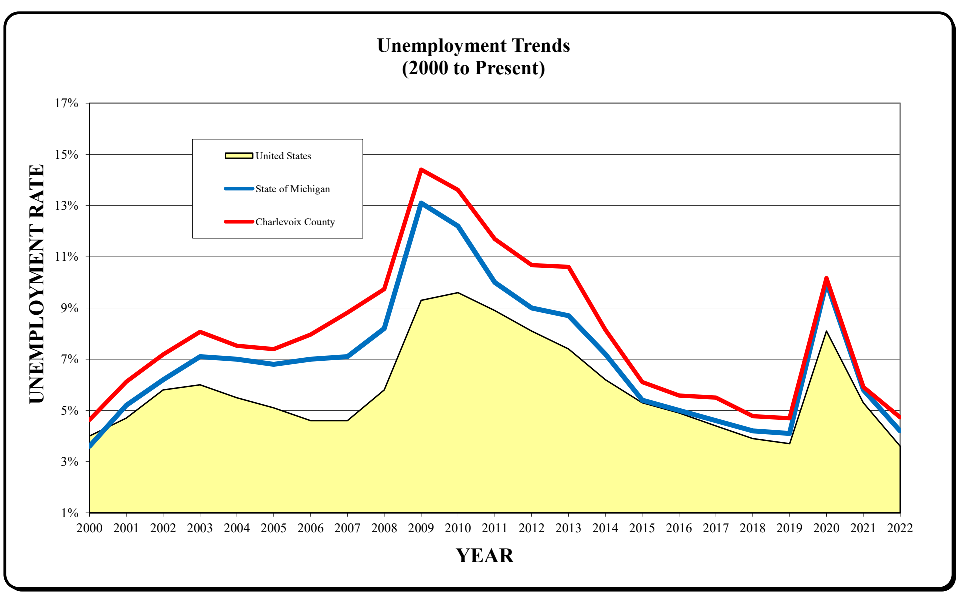


Table: Employment Trends (2000 to Present)

	Charlevoix County				*State of Michigan*	*United States*
Year	***Labor Force***	***Number Employed***	***Annual Change***	***Unemployment Rate***	***Unemployment Rate***	***Unemployment Rate***
2000	13,829	13,188	---	4.6%	3.6%	4.0%
2001	13,908	13,057	(131)	6.1%	5.2%	4.7%
2002	13,721	12,734	(323)	7.2%	6.2%	5.8%
2003	13,781	12,669	(65)	8.1%	7.1%	6.0%
2004	14,186	13,119	450	7.5%	7.0%	5.5%
2005	14,381	13,317	198	7.4%	6.8%	5.1%
2006	14,284	13,147	(170)	8.0%	7.0%	4.6%
2007	14,106	12,862	(285)	8.8%	7.1%	4.6%
2008	14,038	12,671	(191)	9.7%	8.2%	5.8%
2009	13,671	11,702	(969)	14.4%	13.1%	9.3%
2010	13,220	11,420	(282)	13.6%	12.2%	9.6%
2011	12,886	11,379	(41)	11.7%	10.0%	8.9%
2012	12,959	11,575	196	10.7%	9.0%	8.1%
2013	13,039	11,656	81	10.6%	8.7%	7.4%
2014	13,123	12,053	397	8.2%	7.2%	6.2%
2015	13,111	12,311	258	6.1%	5.4%	5.3%
2016	13,093	12,362	51	5.6%	5.0%	4.9%
2017	13,075	12,356	(6)	5.5%	4.6%	4.4%
2018	13,128	12,501	145	4.8%	4.2%	3.9%
2019	12,920	12,314	(187)	4.7%	4.1%	3.7%
2020	12,560	11,283	(1,031)	10.2%	10.0%	8.1%
2021	12,342	11,612	329	5.9%	5.8%	5.3%
2022	12,784	12,179	567	4.7%	4.2%	3.6%
Apr-22	12,165	11,525	---	5.3%	4.0%	3.6%
Apr-23	12,291	11,714	189	4.7%	2.9%	3.4%

	Number	***Percent***
Change (2000-Present):	**(1,009)**	**-7.7%**
Change (2000-2008):	**(517)**	**-3.9%**
Change (2008-Present):	**(492)**	**-3.9%**

SOURCE: Bureau of Labor Statistics.

Population Trends

The permanent population for 2020 reported on Beaver Island was impacted by the pandemic, with a recorded total of 525 persons – a notable decline from 2010 totals. Estimates forward from 2020 demonstrate that population totals are forecast to reflect pre-2020 totals, as pandemic-related restrictions and a desire for some individuals and families to relocate to an environment such as Beaver Island appear present. By 2028, the Island's population is forecast at 599 persons – a sizable increase from 2020, but reflective of a slow decline over the balance of the decade. Trends for the St. James CDP reflect the Island's patterns, with an increase from 2020 totals.

Table: Population Trends (2000 to 2021)

	St. James CDP	Beaver Island Area	Charlevoix County
2000 Population	**NA**	**551**	**26,090**
2010 Population	**181**	**657**	**25,949**
Percent Change (2000-2010)	NA	19.2%	-0.5%
Average Annual Change (2000 to 2010)	NA	1.8%	-0.1%
2020 Population	**145**	**525**	**26,054**
Percent Change (2010-2020)	-13.4%	-8.0%	0.7%
Average Annual Change (2010 to 2020)	-2.2%	-2.2%	0.0%
2023 Population Estimate	**158**	**613**	**26,191**
Percent Change (from 2020)	9.0%	16.8%	0.5%
Average Annual Change (2020 to 2022)	4.4%	8.1%	0.3%
2026 Population Forecast	**157**	**605**	**26,139**
Percent Change (from 2020)	8.1%	15.2%	0.3%
Average Annual Change (2020 to 2025)	1.6%	2.9%	0.1%
2028 Population Forecast	**156**	**599**	**26,104**
Percent Change (from 2020)	7.6%	14.1%	0.2%
Average Annual Change (2020 to 2027)	1.1%	1.9%	0.0%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

It is common to separate population totals into various age cohorts that reflect key age segments. In this analysis, this has been done as well, and include four key cohorts – Less than Age 20, Age 20 to 44, Age 45 to 65, and Age 65 and older.

The largest age cohort in 2010 across Beaver Island included persons Age 45 to 64, with 43 percent of the total population. This is also the case across Charlevoix County, as the same age segment represented 32 percent of the 2010 total.

From forecasts by ESRI, by 2028 the Island's population will age significantly, with the largest segment the senior age cohort (age 65 and older), representing an estimated 38 percent of the Island's total. Such trends are found throughout northern Michigan, but the concentration of seniors and the corresponding decline in young adults is perhaps the most difficult trend to overcome. Economic activity is best driven by a mix of household types, ideally based on a combination of primarily younger adults with children, along with a smaller but still prominent degree of older adults, followed by a concentration of seniors that does not reflect the largest age cohort. For Beaver Island, the ideal concentration of age segments is essentially inverted, with a local population dominated by older adults and seniors, as indicated within the following table.

For a differentiated population such as Beaver Island, it is evident that limited housing opportunities has been problematic for many years, as such trends as observed currently do not take place overnight – it is the result of younger adults relocating off the Island, due to either a lack of housing options or reduced employment opportunities. Such trends are found across most northern Michigan communities (as observed across all of Charlevoix County, for example), but are greatly exacerbated due to the unique characteristics of the Island.

Figure: Age Distribution – Beaver Island Area (2010 to 2028)

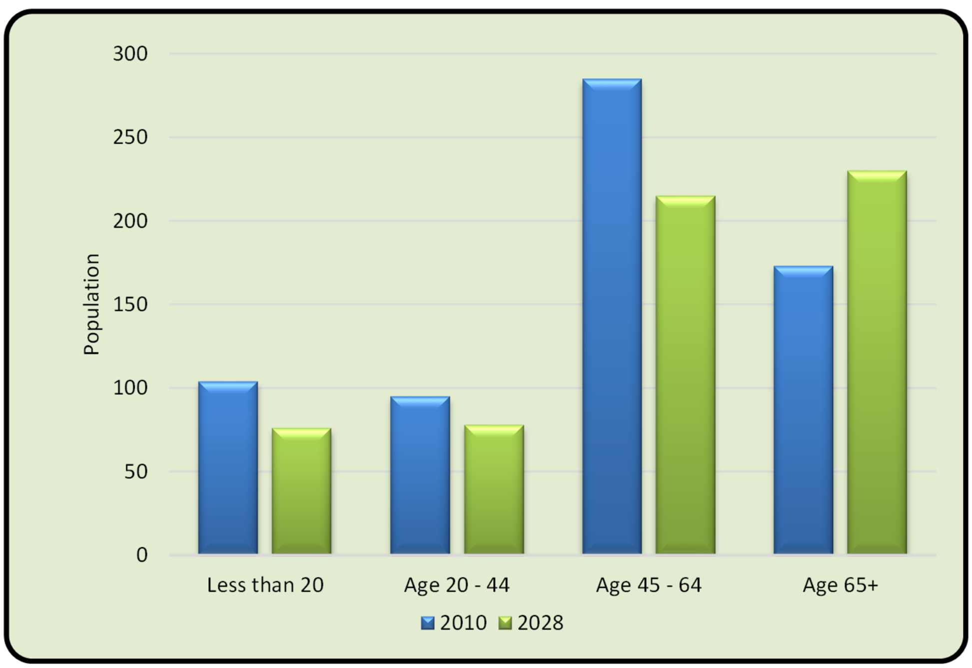


Table: Age Distribution (2010 to 2028)

	St. James CDP	Beaver Island Area	Charlevoix County
Age Less than 20 - 2010	**28**	**104**	**6,235**
Percent of total 2010 population	15.5%	15.8%	24.0%
Age Between 20 and 44 - 2010	**26**	**95**	**6,562**
Percent of total 2010 population	14.4%	14.5%	25.3%
Age Between 45 and 64 - 2010	**79**	**285**	**8,319**
Percent of total 2010 population	43.6%	43.4%	32.1%
Age 65 and Over - 2010	**48**	**173**	**4,833**
Percent of total 2010 population	26.5%	26.3%	18.6%
Age Less than 20 - 2028	**23**	**76**	**5,185**
Percent of total 2028 population	14.7%	12.7%	19.9%
Percent change (2010 to 2028)	-17.9%	-26.9%	-16.8%
Average Annual Change (2010 to 2028)	-1.1%	-1.7%	-1.0%
Age Between 20 and 44 - 2028	**23**	**78**	**6,416**
Percent of total 2028 population	14.7%	13.0%	24.6%
Percent change (2010 to 2028)	-11.5%	-17.9%	-2.2%
Average Annual Change (2010 to 2028)	-0.7%	-1.1%	-0.1%
Age Between 45 and 64 - 2028	**56**	**215**	**6,968**
Percent of total 2028 population	35.9%	35.9%	26.7%
Percent change (2010 to 2028)	-29.1%	-24.6%	-16.2%
Average Annual Change (2010 to 2028)	-1.9%	-1.6%	-1.0%
Age 65 and Over - 2028	**54**	**230**	**7,535**
Percent of total 2028 population	34.6%	38.4%	28.9%
Percent change (2010 to 2028)	12.5%	32.9%	55.9%
Average Annual Change (2010 to 2028)	0.7%	1.6%	2.5%

SOURCE: 2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Figure: Senior/Non-Senior Population Trends – Beaver Island Area

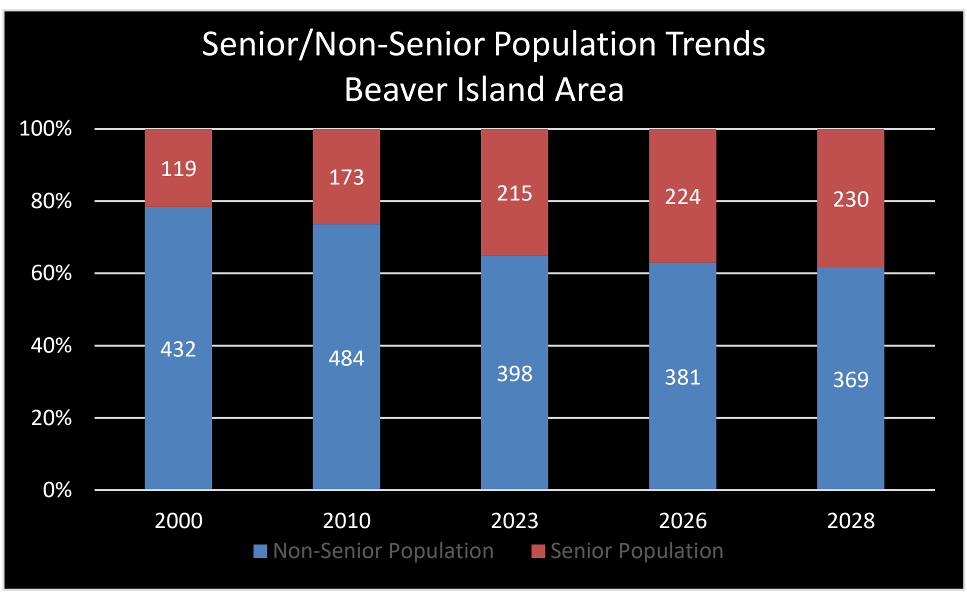


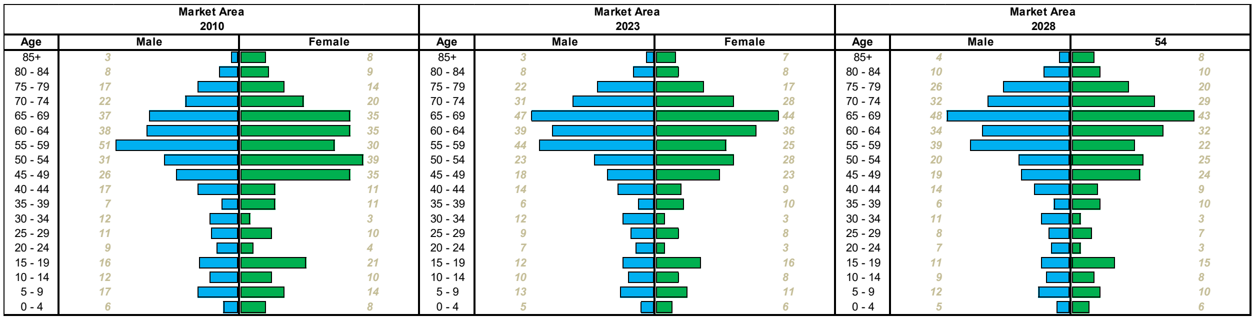
Table: Senior/Non-Senior Population Trends (2000 to 2028)

	St. James CDP	Beaver Island Area	Charlevoix County
2000 Non-Senior Population	**NA**	**432**	**22,196**
Percent of total 2000 population	---	81.9%	85.0%
2010 Non-Senior Population	**133**	**484**	**21,116**
Percent of total 2010 population	69.6%	71.8%	81.5%
Percent change (2000 to 2010)	NA	12.0%	-4.9%
2023 Non-Senior Population	**100**	**398**	**19,511**
Percent of total 2023 population	63.0%	64.4%	74.4%
Percent change (2010 to 2023)	-24.8%	-17.8%	-7.6%
2026 Non-Senior Population	**101**	**381**	**18,946**
Percent of total 2026 population	64.5%	63.0%	72.5%
Percent change (2010 to 2026)	-23.9%	-21.4%	-10.3%
2028 Non-Senior Population	**102**	**369**	**18,569**
Percent of total 2028 population	65.4%	61.6%	71.1%
Percent change (2010 to 2028)	-23.3%	-23.8%	-12.1%
2000 Senior Population (65 years and Over)	**NA**	**119**	**3,894**
Percent of total 2000 population	---	18.1%	15.0%
2010 Senior Population (65 years and Over)	**48**	**173**	**4,833**
Percent of total 2010 population	30.4%	28.2%	18.5%
Percent change (2000 to 2010)	NA	45.4%	24.1%
2023 Senior Population (65 years and Over)	**58**	**215**	**6,680**
Percent of total 2023 population	37.0%	35.6%	25.6%
Percent change (2010 to 2023)	20.8%	24.3%	38.2%
2026 Senior Population (65 years and Over)	**56**	**224**	**7,193**
Percent of total 2026 population	35.5%	37.0%	27.5%
Percent change (2010 to 2026)	15.8%	29.5%	48.8%
2028 Senior Population (65 years and Over)	**54**	**230**	**7,535**
Percent of total 2028 population	34.6%	38.4%	28.9%
Percent change (2010 to 2028)	12.5%	32.9%	55.9%

SOURCE: 2000-2010 Census STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Another way to illustrate the problematic age distribution found on Beaver Island is a population pyramid. Grouped by age and sex, the ideal population distribution reflects a standard pyramid shape, with ample young adults and children supporting a smaller concentration of older adults and seniors. For Beaver Island, the pyramid is inverted, with the largest age cohorts found among the senior segments, as illustrated within the following graphic. Such patterns are the result of decades of migration patterns that favor older adults and retirees, with significant long-time limitations for younger adults that would like to remain or relocate to the Island.

Figure: Population Pyramid – Beaver Island Area



The average household size across the Island is currently estimated at 2.25 persons – well below the statewide ratio of 2.55 persons, but reflective of an increase from the prior decade. Considering the population by age data previously reviewed, this seems to indicate that an increasing number of older family-oriented households on the island have children. A trend toward larger family sizes is unusual, and contrary to most communities across northern Michigan. In the near future, household sizes will vary little from 2023 estimates, reflecting ongoing aging in place and no growth in terms of non-adult residents.

Senior household sizes are also increasing, mostly due to couples aging in place with increasingly longer lifespans. This trend is found across northern Michigan, and is not unique to Beaver Island.

Table: Average Household Size (2000 to 2028)

	St. James CDP	Beaver Island Area	Charlevoix County
2000 Average Household Size	NA	2.14	2.48
2010 Average Household Size	2.10	1.96	2.36
Percent Change (2000-2010)	---	-8.4%	-5.0%
2020 Average Household Size	2.04	1.90	2.28
Percent Change (2010-2020)	-3.0%	-2.7%	-3.2%
2023 Average Household Size Estimate	2.29	2.25	2.26
Percent Change (2020-2023)	12.1%	18.0%	-0.9%
2026 Average Household Size Forecast	2.29	2.24	2.25
Percent Change (2020-2026)	12.2%	17.7%	-1.7%
2028 Average Household Size Forecast	2.29	2.24	2.23
Percent Change (2020-2028)	12.3%	17.5%	-2.2%

SOURCE: 2000/2010 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

	St. James CDP	Beaver Island Area	Charlevoix County
2000 Average Household Size - Age 65+	**NA**	**1.49**	**1.47**
2010 Average Household Size - Age 65+	**1.50**	**1.42**	**1.50**
Percent Change (2000-2010)	---	-4.7%	1.8%
2023 Average Household Size Estimate - Age 65+	**1.81**	**1.72**	**1.53**
Percent Change (2010-2023)	20.8%	21.3%	1.9%
2026 Average Household Size Forecast - Age 65+	**1.81**	**1.73**	**1.53**
Percent Change (2010-2026)	20.3%	0.5%	0.5%
2028 Average Household Size Forecast - Age 65+	**1.80**	**1.73**	**1.53**
Percent Change (2010-2028)	20.3%	0.5%	0.5%

SOURCE: 2000/2010 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Household Trends

Household totals on the Island do not reflect the level of increase observed within the population totals, which most likely indicates an influx of families with children took place after the pandemic. For 2028 the Island will contain an estimated 268 occupied units, which is a slight decline from 2020 totals. This is contrary to trends for all of Charlevoix County, in which an increase in households is anticipated over the next five years.

Table: Household Trends (2000 to 2028)

	St. James CDP	Beaver Island Area	Charlevoix County
2000 Households	**NA**	**258**	**10,400**
2010 Households	**86**	**336**	**10,882**
Percent Change (2000-2010)	---	30.2%	4.6%
Average Annual Change (2000 to 2010)	---	2.7%	0.5%
2020 Households	**71**	**276**	**11,274**
Percent Change (2010-2020)	-17.4%	-17.9%	3.6%
Average Annual Change (2010 to 2020)	-1.9%	-1.9%	0.4%
2023 Household Estimate	**69**	**273**	**11,435**
Percent Change (2020-2023)	-2.8%	-1.1%	1.4%
Average Annual Change (2020 to 2023)	-0.9%	-0.4%	0.5%
2026 Household Forecast	**68**	**270**	**11,507**
Percent Change (2020-2026)	-3.7%	-2.2%	2.1%
Average Annual Change (2020 to 2026)	-0.6%	-0.4%	0.3%
2028 Household Forecast	**68**	**268**	**11,555**
Percent Change (2020-2028)	-4.2%	-2.9%	2.5%
Average Annual Change (2020 to 2028)	-0.5%	-0.4%	0.3%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Data from the American Housing Survey indicates that just 30% of all housing units on Beaver Island were occupied by a permanent resident. The Island's housing stock is mostly seasonal and vacation structures, intended for part-time use.

One of the issues for Beaver Island, along with most other isolated communities, is an imbalance of housing options. In this case, the Island lacks a sufficient number of rental units that would facilitate the relocation of interested persons and families. A primary reason for this imbalance and lack of available options is that a sizable percentage of available housing units are not available for year-round occupancy – and are only used for seasonal or recreational use. In fact, 67 percent of all housing units are not utilized for permanent housing, but are either seasonal/vacation-oriented units, according to the most recent American Community Survey data. Overall, nearly 70 percent of all housing units are not used by permanent residents of Beaver Island. By comparison, Charlevoix County's vacant units represent 33 percent of all units, while statewide figures reflect approximately 10 to 12 percent of all units vacant for various reasons. This unused housing unit total includes a wide range of seasonal homes, ranging from luxury homes on large lots to housing units that are substandard and perhaps not appropriate for year-round use. While vacant during the winter months, permanent residents clearly require permanent year-round options, and continually moving every few months into a newly vacated seasonal unit is not a reasonable residential alternative.

Table: Housing Units by Occupancy Status

	St. James CDP	PMA	Charlevoix County
Total Housing Units	**256**	**994**	**17,448**
Occupied Units	**88**	**301**	**11,769**
Percent Occupied	34.4%	30.3%	67.5%
Vacant Units:	**168**	**693**	**5,679**
For Rent	2	2	50
Rented - Not Occupied	0	0	4
For Sale	14	15	81
Sold - Not Occupied	0	0	26
Seasonal/Recreational Use	152	670	5,003
For Migrant Workers	0	0	10
Other Vacant	0	6	505
Percent Vacant	65.6%	69.7%	32.5%

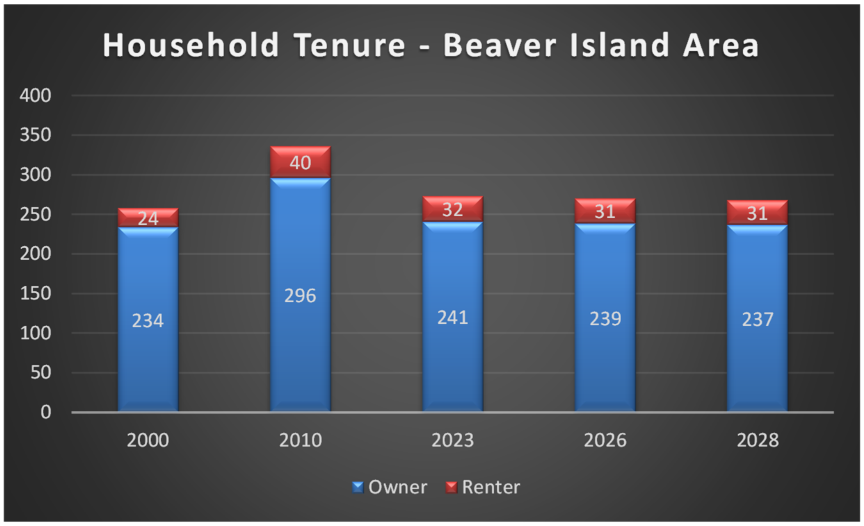
SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

Because of the size and unique economy on Beaver Island, trends regarding rental housing and overall household tenure are more a reflection of the market's inability to respond to normal demand and supply considerations than an accurate depiction of the Island's housing needs. Over the past decade, the number of occupied rental units has remained relatively low, with rental options since 2010 representing no more than 12 percent of all occupied housing units. Based on housing supply data further elaborated within other sections of this report, it is clear that a demand for additional units is present, but prohibitive costs, limited land, and the rather small size of the Island's market represent significant barriers to the realization of demand potential into available housing alternatives.

Table: Households by Tenure (2000 to 2028)

	St. James CDP	Beaver Island Area	Charlevoix County
2000 Renter-Occupied Households	**N/A**	**24**	**1,962**
Percent of total 2000 households	---	9.3%	18.9%
2010 Renter-Occupied Households	**10**	**40**	**2,239**
Percent of total 2010 households	11.6%	11.9%	20.6%
Percent change (2000 to 2010)	---	66.7%	14.1%
2023 Renter-Occupied Households	**10**	**32**	**2,079**
Percent of total 2023 households	14.5%	11.7%	18.2%
Percent change (2010 to 2023)	0.0%	-20.0%	-7.1%
2026 Renter-Occupied Households	**8**	**31**	**2,066**
Percent of total 2026 households	12.0%	11.6%	18.0%
Percent change (2010 to 2026)	-18.0%	-21.5%	-7.7%
2028 Renter-Occupied Households	**7**	**31**	**2,058**
Percent of total 2028 households	10.3%	11.6%	17.8%
Percent change (2010 to 2028)	-30.0%	-22.5%	-8.1%
2000 Owner-Occupied Households	**N/A**	**234**	**8,438**
Percent of total 2000 households	---	90.7%	81.1%
2010 Owner-Occupied Households	**76**	**296**	**8,643**
Percent of total 2010 households	88.4%	88.1%	79.4%
Percent change (2000 to 2010)	---	26.5%	2.4%
2023 Owner-Occupied Households	**59**	**241**	**9,356**
Percent of total 2023 households	85.5%	88.3%	81.8%
Percent change (2010 to 2023)	-22.4%	-18.6%	8.2%
2026 Owner-Occupied Households	**60**	**239**	**9,441**
Percent of total 2026 households	88.0%	88.4%	82.0%
Percent change (2010 to 2026)	-20.8%	-19.4%	9.2%
2028 Owner-Occupied Households	**61**	**237**	**9,497**
Percent of total 2028 households	89.7%	88.4%	82.2%
Percent change (2010 to 2028)	-19.7%	-19.9%	9.9%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau: ESRI



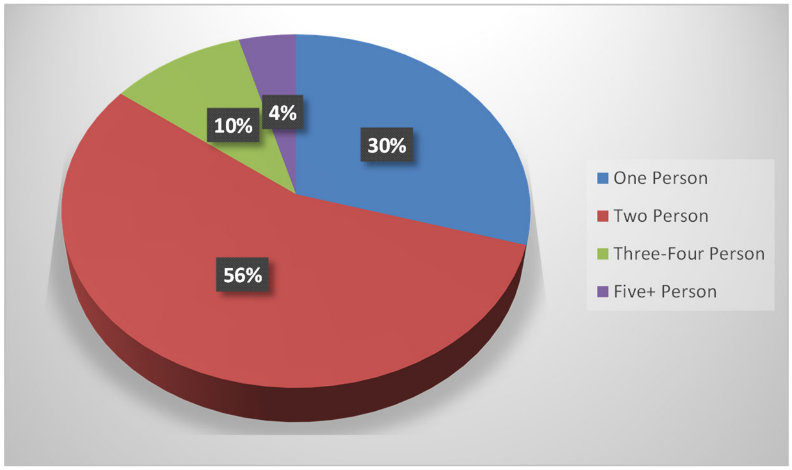
The division of households by size clearly favors single-person households and couples. For the Beaver Island Area, 30 percent of occupied households on the Island were one-person households, while two-person households accounted for 56 percent. Larger-sized households, which are essentially family-oriented households, represented just below 15 percent of all households across the Island. By comparison, Charlevoix County (along with most northern Michigan communities) exhibit significantly more family-oriented households with greater than two occupants per unit.

It is logical that smaller-sized units are prevalent across the Island, given the area's population trends and limited housing development options. However, it is also possible that the greatest housing needs are within family-oriented housing options, based on the characteristics of those persons and households that may find residency on the Island most appealing.

Table: Housing Unit Size Distribution

	St. James CDP	Beaver Island Area	Charlevoix County
One Person	**27**	**89**	**3,170**
Percent of total households	30.7%	29.6%	26.9%
Two Persons	**43**	**168**	**5,247**
Percent of total households	48.9%	55.8%	44.6%
Three or Four Persons	**11**	**31**	**2,554**
Percent of total households	12.5%	10.3%	21.7%
Five or More Person	**7**	**13**	**798**
Percent of total households	8.0%	4.3%	6.8%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

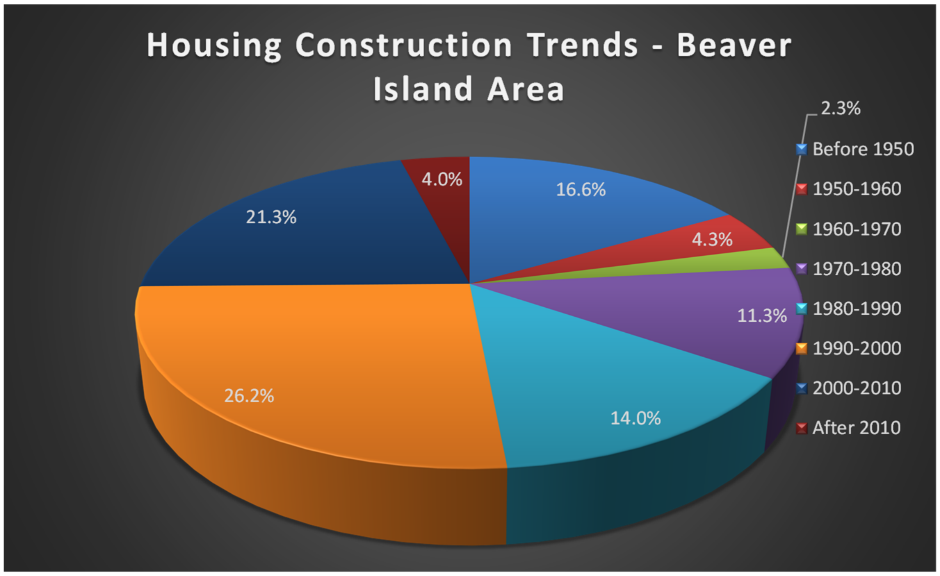


A review of the construction year of the existing housing stock demonstrates the lack of residential units built after 2010. After two decades of notable construction trends, the housing shock and recession of 2008-2009 impacted development activity, and it is clear that Beaver Island (along with most other communities across northern Michigan) experienced a significant decline in housing construction activity. These regional housing development trends only exacerbated the Island's unique housing development difficulties, resulting in a lack of supply and housing stock imbalance.

Table: Households by Year Constructed

TOTAL HOUSEHOLDS	St. James CDP	Beaver Island Area	Charlevoix County
Built Earlier than 1950	**34**	**50**	**2,270**
Percent of total renter households	38.6%	16.6%	19.3%
Built 1950 - 1959	**1**	**13**	**728**
Percent of total renter households	1.1%	4.3%	6.2%
Built 1960 - 1969	**3**	**7**	**1,043**
Percent of total renter households	3.4%	2.3%	8.9%
Built 1970 - 1979	**12**	**34**	**1,909**
Percent of total renter households	13.6%	11.3%	16.2%
Built 1980 - 1989	**8**	**42**	**1,661**
Percent of total renter households	9.1%	14.0%	14.1%
Built 1990 - 1999	**16**	**79**	**2,144**
Percent of total renter households	18.2%	26.2%	18.2%
Built 2000 - 2009	**14**	**64**	**1,494**
Percent of total renter households	15.9%	21.3%	12.7%
Built 2010 or Later	**0**	**12**	**520**
Percent of total renter households	0.0%	4.0%	4.4%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau



Household Income Trends

The median household income figures for the Beaver Island area have maintained pace with Charlevoix County and adjacent counties in northeast lower Michigan. In fact, the Island's prevailing income patterns are superior to most other northern Michigan communities, many of which experienced significantly smaller income gains, resulting in stagnant income trends that did not maintain pace with prevailing inflation. Given the degree of owner-occupied households and generally older families, such trends are not surprising.

At $69,680, the 2023 median household income estimate for the Beaver Island area is a 50 percent increase from 2010. A 44 percent increase in median income was recorded across Charlevoix County during the same period.

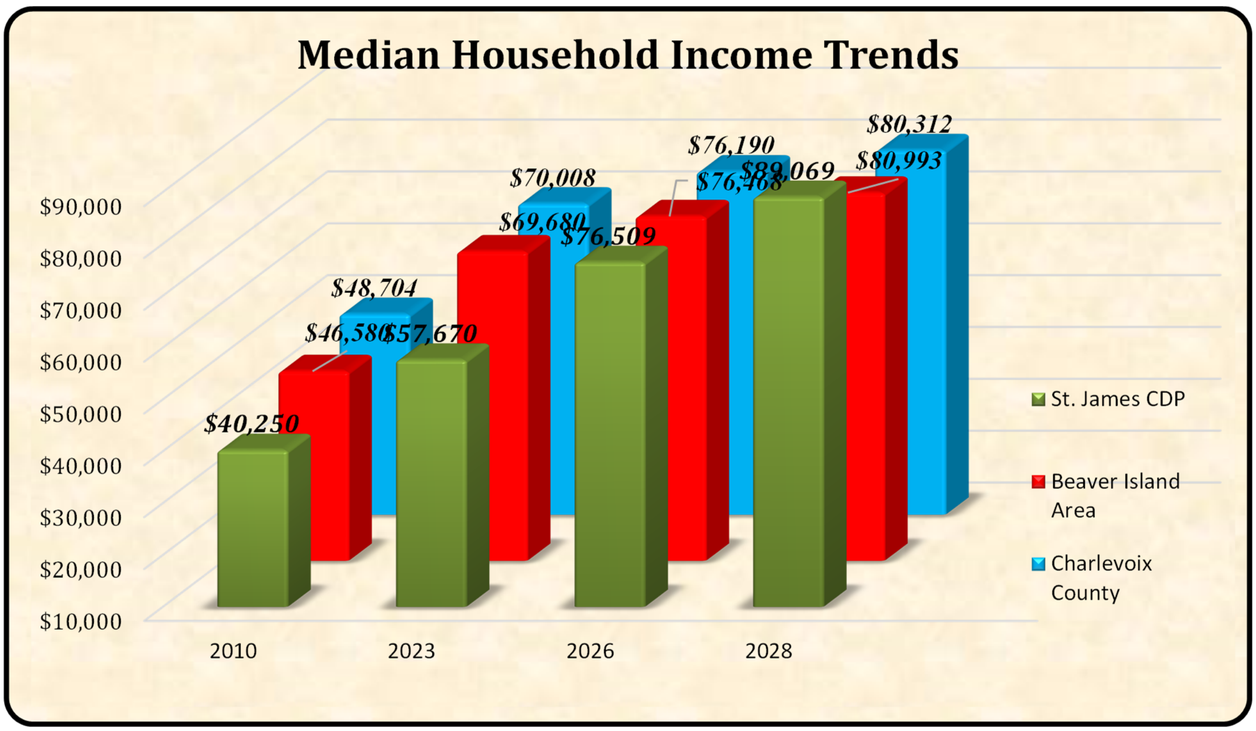
ESRI forecasts predict that incomes in the region will continue to demonstrate similar gains, but are unlikely to exceed the prevailing rate of inflation experienced over the past few years and projected for the near future. By 2028 the Island's median household income is forecast at $80,993, reflecting an average annual increase of 3.3 percent from 2010 totals. Median income levels forecast for Charlevoix County are forecast to increase at a similar rate. It is notable that a greater concentration of income appreciation is focused within St. James CDP, with a forecast median income for 2028 of $89,069 (a 4.8 percent average annual increase from 2010).

Table: Median Household Incomes (2010 to 2028)

	St. James CDP	Beaver Island Area	Charlevoix County
2010 Median Household Income	**$40,250**	**$46,580**	**$48,704**
2023 Estimated Median Household Income	**$57,670**	**$69,680**	**$70,008**
Total percent change (2010 to 2023)	43.3%	49.6%	43.7%
Annual percent change (2010 to 2023)	3.0%	3.4%	3.1%
2026 Forecast Median Household Income	**$76,509**	**$76,468**	**$76,190**
Total percent change (2010 to 2026)	90.1%	64.2%	56.4%
Annual percent change (2010 to 2026)	4.4%	3.4%	3.0%
2028 Forecast Median Household Income	**$89,069**	**$80,993**	**$80,312**
Total percent change (2010 to 2028)	121.3%	73.9%	64.9%
Annual percent change (2010 to 2028)	4.8%	3.3%	3.0%

SOURCE: 2010 Census; American Comm. Srvy., U.S. Census Bureau; ESRI Business Analyst.

Figure Twelve: Median Household Incomes (2010 to 2028)



Household Income Distribution

The distribution of household income by tenure type (owner vs. renter) is illustrated in the following table and chart. Two items of note are evident. One is the limited number of rental households, and the concentration of renter households at the moderate- and upper-income levels. Given the characteristics on the Island, this is not unexpected, and is simply a reflection of what types of housing options currently exist across the Island.

Secondly, the community's owner households exhibit a strong upper-income component – also not necessarily unexpected, but indicative of a housing market with few moderate-income choices, regardless of whether the household would prefer a rental or homeownership option. Since the housing bubble and subsequent recession of the last decade, the rate of homeownership has fallen each year, and continues to do so. Across Michigan, younger households are delaying a home purchase for various reasons (debt load, marital status, career considerations, among others), and older households are increasingly seeking a rental housing alternative and leaving homeownership regardless of financial status or health considerations. To some extent this trend is most likely present to some degree across the Island.

One other item to note – the size of Beaver Island is relatively small in terms of total population and households, so the data collected via the American Housing Survey may exhibit a higher than typical rate of error. As a result, corresponding demand forecasts may also include a lower degree of accuracy.

Figure: Household Income Distribution by Tenure – Beaver Island Area (2026)

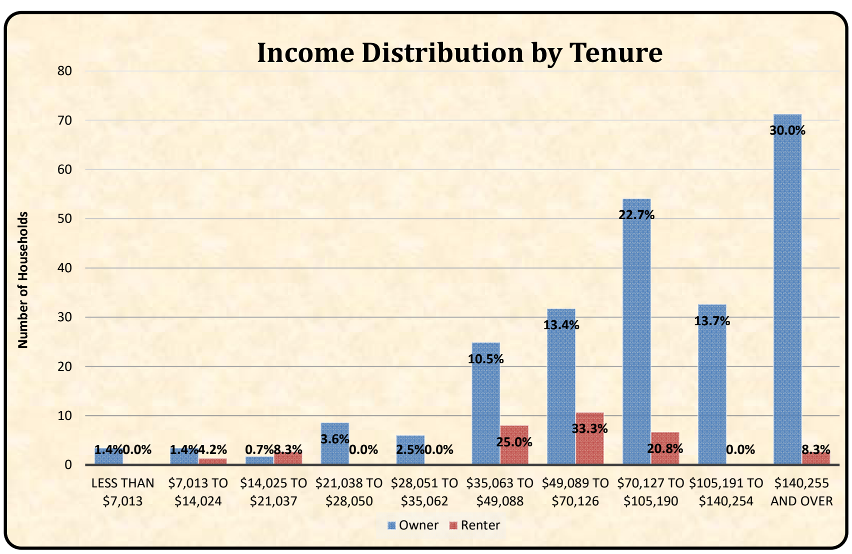


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Table: Household Income Distribution by Tenure – Beaver Island Area (2026)

	Total Households	Owner Households	Renter Households
Less than $7,013	**3**	**3**	**0**
Percent of 2026 Households	1.3%	1.4%	0.0%
$7,013 to $14,024	**5**	**3**	**1**
Percent of 2026 Households	1.7%	1.4%	4.2%
$14,025 to $21,037	**4**	**2**	**3**
Percent of 2026 Households	1.3%	0.7%	8.3%
$21,038 to $28,050	**9**	**9**	**0**
Percent of 2026 Households	3.3%	3.6%	0.0%
$28,051 to $35,062	**6**	**6**	**0**
Percent of 2026 Households	2.3%	2.5%	0.0%
$35,063 to $49,088	**33**	**25**	**8**
Percent of 2026 Households	11.6%	10.5%	25.0%
$49,089 to $70,126	**42**	**32**	**11**
Percent of 2026 Households	15.0%	13.4%	33.3%
$70,127 to $105,190	**61**	**54**	**7**
Percent of 2026 Households	22.6%	22.7%	20.8%
$105,191 to $140,254	**33**	**33**	**0**
Percent of 2026 Households	12.6%	13.7%	0.0%
$140,255 and Over	**74**	**71**	**3**
Percent of 2026 Households	28.2%	30.0%	8.3%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau; BLS Consumer Price Index

A summary of key demographic and economic statistics for the Beaver Island Area is presented within the following page in an infographic format. While much of the information was previously presented, two considerations of note are worthy of mention. One, the median home values are significantly higher than most other communities. While a positive reflection of value, such levels are reflected in the Island's typical land prices, construction costs, and home prices for available homes. As noted previously, much of the Island's housing stock is a combination of year-round options and seasonal/vacation homes. With a lack of rental units, these prevailing values are not surprising but do represent a barrier to the development of more moderately-priced alternatives.

Some of this home pricing data is reflected within the affordability index, provided within the following infographics. Esri's Housing Affordability Index measures a community's affordability relative to any other geographic area. An index above 100 signifies that on average, a family has more than enough income to qualify for a mortgage loan on a median-priced home, and levels below 100 indicate that price points are not commensurate with prevailing income levels, making it difficult to quality for a home purchase. Given the mismatch between prevailing home values and much of the community's income levels, this score of 81 is not surprising. By comparison, the nationwide score is 91.7, down from 103.8 from 2022.

Secondly, the population's median age is estimated at 59 years for 2023 – well above the statewide level and another indication of the Island's inverted population pyramid. Without an infusion of younger households and families, over the next few decades the Beaver Island Area will be transformed into a significantly senior-oriented residential option, for which the community is not ideally suited, given the limited medical and personal care services available as compared to the mainland. Ultimately, the Island will exhibit a population pyramid that would be insufficient to readily support the community's economy, employment base, and other characteristics. Without additional housing options, it will become increasingly difficult to stabilize the population at a more manageable and diverse level.

Infographics: Key Demographic/Economic Data

Beaver Island Area

DEMOGRAPHIC PROFILE

Beaver Island Area

Geography: County Subdivision

This infographic contains data provided by Esri. The vintage of the data is 2023, 2028

EDUCATION

2%	21%	26%	51%
No High School Diploma	High School Graduate	Some College	Bachelor's/Grad /Prof Degree

EMPLOYMENT

White Collar	64.5%
Blue Collar	29.5%
Services	6.0%

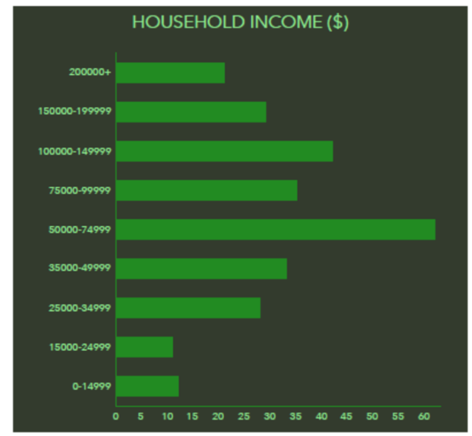
6.5% Unemployment Rate

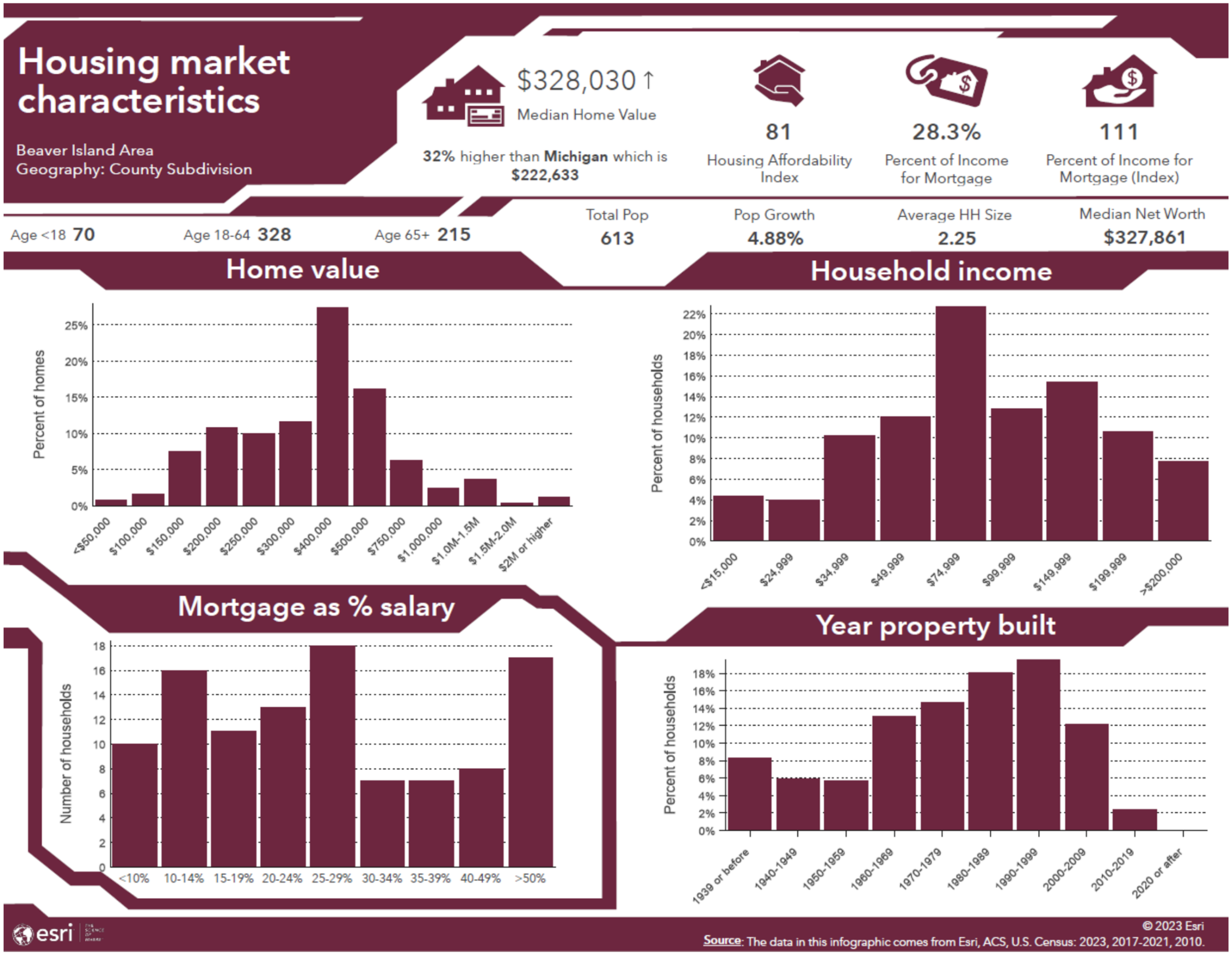
KEY FACTS

613	Population
58.8	Median Age
273	Households
$58,675	Median Disposable Income

INCOME

$69,680	Median Household Income
$45,805	Per Capita Income
$327,861	Median Net Worth




Housing market characteristics
Beaver Island Area
Geography: County Subdivision
$328,030
Median Home Value
32% higher than Michigan which is $222,633
81
Housing Affordability Index
28.3%
Percent of Income for Mortgage
111
Percent of Income for Mortgage (Index)
Age <18 70
Age 18-64 328
Age 65+ 215
Total Pop 613
Pop Growth 4.88%
Average HH Size 2.25
Median Net Worth $327,861
Home value
Percent of homes
0% 5% 10% 15% 20% 25%
<$50,000 $100,000 $150,000 $200,000 $250,000 $300,000 $400,000 $500,000 $750,000 $1,000,000 $1.0M-1.5M $1.5M-2.0M $2M or higher
Household income
Percent of households
0% 2% 4% 6% 8% 10% 12% 14% 16% 18% 20% 22%
<$15,000 $24,999 $34,999 $49,999 $74,999 $99,999 $149,999 $199,999 >$200,000
Mortgage as % salary
Number of households
0 2 4 6 8 10 12 14 16 18
<10% 10-14% 15-19% 20-24% 25-29% 30-34% 35-39% 40-49% >50%
Year property built
Percent of households
0% 2% 4% 6% 8% 10% 12% 14% 16% 18%
1939 or before 1940-1949 1950-1959 1960-1969 1970-1979 1980-1989 1990-1999 2000-2009 2010-2019 2020 or after
esri
© 2023 Esri
Source: The data in this infographic comes from Esri, ACS, U.S. Census: 2023, 2017-2021, 2010.

V: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

As a somewhat isolated island community, Beaver Island's housing stock is primarily geared toward part-time residents and seasonal/vacation occupants, with many of these families representing multiple generations with a presence on the Island. As discussed previously, the latest data from the American Housing Survey indicates that just 30 percent of the total housing units within the Beaver Island Area are occupied units (301 total, estimated for 2021). The vast majority of remaining units are categorized as seasonal/recreational units, representing 67 percent of all housing units (670 units, estimated for 2021). These seasonal/recreational structures represent a wide range of options with equally wide degrees of quality and age, and include such structures as hunting shacks that lack modern features as well as the more modern "mini-mansions" with as many as eight bedrooms and baths, located on significantly large lots. These trends are not surprising, and actually help explain to some degree the unique housing market characteristics found on Beaver Island. The key consideration is that both the substandard hunting cottages and the multi-bedroom manors are not available for permanent occupancy, but either greatly inflate housing pricing as well as shrink the size of the Island's housing stock – all of which leads to an inflated price/low inventory housing market.

Along with the higher cost of construction commensurate with an island community, a series of barriers to entry can be identified across Beaver Island that prevent a normal housing market from taking place.

While luxury and vacation homes are the primary focus for much of the Island's homeownership marketplace, such options are not a focus of this analysis. The impact of these higher-priced homes upon the target market segments of interest, however, is very worthy of mention within this section. As perhaps the most profitable portion of the Island's housing landscape, the luxury sector continues to place pressure upon other housing alternatives, both in terms of reducing available land for development, as well lowering the already minimally low incentive for builders and developers to broaden new home opportunities for more moderate-income households.

Across Beaver Island, just 17 property listings are currently for sale, according to information on www.realtor.com. Of these, a clear delineation can be seen between moderately priced units and more luxurious homes, many of which are not likely for permanent occupancy. Four of the 17 units are within a reasonable price range ($139,900 to $168,900); however, these four structures are of minimal size (average square footage of 552 square feet – all one-bedroom homes) and exhibit little to no modern features or amenities. The remaining 13 homes for sale exhibit significantly higher price levels (average price of $483,000), feature multiple bedroom options, significantly larger unit sizes (average of 2,170 square feet), and contain in most cases the most modern features and fixtures. The highest price listing is for a 1,600 square foot waterfront home on a large lot, at $850,000. Essentially the Beaver Island homeownership market only serves two segments; one segment includes moderate to upper-income families/households most likely seeking a second/vacation home, mostly found within prime locations. The other (much smaller) segment reflects lower to moderate-income singles and couples, likely purchasing a structure lacking modern features and/or in need of repairs/upgrades, located in some instances within less-than-ideal locations. Neither segment is remarkably large, but perhaps both are reflective of the minimal degree of construction on Beaver Island since 2010. With only two target market segments addressed by the current housing marketplace, those additional target markets that do not ideally match the available for-sale options are either forced into a housing mismatch or ultimately decide against residency on the Island.

> *Due to the unique characteristics of the local housing market, numerous barriers to entry have evolved to prevent any natural or market-based solutions that ideally serve persons that wish to reside on Beaver Island.*

In addition to these current home listings, 24 residential lots of varying size are also for sale, according to realtor.com. While it can be assumed that such lots are appropriate for housing development, already high construction costs regardless of location are notably higher on the Island, where essentially nearly every "brick and stick" has to be transported from the mainland.

Upon review of the available data, it is evident that those Island residents seeking a moderately and reasonably priced home (owner or rental) have a greatly reduced number of options from which to choose. While it is likely that "arm's length" transactions among family and friends take place, based on the size of the market, the availability of homes, and the extremely high prices present for luxury/vacation homes, no market mechanisms are present to address the demand potential for what is typically referred to as "workforce housing". While such inefficient housing markets are found in many vacation/resort areas, such as Mackinac Island or Grand Haven, the situation for Beaver Island (featuring a local economy with less dependence on tourism), is also similar in terms of impact, with the added costs of construction and the availability of land, among other barriers.

As discussed previously, the Island's household ratio by tenure is overwhelmingly tilted toward homeowners, with just 12 percent of existing occupied units on the Island used as rental housing (as estimated for 2023). Such a small ratio clearly inhibits workforce housing opportunities, regardless of the occupation, as simply stated, no rental housing options are readily available. What is likely is that ad-hoc arrangements for some persons/families are made within a seasonal unit – some of which may not be suitable for year-round occupancy, or lack modern features. Others seeking to relocate to the Island are even reduced into outdoor/camping arrangements, undesired roommate alternatives, or are reluctantly forced to commute from the mainland. All of these alternatives to permanent housing are not desirable, and reduce the community's ability to grow businesses, schools, and services.

The lack of available housing also lessens the ability of the Island to maximize the recreational and social assets that may have been a key determinant for individuals or families to relocate to Beaver Island in the first place. Placemaking features become greatly diminished when housing, along with retail options and community services, are not sufficiently supportive. Ultimately, Beaver Island competes with numerous communities across northwest Michigan for workers, businesses, and professionals. Expectations for attracting desirable persons and entities are dependent on an increasing level of community features – of which available housing is perhaps most important.

Housing Survey Results – Beaver Island

Results of the housing survey indicate a definitive preference for new home ownership options, and to a lesser extent some type of rental housing alternative. Prevailing income levels appear centered within the moderate-and-upper-income levels, with a minority within the affordable/workforce levels.

As part of this analysis, a survey of local households interested in potential residential options on Beaver Island was undertaken. Survey Monkey, one of the more prominent online survey tools, was used for the analysis. Various sources provided the link to the Survey Monkey survey, with both island residents on off-island residents participating. A total of 119 responses were recorded. Those persons that did not exhibit an interest in housing alternatives on Beaver Island were discarded with a qualifying question; those persons that did demonstrate interest in Beaver Island housing were given the full survey, representing a total of 40 responses.

A summary of the findings includes the following:

- A large majority of respondents are Beaver Island residents – representing 76 percent of all responses. Just below 17 percent were "frequent visitors" to the island, with the remaining responses either former residents of the Island or a friend/relative of an Island resident. A reasonable combination of locals and mainland residents.
- Most response in terms of family size were couples, at 53 percent. Single person households accounted for 22 percent, with single-parent households an additional one percent. The remaining responses (25 percent) were couples with children. The average household size for 2023 is estimated at 2.25 persons, which matches well with the survey data. The number of family responses was somewhat surprising, as the degree of interest by families to relocate to the island was stronger than anticipated, given the size of the island's population and existing household totals. However, the responses are an indication of the degree of interest by moderate/higher income households/families in homeownership opportunities, rather than workforce housing options.
- Just over half of the responses have an economic tie to Beaver Island (51 percent) – as these respondents are either employed on Beaver Island or operate a business on Beaver Island.
- Most respondents are homeowners, at 84 percent. Just five percent are renters, while the other 11 percent have other unique housing arrangements. This may point to the respondents being somewhat older than anticipated.
- Income data from the responses is skewed toward the moderate- and upper-income levels, with the largest percentage response among households with incomes greater than $150,000. As information was reported within a range, no average or median income

figure can be determined, but the likely average level is around $100,000 – representing the market rate rental income range and the primary owner-occupied range.

The distribution of household income was as follows:

- Less than $15,000: 7 6%
- $15,000 - $30,000: 10 9%
- $30,000 - $50,000: 17 15%
- $50,000 - $75,000: 16 14%
- $75,000 - $100,000: 20 18%
- $100,000 - $150,000 17 15%
- More than $150,000: 24 22%
- Did Not Answer: 8 ---

This response, and the subsequent question regarding preferred housing options, points to the strongest degree of interest in Beaver Island from higher-income families, rather than singles or couples with more moderate incomes. Also, just 30 percent of households are potentially income-eligible for affordable housing options, assuming some degree of financing or housing credits from the state or federal government – this actually matches relatively well with the demographic data utilized within the demand forecasts in the next section.

- A clear majority of respondents are interested in homeownership, at 70 percent. Just under 12 percent expressed a rental housing preference, with the balance providing an unsure/depends response. Much of these unsure/depends responses were tied to a condominium preference, some type of cooperative housing, senior/congregate care, or a service-oriented community typically targeting active empty nesters/seniors.
- The collected data represents a "pent-up" demand scenario, in which the market potential does not materialize due to a lack of product, rather than insufficient demand. The previously listed barriers to a stable housing market are the primary reasons for such a scenario (limited options, reduced development activity since 2010, lack of choices, unattainable price points, diminished incentives for reasonably priced housing, among others).

While responses point primarily to homeownership among higher-income families as the single largest segment, such options are present on Beaver Island and, to some degree, are potentially available for that target market segment. Workforce options (for both owners and renters) are definitely not as prevalent on Beaver Island, but are sought after by an admittedly smaller-sized target market with a perhaps stronger degree of need.

Historical and current trends will not provide a purely market-driven solution to the lack of housing for the permanent population, due to various barriers to entry, cost issues, and a luxury/vacation marketplace that provides clear market and profit-driven advantages for builders and developers.

VI: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2023 and three-year projections for households within the target market income range, defined within three target market segments – affordable (assuming the use of federal or state subsidies to support reduced rents and applicable income restrictions), workforce (targeted for persons and households up to 100 percent of AMI), and market rate (with no income restrictions). These income-eligibility ranges overlap to some degree, due to assumptions regarding household/family size as well as likely funding sources and associated rent/income restrictions. The ranges are designated as follows:

- Affordable: $15,000 to $45,000
- Workforce: $30,000 to $60,000
- Market Rate: $40,000 and above

Demand methodology for this analysis is based on generally-accepted characteristics, with data from U.S. Census information and income guidelines based on HUD and IRS definitions. Demand forecasts are based on household totals, rather than population totals, as the household is the primary statistic in terms of both single-person units as well as family-oriented occupied units. Briefly stated, the number of households are separated by owners and renters, and adjusted for household size (as larger-sized households would not be likely to consider smaller-sized rental units). Taking available income distribution, the number of eligible size-adjusted households are determined, and are subsequently adjusted based on the assumed annual movership rate (the percentage of households that relocate to rental housing each year). The results of these factors yield the current year demand – in this case 2023. Future demand is determined by estimating the future number of rental units that may exist in 2026, and using the income-qualified percentage to forecast the additional demand potential for 2026. The sum of these two calculations yields the future demand for rental housing. If necessary, these figures are adjusted for any new rental options that are similar to the target market segment.

For Beaver Island, the resulting demand calculations are relatively minimal, and are indicative of the market area's relatively small size. The resulting demand forecast is just two units for the affordable range, three units for the workforce range, and seven units for the market rate range. Please note that the income-eligibility ranges do overlap, so these demand totals would overlap as well.

Capture rates are utilized as part of this type of demand forecast to provide a reasonable assumption in regard to the number of units that should be developed. It is not reasonable to assume that all units determined by the statistical demand could be captured by the subject proposal. Within this function, two separate ratios are used to provide a conservative and time-tested estimate of market potential within a given area. One is the capture rate, which measures the percentage of demand required to absorb the number of units proposed. This ratio should not exceed 50 percent, based on generally-accepted methods of housing demand. The second ratio is the penetration rate, which measures the number of income-qualified households necessary to absorb the number of units proposed. This ratio should not exceed three to six percent, depending on the target market and other factors.

In order for the demand function to fall within or near these acceptable ratios, the proposed units should not exceed four to six units. This assumes two units within the affordable/workforce range, and four units within the market rate range.

Adjustments to statistical demand are often made, based on factors that may be unique to a specific market. Certainly, the Beaver Island area is very unique, but unfortunately does not exhibit reasonable factors that would allow for the augmentation of the statistical demand as determined for this analysis. Factors considered, but not used for adjustments, include the following:

1) Unique movership adjustments – reasons for different movership ratios are often incorporated into a demand function. However, both anecdotal considerations and survey results (as summarized within the following section) do not point to any such consideration for rental housing. In fact, the movership ratio for owners moving to renters used for the analysis is likely overstated;
2) Additional economic factors – the opening of new employment options often spurs housing activity. No such considerations are currently present on the Island that would necessitate an adjustment in the statistical demand;
3) Specific incentives for relocation – outreach and recruitment for the relocation of specific persons, employees, or household types would result in additional demand potential. While some employers may make arrangements for workers, this type of activity was not widely evident to the degree that would require demand potential adjustments;

4) Favorable housing pricing factors – an affordable, low-cost marketplace in comparison to nearby alternatives would result in higher movership ratios, assuming no other barriers are present. Unfortunately, the Island's marketplace exhibits relatively high price points, within a limited supply marketplace, with development costs measurably higher than nearby alternative markets – perhaps the least favorable combination of factors;
5) A highly aged housing stock in need of replacement – such conditions may lead to increased development activity and new housing options. Based on observations and a review of statistics regarding construction activity, while some properties may be in need of renovations/replacement, the level of activity is not sufficient to lead to sizeable gains in construction activity.

Statistical demand forecasts using standard housing demand methodology indicates minimal support for additional rental housing, targeting a wide range of target market segments.

It would appear that insufficient demand is present for a rental development with a reasonable project size for most development entities. Prior experience suggested that a minimum size of 20 to 30 units is required to attract most development entities to strongly consider such a project. However, with sufficient cost-savings within the financing and development processes, a smaller development total may be of interest. Such consideration is not factored within this analysis.

Given the small number of senior households on Beaver Island, the corresponding demand forecast for senior-designated units is insufficient, assuming standard methodology and market area considerations. The only factors that would improve the demand potential would be the utilization of a pre-approved list, recruitment of likely residents, or financial considerations that would greatly increase interest by both local residents and seniors from across other areas of northwest lower Michigan.

Demand for Owner-Occupied Housing Options

Statistical demand forecasts for homeownership analysis are rarely utilized, as the homeownership marketplace has numerous factors that are difficult to readily quantify within a simple algorithm such as the rental demand forecast. A regression analysis is typically provided for such an analysis, but the Beaver Island Area is clearly too small to provide this type of analysis with a high degree of confidence. However, the following information may shed light on the statistical aspects of the local homeownership market:

- Annual movership ratios for households into owner-occupied units was calculated as follows for the Beaver Island Area, based on the latest American Community Survey data:
    - Previous Owner into Owner-Occupied Units: 2.0 Percent (11 units)
    - Previous Renter into Owner-Occupied Units: 2.3 Percent (1 unit)

  For this data to reflect current conditions, the approximate number of homes purchased within the last year would need to total approximately 12 units, which is essentially implied with the above movership ratios.

  Based on the number of homes currently for sale (17 homes, according to Realtor.com), the demand potential from the movership data appears reasonable. What is complicating the market potential estimation is the extremely tight sales trends (essentially no completed sales over the past 90 days, according to the website), along with the numerous barriers to increased housing development activity.

  Equilibrium is the balance between all demand and supply considerations. For Beaver Island, the relatively low available inventory that is primarily concentrated among vacation/seasonal homes for upper-income families is reflected by the higher price points. This is the equilibrium point for the Island, and is clearly different compared to mainland housing markets, in which the impediments to entry are significantly reduced, allowing for the infusion of supply for multiple target market segments to reduce the prevailing price points.

  It should be noted that annual movership levels for most of Michigan and surrounding states have been slowly declining over the past decade; the pandemic's influence upon these trends is not entirely known at this time, but considering the increase in workers employed at home and the "gig" economy (which assumes a household is either totally or partially supported by a series of non-traditional employment arrangements that previously would be considered more of a hobby rather than the basis of family/household income), a decrease in migration patterns would not be considered unusual. However, anecdotal information and the observed increase in population totals from 2020 to 2023 appears to demonstrate a higher, if temporary, increase in localized movership for the Island.

- Realtor.com describes the local housing market with declining sales periods, as illustrated below. The graphic from the website also includes vacant lots, so the data is a combination of homes and land purchases. The median number of days a listing has been on the marketplace is currently 107 days, well lower than the three-year high of 258 days in March 2021.

- An alternative method to determine demand potential for owner-occupied housing is to utilize the absorption rate, the period of time in which a home is available for sale. Unfortunately, no homes were reported as sold by Realtor.com over the prior 90 days. Using the number of homes available for sale, the potential absorption rate is calculated at 7.1 percent, implying a seller's market, but given the various barriers to entry and high prices, it is difficult to make broad assumptions regarding the Beaver Island housing market that would be significantly easier within a traditional marketplace.

Very few of the occupied households on the island are considered substandard (approximately one percent, according to the latest ACS data), so it is unlikely that a sizable reduction in the number of available units will take place over the next few years. Given the limited number of homes constructed over the past 13 years, a large infusion of owner-designated homes available to the public is also not likely over the balance of the decade. The only potential infusion of homes available for public purchase would be the conversion of seasonal or vacation homes to year-round use. Given the history and prevailing economic conditions, this shift in housing status is also not a realistic alternative.

Table: Statistical Demand Calculation – Rental Units

		Affordable Range To 60% AMI	Workforce Range To 100% AMI	Total Market Rate Range
2023 Total Occupied Households	**273**			
2023 Owner-Occupied Households	**241**			
2023 Renter-Occupied Households	**32**			
QUALIFIED-INCOME RANGE ***(unduplicated)***				
Minimum Annual Income		$15,000	$30,000	$40,000
Maximum Annual Income		$45,000	$60,000	and Above
PERCENTAGE SMALL SIZED OWNER HH		86.3%	86.3%	86.3%
PERCENTAGE SMALL SIZED RENTER HH		75.0%	75.0%	75.0%
DEMAND FROM EXISTING HOUSEHOLDS				
Percent Income Qualified Owner Households		14.2%	19.2%	48.7%
Percent Income Qualified Renter Households		24.9%	42.3%	70.4%
Size-Adjusted Income Qualified Owner Households		29	40	101
Size-Adjusted Income Qualified Renter Households		6	10	17
Annual Movership Rate - Owner to Renter		5.0%	5.0%	5.0%
Annual Movership Rate - Renter to Renter		10.0%	10.0%	10.0%
Total Income-Qualified Owner to Renter Movers		1	2	5
Total Income-Qualified Renter to Renter Movers		1	1	2
Total Demand from Existing Households		**2**	**3**	**7**
DEMAND FROM NEW RENTER HOUSEHOLDS				
Projected 2024 Renter Households	**31**			
Annual Change in Renter Households, 2023-2026	**0**			
Percent Qualified Renter Households		24.9%	42.3%	70.4%
Total Annual Demand From New Households		**(0)**	**(0)**	**(0)**
TOTAL DEMAND		**2**	**3**	**7**
LESS: Total Comparable Units Placed in Service Since 2022		0	0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0	0
TOTAL NET DEMAND		**2**	**3**	**7**
IDEAL NUMBER OF UNITS		**1**	**2**	**4**
CAPTURE RATE		**49.2%**	**67.8%**	**60.2%**
PENETRATION RATE		**2.8%**	**4.7%**	**3.4%**

Note: Totals may not sum due to rounding or differences in income ranges

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

VII: DATA & SOURCES

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Thematic maps supplemental data through ESRI Business Analyst

U.S. Department of Labor, Bureau of Labor Statistics

Local housing trends/data - Realtor.com

CERTIFICATION

CONSULTANT CERTIFICATION/CERTIFICATE OF ACCURACY

It is hereby attested to that the information in this report is true and accurate. Information gathered from other sources is considered to be reliable; however, the undersigned does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment.

While the sponsor has paid for the market research services rendered, the undersigned certifies that no fees will be collected or payments received contingent upon the success of the proposal. In addition, the undersigned further certifies that no ownership interest exists concerning the proposal.

While the document specifies Community Research Services, LLC, the certification is always signed by the individual completing the study and attesting to the certification.

COMMUNITY RESEARCH SERVICES, LLC

Kelly J. Murdock

Date: September 15, 2023

RESUME AND BACKGROUND

KELLY J. MURDOCK

COMMUNITY RESEARCH SERVICES, LLC

Mr. Murdock has vast experience in the analysis of housing markets. Since 1988, he has provided market analyses and studies on single-family developments, apartment complexes, condominium proposals, and senior citizen communities. Mr. Murdock has also assisted numerous nonprofit groups and non-entitled communities with the use and regulations of the HOME program, as a technical assistance representative through the Michigan State Housing Development Authority (MSHDA). He has been featured within several published articles on housing research, and has served as a speaker at numerous housing seminars on market-related issues.

Mr. Murdock currently serves as the Managing Partner of Community Research Services, LLC (CRS). CRS was created to provide a wide variety of products and services to the affordable housing industry, ranging from market feasibility studies to development consulting. CRS provides consulting and research with for-profit firms, nonprofit organizations, as well as state and local governments.

Prior to the establishment of CRS, Mr. Murdock was the founder of Community Research Group LLC and Community Targeting Associates. Both companies provided a large degree of affordable housing research over a twelve-year period (1992 to 2004) across 31 states for over 250 clients. This included research conducted under contract with Rural Housing Service, HUD, and six state housing agencies. Previously, Mr. Murdock served as the Senior Market Analyst of Target Market Systems, the market research division of First Centrum Corporation. At TMS, Mr. Murdock was responsible for market research services for all development and management divisions of the corporation, and completed some of the first market reviews and studies within Michigan under the LIHTC program (IRS Section 42).

A graduate of Eastern Michigan University, Mr. Murdock holds a degree in Economics and Business, with a concentration in economic modeling and analysis. Mr. Murdock is a member of the Michigan Housing Council, a statewide affordable housing advocacy group. He previously served on the Council's Board of Directors. Mr. Murdock and CRS are also charter members of the National Council of Housing Market Analysts (NCHMA), an organization dedicated to the establishment of standard practices and methods in housing research across the nation. Mr. Murdock currently serves on the executive committee of NCHMA as Past Chairman, having served as the Chair for the organization during the 2020-2022 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.

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ORDINANCE NO. 793

SHORT-TERM RENTAL ORDINANCE

AN ORDINANCE TO CREATE A LICENSING AND REGULATORY FRAMEWORK FOR SHORT-TERM RENTALS IN THE CITY OF PETOSKEY

THE CITY OF PETOSKEY ORDAINS

Chapter 15, Article I, Sections 15-1 through 15-10 of the Petoskey Code of Ordinances is hereby enacted as follows:

Chapter 15
Short-term Rentals

Section 15-1. Intent and Purpose.

The City Council finds the short-term rental of dwelling units in the City of Petoskey provides value to our local economy but also can bring with it negative effects to the year-round quality of neighborhoods, housing supply, and public health and safety. The City Council has enacted this regulatory ordinance to strike a balance between the interests of community residents, business owners, visitors, and property owners.

Section 15-2. Applicability.

All requirements, regulations and standards imposed by this Chapter are intended to apply in addition to any other applicable requirements, regulations and standards imposed elsewhere in other chapters/ordinances of the City of Petoskey, including without limitation the City of Petoskey Zoning Ordinance. Further, this Chapter does not affect additional requirements placed on use of property (or any portion thereof) imposed by deeds, associations, or rental agreements.

Section 15-3. Definitions.

As used in this Chapter, the following words and phrases shall have the meaning hereafter ascribed to them:

Accessory Dwelling Unit: A second residential dwelling unit that may be contained within an existing single-family home or a freestanding structure that meets all of the requirements of the City of Petoskey Zoning Ordinance. An accessory dwelling unit shall not be used as a short-term rental.

Basement: The portion of a dwelling which is more than 50% below finished grade. A finished basement with egress shall be counted as a floor, an unfinished basement or a basement without egress shall not be counted as a floor.

Bedroom: A room intended for sleeping or placement of a bed separated from other spaces in the dwelling unit and which includes a second egress opening. The following spaces do not qualify as bedrooms: kitchens; dining areas; gathering spaces such as living rooms, dens, family rooms; and attics or basements without egress meeting standards in applicable building, residential, and fire codes.

Cap: Maximum number of short-term rental units that may be licensed as determined by the City Council.

Compensation: Money or other consideration given in return for occupancy, possession, or use of a property.

Dwelling Unit: A self-contained unit within a building that is designed for human occupancy and provides complete living facilities, including permanent provisions for sleeping, eating, cooking, and sanitation. "Dwelling Unit" does not include bed and breakfasts, hotels, motels, and boarding houses.

Enforcement Officer: The person(s) appointed by the City who shall carry out various functions of this Chapter or cause other officials, inspectors, or relevant professionals to carry out various functions in order to implement and enforce the terms of this Chapter.

Good Visitor Guide: Information prepared by the City's Planning and Zoning Department for distribution at all short-term rental units.

Landlord: Individual with possession of STR pursuant to lease or agreement.

License: An annual short-term rental license duly issued by the City of Petoskey in accordance with the provisions of this Chapter.

Licensee: The owner who applies for and receives a short-term rental license from the City of Petoskey.

License Year: A 12-month term as defined in this Chapter.

Local Agent: An individual designated by the Licensee of a dwelling unit to oversee the short-term rental of a dwelling unit in accordance with this Chapter and to respond to calls from renters, concerned citizens, law enforcement, and representatives of the City. The Local Agent must be available to accept telephone calls on a 24-hour basis at all times that the dwelling unit is rented and occupied. The Local Agent must have a key to the dwelling unit and be able to respond to the short-term rental within sixty (60) minutes to address issues. -The Local Agent shall be authorized by all owners to accept service of process upon all owners, jointly and severally, for civil infractions.

Maximum Capacity: The maximum number of allowable Occupants, Tenants and guests as determined by the Department of Public Safety.

Maximum Occupancy: The maximum number of allowable Occupants as determined by the Department of Public Safety.

Natural Person: A human being.

Occupant: Any individual staying overnight in a short-term rental.

Residential District: Zoning districts established by the City of Petoskey in which single- or multi-family residences are principal uses permitted as of right and limited to R-1, R-2, R-3, RM-1, and RM-2.

Short-term Rental (STR): The making of occupancy available for any dwelling unit or portion thereof for a fee or other compensation for a term of less than 30 consecutive days, but not including bed and breakfast establishments, hotel rooms, motels, transitional housing operated by a non-profit entity, group homes such as nursing homes and adult foster care homes, and hospitals or other health care related facilities.

Tenant: The individual taking possession and use of the short-term rental property from the landlord under a lease. For purposes of this Ordinance, a Tenant is also counted as an Occupant when determining maximum occupancy.

Transfer: A transfer of property of any type from a person to another person as defined under MCL 211.27a(6)(a)-(j), being part of Public Act 206 of 1893, as amended.

Section 15-4. Licensing.

An owner of any property located within the City of Petoskey shall not rent, or allow to be rented, a short-term rental unless the owner has obtained a license for that dwelling unit in accordance with the requirements of this Chapter.

(1) All short-term rental dwelling units shall be licensed annually between April 1 and March 31. A listing of applicants will be published annually in January by the City Clerk at City Hall and on the City of Petoskey website.

(2) The initial term shall be for the remainder of the license year the license is issued.

(3) An initial license, if available, may be issued at any time.

(4) The renewal period for existing licenses shall commence on November 1. In order to renew a short-term rental license for the forthcoming year, the Licensee must deliver all required documents to the City, no later than December 30.

(5) License renewals that are not submitted on or before December 30 shall expire.

(6) A person seeking a short-term rental license under this Chapter shall submit to the City a complete short-term rental application, signed and certified as being true by the applicant and the designated Local Agent. The application shall include all of the information specified on the short-term rental application form and any other information deemed reasonably necessary by the City Clerk to determine whether the short-term rental standards and regulations under this Chapter have been met. The License application form and review and inspection process shall collect not less than the following information and other items that the City Clerk may deem necessary for implementation of this Chapter:

    (a) Name, permanent address, email, and telephone number of the property owner and Local Agent for the short-term rental unit;

    (b) The street address of the short-term rental unit, along with other identification if more than one dwelling unit shares the same street address;

    (c) The number of bedrooms in each dwelling unit, and proposed maximum number of allowable Occupants as determined by the Department of Public Safety;
    (d) The identification of the number of available parking spaces and a diagram of parking available for guests;

    (e) The certification of the application shall include the following:

1. Each bedroom has a working smoke alarm, each floor has a working carbon monoxide detector, and the licensee or Local Agent will check those devices no less than every six (6) months;

2. That the property is insured and the firm insuring the unit, policy number and expiration date. Certificate of insurance must be replaced if expired or cancelled;

3. The property owner or Local Agent will provide at least one copy of the City's Good Visitor Guide to the renters each time the dwelling unit is rented;

4. A schematic drawing, approved by the City, will be supplied to renters as to where they can legally park and how many spaces are available for their use;

5. An acknowledgment that the Licensee, Tenants and Occupants are subject to the City of Petoskey Code of Ordinances including but not limited to noise, fireworks, trash and parking;

6. An acknowledgment that the Licensee is responsible for any and all associated Tenant and Occupant fines if the Tenant and/or the Occupants fails to pay such fines;

7. An acknowledgment that Licensees are responsible for violations relating to any and all false or misleading statements in the licensing process;

8. An acknowledgment that any STR license awarded expires annually or upon any transfer of the property; and

9. An acknowledgment that awareness of/compliance with the STR renewal process, timelines and any required submissions is fully the responsibility of the applicant.

(f) A copy of the current deed for the property, showing ownership and control of the short-term rental property, and for an entity, a certificate, made under oath, as to the ownership of the proposed short-term rental property, and shall provide such additional information as the City may request. An entity must designate a natural person as the Licensee who must own at least a fifty percent (50%) interest in the short-term rental property, or have effective control thereof, as determined by the City. The name of the natural person must match the name of the person signing the application and issuing the personal check; and

(g) A copy of the prospective Licensee's standard rental agreement, shall fully comply with local, state, and federal law including City required conditions of occupancy.

(7) If all of the foregoing is not received by the City on or before December 30 prior to the expiration of the license of the applicable year, the Licensee shall be deemed to have irrevocably elected not to renew his or her STR license. Electronic submissions are not permitted. No further notice need be provided to the Licensee by the City.

(8) The cap on the total number of available short-term rental licenses shall be established by resolution of the City Council. The City Council reserves the right to raise, lower or amend the number of short-term rental licenses at any time.

(9) Properties situated in any Residential District as defined by this Chapter are not eligible to receive STR licenses. However, those properties that were properly licensed and operating as a short-term rental prior to the effective date of this ordinance are permitted to continue operating as a short-term rental despite being in a residential district, provided those properties comply with the requirements of this ordinance. The properties "grandfathered" prior to the effective date of this ordinance are listed in Appendix A. Upon transfer, licensure lapse or revocation of any licensed "grandfathered" property, the property is no longer a "grandfathered" property and no longer available for short term rental licensing.

(10) An application will not be considered by the City if the applicant is in default to the City for any unpaid fines, fees and/or taxes, or any outstanding violations.

(11) An application shall be accompanied by an application fee as established and set forth in the City fee schedule.

(12) A short-term rental application shall not be considered accepted or complete until the City Clerk deems it to be complete. The City Clerk shall inform an Applicant of any deficiencies in their application submittal. Furthermore, if the applicant fails to provide all the information required by this Chapter and/or fails to pay the required fee as set by the City Council via resolution, then the application shall be deemed incomplete and may be amended until December 30, at which time it shall be deemed incomplete and denied by the City.

(13) Once deemed to be complete, if an application complies with all the standards and regulations of this Chapter and a license is available, the City shall approve the license subject to the approval of the City Zoning Administrator and Director of Public Safety or their designee.

(14) Licenses become void upon property transfer and upon expiration or revocation by the City under this Chapter.

Section 15-5. Waiting List

A public waiting list (the "Waiting List") is hereby established, to be made available at City Hall, to keep and maintain a record of persons applying for short-term rental licenses in the permitted zoning districts in excess of available licenses. The applicants shall be placed on the waiting list in the order in which their completed applications are received by the City. A licensee who loses its license or fails to timely renew will be placed at the bottom of the waiting list upon the filing of an application except for "grandfathered" licenses, which will be extinguished This waiting list will be maintained for an indefinite period. Persons desiring a short-term rental license must pay an annual fee, set by City Council via resolution, by November 30 of each year to be continued on the waiting list for a short-term rental license in the permitted zoning districts. Failure to pay the invoice by November 30 will result in removal from the waiting list. The City will send an invoice for the waiting list fee to existing waiting list applicants by email on or about November 1. All persons on the waiting list shall notify the City of any changes to their contact information. Available licenses for those on the waiting list shall be determined as of April 1 each year.

Section 15-6. Regulations.

(1) All licensed short-term rentals shall have a designated Local Agent, as defined by this Chapter.

(2) Advertising of a licensed short-term rental must include the license number and the maximum occupancy and maximum capacity as determined by the Department of Public Safety. This information shall also be posted in a conspicuous location in the short-term rental.

(3) A short-term rental unit shall be inspected annually and meet current State of Michigan Building Code, District Health Department regulations, the International Property Maintenance Code and the International Fire Code as necessary to protect the safety of Occupants.

(4) All short-term rental Licensees, Tenants and Occupants are subject to the City of Petoskey Code of Ordinances.

Section 15-7: Violations and Penalties.

(1) A person who violates any provision of this Chapter, or any other applicable local, state, or federal regulation in connection with the ownership or the use of a short-term rental, may be responsible for a municipal civil infraction. Each day on which any violation of this Chapter continues may constitute a separate offense and be subject to penalties as a separate offense. Nothing in this Ordinance shall be construed as limiting the ability to apply greater penalties if a greater penalty is set forth in the regulation being violated.

(2) Tenants and Occupants of short-term rentals are subject to the City's Code of Ordinances while using a short-term rental, including but not limited to noise, fireworks, trash, and parking.

(3) The Licensee shall be responsible for any and all fines associated with activities at the short-term rental property in the event the Tenant and/or Occupants fail to pay said fines; a failure of the Licensee to pay an unpaid Tenant and/or Occupant fine is a violation of this Ordinance. A license will not be renewed unless all fines relating to the property are paid.

(4) Licensees are responsible for violations of this Ordinance including without limitation such items as false or misleading statements in the registration process, short-term rental Local Agent not responding to complaint/call within specified time period and advertising and/or hosting greater occupancy than permissible.

(5) If a Licensee is in default to the City of Petoskey, the license may be revoked. If revoked, the Licensee may apply to be placed on the waiting list.

(6) Short-term rental licenses may be revoked in the following manner:

  (a) The first violation shall result in a written warning to the Licensee;

  (b) A second violation shall result in a fine to the Licensee as set forth by City Council via resolution; and

  (c) A third violation shall result in revocation of the license. A minimum 14-day notice will be given to the Licensee for any revocation. As of one day following the notice of the third violation, no additional bookings may be made of the rental through the year-end.

(7) A Licensee may appeal any decision to revoke a license.

Section 15-8. Appeals.

(1) Upon a determination by the Enforcement Officer that the license of a dwelling unit is subject to revocation as set forth in Section 15-7, the Enforcement Officer shall issue a notice to the Licensee and Local Agent of the licensed short-term rental stating that the City intends to revoke the license.

(2) The notice shall inform the Licensee and Local Agent of a right to a hearing to show cause as to why the license should not be revoked. If a hearing is requested and the hearing fee is paid within 14 days of the service of the notice, the City shall schedule the hearing before the Zoning Board of Appeals and notify the Licensee and agent in writing of a time and place for that hearing.

(3) At the hearing, the Licensee and Local Agent may present evidence that the requirements for revocation are not satisfied or that the Licensee and Local Agent should not be held responsible for one or more of the three (3) requisite violations due to extenuating circumstances. The burden of proof is on the Licensee. Extenuating circumstances must include circumstances that the Licensee or the Local Agent could not reasonably anticipate and prevent, and could not reasonably control.

(4) The Zoning Board of Appeals shall independently determine whether there is competent, material and substantial evidence establishing a violation and/or whether there is competent, material and substantial evidence establishing that extenuating circumstances exist.

Section 15-9. Conflict and Severability Clause.

Each section of this Chapter and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of this Chapter. To the extent that the requirements of this Ordinance conflict with another City ordinance, the more stringent standard shall control.

Section 15-10. Enactment and Effective Date.

This Chapter is hereby determined by the City Council to be immediately necessary for the interest of the City. Consistent with City Charter Sec. 6.3, the effective date of this Chapter shall not be less than fourteen (14) days after enactment and shall be published once within seven days after its enactment as provided by Charter.

Adopted, enacted and ordained by the City of Petoskey City Council this 4th day of December, 2023.

____
John Murphy
Its Mayor

____
Sarah Bek
Its Clerk

Report on Washington Island Natural, Agricultural and Cultural Resources 3/25/24

Between March 11 and March 22 I continued to interview representatives of the Agriculture Community. I interviewed Russell and Alessandra Rolffs and Jeannie Kokes about Gathering Grounds, and Mike Davis from Birchwood Farms.

General "trends" of agreement with regard to the future of agriculture on the island

1. The need to preserve tracts of large acreage (20 acres) open land is imperative
2. Island Agriculture is best scaled for an Island market
3. Best market for Island Agriculture is year-round and summer residents.
4. Make sure "working" land is "worked" regularly to keep it clear and fertile as farmland.
5. General consensus that natural, non-commodity agriculture has a future on the island. Any product that has value-added processing, or is natural and/or Sustainable has a future on the island. Large commodity agriculture isn't feasible for the island unless it is a hobby project.
6. The majority of people I interviewed believe that there is a future for agriculture on the island and that agriculture can be a good and viable income producing livelihood for the future of the island. It just will not be large commodity farming but will be value added, small scale, island market focused or it will be newer farming techniques creating new farming products. It might also be land/forest/natural prairie management.

Barriers include:

1. Transportation of products or processing off island is a barrier
2. Waste water by-products of manufacturing/processing cannot be managed on the island
3. Off island processing
4. Land affordability
5. Land availability for farming
6. Affordable housing

Ideas for Future growth:

1. Agri-tourism
2. Internships or apprenticeships
3. Eco-tourism
4. Sustainable/Natural/Value added products
5. New farming methods

Russell, Alessandra Rolffs and Jeannie Kokes with Gathering Ground along with TPAC is sponsoring an Agricultural Forum to discuss the future of farming on the island. The event will be held on May 4 at 10 AM.

Respectfully submitted by Susan Kochanowski

Goals and Objectives for Washington Island Long Term Plan for Agriculture, Natural and Cultural Resources

Goal: The preservation of the significant natural features (Little Lake, the mountain wetlands, shoreline, beaches, clear lake waters, bird & wildlife habitats) and natural resources of the Island.

Objectives:

- Preserve the open spaces, meadows, fields and forests of the island
- Create policies that help maintain the ecological balance and natural habitats that help support the economic well-being of the Island.
- Work with the County, state and other organizations/entities to protect the shorelines from potential coastal hazards
- Discourage development and businesses that will spoil or interfere with important natural resources
- Preserve wildlife habitats

Goal: Preserve open spaces such as meadows, fields and forests and the agrarian/rural character of the community.

Objectives:

- Preserve existing productive agricultural resources such as large tracts (20 acres or more) of open acreage and farmland.
- Support zoning that encourages local family farming operations and small specialty farms in order to maintain agriculture as a productive part of the rural landscape
- Support zoning that enables encourages new/innovative farming ideas/practices while preserving ecological and sustainability needs of the Island Habitat.

Goal: Preserve and protect historic resources of the Island to preserve the island cultural history.

- Protect documents, resources, monuments and traditions and history that conveys the historic and cultural roots of Washington Island.

ECONOMIC DEVELOPMENT

GOAL: Expand tourism in the spring and fall that considers and supports existing businesses and the town community.

Consider: Support locally owned businesses catering to residents and tourists by controlling tourism in the summer and expanding it in the spring and fall.

Or (from Beaver): Grow the local economy by capitalizing on tourism opportunities, expanding recreation into the shoulder season, and leveraging existing capital to grow businesses.

Objective: Develop better marketing strategies for recreation in the shoulder seasons.

Objective: (tourist revenue) Encourage the exploration of options to obtain added tourism revenue for the town (ie. Tax, park fees etc)

Objective: (restaurants) Support and retain existing restaurants and retail shops and attract new locally owned and operated ones to fill existing gaps.

Objective: (tourist lodging) Encourage locally owned and operated tourism lodging facilities including short term rentals options (with the establishment of an governing ordinance).

Objective: (Local businesses and events) Encourage more farm markets, eco and agi-tourism, locally grown businesses and event venues.

Objective: Encourage the development of “home based” businesses through better use of existing and future technologies.

Objective: Expand existing trail networks including for hiking, biking, skiing and birding. Create a new water trail for kayaking.

<u>INTERGOVERNMENTAL COOPERATION</u>

GOAL: Coordinate and collaborate with nearby and overlapping communities, Door County, Wisconsin, and other stakeholders on town, regional, or state initiatives that benefit the community.

Consider: Work cooperatively with nearby and overlapping entities such as Door County, State of Wisconsin, and other units of government on town, regional and state initiatives benefiting the island community.

Objective: Work with neighboring communities and entities to provide cost effective services to residents

Objective: The Town of Washington will continue to work with adjoining governments as the town develops, revises and updates its comprehensive plan.

Objective: Seek new ways to coordinate and share community facilities and services with neighboring communities.

According to Door County Web Map maintained by Door Country Land Use Services

Water access through right of way with acreage:

1. Town boat launch in Detroit Harbor
2. North end of Main Road – Jill J. Jorgenson Park
3. Off Gudmundsen Drive to Washington Harbor
    a. Between 2250 and 2236 Gudmundsen Drive
4. Off Dock Road to Washington Harbor
    a. Between 1870 and 1865 Dock Road
5. Off Washington Harbor Road
    a. Between 1917 and 1937 Washington Harbor Road
6. East end of Town Line Road
    a. Between 1276 Wickman and 1304 Sunrise
7. Off Wickman Road
    a. Between 1168 and 1162 Wickman Road
8. Off south end of Wichman Road
    a. Between 1096 Wickman Road and 359 Wickman Drive

Water access through right of way (no acreage):

1. Off E Dock Road
    a. Stright through bend
2. Old Camp Road
3. Off the east end of Michigan Road
    a. Between 460 and 465 Michigan Road
4. East end of Lake View Road
    a. Between 640 (Percy Johnson County Park) and 639 Lake View Road
5. Off Homestead Road
6. Off the south end of Airport Road
7. Off the south end of Main Road


Rock Island
Little Lake
Washington Harbor
Coffee Swamp
Swenson Rd
Jackson Harbor
Washington
Main Rd
Airport Rd
Range Line Rd
Mountain Rd
Town Line Rd
Washington Island
Wickman Marsh
Michigan Rd
Gunnerson Marsh
Percy Johnson County Park
West Harbor
Old West Harbor Rd
Lake View Rd
Hog Island
Detroit Harbor
Figenschau Bay
Snake Island
Little Susie Island
Aznoe Rd
Detroit Harbor
Green Bay Rd
S Shore Dr
Hemlock Dr