

Downtown Lansing, Michigan

Draft

Downtown Housing and Retail
Action Plan

August 9, 2023

Prepared by:



Housing and Retail Action Plan

Section A	Introduction
Section B	The Action Plan
Section C	Financing
Section D	Regulatory Environment
Section E	Recommendations

A. Introduction

This Action Plan is a collaborative planning project between Downtown Lansing Inc. (hereinafter referred to as DLI), LandUseUSA, SmithGroup, and CIB Planning. It is part of the overall Comprehensive Market Analysis initiative and a supplement to the Residential and Retail Market Analyses.

The result of this project will be a housing and retail roadmap to assist with housing policy, housing development opportunities, and marketing ideas to support attraction efforts for new residents, new housing developers and new retailers. These actions can both strengthen and diversify housing and related retail in the city.

As part of the planning process, the planning team met with city staff, and other key stakeholders with a direct interest in housing for Downtown Lansing. Additionally, as part of the planning process, CIB Planning reviewed several policy documents for the City of Lansing including the Master Plan, the Zoning Ordinance, housing related policies and ordinances, and several past and current housing development projects.

A market tour was also conducted with DLI's board and steering committee. This information has been used to help guide the development of the overall strategy, as well as provide critical input on the future housing and retail vision for Downtown.

B. The Action Plan

This Action Plan serves as a guide going forward as we work towards improving housing availability across the spectrum of middle-income groups, both for purchase and for rent. Input gained from the Comprehensive Market Analysis and stakeholder interviews has been used to identify tasks and projects that will help eliminate some of the barriers to diversified housing options and new housing construction, especially in the Downtown Core Area.

According to the Lansing Area Economic Partnership, input from developers, and information provided by the city, construction projects are on the increase across the region. However, most of the new housing currently being built falls outside of the price range that is accessible to middle-income buyers.

Currently, the average cost to build new housing is at a price point of \$220 and \$275 per square foot. Given this range, it is conceivable that construction of a new 1,000 square foot home would be in the \$250,000 range, which meets the target range of the middle-income buyer, but is still a bit on the high end of the buying spectrum. Add in the cost of land (in some cases \$60,000 - \$100,000 per lot), and that 1,000 square foot home can now reach \$300,000 or more, taking it out of the attainable range for middle-income families.

While many additional projects are in the planning phase, under construction, or recently completed, they only account for a fraction of the demand in the existing marketplace, specifically for the missing middle and for-lease options. The key question is: "How can DLI attract more builders and developers to build new diversified housing specific to markets identified in the Comprehensive Market Analysis?" This Action Plan can be implemented to eliminate some of the barriers to housing development and improve the ability to construct new housing units that are in demand as well as rehabilitation of existing housing stock.

Attracting New Housing Construction

Developers are not likely to be interested in small, outlying communities because the incomes and housing values are lower. Instead, they will tend to focus on larger markets with higher values and the potential for greater profit margins, such as Lansing. That said, communities will still have to find creative ways to generate new housing development, on both the construction and land development ends of the market.

DLI is in a great position to capitalize on the housing market potential identified in the Downtown Residential Market Analysis. This is mainly due to the city's involvement in MEDC's Redevelopment Ready Community Certification program, the city's strong and flexible planning and zoning framework established through the Design Lansing Comprehensive Plan, and the adoption of a Form-Base Code.

With these policies in place, DLI has cleared one of the most significant hurdles to accomplishing new and diverse residential developments. The focus will need to be on cooperation between a multitude of stakeholders and the identification of existing and new, creative financial support resources that can foster new development opportunities.

City of Lansing Housing Philosophy

As a result of the Design Lansing Comprehensive Plan, the City of Lansing has adopted a housing philosophy. It is based on the following three principles:

1. Enhance the Social Infrastructure of our Neighborhoods: Listen and Support.
2. Welcome and Support a Range of Housing Options at Different Price Points.
3. Preserve and Restore Housing Stock in Neighborhoods: Make it the Highest Priority.

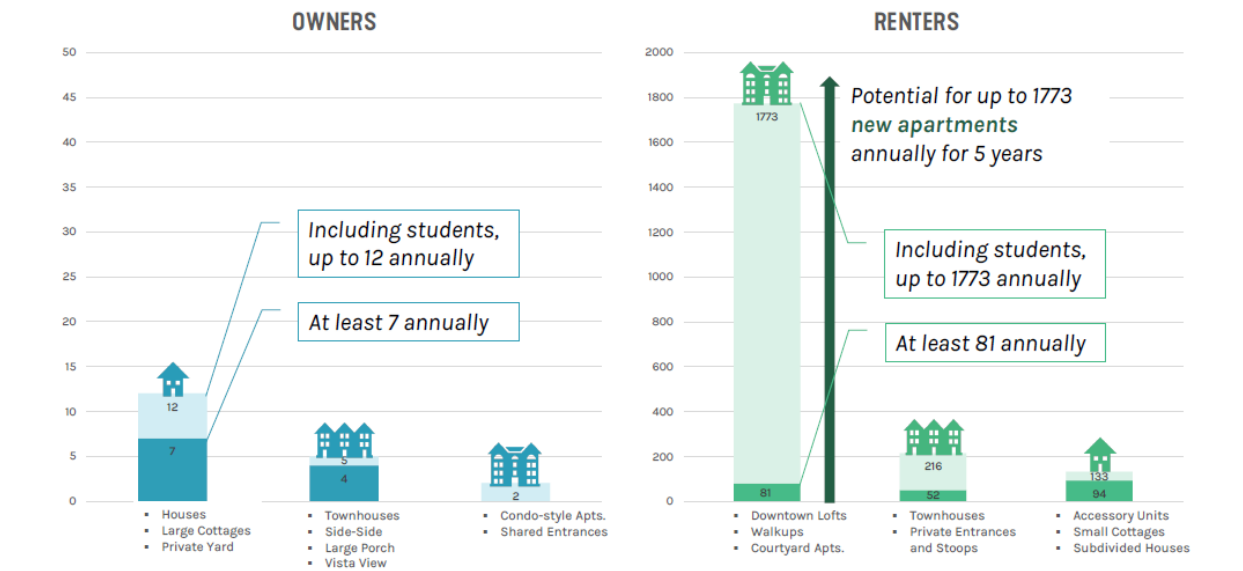
Based on these principles, the city has prioritized the housing needs of existing residents and has taken measures to attract new residents looking to locate in Lansing due to the vibrant center, numerous amenities, and assets. This, in turn, will positively impact the efforts of DLI moving forward.

When looking at the redevelopment opportunities of Downtown Lansing, the first step is understanding the market potential for new housing. With that in mind, DLI retained LandUseUSA to prepare a Comprehensive Market Analysis. Within that study, it was determined that there is an existing oversupply of detached housing in the market and an under-supply of lofts and apartments to meet market demand. The following graphic highlights the annual potential for new housing construction for owners as well as for-lease options within Downtown Lansing.

DOWNTOWN HOUSING MARKET POTENTIAL – NEW BUILDS

ANNUAL POTENTIAL FOR 5 YEARS

Includes Capture + Intercept



SMITHGROUP

With this market potential in mind, two Downtown locations were identified as priority sites for redevelopment potential that would begin to address the housing mismatch in Downtown Lansing, being 122 S. Grand Ave and 425 S. Grand Ave.

Based on conceptual design for these sites, there is a potential to add 328 new residential units and nearly 43,000 square feet of new commercial space in the Downtown area. While one site is municipally owned, the other is privately owned, which presents additional challenges for redevelopment. In both cases, city ordinances would permit conceptual redevelopment options.

Challenges to Redevelopment

When looking at redevelopment opportunities, it is important to consider a number of factors that will ultimately determine an essential balance between existing community needs and future market demands. The following questions must be addressed to ensure that future opportunities serve the needs of the Downtown community.

- 1) What should be done to ensure that the strategy has a community focus and not just a developer-oriented focus?

When considering redevelopment opportunities, it is important to recognize that the opportunity is meaningful and impactful to the community overall. Either the development is creating advancement opportunities for existing residents and retailers, or it should be furthering a goal of the city by providing access to new residential and retail opportunities that were not previously available.

The most important element of this strategy is to ensure that a fair balance is met between the housing and retail needs of the community with the actual market conditions. These conditions include materials costs, labor costs, regulatory costs, and other factors that influence the price of development.

- 2) How do we leverage our community assets, placemaking, and quality-of-life amenities to attract new residents and retain the ones that we have? Are there any tools or advice on how to market or sell what we already have?

There are several ways to message the strengths of the community, but the most direct is to emphasize the local return on investment. For existing residents, this means meeting them where they are and listening to their experiences related to living in Downtown Lansing.

As concerns are identified, it will be beneficial to think about the sphere of influence. This recognizes those issues that we can address and prioritizes them at the highest level. The next level identifies those issues that we can influence but cannot directly address. The last level are issues that we can neither influence nor address.

Given these considerations, messages should be targeted to specific investors that have a successful track record of developing projects. These messages should address community benefits while also supporting target market potential for both new residential units and retail needs of the existing community.

- 3) How can we work with the city administration and council on incentivizing the development of lofts and second level housing, including existing buildings that might only accommodate a few lofts?

Unfortunately, many new investment projects remain isolated and are not considered at the community level. Economic development has historically happened with a focus on confidentiality and as a result, has excluded stakeholders that may be able to either significantly support the proposed projects, or be significantly impacted because of the proposed project.

- 4) Are there good models of other communities that have had success with incentivizing reinvestment?

When it comes to incentivizing reinvestment, it is important to understand the existing market conditions creating the need for additional financial support, as well as understanding the financial tolls placed on the local budget because of the incentive. Many communities have relied on financial support programs for housing including utilization of tax credits targeted at achieving certain outcomes, such as adding more affordable housing. Additionally, many communities including Lansing utilize programs to support housing rehabilitation, down payment support, and foreclosure prevention.

Given the current costs of construction, many communities are having to find creative ways to support new development, specifically for mixed-use projects that include housing. One of the most creative actions we have seen is the utilization of Brownfield Tax Increment Financing as well as Project Specific Tax Increment Financing, which is discussed in more detail in the next section of this plan.

- 5) How can we lead discussions to revamp the city's master plan and streamline their project and development review process?

The city's comprehensive plan serves as the public policy for development activities in the City of Lansing. DLI can serve as the designated representative for its constituents and request a seat at the table when it comes time to update the plan. Further, DLI can and should utilize the results of the Comprehensive Market Analysis to drive policy discussion related to the redevelopment of Downtown Lansing, specifically around new housing and retail development policies.

- 6) What should we be doing about short-term rentals? Should we adopt policies that discourage, regulate, or prevent them?

Short-term rentals have been a topic of debate across many communities in the State of Michigan. While they can be an economic driver in the local tourism and business economy, they also can pose challenges including neighborhood disruptions, real estate market disruptions that contribute to housing shortages for residents, and taxes that are not fairly shared across the hospitality industry.

There has been increased discussion in the state legislature regarding the regulation of short-term rentals. At this time, however, we are recommending that communities regulate short-term rentals appropriately based on existing conditions and circumstances until a point in time that the legislature passes a state-wide statute.

Tools to Support Retail Growth

As indicated within the Retail Market Analysis, there are several areas that could present an opportunity for new retail growth within Downtown Lansing. The following programs are intended to assist the city with the redevelopment of these sites as well as assist with support for redevelopment, new and existing businesses, and attraction to these spaces.

Project Specific Tax Capture (TIFA)

Recognizing that the cost of mixed-use, traditional development is higher than it is for undeveloped sites, the city may, at its own discretion, commit project-specific future tax increment capture back to private projects for a specified period of time. The goal is to provide funding to close the “gap” that prevents the project from becoming a reality due to financial feasibility. For example, if the pro-forma for a project indicates that it cannot generate enough income to cover the cost of construction and a reasonable rate of return for a developer/investor, future tax increment can be committed to that development to make it feasible. It can also be used as a tool to attract companies and businesses to Downtown and create new employment opportunities within the DDA District.

For the city to use this option, it will need to amend its existing TIFA Development Plan to include “Gap Funding” as an eligible expense and utilization of captured funds from the TIFA.

Public-Private Partnerships

Public-Private Partnerships (P3) can exist in several different formats and may present one of the best opportunities for redevelopment of both residential and retail spaces within Downtown Lansing.

P3's would give the city or non-profit agency the ability to partner with a for-profit builder to develop new housing, mixed-use or campus options within the Downtown. By partnering, it is possible for the developers/builders to get land at a lower cost, thereby reducing total construction costs.

In theory, the municipality/non-profit could hold the land, reducing holding costs and taxes while the project is under construction. The P3 could also be instrumental with infrastructure development on the property and eventually recuperate initial costs upon final sale or redevelopment of property.

Business Retention/Attraction

Upon completion of this strategy, it will be important to engage fully with the Lansing Economic Area Partnership (LEAP) and the Lansing Economic Development Corporation (LEDC) well as the Michigan Economic Development Corporation (MEDC). These agencies should collaborate to implement a business attraction strategy that works for the community based on the outcome of the Master Plan, land available for growth, and targeted sectors. Even if Downtown Lansing does not strive to recruit large employers, a strong business attraction strategy can still help recruit retail and office-based tenants to fill smaller spaces.

LEDC, DLI, and Michigan Main Street can support Downtown Lansing and be useful partners attracting new retail and office users to the community. Utilization of their broker networks as well as hosting local familiarization tours in the community can work to attract new investors and tenants that strengthen and diversify the economic fabric.

Small Business Support

MEDC/LEAP/SBA/PTAC/MISBDC/LEDC

As noted in the Retail Target Market Analysis, there are several retail categories that exist currently as net exports in Downtown Lansing and should be seen as priorities for new retail expansion.

- General Merchandise
- Specialty Furniture Stores
- Neighborhood Hardware Store
- Fitness Center, Health Club, Gym
- Neighborhood Grocery Store
- Neighborhood Pharmacy, Drug Store

Many of these retail categories can exist in existing spaces but need additional support for start-up or long-term entrepreneurial counselling.

There are several support agencies positioned to support local entrepreneurs. They should be included in discussions and strategies to identify entrepreneurs and home-based businesses throughout the city and “garden” them to foster new economic growth in the Downtown.

The following agencies are idea partners for supporting this strategy:

1. Procurement Technical Assistance Center (517) 788-4680) – The mission of PTAC is to enhance national defense and economic development in the State of Michigan by assisting Michigan businesses in obtaining and performing on federal, state, and local government contracts. PTAC is a great resource for small businesses looking to provide services to all levels of government.
2. LEAP – The Lansing Economic Area Partnership offers several small business and entrepreneurial support and development programs. These programs range in scope and scale and are designed to foster economic development at the grass roots level. These programs can be accessed at the following link. <https://www.purelansing.com/startup/>.
3. Michigan Small Business Development Center – Located within Lansing Community College, the MISBDC is a premier business development and entrepreneurial support agency. They offer a wide range of services from business planning to counseling to market research. MISBDC is a branch of the U.S. Small Business Administration. <https://michigansbdc.org/>.
4. SBA – The U.S. Small Business Administration can provide funding assistance through micro loans for growing and expanding small businesses looking to locate within Downtown Lansing. <https://www.sba.gov/>
5. LEDC – The Lansing Economic Development Corporation is the primary economic development agency for the City of Lansing. LEDC offers several economic development assistance programs. While the overarching role of the LEDC is to support new investment, the LEDC oversees the City of Lansing incentives including the Brownfield TIF, the Lansing Equitable Economic Development Initiative, the Façade Improvement Program and the Tax Increment Finance Authority, they also provide offer the Business Finance Assistance Program, which offers loans to small businesses to stimulate business growth and positive economic benefits to the city.

6. Comerica Bank Small Business Bootcamp – In partnership with DLI, Comerica Bank offers a small business bootcamp which provides overarching business training to local entrepreneurs.

<https://www.downtownlansing.org/calendar-item/comerica-small-business-bootcamp-training-seasons-zoom-7/>

7. Downtown Lansing Small Business Support Grant - Downtown Lansing's Small Business Support Grant program is designed to provide assistance for key businesses (retail/dining/arts/entertainment) that are located/choose to locate within the core walkable downtown area. DLI's Small Business Support grants are designed to support the following eligible expenses:

- New Kitchen Equipment
- Retail Displays
- Furniture needs (indoor and outdoor)
- Point of Sale Systems
- Staffing assistance
- Cosmetic Upgrades to the Interior/Exterior

<https://www.downtownlansing.org/wp-content/uploads/2022/11/Comerica-Small-Business-Support-Grant-Application-22-23.pdf>

8. Additional sponsorships and small grants are provided by PNC Bank, Lake Trust Credit Union and Comerica Bank.

C. Financing

One of the common themes identified by stakeholders was the lack of financing opportunities for new housing construction, especially for spec housing and mixed-use housing. While banks and mortgage lenders are financing new construction for home buyers to build individual home sites, there is still hesitancy to finance large construction projects. One of the reasons behind this is tighter lending regulations since the recession, due to the extensive number of foreclosures and then incomplete projects. Other issues for builders include low credit ratings, lack of capital, and lack of collateral.

Additionally, it is recognized that funding support is also needed to improve and revitalize existing housing stock within established residential neighborhoods in and around Downtown Lansing. The city currently utilizes several programs to provide funding that can be used to rehabilitate or improve existing housing or provide down payment assistance for new home purchasers.

The following strategies could help to assist with closing the financing gap:

1. MSHDA Multifamily Direct Lending – MSHDA offers direct lending to eligible borrowers in the form of loans from both tax-exempt and taxable bonds, as well as MSHDA gap funding loans and equity bridge loans in certain situations, for the development of affordable rental housing. MSHDA direct lending programs are available for new construction and acquisition as well as rehabilitation of affordable or conventionally financed rental housing, mixed use buildings, or the adaptive re-use of other structures.
2. MSHDA Neighborhood Enhancement Program - The NEP program's primary goals are to identify and fund innovative activities to address a neighborhood's specific needs; assist and then showcase Michigan neighborhood(s) where people are engaged and facilitating change; and to provide funding to facilitate and implement activities.

The NEP program can financially assist high-impact, innovative, neighborhood housing-oriented activities that benefit low- and moderate-income areas and residents. All components are designed to fund tangible housing-oriented activities that are: implementation ready; highly visible; impactful to the neighborhood and resident quality-of-life; holistically/community focused; and where there is buy-in and demonstrated support within the Downtown and community.

The NEP program is made available via a yearly competitive funding round to applicants consisting of local non-profit agencies (501c3) and local units of government statewide.

3. MEDC Community Revitalization Program - The Michigan Community Revitalization Program (MCRP) is an incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC), designed to promote community revitalization that will accelerate private investment in the following categories,
 - Areas of historical disinvestment,
 - Contribute to Michigan's reinvention as a vital, job generating state.
 - Foster redevelopment of functionally obsolete or historic properties.
 - Reduce blight, and
 - Protect the natural resources of this state.

The program is designed to provide grants, loans, or other economic assistance for eligible investment projects in Michigan.

4. Opportunity Zones - Opportunity Zones are a new concept recently enacted in the 2017 Tax Cuts and Jobs Act. The program is designed to incentivize patient capital investments in low-income communities nationwide that have been cut off from capital and experienced a lack of business growth. There are three types of tax incentives that relate to the treatment of capital gains, each of the incentives are connected to the longevity of an investor's stake in a qualified Opportunity Fund that provides the most upside to those who hold their investment for 10 years or more.

Preliminary information indicates an Opportunity Fund can be utilized as a primary investment in a variety of activities. Funds can be used to create new businesses, new commercial or residential real estate, or infrastructure. Opportunity Funds can be used to invest in existing businesses if it doubles the investment basis over 30 months.

The incentive can also be combined with other incentives such as New Market Tax Credits (NMTC), Low-Income Housing Tax Credit (LIHTC) and historic rehabilitation tax credit, adding a valuable tool for economic and community development. State and local governments should also consider creating and targeting other resources, especially job training, which will play an important role in leveraging investments. Local activity will show that opportunities exist.

5. New Market Tax Credits - Historically, low-income communities experience a lack of investment, as evidenced by vacant commercial properties, outdated manufacturing facilities, and inadequate access to education and healthcare service providers. The New Market Tax Credit Program (NMTC Program) aims to break this cycle of disinvestment by attracting the private investment necessary to reinvigorate struggling local economies.

The NMTC Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years.

6. Low Income Housing Tax Credit - The Low-Income Housing Tax Credit (LIHTC) is the most important resource for creating affordable housing in the United States today. The LIHTC database, created by HUD and available to the public since 1997, contains information on 45,905 projects and 2.97 million housing units placed in service between 1987 and 2015. It should be noted that there are developers that focus specifically on these types of projects and should be contacted regarding potential interest.

7. **Obsolete Property Rehabilitation Credit** - The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. A new exemption will not be granted after December 31, 2026, but an exemption then in effect will continue until the certificate expires.

The tax incentive is designed to assist in the redevelopment of older buildings in which a facility is contaminated, blighted or functionally obsolete. The goal is to rehabilitate older buildings into vibrant commercial and mixed-use projects.

8. **Brownfield Redevelopment Authority (Act 381)** - Once created, a BRA reviews proposal for the redevelopment of eligible property and determines what financial incentives are necessary to assist the redevelopment. The authority prepares a plan that identifies the brownfield projects. Each project section of the plan includes the description of the eligible property, the eligible activities, the TIF approach to be taken and other issues related to the subject parcels.

The authority then recommends to the governing body of the municipality (city or village council, township board or county commission) that the decision-making body holds a public hearing regarding the plan and subsequently acts to approve with modifications or deny the plan. The authority would recommend revisions to the plan as new projects are submitted or revisions are requested on existing plan projects.

The city currently utilizes Act 381 in several projects throughout the city. This program has been a successful implementation tool but should be utilized in certain circumstances. The tool should be leveraged when projects demonstrate a true need, when demolition and cleanup are a priority of redevelopment, or when a project provides extensive housing and economic benefits to the community that would not otherwise be realized without the use of the tool.

9. **Municipal/Non-profit Public Private Partnerships** – This opportunity would allow a municipality or non-profit agency the ability to partner with a for-profit builder to develop new housing options across the region. By partnering, it is possible for the developers/builders to get land at a lower cost, thereby reducing total construction costs.

In theory, the municipality/non-profit could hold the land, reducing holding costs and taxes while the project is under construction. The P3 could also be instrumental with infrastructure development on the property and eventually recuperate initial costs upon final sale of property.

10. Neighborhood Improvement Authority – Through the provisions of Public Act 57 of 2018, a Neighborhood Improvement Authority (NIA) may be established. An NIA may use its funds, including tax increment financing, to fund residential and economic growth in residential neighborhoods. An authority may also issue bonds to finance these improvements.

Once established, the NIA prepares a development plan and a tax increment financing plan to submit for approval to the local municipality. A development plan describes the costs, location, and resources for the implementation of the public improvements that are projected to take place in the NIA district.

A tax increment financing plan includes the development plan and details the tax increment procedure, the amount of bonded indebtedness to be incurred and the duration of the program. After adoption of the two plans, the development plan is implemented and the tax increments, which occur because of improvements in the eligible property, accrue to the NIA to be used as required by the development plan.

The activities of the NIA may be financed by a) donations to the authority; b) revenue bonds; c) revenues from buildings or property owned or leased by the NIA; d) tax increments; e) special assessments; and f) grants.

It is recommended that the City of Lansing consider utilizing NIA's in areas of disinvestment or areas in need of infrastructure or structural improvements, predominantly in older neighborhoods within the city. This option is not a likely solution for Downtown but could be utilized in Old Town and REO Town.

11. Housing Development Assistance Program – Consider creation of a housing development assistance program (HDAP) in partnership with the local Brownfield Redevelopment Authority (MCL Act 381) and the Land Bank for the State of Michigan.

The purpose and intent of the HDAP is to provide financing assistance to developers who are interested in building new housing (attached or detached formats) within the city for buyers that are within the HUD defined range of 80% to 120% of local Area Median Income. This would translate to a sales price range of \$150,000-\$225,000.

It is known that for a builder to construct a new housing structure in this sales price range, a gap in finance may exist between the final sales cost and the final construction cost. The HDAP program will utilize Tax Increment Finance established by a TIF district to assist with closing the financial gap noted above.

12. Tax Increment Finance Authority (TIFA) – The City of Lansing has a TIFA in the Downtown which is predominantly utilized to support the convention center. Similar to a Brownfield Authority, TIFA's have the ability to direct project specific tax increment revenues to support closing financial gaps on specific projects.

13. This is a powerful tool that can be used in conjunction with other financial incentives and project capital stacks to close a financial gap or impediments in development/redevelopment projects. This tool could greatly assist both redevelopment sites identified in Downtown Lansing should a financial gap exist.

14. Façade Improvement Grant – The City of Lansing Façade Improvement Program offers three tiers of support to businesses seeking to upgrade their facilities.

- Transformational façade projects grant funds will provide a match of 50% of the total project cost up to a maximum \$20,000 grant award. This award is for façade projects involving substantial restoration, rehabilitation, or replacement and the amount awarded will ultimately be decided by the design committee.

- Aesthetic and maintenance façade projects grant funds will provide a match of 50% of the total project cost up to a maximum \$10,000 award. The awarded project must include a compelling combination with at least two of the following items with an emphasis on aesthetic improvements.
- For development of renderings/ façade designs and material specifications to assist with the application of a matching grant award. Up to a \$2,000 award value per applicant (total of \$10,000 available in this category). A 25% match is required by the façade applicant and the payment will go directly to the architect(s). Further architectural/engineering costs related to the façade that are beyond the award value are the responsibility of the applicant but may be approved as a match for a future grant award.

D. Regulatory Environment

Another issue identified during the stakeholder discussions was the impact the local, state, and federal regulatory environment is having on the bottom-line cost of new construction. The regulatory environment consists of local building permits, inspection fees, development review fees, sanitary and storm-sewer connection fees, water connection fees, state inspection fees, energy efficiency requirements, and other associated costs.

In some cases, these costs have added upwards of 30% to the cost of the new home. A challenge moving forward with any strategy will be looking at these costs and finding ways to improve the regulatory environment. By reducing these costs, better opportunities for builders to enter the middle-income marketplace to meet the demand for new housing exist within the region.

The regulatory environment for new construction varies across the region and consists of several items including: development review process fees; costs for permitting; the cost of utility connections; taxes; environmental factors; and other miscellaneous regulations that can add costs to the development process.

In the economic development world, time is money and time kills deals. Fortunately, the City of Lansing has been certified as a Redevelopment Ready Community and as a result, has implemented several administrative policy changes improving the development review process, including the administrative approval of site plans. This has typically increased the predictability of the process of approval for development projects and greatly improves the overall development experience for Downtown Lansing.

Specific to the City of Lansing, it is recommended that the city continue to review and improve its existing development review process, when appropriate, to continue finding efficiencies and add further predictability to the redevelopment process. This can significantly reduce the time and cost associated with development review, specifically to smaller scale developers that may not have the luxury or benefit of extra capital or investors. This lack of capital lowers the ability to complete projects on time due to the longer development review process.

E. Recommendations

1. Work with LEDC and the City Planning and Economic Development Office to build a more open channel of communication regarding projects in the planning phase in Downtown Lansing. This will help ensure that planning resources are being best utilized and to the extent possible, prevent multiple competing planning efforts from occurring in the same area.
2. Encourage more citizen and resident involvement in planning and project development related to new housing in Downtown Lansing. This should specifically occur for any publicly owned properties being considered for new development or redevelopment.
3. As noted in the Housing Market Analysis, the Downtown study area can support a high number of new residential units, specifically lofts, over the next several years. While this study identified two potential redevelopment opportunities, these projects alone will not meet all the housing market potential.
4. Since the Covid-19 Pandemic, a number of office spaces have sent workers home which challenges the day-to-day vibrancy of Downtown Lansing as well as constricted the growth of the many small businesses that previously served many of those office workers.

Additionally, as workers are potentially no longer in the city, income tax generation is reduced. DLI, in partnership with the city, should begin to log and identify priority office properties in the Downtown area that could potentially be converted into loft style housing and prioritize those sites based on ease of conversion.

This could be one of the fastest ways to realize new housing in Downtown Lansing and would recharge local income taxes as well as provide more support to retailers, restaurants, and service businesses within the Downtown.

5. Consider the creation of a Neighborhood Improvement Authority District (NIA) for both REO Town and Old Town to provide tax increment finance assistance to these neighborhoods as redevelopment occurs.
6. Consider amendments to the Lansing Tax Increment Finance Authority to allow for use of Project Specific Tax Increment Finance as a gap financing tool to support new development or redevelopment in Downtown.
7. Work with MEDC and the City of Lansing for direct developer outreach and promotion for 122 S. Grand and 425 S. Grand, as shown in the SmithGroup report.
8. An inventory of available land should be prepared including ownership, tax, and zoning information. The availability and location of public utilities should also be included.
9. It is critical that the community obtain ownership of tax foreclosure properties that have development/redevelopment potential for mixed-use projects or housing.
10. Identify key neighborhoods to prioritize and focus infill redevelopment and rehabilitation resources and efforts for new and existing housing. This could be done by identifying opportunity neighborhoods.
11. Make sure that the zoning and building review process is quick and efficient to avoid unnecessary delays.
12. Local companies, including industrial users, and banks should be recruited as partners in housing development since they depend upon the ability to attract quality employees and customers.
13. A direct marketing program should be established to promote the community and attract developers based on the market data presented within the Residential and Retail Target Market Analyses.
14. Hold a workshop in partnership with Incremental Development Alliance, Community Economic Developers Association of Michigan or other entity for local businesspeople/investors and small-scale developers to encourage them to become developers within the community. Follow up with training sessions on topics such as pro-forma analysis, public incentives, understanding the real estate market, etc.

15. Host a Developers' Forum that includes stakeholders from the investment community, including landowners, property managers, real estate brokers, lenders, and builders.

The Comprehensive Market Analysis has demonstrated that there is demand for both residential and retail development in Downtown Lansing. A shortage of housing exists across the nation, including in the Lansing area, and unprecedented opportunities exist to benefit from this lack of supply. This is especially true for urban housing types that would match nicely with Downtown Lansing and help to attract new, young residents. This, in turn, will create additional demand for retail and services beyond what is currently identified as lacking.

Implementation of the above strategies requires creative thinking, cooperation between DLI and the city, and persistence attracting and working with local developers/builders. Redevelopment projects typically take an extended period to implement but with patience and persistence, positive results can be achieved.

Action Plan Table

Downtown Lansing Housing and Retail Action Plan					
	Existing Policies and Tools	Adoption Date	Responsible Parties	Desired Outcomes	URL Link
Existing Policies and Tools	Home Investment Partnership Program		Planning Department		https://content.civicplus.com/api/assets/8ffe4f8e-e45e-467e-b2cb-bab78778d5af
	Consolidated Plan	2022-2026	Planning Department	Affordable Housing, CDBG Programs	https://content.civicplus.com/api/assets/2da1e75b-4329-49ca-a384-be528efcc106
	Housing PILOT Program		Planning Department	Payment in Lieu of Taxes for housing development	https://www.lansingmi.gov/978/PILOT-Information-for-Developers
	Master Plan - Design Lansing	2012	Planning Department, Planning Commission, City Council	Land use and housing policy for the City	https://content.civicplus.com/api/assets/mi-lansing/07fca163-a030-47b1-ac30-2f7359f6cc79/design-lansing-comprehensive-plan-pdf-.pdf?sq=f9f08c87-b1fe-73b5-b1b8-815f1744314d&scope=all
	Downpayment Assistance Program		Planning Department	Increase homeownership in Lansing	https://www.lansingmi.gov/366/Down-Payment-Assistance
	Homeowner Emergency Repair Program		Planning Department	Forgivable loan for qualified homeowners for repairs	https://www.lansingmi.gov/319/Homeowner-Emergency-Repair-Program
	Fair Housing Impediments Report		Planning Department	Needs assessment for fair housing accesibility	https://content.civicplus.com/api/assets/8a141d0e-cbfd-4883-bdb3-cc1bd39e057e
	Lansing Façade Improvement Program		LEDC	building façade rehabilitation	https://www.lansingmi.gov/1072/Facade-Improvement-Program

Downtown Lansing Housing and Retail Action Plan					
	Existing Policies and Tools	Adoption Date	Responsible Parties	Desired Outcomes	URL Link
Existing Policies and Tools	Brownfield Act 381		LEAP	Brownfield redevelopment	
	Tax Increment Finance Authority		TIFA Board	Downtown Tax Increment Finance	
	Property Acquisition and disposition policy		Mayor and Council	Policy for purchase of lots by city and sale of city owned property	https://library.municode.com/mi/lansing/codes/code_of_ordinances?nodeId=COOR_PT2ADCO_TIT2GEPR_CH208ACDIREPR
	Incentives Executive Order		Administration	Terms of use for specific financial incentives	https://content.civicplus.com/api/assets/d3583655-78c6-45aa-b113-44ea3fed3a56?cache=1800
	AirBnB/Short-term Rental Policy		Planning Department		https://content.civicplus.com/api/assets/1c7ddc85-613c-4f73-91bd-065892caa857?cache=1800
	Zoning Ordinance	2021	Planning Department, Planning Commission, City Council	Master Plan implementation and zoning enforcement	https://content.civicplus.com/api/assets/89f6b5f7-8d0f-428f-9883-79797fd5243b?cache=1800
Other Tools	Obsolete Property Rehabilitation Act		State of Michigan	Rehabilitation of blighted, vacant or obsolete commercial properties	https://www.michiganbusiness.org/4a8167/globalassets/documents/reports/fact-sheets/obsoletepropertyrehabilitationact.pdf
	Community Revitalization Program		MEDC	Financial Support for redevelopment	https://www.michiganbusiness.org/49a841/globalassets/documents/reports/fact-sheets/communityrevitalizationprogram.pdf

Downtown Lansing Housing and Retail Action Plan

	Recommended Action	Timing	Responsible	
			Parties	Desired Outcomes
Implementation Strategy	Work LEDC and the City Planning and Economic Development Office to build a more open channel of communication regarding projects in the planning phase in Downtown Lansing to ensure that planning resources are being best utilized and to the extent possible, prevent multiple competing planning efforts for the same areas from occurring.	Ongoing	DLI Staff, LEDC, City Staff	Improve communication related to development and redevelopment projects Downtown Lansing with Downtown stakeholders, i.investors and partners.
	Encourage more citizen and resident involvement in planning and project development related to new housing in Downtown Lansing. This should specifically occur for any publicly owned properties being considered for new development or redevelopment.	Ongoing	DLI Staff, LEDC, City Staff	Provide more opportunities for residents and businesses to participate in project planning and design, specifically for those residents and businesses located near or directly impacted as a result of the proposed projects.
	As noted in the Residential Market Analysis, the Downtown can sustain a high number of new residential units, specifically lofts, over the next several years. While this study identified two potential redevelopment opportunities, these projects alone will not meet all the housing market potential. Since the Covid-19 Pandemic, a number of office spaces have sent workers home which challenges the day to day vibrancy of Downtown as well has constricted the growth of the many small businesses that previously served many of those office workers.			

Downtown Lansing Housing and Retail Action Plan				
	Recommended Action	Timing	Parties	Desired Outcomes
Implementation Strategy	Additionally, as workers are potentially no longer in the city, income tax generation is reduced. DLI in partnership with the city should begin to log and identify priority office properties in Downtown Lansing that could potentially be converted into loft style housing and prioritize those sites based on ease of conversion. This could be one of the fastest ways to realize new housing in Downtown Lansing and would recharge local income taxes as well as provide more support to retailers, restaurants and service businesses within the Downtown.	Within 1-2 years	DLI Staff, City Staff	1. Understand where underutilized office space exists and prioritize those spaces based on their ability to be converted to lofts. 2. To add more housing units in Downtown Lansing.
	Consider the creation of a Neighborhood Improvement Authority District for both REO Town and Old Town to provide tax increment finance assistance to these neighborhoods as redevelopment occurs.	1-3 years	City Council	To provide a source of funding to assist with future improvements in existing neighborhoods by capturing increment growth as property values increase from redevelopment.
	Consider amendments to the Lansing Tax Increment Finance Authority to allow for use of Project Specific Tax Increment Finance as a gap financing tool to support new development or redevelopment in Downtown Lansing.	1 year	City Council and TIFA Board	Amend development plan to allow for project specific TIF to be used to support development projects.
	Work with MEDC and the City of Lansing for direct developer outreach and promotion for 122 S. Grand and 425 S. Grand as shown in the SmithGroup report.	1 year	DLI Staff	Generate developer awareness about redevelopment opportunities.
	An inventory of available land should be prepared including ownership, tax, and zoning information. The availability and location of public utilities should also be included.	1 year	DLI Staff	This will help plan for and prepare for redevelopment as well as prioritization of redevelopment readiness based on existing site assets.

Downtown Lansing Housing and Retail Action Plan				
	Recommended Action	Timing	Responsible Parties	Desired Outcomes
Implementation Strategy	If it is critical that the community obtain ownership of tax foreclosure properties that have development/redevelopment potential for mixed-use projects or housing.	Ongoing	City of Lansing	This ensures that foreclosed properties do not get snatched up by speculators that just sit on vacant land waiting for the highest offer.
	Make sure that the zoning and building review process is quick and efficient to avoid unnecessary delays.	Ongoing	City of Lansing Staff	Understand where efficiencies and predictability can be implemented in the development review process.
	Local companies and banks should be recruited as partners in housing development, since they depend upon the ability to attract quality employees and customers.	1-2 years	DLI Staff, LEDC, City Staff	Direct investment from the financial and business community to support new housing development for their workforces.
	A direct marketing program should be established to promote the community and attract developers based on the market data presented within the Residential and Retail Market Analyses.	1 year	DLI Staff, MEDC, LEDC, City Staff	Investor awareness about redevelopment opportunities.
	Hold a workshop in partnership with Incremental Development Alliance, Community Economic Developers Association of Michigan or other entity for local businesspeople/investors and small-scale developers to encourage them to become developers within the community. Follow-up with training sessions on topics such as pro-forma analysis, public incentives, understanding the real estate market, etc.	1-2 years	DLI Staff, City Staff	Train and garden small scale developers to take on small, neighborhood scale infill projects.
	Host a developers forum	1 year	DLI Staff, City Staff	Raise awareness of redevelopment opportunities in Downtown Lansing.