



Downtown Revitalization Plan

City of Grayling
Grayling Main Street DDA

July 2017





The Rising Tide project supports vibrant, thriving communities to attract business investment and talent by creating a sustainable path toward economic stability and growth. The Michigan Economic Development Corporation, Talent Investment Agency, and Michigan State Housing Development Authority—collectively, the Talent and Economic Development (TED) team—have committed their assets to engaging specific communities across the state in order to empower them to shape their future and maximize economic potential. This document was produced as part of that effort.



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I. Overview

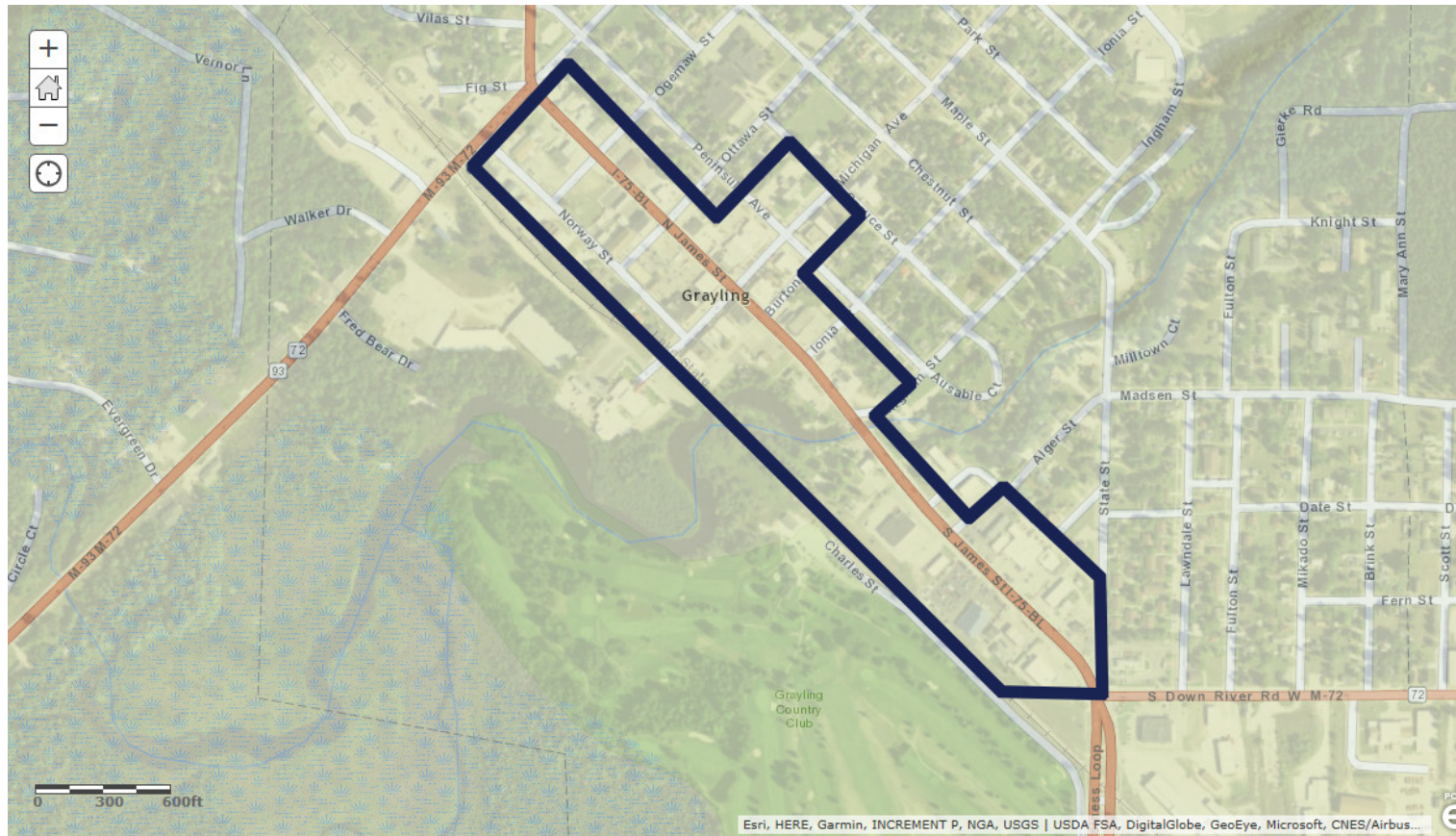
Overview

District Description

Beginning at the intersection of M-72 W & M-93 centerline and the east R.O.W. Line of the Lake States Railway Company (LSRC) R.O.W, thence southeasterly to the south line of parcel E of the Goodale's addition, thence easterly to the intersection of the centerlines of M-72 E., James (BL-75) and State Streets, thence northerly to intersection of the centerlines of State and Oliver Streets, thence northwesterly to the intersection of the centerlines of Oliver and Charles Streets, thence southwesterly to the intersections of James (BL-75) and Charles Streets, thence northwesterly to the intersection of the James (BL-75) and the Ingham Street R.O.W., thence northwesterly along the rear property lines of Parcels (Sunoco Service station and Farm Bureau Insurance) through the Ionia Street R.O.W. continuing northwesterly along the rear property lines of Parcels (Formerly Little Ceasar's and Kiss Magic Nails) to the southwest property corner of Parcel (Gale Enterprises), Thence northeasterly along the southerly property line of Parcel (Gale Enterprises) through the Peninsular Street R.O.W. continuing easterly along the southerly property lines of Parcels (U.S. Post Office, Rialto Theatre and Keyport) to the Spruce Street R.O.W., thence northwesterly to the northeast property corner of Parcel (Citizen's Bank), thence southeasterly along the northerly property line of Parcel (Huntington Bank) through the Peninsular Street R.O.W., thence northeasterly to the northeasterly property corner of Parcel (Bear's Den etc parking lot) to the southeasterly property corner of Parcel (Bear's Den etc parking lot), thence northeasterly along the rear property lines of Parcels (Verizon) through the Ottawa Street R.O.W. to the northeasterly property corner of Parcel (The Medicine Shoppe), thence northeasterly along the rear property line of Parcel (The Medicine Shoppe) to the northeasterly property corner of Parcel (Rochette's), thence northwesterly to the intersection of the Ogemaw Street R.O.W., thence northwesterly to the northeasterly property corner of Parcel (vacant Discount Mart), thence northwesterly along the northeasterly property lines of parcels (Fenton's Auto, Cedar Motel and Clark Gas Station) to the intersection of the centerline of Lake Street, thence southwesterly to the point of beginning.

Overview

District Map



II. Mission & Vision

Mission & Vision

Mission Statement

The mission of Grayling Main Street is to be an economic development program that uses historic preservation and community collaboration in Downtown Grayling to promote our artisan and great outdoors recreational resources.



Vision Statement

The vision of Downtown Grayling is to be an economically viable district, supported by the business community, that is aesthetically engaging and encourages a grand sense of pride in residents.

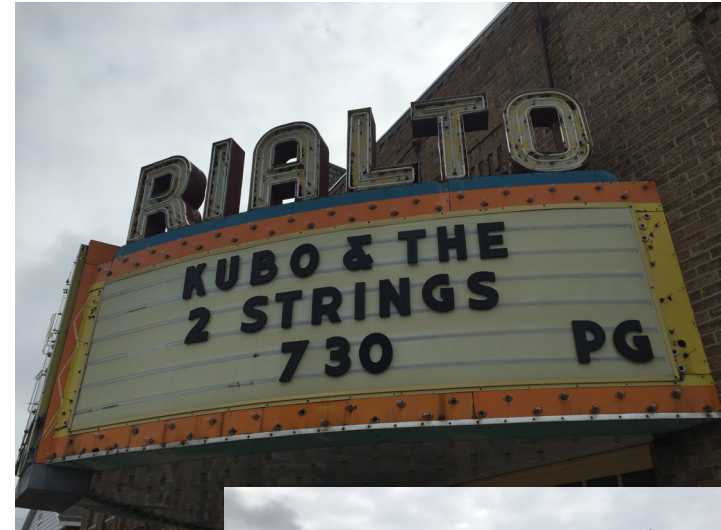


III. Current State of Downtown

Current State of Downtown

Historically, the commercial center of the city, the downtown has seen more recent investments after several decades of disinvestment and growing competition by retail on the outskirts of town. Beyond its own population, Downtown Grayling has the distinct advantage of being located along a state trunk line (M-72) off of a major interstate (I-75) and one of the main routes travelers from downstate and beyond go through on their way to other popular northwest Michigan destinations like Traverse City, Charlevoix, Petoskey, and others. This location, in addition to the beautiful AuSable River, give it a distinct advantage in their ability to attract attention by people traveling through the area.

The downtown has several natural and man-made assets in its efforts to revitalize. First, is the aforementioned AuSable River. This beautiful, winding river makes its way through downtown and is a popular spot for canoers, kayakers, and anglers. Downtown Grayling serves as host to the AuSable River Canoe Marathon each year, as canoers from around the world flock to downtown for the start of the race. In addition to the river, it has a traditional downtown building stock, with numerous historic properties including a first-run movie theater. More recently, several micro-brew establishments have made downtown home including Paddle Hard Brewery (two locations downtown) and Rolling Oak Brewing. Downtown has several strong retailers including a Michigan-product themed store, a combination flower and coffee shop, a fly fishing retailer and two art galleries to name a few. Recent streetscaping has helped make parts of the downtown look more attractive, as do colorful banners and seasonal flowers throughout the downtown.



Current State of Downtown

Downtown Grayling certainly has challenges. The downtown's current and historic vacancy rate is cause for concern, as is the condition of its public parking lots and facades of many buildings. Furthermore, the downtown lacks density seen in numerous other downtowns in the region, with many buildings in the downtown only having one level, reducing the opportunity for housing in the downtown. In addition to the vacancy rate, a key area of concern is which properties are currently vacant. The former motor lodge and attached restaurant known as Chief Shoppenagon's, which is the largest building downtown, as well as the former bicycle shop, which sits prominently at the corner of Michigan Avenue and M-72/BL-75 at the heart of downtown, are the two most visible and impactful vacancies downtown. Further vacancies such as the former Sawmill Tavern and old record store as well as several others are also significant and noticeably detracting from downtown.



IV. Future Projects

Future Projects

To assist downtown Grayling in its revitalization, we are recommending projects to address the biggest issues that are facing downtown today:

- A. Revitalize Shoppenagon's and Bicycle Shop
- B. Upper Floor Housing/Increasing Density/Infill Opportunities
- C. Façade Improvements
- D. Reorienting Development Along M-72/BL-75
Improve City Parking Lots
- E. Streetscape and Pedestrian Improvements
- F. Solidify funding stream for Grayling Main Street/DDA



Future Projects

A. Revitalize Shoppenagon's and Bicycle Shop

While there are a number of vacancies in downtown that could be beneficial if filled, these two properties are the most key in further revitalizing Downtown Grayling.

The former **Chief Shoppenagon's Motor Inn** is the largest building in downtown and has become a blighted anchor on the community. To many, it serves as a reminder of Grayling's past, while offering little hope for the future. However, because of its size, it also offers the largest opportunity in the community. In need of extensive interior and exterior improvements, its revitalization will not be a small undertaking.

There are two potential uses for this property, assuming the historic building can be saved. The first, would be the exploration of the need for a boutique hotel. A feasibility study would need to be conducted to determine: 1) if the market would support a small, boutique hotel- most likely catering to outdoor lifestyle enthusiasts and 2) what the average nightly room rate, or rack rate, would be for such a facility. The second option would be a conversion of the upper floors into apartments and the first floor into retail. A recent target market analysis reveals there are currently no multi-family dwellings in the city. Furthermore, conversations with Camp Grayling and Munson Hospital reveal the need for higher-end, longer-term temporary accommodations (6-12 months,) for visiting command staff, doctors and other dignitaries. Conversations with architects and construction experts should be had in order to develop a pro forma for the conversion of these units to residential to determine feasibility.

The DDA can assist the project through public parking and facade improvements.



Future Projects

A. Revitalize Shoppenagon's and Bicycle Shop

Situated at the corner of M-72/BL-75 and Michigan Avenue, the former bicycle shop is by far the most visible vacancy in downtown Grayling. As such, and in order to make an impact on both current residents and prospective customers, the redevelopment of the bicycle shop should be a priority for Downtown Grayling. The building itself appears to be in good condition, but is in need of a façade renovation, including the removal of the covering of the second floor, which would allow for the creation of 1-3 apartments. The retail space on the first floor, extends beyond the original footprint of the building and into a smaller, single story building behind it. Both of these buildings have sides facing M-72, the highest trafficked road in the county. Revitalizing this building will send a strong visual message to the community, and everyone traveling through Downtown Grayling, that positive things are happening.

The DDA could assist the project through facade improvements.



Future Projects

B. Upper Floor Housing/Increasing Density/Infill Opportunities

Until recently, local zoning did not allow for upper floor residential opportunities in downtown. Now that those zoning regulations have been changed, downtown should aggressively be pursuing options for redeveloping any spaces that would allow upper floor housing downtown. In addition, a vast majority of the downtown area is one story. As appropriate, these buildings should be evaluated to determine if additional floors could be added to create more residential units downtown. Furthermore, there are several vacant parcels within the downtown area, particularly along M-72. Efforts should be made with these property owners to create multi-story, mixed-use buildings on these parcels to either compliment or replace those buildings with larger setbacks from the road. By increasing density in downtown through upper floor residential and building mixed-use buildings in vacant or underused parcels, this allows the city to maximize the infrastructure that already exists downtown without drastic expansion and ongoing costs of maintaining new infrastructure to greenfield sites, creating a much greater Return on Investment for public dollars.

The DDA could assist these projects through facade improvements and public infrastructure support.



Future Projects

C. Façade Improvements

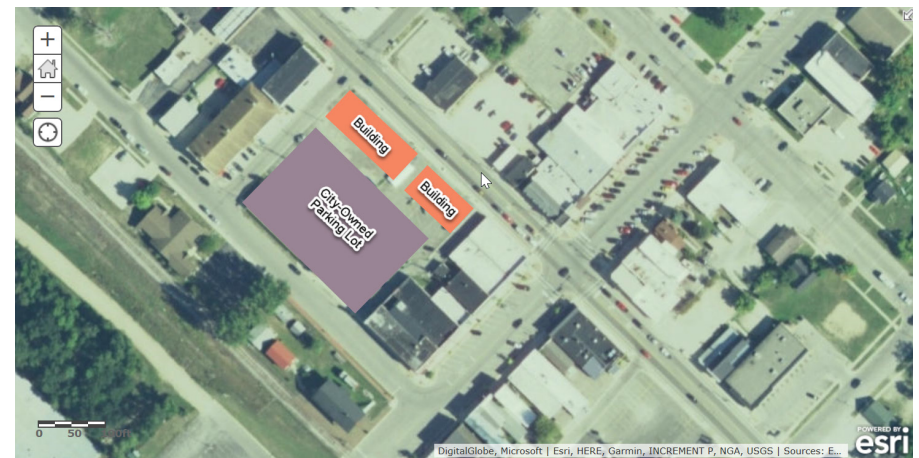
Numerous façades downtown appear dated and many either installed mansard roofs along the sidewalk or have covered up the upper floors of the buildings in order to make, what was originally thought of as, a “clean” look. These mansard roofs rarely protect customers from the elements and the covering of the upper floors negates the building’s ability to have upper floor housing as an egress from the floor via window is required. Additionally, updated facades, like those recently completed at Paddle Hard, make a tremendous impact on the image of downtown and make the property more valuable to prospective owners.

D. Reorienting Development Along M-72, Improve City Parking Lots

As recommended in item B, reorienting development along M-72 through downtown should occur to eliminate large, suburban style setbacks and create a more downtown feel to the thoroughfare by encouraging mixed-use development. This can be accomplished through changes in zoning requirements and some creative land swapping between the city and private landowners. It is understood the city wants to retain ownership of the lots, but the orientation of those lots can be altered to create more density and tax base to the community. In addition to the reorientation, improvements to the public parking areas of downtown should be made. Paving of the city-owned lots should be the first goal, with attractive landscaping around them. The city can and should set a higher standard for development and quality for the community. That begins with the city’s leadership through its parking lots. Keep in mind, this does not mean overly expensive landscaping, just a higher quality that matches the streetscape that has already been completed.



By reorienting development along M-72, Grayling can create more tax base using the same amount of infrastructure.



Future Projects

E. Streetscape Improvements

This recommendation is tied to Future Project D. As development reorients along M-72, improved infrastructure will help make a better connection to Michigan Avenue (and compliment recent streetscape improvements) and make M-72 more pedestrian friendly. MDOT enhancement grants can be leveraged by local funds to create a bigger bang for dollar and make an impactful and positive physical change to downtown that will be noticed by travelers on M-72. In addition, these pedestrian/streetscape improvements should extend to and connect other areas immediate to the DDA district like the former Fred Bear property and former Pro Build site.

F. Funding Stream for Grayling Main Street/DDA

The Downtown Development Authority (DDA) act allows two possible funding streams for downtown activities: Tax Increment Financing (TIF) and a 2-mill assessment on property owners for operations. While Grayling has had a DDA for several years, it has not activated either of these two funding streams. Given the rebound in the real estate market after the Great Recession, now would be an excellent time to create a TIF plan and begin capturing that increment to be used for the projects above. In addition, the Grayling Main Street program, which utilizes the city's DDA as an organizing mechanism, has provided a great benefit to the downtown, yet few business or property owners contribute to the organization. It is strongly recommended that the city either implements this 2-mill assessment, or explores the creation of a Principle Shopping District (PSD) which can also specially assess to raise funds for ongoing marketing efforts for the downtown.



Future Projects

Estimated Project Costs

Below are costs estimated for each of the projects identified:

A. Revitalize Shoppenagon's and Bicycle Shop

i. Shoppenagon's - Rehab Cost: Unknown

Additional Resources: U.S. Department of Agriculture- Rural Development Adaptive Reuse Feasibility Study; Michigan Economic Development Corporation (MEDC) Community Development Block Grant (CDBG) for facade improvements, possible building acquisition, public infrastructure improvements

ii. Bicycle Shop- Rehab Cost: Unknown

Additional Resources: MEDC- CDBG for facade improvements, public infrastructure improvements
MEDC- Brownfield for public infrastructure improvements

B. Upper Floor Housing/Increasing Density/Infill Opportunities- Cost:Varies by building

Additional Resources: MEDC- CDBG for facade improvements, public infrastructure improvements
MEDC- Brownfield for public infrastructure improvements

C. Façade Improvements- Cost: \$10,000-20,000 annually as match

Additional Resources: MEDC- CDBG for facade improvements

D. Reorienting Development Along M-72, Improve City Parking Lots- Cost: \$400,000-750,000

Additional Resources: MEDC- CDBG and/or Brownfield for public infrastructure improvements
Michigan Department of Transportation (MDOT)- Transportation Enhancement Grants for streetscape, other public infrastructure improvements

E. Streetscape and Pedestrian Improvements- Cost: \$500,000-650,000

Additional Resources: MEDC- CDBG and/or Brownfield for public infrastructure improvements
MDOT- Transportation Enhancement Grants for streetscape, other public infrastructure improvements

F. Solidify funding stream for Grayling Main Street/DDA- Cost: \$80,000-100,000 annually

V. Important Market Data

Important Market Data

In 2016, a Target Market Analysis (TMA) for Crawford County was conducted by LandUse USA, commissioned by the Michigan State Housing Development Authority (MSHDA.) This TMA provides the community with estimates of the number and types of housing there is current demand for over the next five years.

It is important to note these numbers do not include the additional impact the new Arauco North America facility will have on housing demand in the area. This facility is expected to create roughly 1,000 construction jobs and 200 full-time jobs once operational. This will only increase demand across all of these sectors.

The most important part of this data in relation to Downtown Grayling is in Table 6 (right.) This data suggests 34-57 Townhouse or Live/Work units and 11-19 Small Multiplex units. Both building types would be consistent with downtown and provides opportunities for both existing buildings with upper floors as well as infill buildings.

Table 6
Annual Market Potential – “Slide” along Formats (in Units)
71 Lifestyle Clusters – Conservative and Aggressive Scenarios
Crawford County, Michigan – 2016

Number of Units by Building Format/Size	Conservative Scenario		Aggressive Scenario	
	Unadjusted w/out Slide	Adjusted with Slide	Unadjusted w/out Slide	Adjusted with Slide
1 Detached Houses	258	258	414	414
2 Side-by-Side & Stacked	6	6	9	10
3 Side-by-Side & Stacked	9	9	17	15
4 Side-by-Side & Stacked	5	8	8	8
5-9 Townhouse, Live-Work	37	34	56	57
10+ Multiplex: Small	11	11	19	19
20+ Multiplex: Large	14	43	26	26
50+ Midrise: Small	12	.	21	53
100+ Midrise: Large	17	.	32	.
Subtotal Attached	111	111	188	188

VI. Implementation Plan

Grayling DDA/Main Street Downtown Plan

STATUS COLOR LEGEND & TOGGLE

Not Started	In Progress	Delayed	Complete
ON	ON	ON	ON

OBJECTIVE	STATUS	OWNER	ANTICIPATED		ACTUAL		ANTICIPATED	ACTUAL
			START DATE	END DATE	START DATE	END DATE	GOAL	RESULT
A.1. Revitalize Shoppengon's	Not Started	Economic Vitality Chair					Building filled	
1. Meet with property owner to determine future plans.	Not Started	Economic Vitality Chair						
i. If none, determine how much owners want to for property	Not Started	Economic Vitality Chair						
ii. Assist owner with developing RFQ for new owner/developer	Not Started	Economic Vitality Chair						
2. Work with property owner to determine what work needs to be done, potential incentives and lease rates	Not Started	Economic Vitality Chair						
3. Work with property owner to determine best uses/potential leasees	Not Started	Economic Vitality Chair						
4. Develop recruitment package for potential businesses	Not Started	Economic Vitality Chair						
5. Work with property owner to recruit appropriate business to commercial portions	Not Started	Economic Vitality Chair						
A.2. Revitalize Bicycle Shop	Not Started	Economic Vitality Chair					Building filled	
1. Meet with property owner to determine future plans.	Not Started	Economic Vitality Chair						

i. If none, determine how much owners want to for property	Not Started	Economic Vitality Chair						
ii. Assist owner with developing RFQ for new owner/developer	Not Started	Economic Vitality Chair						
2. Work with property owner to determine what work needs to be done, potential incentives and lease rates	Not Started	Economic Vitality Chair						
3. Work with property owner to determine best uses/potential leasees	Not Started	Economic Vitality Chair						
4. Develop recruitment package for potential businesses	Not Started	Economic Vitality Chair						
5. Work with property owner to recruit appropriate business to commercial portions	Not Started	Economic Vitality Chair						
B. Upper Floor Housing/Increase Density/Infill Opportunities	Not Started	Economic Vitality Chair					12 New units added to downtown	
1. Identify buildings capable of upper floor housing	Not Started	Economic Vitality Chair						
2. Talk with property owners about market demand and determine who has most interest in converting upper floors	Not Started	Economic Vitality Chair						
3. Work with construction firms to determine costs of redevelopment of upper floors	Not Started	Economic Vitality Chair						
4. Develop pro forma reflecting costs and potential rents to determine	Not Started	Economic Vitality Chair						
5. Identify underutilized/vacant public and privately-owned properties	Not Started	Economic Vitality Chair						

6. Determine interest of identified properties to develop or sell property	Not Started	Economic Vitality Chair						
7. Develop RFQ for owners interested in selling for development	Not Started	Economic Vitality Chair						
8. Post RFQ, actively search for potential developers for mixed-use properties	Not Started	Economic Vitality Chair						
C. Façade Improvements	Not Started	Design Chair					5 Facades Redeveloped	
1. Hold informational meeting for property owners about Façade grant program	Not Started	Design Chair						
2. Identify potential construction company(ies) to work with building owners	Not Started	Design Chair						
3. Obtain initial construction cost estimates for facades	Not Started	Design Chair						
4. Obtain commitment for financing from local lenders	Not Started	Design Chair						
5. Apply for CDBG funds for Façade grant	Not Started	Design Chair						
6. Administer grant	Not Started	Design Chair						
7. Close out grant	Not Started	Design Chair						
D. Reorient Development on M-72, Improve City Parking Lots	Not Started	Design Chair						

1. Work with City to ensure proper zoning to require zero-lot line development along M-72	Not Started	Design Chair						
2. Work with EV Chair to properly explain to existing and potential property owners the change and benefit in development requirements	Not Started	Design Chair						
3. Work with City to develop renderings and cost estimates of improved parking lots	Not Started	Design Chair						
4. Work with the City to identify potential grants for improvements	Not Started	Design Chair						
5. Apply for grants for improvements	Not Started	Design Chair						
6. Secure grants	Not Started	Design Chair						
7. Administer grants	Not Started	Design Chair						
8. Celebrate success	Not Started	Design Chair						
E. Streetscape Improvements	Not Started	Design Chair					Streetscape Implemented	
1. Work with City to develop renderings and cost estimates of improved streetscape	Not Started	Design Chair						
2. Work with the City to identify potential grants for improvements	Not Started	Design Chair						
3. Work with City to develop renderings and cost estimates of improved streetscape	Not Started	Design Chair						

4. Work with the City to identify potential grants for improvements	Not Started	Design Chair						
5. Apply for grants for improvements	Not Started	Design Chair						
6. Secure grants	Not Started	Design Chair						
7. Administer grants	Not Started	Design Chair						
F. Secure Funding Stream for Grayling Main Street program	In Progress	Organization Committee Chair					Annual funding of \$80,000-100,000 identified	
1. Conduct education session with DDA Board and City Council on Tax Increment Financing, special	In Progress	Organization Committee Chair						
2. Conduct educational sessions with local businesses and property owners on benefits	Not Started	Organization Committee Chair						
3. Determine best vehicles for funding based on stakeholder feedback	Not Started	Organization Committee Chair						
4. Develop revenue projections	Not Started	Organization Committee Chair						
5. Secure support for funding from stakeholders	Not Started	Organization Committee Chair						
6. Formally ask Council for adoption of funding plan that uses public models	Not Started	Organization Committee Chair						