

Priority Redevelopment Sites

Downtown Petoskey

There are two main focus areas for downtown redevelopment: 200 East Lake Street and the Michigan Street Parking Lot (Darling Lot). Although these two distinct sites both have unique challenges and opportunities, development on one of the sites may spur investment on the other. Both sites are critical to future economic development and growth in downtown Petoskey that may complement other current economic initiatives, including rehabilitation of upper story units for residential uses.

200 East Lake Street

Zoning: PUD
Allowed uses: Mixed residential, commercial
Adjacent uses: Commercial
Approximate Size: City block, just under 2 acres
Utilities: All stubbed to property lines
Location attributes: Anchor to Downtown Petoskey, located on US 31, views of Little Traverse Bay



This critical two-acre site serves as an important gateway to the downtown area and has been partially developed or vacant for many years before the Petoskey Pointe proposal was approved in 2004. It is the top development priority for both the Planning Commission and City Council. The City is open to a wide variety of uses consistent with the downtown area and may consider economic incentives to spur development based upon a mixed-use proposal. Some development ideas brought forward from City officials include mixed income housing, areas for public art, green infrastructure and underground public and private parking. Initial public parking needs are thought to be between 75-125 spaces.

A review of the site's history may be beneficial to prospective developers. Based upon a mixed-use development that was approved in 2004, a former developer excavated several thousand cubic yards in anticipation of constructing an underground parking facility to serve both the mixed-use development and some of downtown public parking needs. As a result of the 2008-09 recession, the developer's funding was lost and the project has been inactive ever since. The site is currently for sale. Water, sewer and electric utilities are adjacent to the site and ready for connection.

The City executed an agreement to utilize a DDA TIF Plan for the original development that would have dedicated tax increment dollars for the purchase of a level of underground public parking.

The site now also qualifies for a **Brownfield TIF** and the City may entertain tax increment financing to fund eligible activities including an underground parking deck. The number of needed parking spaces for both private and public uses will be dependent upon the overall development and cannot be fully determined at this time. The City may consider a variety of parking options that include private, public and possibly shared parking.

Michigan Economic Development Council (MEDC) representatives have stated there may be **Community Revitalization Program (CRP)** dollars available in the form of grants, loans, or other economic assistance. This State funding program promotes community revitalization that will accelerate private investment in areas of:

- Historical disinvestment;
- Contribute to job creation;
- Foster redevelopment of functionally obsolete or historic properties;
- Reduce blight and protect the natural resources of the State.

Eligible parties for CRP assistance include two or more individuals that may apply to the Michigan Strategic Fund for economic assistance. Loans are available up to \$10 million or grants up to \$1 million. The State considers many factors when reviewing applications such as job creation, private investment amount, need for a loan or grant, environmental contamination, promotion of mixed-uses and the importance of the project to the community.

Lastly, the City will continue to pursue **Redevelopment Ready Community** certification through the Michigan Economic Development Corporation. This program supports communities in efforts to become development ready and competitive. It encourages innovative redevelopment strategies and efficient processes which build confidence among businesses and developers. It provides assistance in establishing deliberate, fair and consistent development practices-making the City more attractive for investments that create desirable places.

Certification as a RRC community signals that a community has effective development practices in place, such as well-defined development procedures, a community-supported vision, an open and predictable review process, and compelling sites for developers to locate projects. The City has been working on the RRC certification for several months and hopes to be certified by early 2017.

The 200 East Lake Street property is the highest priority redevelopment site for the City with the City Manager, City Planner and DMB Director fully committed to working with developers in a cooperative manner to expedite development in this area.

Michigan Street Parking Lot (Darling Lot)

Zoning: B2 Central Business District
Allowed uses: Commercial, residential, parking
Adjacent uses: Commercial
Approximate Size: 1.1 acres
Utilities: All utilities available
Location attributes: Southern end of CBD, adjacent to Downtown Greenway Corridor



Also a priority site in the Downtown Development Area is the public parking lot at the corner of Michigan and Petoskey Streets. Plans to build a covered, structured parking lot on the site of the Michigan Street Parking Lot (Darling Lot) have also been on-going for many decades. The site is viewed as a strong catalyst for both downtown economic development/job creation and investment in second and third story downtown housing opportunities. The site was chosen because of its central location to the downtown and its size. There is some grade to the site that might help with parking structure design. The location could also help to spur redevelopment south of downtown along the Downtown Greenway Corridor.

Past surveys have shown that 64% of residents and 76% of businesses wanted to improve parking availability and that 62% of residents and 70% of business owners wanted to improve parking convenience. Additionally, a 2013 Downtown Strategic Plan states, *“The creation of additional parking is a much cited priority of stakeholders and may likely be a top priority over the next five years.”* The plan also places a high priority on developing upper story housing stating, *“That if upper floor housing is truly wanted, the main roadblock to residential development – available parking, preferably covered parking – has to be developed.”*

Recently, both the Downtown Management Board (DMB) and City Council commissioned a parking study with Walker Parking Consultants that was undertaken in the summer of 2016. The scope of work includes the creation of two separate conceptual plans: one for a basic parking structure, and another for a parking structure that includes housing options on the top floor. Geotechnical work has been completed on the site to determine structural loading capacities for a future parking deck. Soil studies were also completed showing the site contains contaminated soils that may qualify the land for **Brownfield Tax Increment Financing (TIF)**. Officially declaring the site a Brownfield will also make it eligible for State funding. An additional option may be to use tax increment financing from future development at the 200 East Lake Street site to fund parking improvements at the Michigan Lot. This option may or may not be pursued and is dependent upon future parking demands associated with development at 200 East Lake Street. Once the parking study has been completed, the City Council, DMB and City Staff will explore planning and possible funding options to construct a future parking deck.

The Michigan Street Parking Lot is also a high priority for redevelopment. Based upon the results of the aforementioned parking lot study, City Staff and DMB officials will actively pursue plans and a financing strategy to fund this critical downtown capital improvement.

Old Town Emmet Neighborhood

The area south of downtown, the Old Town Emmet Neighborhood is another area the City will encourage redevelopment. Historically, the Old Town Emmet Neighborhood held many industries that took advantage of the Bear River, including several mills and power generating plants. The area has ten properties currently listed on the National Register of Historic Places, with many others that meet the criteria to be placed on the register. Emmet Street bisects the neighborhood and was historically the main road into Petoskey from the south. As a major collector thoroughfare, the street continues to carry significant traffic with an average of 5,400 for daily traffic counts. The “four corners” of Emmet and Washington Streets is the commercial center of the neighborhood and has most recently been known for its cluster of resale shops. The corner also houses a convenience store.



Of specific interest for redevelopment in the next 2-5 years is the property at 900 Emmet Street that formerly housed Hankey Lumber Company and is now owned by Gruler’s Pet Supplies.

900 Emmet Street (Gruler Property)

Zoning: B-2B Mixed Use Corridor
Allowed uses: Mixed residential, commercial
Adjacent uses: Residential, commercial, industrial
Approximate Size: ~ 1.3 acres
Utilities: All utilities available in adjacent streets
Location attributes: Adjacent to high volume collector and rail; mixed-use site concept developed; potential for expansion of Downtown Greenway Corridor along tracks



The one block area has been the focus of economic development efforts for many years and is poised for private redevelopment. In 2013, the City developed, “*The Old Town Emmet Neighborhood Plan*” that addressed several challenges and opportunities for economic growth and creates a specific road map for private/public investments.

Building upon the momentum created through the 2013 Neighborhood Plan and follow-up public workshops to focus on the Emmet Street streetscape, the City will be undertaking major capital improvement projects in 2017 that will directly benefit the Old Town Neighborhood. The project will fully reconstruct the street, maintaining on-street parking for businesses while tying the neighborhood into the Downtown Greenway Corridor. Once constructed, the Downtown Greenway Corridor will connect the Emmet Street neighborhood with downtown Petoskey, Little Traverse Wheelway, Bear River Valley Recreation Area, and the North Country National Scenic Trail.



The City is fully committed to investing heavily in infrastructure improvements in this area in hopes of stimulating growth in the coming years for the Old Town Neighborhood. It is through public investment that the City can create unique public/private partnerships to spur future business and housing opportunities, job creation and building the local tax base.

The current zoning of Mixed Use Corridor aligns accurately with the overall concept of balancing future residential and commercial development that contributes to the unique sense of place while reflecting the culture and history of the neighborhood. Redevelopment should include a quality pedestrian environment with buildings built on a similar scale to the existing neighborhood that preserve the unique residential aspect of the Emmet Corridor. This current zoning district promotes commercial and retail businesses on the first floor with housing opportunities for second and third floor buildings. The City strongly encourages development of a wide range of housing—both type and price—to cater to diverse populations of future residents.



Incentive programs that may be available to property owners include the **Neighborhood Enterprise Zone (NEZ)** program which provides a tax incentive for the development and rehabilitation of residential housing to spur development and rehabilitation of residential housing where it may not otherwise occur. This program can reduce the taxes on property for up to 15 years in designated areas to promote the revitalization of those neighborhoods by creating a NEZ. The City would need to initially approve the NEZ District before any tax incentives are executed.

Further south and adjacent to the river is a large tract of former industrial land-the Poquette property and Continental Structural Plastics. It is currently home to several contractor businesses, but is seen as a longer-term redevelopment site given the success of the Bear River Valley Recreation Area across the river. It is a site that would likely have significant remediation costs and would therefore be a priority location for a Brownfield TIF.

The Old Town Emmet Neighborhood has many attributes to be built upon creating great potential to transform the neighborhood to a vibrant, pedestrian-friendly and diverse neighborhood where small shops and a wide array of housing opportunities exist side by side. The City will continue to prioritize this area to incent development through economic development initiatives and strong investment in public infrastructure. The Public Works Director, City Planner and City Manager are fully committed to seeing this area to its full potential.

U.S. 31 Northside Petoskey-KQC Property

900-1000 Bay View Road (KQC Property, formerly the Tallberg Site)

Zoning: B3 General Business
Allowed uses: Commercial, residential
Adjacent uses: Parkland, commercial
Approximate Size: 3 acres +/-; significant elevation change
Utilities: All utilities available including 3 phase electric
Other: In Waterfront TIFA District
Location attributes: Excellent views of Little Traverse Bay, Adjacent to Bayfront Park and Little Traverse Wheelway



The third priority location for redevelopment in the next 2-5 years has been vacant or underutilized for 15 years. However, given its location on U.S. 31 and excellent views of Little Traverse Bay, it is seen as a logical redevelopment site. The site was chosen by the Planning Commission and City Council as a high priority redevelopment site due to its long-term underutilization and appearance on a heavily travelled corridor.

With over 22,000 average daily vehicle trips on US 31 and expansive views of Little Traverse Bay, the lot is a prime location for a mix of residential and commercial development.



The City may consider incentives to preserve public viewsheds on the property with the right mix of housing and commercial development. The property is adjacent to Bayfront Park and there is easy access to the popular Little Traverse Wheelway. The land is currently privately owned and no formal development plans have been discussed with City Staff. Nevertheless, both the City Manager and City Planner are fully committed to working with property owners on any future development plans.

In 2019, a major U.S. 31 Highway reconstruction project will be undertaken by MDOT. The project will encompass highway realignment and resurfacing, new underground utilities, sidewalk extensions, new LED lighting improvements, new signalization at McDonald Drive and expansion of green landscaped areas including tree plantings.