

EDC Mission: The Frankenmuth EDC facilitates economic opportunities to preserve and attract investment, fostering community sustainability and resiliency.

Play Book: The EDC recommends a three-pronged approach for economic development:

- 1.) Encourage entrepreneurial ventures to retain and support the expansion of existing businesses and to attract new businesses resulting in the sustainability and resiliency of the tax base and the retention and creation of new jobs.
- 2.) Facilitate new housing investment to address needed housing shortages, to diversify the housing mix, attracting younger residents and families and meeting the needs of workforce housing.
- 3.) Develop an umbrella marketing campaign for attracting investment: commercial, residential, general development.

Business, Talent & Entrepreneurialism

Finish the Frankenmuth Business Park.

Update the Available Development Land and Building Inventory; Network the availability of the sites

Select the top 3 priority sites for development. Create lists of preferred uses, incentives and marketing plan

Survey businesses to gather data on 1.) Labor needs, 2.) Employee home zip codes and 3.) Employee in interest in living in 48734 zip code.

Create an "existing skills available" and "skills needed" data base.

Housing Development

Inventory available land for housing development and detail selling interest and infrastructure needs

Commission a Housing Study: Details TBD

Review zoning code requirements for housing development

Investment Attraction Marketing

Develop umbrella marketing campaign; complete a community survey

Coordinate efforts with local partners

Identify investment targets, including the prioritized sites.

The Annual Report to the Frankenmuth City Council

September 4, 2018

EDC Members 2017-18

John Benson,
Frankenmuth Insurance

Beth Bernthal-Reindel,
City Council
Resident

Tim Dils, Resident

Mike Fassezke,
Star of the West

Jamie Furbush,
Chamber of Commerce

Tim Hildner,
Frankenmuth Township
Supervisor

Abby McClellan-Curtis,
Abby's

Brandon Muller,
Clark Hill

Chris Rittmueller,
Tri City Controls
Chairman

Vickie Schmitzer,
City Council
Frankenmuth Credit
Union

Jerry Thompson,
Vice Chairman
Resident

Terry Weiss, Secretary
Resident

Ex-Officio
Bridget Smith
City Manager
John Deterding,
City Treasurer
Joann Crary,
Saginaw Future

Staff Liaison
Sheila Stamiris

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About the Board of Directors

Organization:

- Meeting Dates scheduled monthly for the Third Thursday, at 1:30 PM in City Township Government Center in the Meeting Chambers. All meetings are open to the public.
- Board Membership totals 11 of an allowable 13. Officers and Members are listed.

Recent Accomplishments:

- Approved Purchase Agreement for 4 Acres in the Frankenmuth Business Park with the Frankenmuth Brewery. Brewery owners have until the end of January 2019 to complete their due diligence. The project proposes to build a 20,000 square foot brewery, retaining their restaurant operation on Main Street.
- Annexed the remaining acreage in the Business Park from the Township. Any site within the Business Park has access to utilities, according to the City Township Master Growth Plan of 2015.
- Initiated Storm Water Management engineering contract for the remaining Business Park land and adjacent properties. Upon completion, EDC recommends initiating the civil engineering needed to build Keystone Street.
- Recommended continuing relationship with the Wirt Rivette Group of Saginaw for the construction of 20,000 speculative building in the Business Park. The "Spec Building" targets small-scale manufacturers, artisan industries, or small production and scaling or research and development opportunities.
- Recommended annual budget to include \$5,000 stipend for Saginaw Future. Financial resources for capital improvement projects requested as needed.
- Completed a new 5-year work plan, including the development of a new mission statement.

EDC Vision for the Community. The EDC recognizes the City's desirability as a location for business and residential investment. While tourism remains the City's base industry, the EDC diversifies its economic base by expanding all commercial sectors and providing new housing options to be attractive to diverse age groups. Stable employment, appreciating property values, good neighborhoods and strong schools continue to fuel interest in Frankenmuth as a business and residential center. Buoyed by its ever-evolving and nationally recognized tourism industry, Frankenmuth residents will continue to have access to the "finer things in life" including arts, history, food and environment and experienced-based recreation. Current residents and those looking to move to Frankenmuth seek quality, diverse housing opportunities in stable and walkable neighborhoods and in a range of affordability. Housing will be concentrated within the City-Township Urban Limit Line for walkability and access to recreation, entertainment, services, schools, worship and work. Housing needs will be met with options through new construction, infill development or rehab of existing units.

A copy of the 5-Year Work Plan is attached for your review.

Frankenmuth Economic Development Corporation
Work Strategy & Playbook: May 2014 – December 2015

EDC Mission: The Frankenmuth Economic Development Corporation will vigorously and aggressively identify any means of enhancing and expanding the Frankenmuth economic base. This includes, but is not limited to: Finding and encouraging the development of industrial and commercial sites, Utilizing any available public and private funding opportunities, Encouraging the retention, expansion and updating of all existing businesses, and Facilitating a business friendly environment on the local government and community scene.

Economic Vision for Frankenmuth 2034: The City of Frankenmuth economy is diverse, featuring a variety of industries including tourism. Business growth reflects an expanding residential base attracting, growing and sustaining local service providers. The excellent quality of life environment attracts business investors, who can work in a traditional facility or from home, providing employment opportunities in both. The economy reflects the active use of evolving technology available to all properties. With the City population growing to between 7500 and 10,000, Frankenmuth's image as a desirable living location is sustained with easy access to excellent education opportunities, a safe and clean environment, technology and many recreational options including a community center and pool. Frankenmuth residents have access to the "finer things in life" including arts, music, history, food, secondary education and environmentally-friendly, recreational and cultural experiences. Residents seek diverse housing opportunities and find quality choices, located for walkability and recreational access, in refurbished downtown buildings and adjacent neighborhoods as well as in area subdivisions. Collaborative relationships between the City, Township and others bolster a "can-do" attitude, leading change and preparing for the Frankenmuth of tomorrow.

To Achieve the Vision:

- Develop new housing options, and complimentary recreational and personal services.
- Maximize the potential of "gigabit ethernet" installed now in Frankenmuth and make future technology investments a priority.
- Influence our readiness to expand and diversify our economic base through public awareness and consensus building. Develop and/or refine rules and regulations sensitive to community values and attractive to investors. Improve relationship with County and State agencies including MDOT and MDEQ. Coordinate communication function with marketing and technology initiatives.
- Identify funding strategies to enable public and private investment.
- Define Market needs and draft planning and outreach tools for existing and new businesses.

Tasks May 2014 – December 2015

- Review our "lessons learned" report from the Kremin project and identify our strengths and weaknesses, developing strategies to improve our operations.
- Complete the Frankenmuth Business Park: infrastructure and signage. Define the next steps for "shovel ready."
- Complete a Marketing Plan for Economic Development in Frankenmuth including an analysis of the current development environment, an analysis of development needs and service gaps, prioritizing development opportunities, and creating marketing strategies for niche development opportunities.
- Review housing development requirements.
- Complete a housing demand analysis.
- Define what technology capabilities we already have and how we can maximize its use.
- Develop a communication model for and with community stakeholders.
- Share our vision with City and Township Planning Commissions in readiness for the review of the City Township Master Growth Plan.

Frankenmuth Economic Development Corporation
5 Year Economic Vision/Focus (2018-23) DRAFT, pending Council endorsement 7/16/18

The Frankenmuth Economic Development Corporation (EDC) recognizes the City's desirability as a location for business and residential investment primarily due to these community characteristics: top rated schools, safe, clean and walkable neighborhoods, appreciating property values, outstanding hospitality services, easy access to regional transportation, access to broad band services, and a well-connected community for living and working. While tourism remains the City's base industry, the EDC seeks to diversify its economic base by 1.) Expanding commercial sectors while focusing on office and light industrial investments, and 2.) Providing new housing options attractive to diverse age groups.

The EDC recommends two basic paths to community development: 1.) Retaining current businesses and attracting new businesses for securing the tax base and for the jobs each produce, and 2.) Facilitating new housing options for the users they attract. The EDC makes a direct connection between the availability of labor for both the growth of business investment and the health of the local marketplace.

Economic Gardening. Working with current businesses, the EDC applies "economic gardening" policies, understanding that most economic growth in a community comes from within. In addition to growth from existing investors, diversity in commerce is critical to "future proofing" the City from economic downturns. Successful economic gardening allows the City to grow as a dynamic economic center.

Housing as a Community Development Tool. Improving services to an aging population while providing opportunities for family-forming residents, the EDC considers new housing options a necessary focus. With age-appropriate new housing options, older residents can downsize, enabling younger families to move into these family friendly homes. Likewise, entry priced homes can meet the needs of younger residents interested in Frankenmuth as both home and employment center.

The EDC believes the City of Frankenmuth has an incredible story to tell. The development of a marketing plan for Frankenmuth as an investment destination will advance the work of the City and its development partners.

EDC Mission. The mission of the EDC is revised to be inclusive of "all development investment." The mission reads:

The Frankenmuth EDC facilitates economic opportunities to preserve and attract investment, fostering community sustainability and resiliency.

Population & Employment. Through jobs development and with new housing options, the City's population can grow reasonably over the next five years. The City grew 61% between 1960 and 1990. While growth at that rate today is unlikely considering county and state trends in recent decades, population growth is possible and necessary. Under current zoning regulations, the City forecasts that in 2019, 111 building permits could be issued for new single family homes (67), duplexes (22 - 2 family) and multifamily units (22). Conservatively, the City could add 350 new residents, based on an average of something less than 2 persons per household, under the current zoning regulations. With the current population around 5000, the City could add another 1750 persons over the next five years.

In 2018, the median age of City residents is 54 years, a direct contrast to the 1980's median age of 36. While older residents bring value to the demographic profile, the City attracts younger singles and families (ages 24-54) by offering housing options as they fill homes vacated by older residents that relocate to age/space

appropriate housing. All residents will consider new construction designed to accommodate the physical needs and the financial capacity of the owner/buyer.

Employment will continue in tourism-based businesses but also in personal and professional services, skilled labor and trades, clerical, technical, management and entrepreneur-type commerce. Local employers are stable, investing in facilities, technology and improved marketing tools to maintain the current customer base and reaching new markets. With easy access to transportation and easy access to broad-band services, residents can work in locations close to home and the region, or residents can work from home ... each situation dependent on the person and industry.

Housing. Stable employment, appreciating property values, good neighborhoods and strong schools continue to fuel interest in Frankenmuth as a residential center. Buoyed by its ever-evolving and nationally recognized tourism industry, Frankenmuth residents will continue to have access to the “finer things in life” including arts, music, history, food and environment/experience based recreation and other cultural amenities.

Current residents and those looking to move to Frankenmuth seek quality, diverse housing opportunities in stable and walkable neighborhoods and in a range of affordability. Housing will be concentrated within the City-Township Urban Limit Line for walkability and access to recreation, entertainment, services, schools, worship and work. Housing needs can be met with options through new construction, infill development or rehab of existing units. Housing development will be facilitated through a refinement of zoning tools and municipal requirements for housing development, the identification of buildable sites and the consideration of creative finance and funding tools for the developer, the buyer and the City.

What Barriers or Gaps in Service Exist Today that Prevent Fulfillment of this Vision?

Growing the Natural Component: Business Investors Already Located Here. Existing businesses remain strong, yet continue to find the marketplace highly competitive no matter the industry. All businesses compete against ever evolving access to online services and sales. Local businesses are generally self-motivated in their investment strategies and problem solving. A planned and well-thought effort to bring in new commercial, jobs-producing investment is critical to building resiliency in the local economy.

Questions asked during discussion include:

- If the role of the EDC is to “remove obstacles,” what tools might the EDC use/impact/adopt that would provide attractive assistance to the local business? How can the EDC partner with other local, regional and state organizations to improve the business development process in the City? Can these tools be adapted for use with new business investment?
- Do we have a labor availability problem? What is the relationship of labor availability to new commercial ventures including technical, research, professional, and skilled? If Frankenmuth attracted a high tech company, is skilled talent available? What efforts need to happen to attract that talent?
- What is the marketing role of the EDC for leads development within the City as well as outreach beyond the City’s borders?

Frankenmuth is an aging community. Current demographics of the City show the median age at 54, whereas in 1985, the median age was 36. Today, Frankenmuth has a large number of single persons living in a single family

home and a significant senior population living in assisted living facilities and full service nursing homes. The EDC believes balance is critical for the resilience of the community: socially, culturally, and economically.

The City must attract younger individuals or families between the ages of 20 to 54 to accommodate local labor needs and to build the resident base needed for the schools and general commerce. *How does the City attract this critical market?*

Does Frankenmuth have a housing problem? Anecdotal evidence supports that Frankenmuth has a housing problem, but hard data is aged and general in scope. Unlike other communities, the problem does not appear to be the quality of the stock, but what looks like a lack of housing turnover and what appears to be the lack of housing priced for entry level and mid-tier employees.

These issues were identified by the EDC:

- *The buy-in price for new homeowners (and the labor market) may exceed the capacity for new homeowners to buy or rent.* A limited supply of housing units for sale and the robust market forces housing prices up: a benefit to owners and disadvantage to buyers. The need for locally supplied labor for Frankenmuth businesses and the desire to attract baby-maker families supporting school enrollments is further complicated by the appreciating sale prices for homes. *Is the use of a Community Development Corporation (CDC) for housing development an option?* Telluride, Colorado, is cited as a community example with deed restrictions on housing developments allowing employees the opportunity to “live where they work.”
- *What types of housing are needed?* The recently completed “Missing Middle Market” housing study by LandUse USA for Michigan State Housing Development Authority and Prosperity Region 5 revealed that the region is experiencing active movement in the home real estate market/home sales, but cite that the City is missing the opportunity because it lacks housing in the “middle market.” Missing Middle Market housing is loosely described as the housing type between low income labor housing and high end professional housing – the missing middle market. *How do we quantify the market for new housing?*
- *Existing Parcel/Lot size and other zoning regulations limit expansion options for available housing.* For some existing homes to be attractive to new owners, a refinement of the zoning code that protects the integrity of the neighborhood while allowing flexibility to bring the 1960-70’s style housing to today’s standard is needed. An architecture class study by students at Ferris State University illustrated simple options that can be used in existing home sites without impact to neighbors.
- *Zoning code oversight of housing development within the Downtown area needs review.* One consideration is the reduction of the required square footage needed for apartment development to improve the investment ROI for the developer, increasing the attractiveness of such investments. Additionally, rental rates need to increase from the market rate of \$650/month to capitalize rehabs and new construction.
- *What drives ROI for housing developments and can incentives be created that improve the opportunity?* Builders share that the cost to build a single family home in the preferred \$175,000 to \$220,000 sale range is not profitable. The cost of land and the cost to construct the utilities create unsustainable carrying costs for the developer. The lack of economic efficiencies only available when building multiple sites at once is cited as cause of investor disinterest. While some developers prefer the single home approach for premium or custom homes (and higher profit per unit,) the market need appears to be in the construction of multiple sites in the same location at one time. *How can the City influence the cost to build new, quality housing in*

the preferred market types and pricing? Can the City improve its policies to enable new, cost effective housing development?

- *What land is available for housing development?* Tracts of land within the City Township Urban Limit Line are available for sale in order to enable a residential developer to build 8-10 homes efficiently, but they have various barriers including lack of access to roads, utilities, or the willingness of owners to sell. *A focused effort to identify available sites, barriers to development, and potential incentives (if available) is necessary.*

Summary. The EDC believes the City of Frankenmuth has the good bones of a stable community, possessing the assets necessary to attract investment in business, in housing and in community development and quality of life. Barriers to achieving success in maintaining community stability and building community resiliency include the lack of a concerted plan to address: 1.) Economic development initiatives supporting jobs development and 2.) A lack of housing availability and diversity of housing types. The aging population is a variable that must be addressed.

Measures to remove such obstacles include

- 1.) Improving the environment supporting jobs development that
 - Addresses all economic sectors in the community;
 - Networks directly with existing businesses;
 - Reviews needs and identifies opportunities for existing businesses within the City including labor availability;
 - Recognizes the importance of adding new investment and provides options for such investment; and
 - Coordinates a partnership approach to economic gardening for existing businesses and outreach to potential new investors.
- 2.) Improving the environment for housing development that
 - Requires a thorough understanding of the existing market and opportunities for new housing investment;
 - Understands and defines the link between local housing options and labor availability as well as local housing development and consumer/marketplace changes; and
 - Refines City policies and procedures to facilitate housing development, assuring the integrity of neighborhoods and maintaining the quality expected of Frankenmuth housing.
- 3.) Creating a marketing platform that
 - Builds on the strong image already present through work of others and assumes an umbrella opportunity to provide for all investment needs;
 - Adapts to all investment markets, but particularly on real estate, business investment and housing development; and
 - Is created in partnership with others, to leverage talent, networks and funding opportunities;

With growth in business investment from existing businesses or new investors and with appropriate supporting policies for housing development, the EDC believes the City will complete the necessary actions to create resiliency within the City itself: fostering new tax revenues, attracting new residents as investors, students, employees and consumers and providing balance to the demographic profile for the community.