



Norton Shores

Seminole Road and Henry Street

PlacePlan

Acknowledgments

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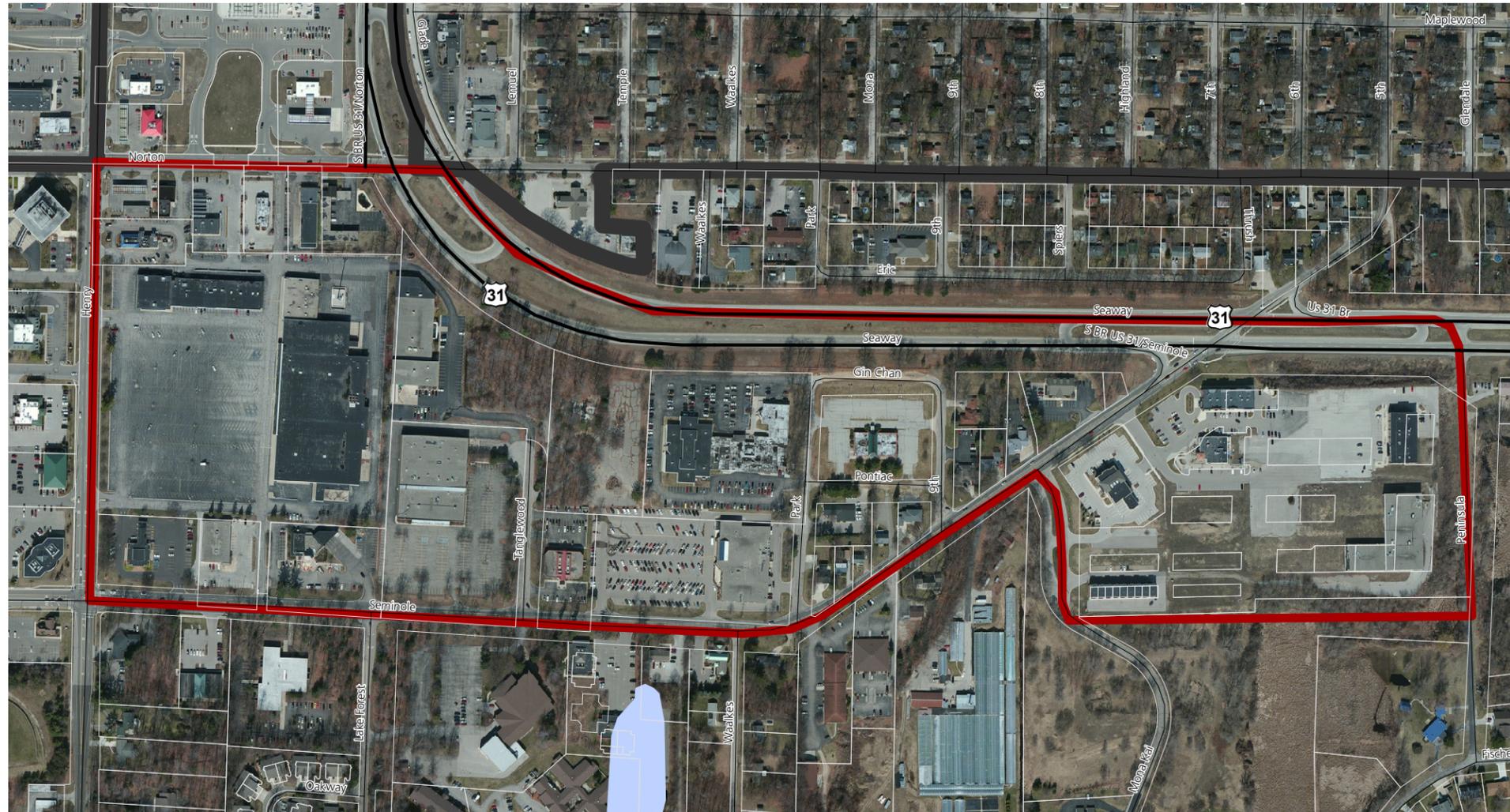
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CITY OF NORTON SHORES

Study Area

Data Sources: State of Michigan Geographic Data Library, Norton Shores, ESRI Basemap

-  Norton Shores
-  Parcels
-  Railroad
-  State Roads
-  Other Roads
-  DNR Lands
-  Rivers
-  Lakes
-  Study Area



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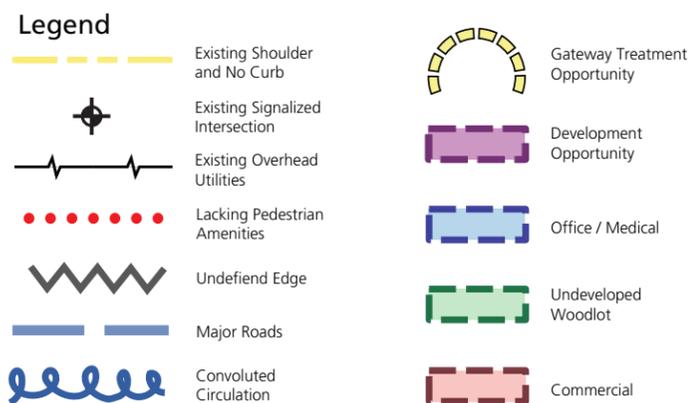
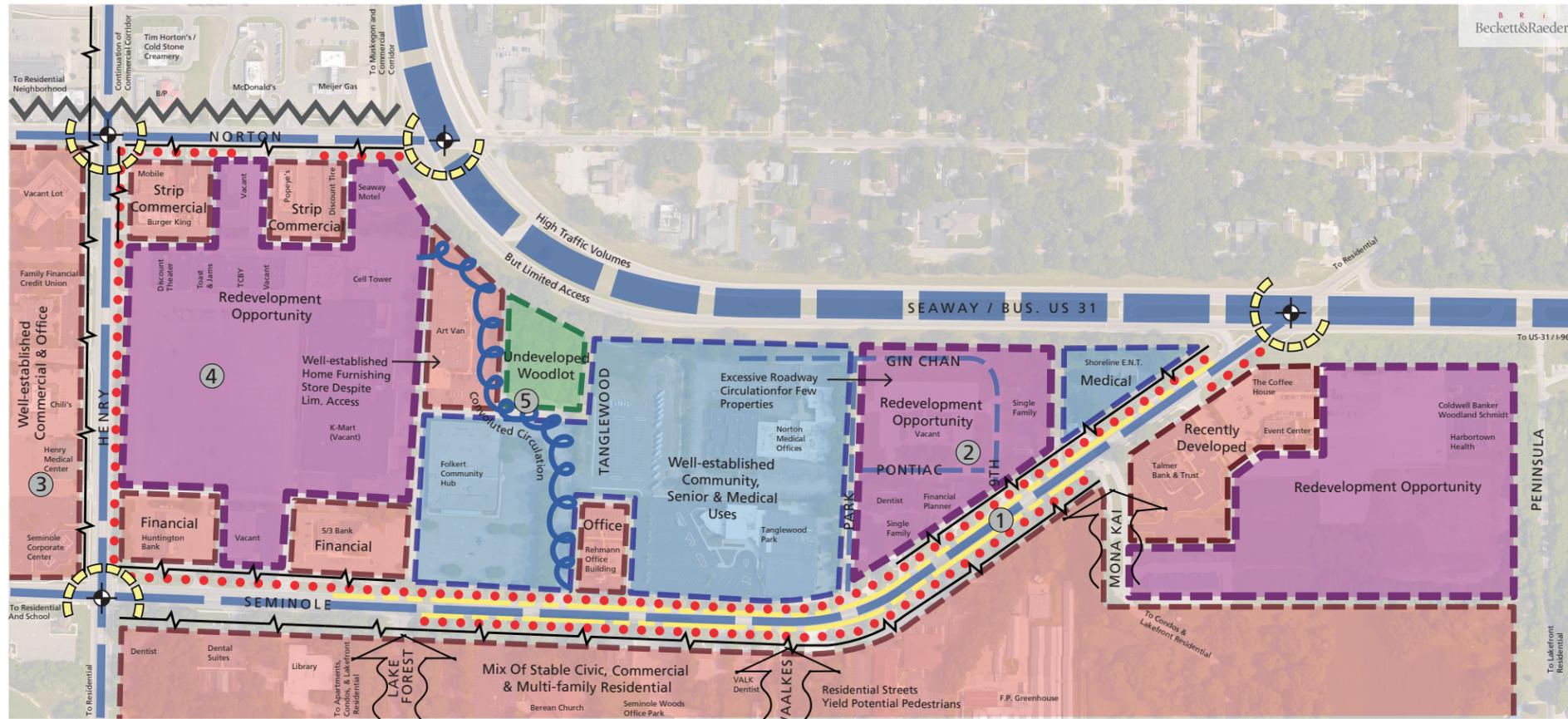


The Great Recession of the early 21st century resulted in vacant and underutilized properties all across Michigan and the United States. As various sectors of the development market, including finance and construction, have recovered, these properties represent opportunities to welcome well-suited new investment into the community.

A collection of sites along the Seminole Road and Henry Street corridors in the City of Norton Shores offers just such an opportunity. The largest property, which faces Henry Street on the west end of the study area, is the site of a former Kmart, surrounded by the parking and outlot land uses that accompany the traditional big-box format. On the opposite site of the study area, the “Eastowne” project site surrounds the intersection of Business Route US-31 and Seminole Road.

The City of Norton Shores recognizes the potential for significant community impact through this redevelopment effort, and has committed to a proactive partnership approach. Market analyses have been conducted to provide a better understanding of the community’s retail and housing needs. The City has also developed a design plan to promote access and to maximize both the function and the aesthetics of the site.

Public realm improvements such as sidewalks and nonmotorized pathways, uniform lighting, and street amenities are understood to offer vital support to private investment. Norton Shores has begun a streetscaping program which responds directly to the need to transform these heavily auto-centric corridors into spaces which welcome multiple modes of transportation.



- Notes**
- ① There is an opportunity to remove the shoulder on Seminole and construct sidewalks in the widened lawn panel.
 - ② Many single family residences converted to offices are for sale, creating a redevelopment opportunity.
 - ③ Access management is done well on Henry St. Multiple buildings are accessed from a common drive.
 - ④ The large vacant K-Mart building and adjacent vacant parcels is a large redevelopment opportunity. An existing cell tower behind the K-Mart would likely remain.
 - ⑤ The internal circulation of the businesses between Seminole and Seaway could be confusing to visitors.



City of Norton Shores
Seminole and Henry Corridor Redevelopment Site Analysis
 July 2016

A site analysis conducted by registered landscape architects on behalf of the City of Norton Shores reveals both opportunities and constraints.

Overall, there is a lack of internal circulation connecting the project sites to one another. In its current configuration, the route leading potential customers from Business Route US-31 to well-established community, senior, and medical uses could be confusing to visitors. Developing these connections is essential to the creation of an integrated and walkable business district that offers patrons a choice of transportation modes to and within the sites.

Both Seminole Road and Henry Street evolved as traditional suburban commercial corridors, at a regional intersection with good traffic counts. This style of development favored curb cuts for each individual establishment, lack of pedestrian access, and generous off-street surface parking lots. Properties were developed internally, without regard for pedestrian or adjacent site connectivity. As a result, the vehicular-oriented configuration requires people to drive, not walk, between establishments. Today, retail trends favor destination shopping experiences, walkable commercial districts, and mixed uses. An outcome of this change in shopping preferences is that these suburban commercial strips are at risk for higher vacancies, underutilization, and sometimes abandonment.

The Site Analysis presented here recognizes several opportunities to begin transforming the character of, and access to, the site. Nonmotorized connections to the residential and commercial uses south of the study area could be supported by the implementation of pedestrian amenities along Seminole Road, offering an occasion to replace the road shoulder with sidewalks and a lawn panel. The establishment of a pedestrian zone then strengthens the appeal of street frontage retail. An available vacant parcel at this key intersection can be both a catalyst and a signal of transformation.

Optimal Mixed Use Market Strategy

Based on a rigorous analysis of existing businesses and their local competitors, and missing businesses within the metro, the following is a list of optimal mixed market use for the area:

- Furniture stores
- Office supply
- Specialty grocer
- Family apparel
- Stacked townhouses
- Conference hotel
- Place of worship
- Small tenant office space
- Home furnishings
- Pet supply
- Pharmacy, drug store
- Unique, full-service restaurant
- Boutique hotel
- Public green space/town square
- Advanced educational services

Retail Opportunities

With a cluster of professional jobs nearby employing over 21,000 workers, this site can take advantage of a steady clientele. Moreover, Michigan has a lower average cost per square foot than the U.S. average by a \$100 (\$350 vs. \$450 respectively), and Norton Shores has growing per capita income. By 2020, the estimate per capita income of \$32,000 in Norton Shores is expected to outpace the Countys'. This site is also flanked by anchor institutions, including Walmart and Meijer Supercenters and Art Van Furniture, meaning this area is already established as a shopping destination.

Compared to counties across Indiana, Ohio, Wisconsin, and Michigan, research reveals retail gaps in Muskegon County based on consumers' per capita retail expenditures, and the expenditures as a share of their income. The following categories represent gaps in the market, identified at the county level:

- General Merchandise, Furniture, Apparel, Other (small)
- Eating and Drinking Establishments (moderate)
- Hotels, Motels, and Other Lodging (moderate)
- Education (moderate)

Site and Locational Advantages

- Availability of significant acreage among land and vacant properties that could be knit together
- Visibility and access to high traffic volumes along Business US 31, and opportunities to benefit from even higher traffic volumes along US 31
- Easy local access at the important intersections of Henry Street with Norton Avenue and Seminole Road
- Clusters of white-collar and professional jobs: Norton Shores, Roosevelt Park, and Muskegon Heights collectively share about 21,300 daytime workers
- Walkability to established shopping choices within a half mile
- Reinvestment initiatives, such as streetscape improvement concepts and redevelopment plans, that set a high standard for the community
- Local awareness and interest in designing and building a walkable and livable community that combines smart urban planning and density with conservation of public green space
- Community initiative in retaining professional planners to help develop a program, plan, and strategies for project implementation

Housing Analysis

Nearly 70% of the target markets identified migrating into Muskegon County will likely look for attached units. However, there is a drastic under supply of attached units; only 13% of housing stock is attached with at least 2 units. In Norton Shores, the median gross rent is \$794 per month which is considered affordable relative to median income. The median home value is \$117,400, one of the highest values in Muskegon County.

In Norton Shores, the renter-occupied vacancy is 7.3% and the owner-occupied vacancy rate is 0.9%, hinting at a stronger market for homeownership. The annual primary target market potential was calculated under both a conservative and aggressive scenario for Norton Shores. Based on migration estimates, the range for potential annual demand for housing units is between 457-1,540. A conservative estimate shows that housing demand will call for 96 units ranging from duplexes to fourplexes, and 204 midrise 5-9 unit multiplexes.

| ANNUAL MARKET POTENTIAL BY BUILDING FORMAT (IN UNITS) | |
|---|-----------------------|
| 71 Lifestyle Clusters - Conservative Scenario | |
| Number of Attached Units (Unadjusted model results) | City of Norton Shores |
| 2 Side-by-Side & Stacked | 22 |
| 3 Side-by-Side & Stacked | 50 |
| 4 Side-by-Side & Stacked | 24 |
| Subtotal Duplex-Fourplex | 96 |
| 5-9 Townhouse, Live-Work | 109 |
| 10+ Multiplex: Small | 27 |
| 20+ Multiplex: Large | 27 |
| 50+ Midrise: Small | 16 |
| 100+ Midrise: Large | 25 |
| Subtotal Multiplexes | 204 |
| All attached formats | 300 |

| ANNUAL MARKET POTENTIAL BY TENURE AND SCENARIO | | | | | | |
|--|-----------------------|--------------|--------------|---------------------|---------------|---------------|
| Communities in Muskegon County, Michigan – 2015 (Primary Target Markets Only) | | | | | | |
| Community | Conservative Scenario | | | Aggressive Scenario | | |
| | Owner | Renter | Total | Owner | Renter | Total |
| Muskegon County | 463 | 2,820 | 3,283 | 1,351 | 14,061 | 15,412 |
| Muskegon | 123 | 904 | 1,027 | 460 | 5,241 | 5,701 |
| Muskegon Heights | 10 | 353 | 363 | 71 | 2,177 | 2,248 |
| Norton Shores | 90 | 367 | 457 | 213 | 1,327 | 1,540 |
| Roosevelt Park | 4 | 72 | 76 | 39 | 362 | 401 |
| Fruitport Township | 20 | 228 | 248 | 106 | 775 | 881 |
| Whitehall | 1 | 45 | 46 | 20 | 244 | 264 |
| Montague | 3 | 36 | 39 | 12 | 123 | 135 |
| Total Communities | 251 | 2,005 | 2,256 | 921 | 10,249 | 11,170 |

The design opportunities are based on sustainable infill development that addresses market gaps identified in the retail analysis and residential target market analysis in order to better meet shoppers' needs and housing opportunities for potential residents.

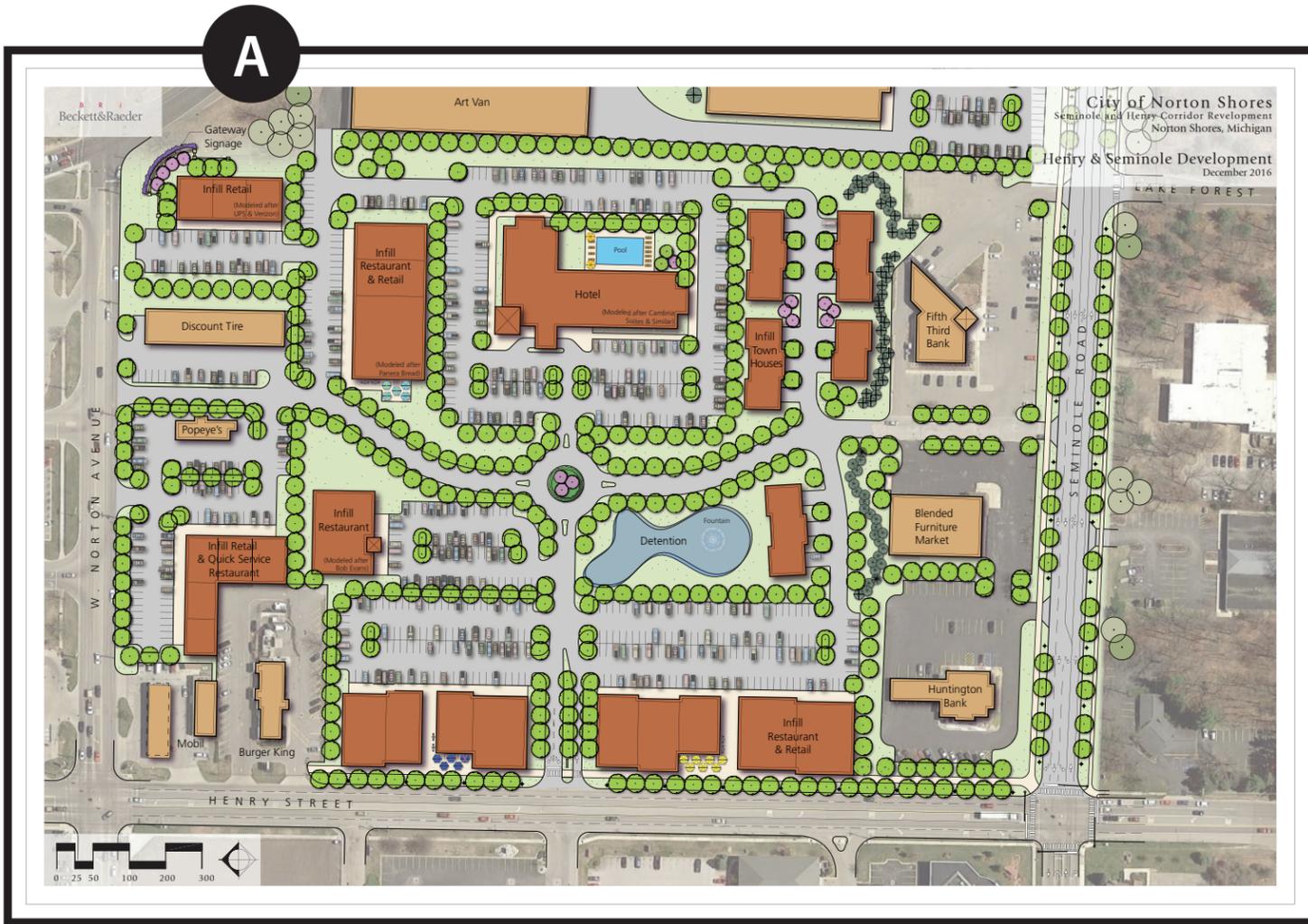


The properties that comprise the overall study area exhibit the problems that confront most commercial corridor strip centers; large, over sized parking lots, underutilized buildings, fragmented retail due to the conversion of former retail stores to offices and personal services. Although many of the businesses here are successful, the district as a whole fails to reach its true economic potential. The suggested redevelopment plan builds upon those assets in place rather than starting from scratch. For example, the community's ongoing investment in streetscaping initiatives helps to create a sense of place, and fosters economic development opportunity.

The biggest change is reconfiguring the space so that the car becomes a less prominent feature of the experience. The overall concept favors strategically placing destination retail, sited to engage the street and draw in passersby. Equally important, storefronts hide parking, creating a more immediate and inviting entrance. Once the space is enclosed, it is also enhanced by increased tree coverage to provide shade from the sun and protection from the rain. Along W. Norton Avenue and US-31, gateway signage announces to drivers and pedestrians that they have reached a shopping and entertainment destination.

A beautifully landscaped environment offers amenities in addition to the appropriate mix of retail, restaurants, and services. The lush tree canopy and a well-designed detention pond offer comforts such as shade and a tranquil gathering area while providing the benefit of stormwater treatment for the entire site. In once a vast abandoned space, this place plan adds definition with tree-lined pedestrian walkways and wayfinding.

Design Options



Expanded sidewalks are recommended along Henry Street for outdoor dining, with new retail buildings situated close to the street to provide sense of place and create a pedestrian-oriented business district.

Design Options

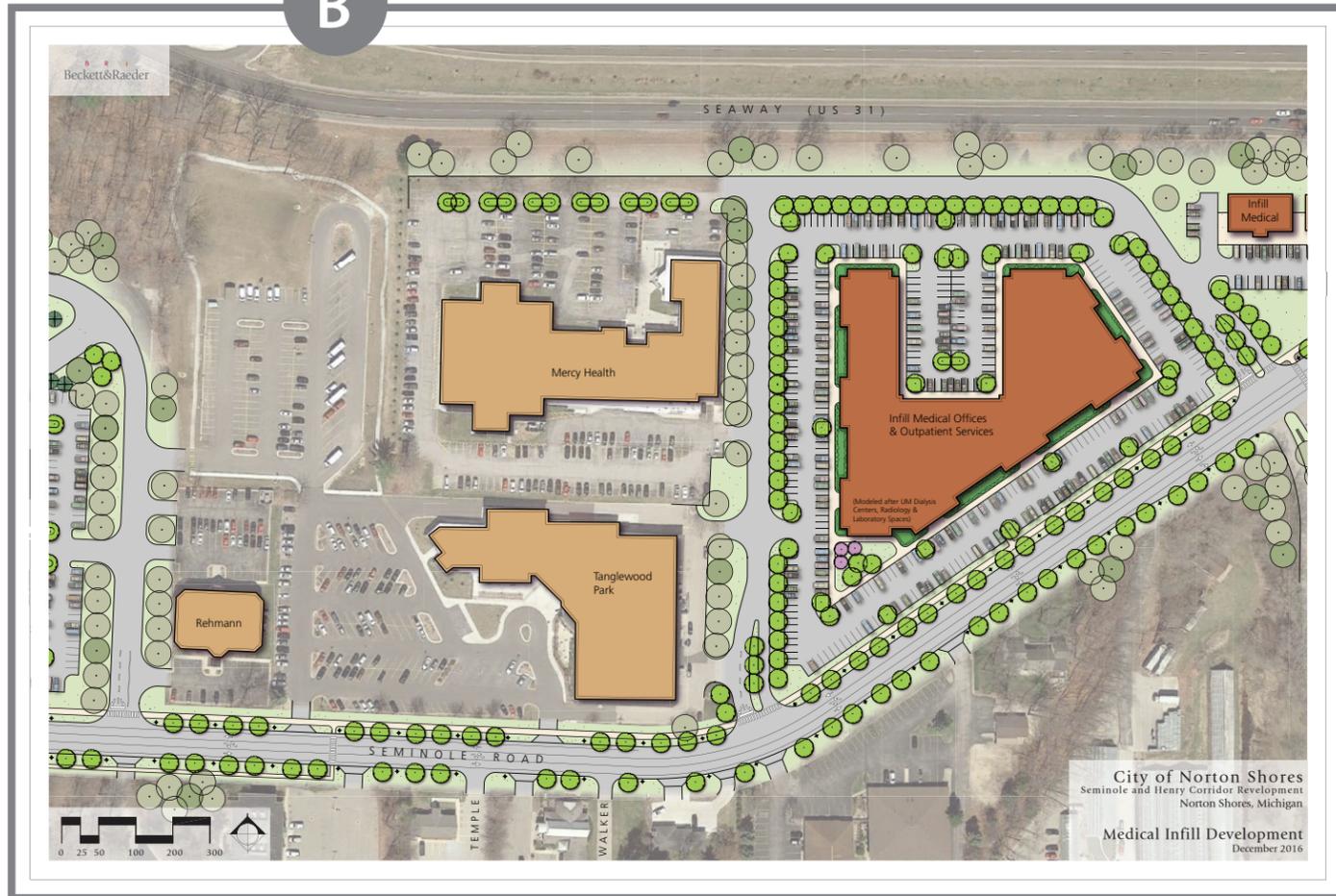
Site A

The largest portion of the study area is the former Kmart property, repurposed into an urban mixed use and walkable development based on the retail and residential market information. A fabric of small- to medium-footprint establishments can offer a broad range of options to appeal to a wide audience, developed at a pace that is keyed to the local market. A potential business mix that includes a hotel, retail along Henry Street, residential townhomes, and destination businesses and restaurants responds directly to the findings in the Retail Analysis. Landscaped internal connections among the establishments and a park-like setting creates a public realm that serves as a complementary draw to the site. Retail uses along Henry Street would have larger sidewalks and would be development along a build-to line setback from the right-of-way to encourage pedestrian circulation and allow for outdoor dining.



Conceptual plan for the former Kmart site incorporating recommendations from the retail market assessment and the Muskegon County residential target market analysis.

B



Site B

This portion of the district includes former single family homes that have converted into offices and personal service businesses. During the initial phase of the study several of these former homes were for sale or lease. The common land use theme in this portion of the district is medical, medical-related ancillary uses, and senior care facilities. Two existing establishments are successful anchors and they include Mercy Health and Tanglewood Park. Health care and services focused on an aging population should be considered for this portion of the district. Health facilities, such as outpatient lab and radiology, dialysis treatment, and occupational and physical therapy services can fill oddly shaped parcels because of their shared and predictable parking patterns, elongated hours of operation, and the destination-nature of the use.

Redevelopment, as envisioned by the conceptual plan, would reduce the number of curb cuts along Seminole Road and allow for uniform installation of sidewalks and corridor enhancements, and standardize lane configuration and widths.



Example of a medical outpatient facility as envisioned for Seminole Road



Site C

“Eastowne” is envisioned as a retail-based node with limited residential development and office uses. This is a redevelopment opportunity that has arisen after foreclosure, and project progress will ultimately be contingent on working out an arrangement with the managing financial institution.

This property has exposure along US-31 Business Route and Seminole Road, however, the current disposition of the property as a distressed property has impaired development and full build-out. Although the existing properties are well maintained the underdeveloped portion of the site is impacting the viability of the property. For example, the large drainage ditch along US-31 is overgrown reducing visibility of the property from US-31. The lack of ingress/egress to US-31 limits commercial development opportunities. As noted in the proposed conceptual plan a new entrance is proposed off of Peninsula Drive which will require coordination and permitting by MDOT. However, convenient access of US-31 is critical for the Eastowne development.

Along Seminole Road a more formal entrance to the development using Mona Kai Blvd is proposed to reduce the traffic ingressing and egressing the site between Chemical Bank and the banquet facility.



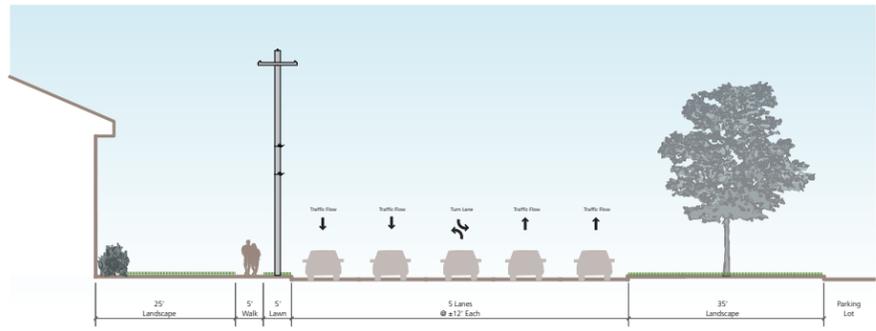
Eastowne located along US-31 Business and Seminole Road

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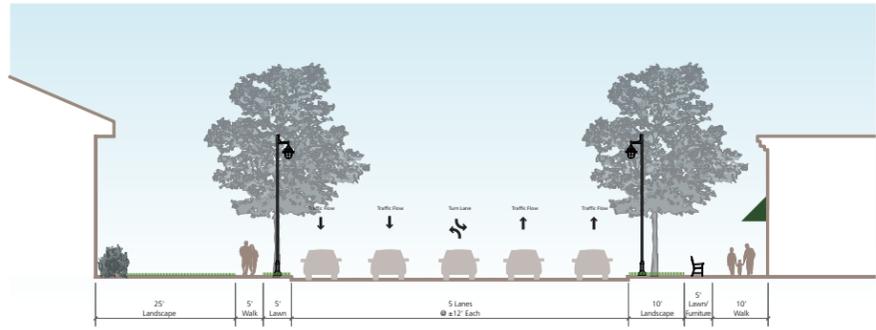
City of Norton Shores
Seminole and Henry Corridor Revolving
Norton Shores, Michigan

Henry St. Cross Sections
December 2016



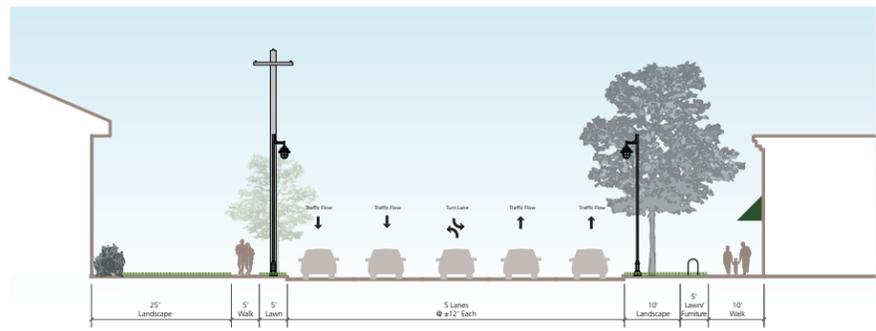
Henry St. - Existing Conditions

Scale: 1/8" = 1'-0"



Henry St. - Proposed 1

Scale: 1/8" = 1'-0"



Henry St. - Proposed 2

Scale: 1/8" = 1'-0"

Roadway Cross Sections: Henry Street

The proposed designs demonstrate how heavily transited thoroughfares like Henry Street can be transformed into a pedestrian-friendly zone. Removing the towering utility pole and enclosing the street with human scale development and pedestrian amenities creates a more pleasant experience for consumers. In the two proposed designs for Henry Street, there are 10 foot sidewalks on both sides of the street to accommodate shoppers, passers-by, and street amenities such as benches and bike racks—double the current width. Businesses are placed near the street, with awnings to provide visual interest and shade for customers and lightposts to add character as well as security. It is worth noting that vehicular traffic has not been altered in any way to achieve this greatly improved environment.

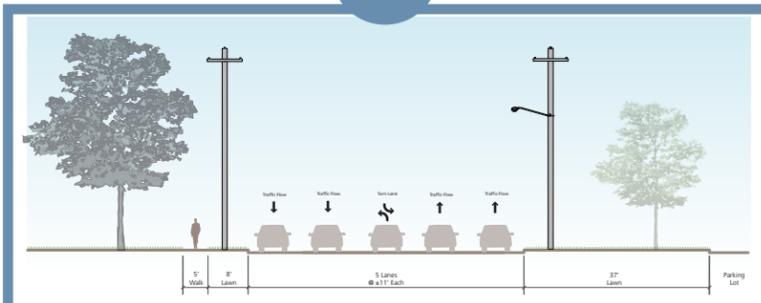


Vehicular Zone | Landscape Zone | Amenity Zone | Pedestrian Zone | Commercial Establishment

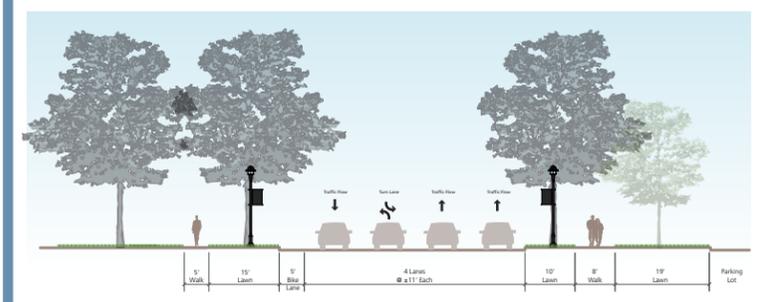
Roadway Cross Sections: Seminole Road

Several designs illustrate the varied conditions along Seminole Road. Crosswalks are envisioned to bring pedestrians to the north side of the road, where a continuous sidewalk offers nonmotorized access to the site. Pedestrian-scale lighting is complementary to the corridor lighting. Curbing along the length of the road allows the space currently taken by shoulders and ditches to be repurposed for trees, lighting, and pedestrian pathways. The optimal design includes the burial of overhead utility wires, so that tall trees with wide canopies may grow unobstructed over pedestrian areas.

2

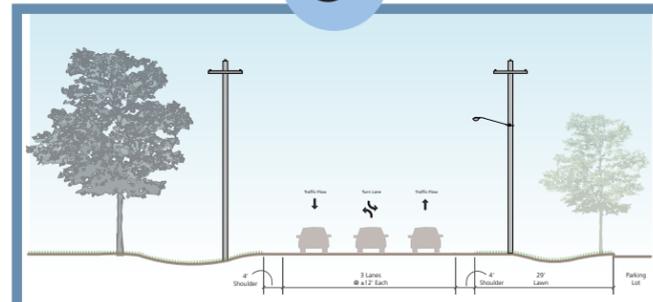


Seminole at Fifth Third Bank - Existing Conditions
Scale: 1/8" = 1'-0"

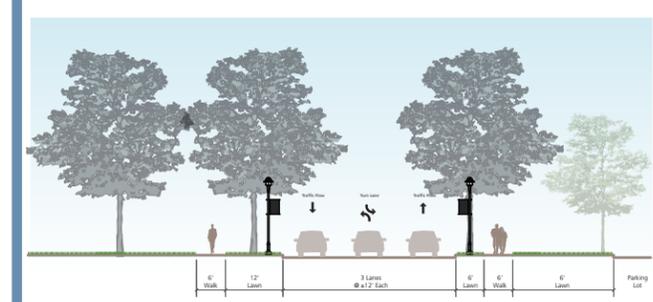


Seminole at Fifth Third Bank - Proposed
Scale: 1/8" = 1'-0"

3

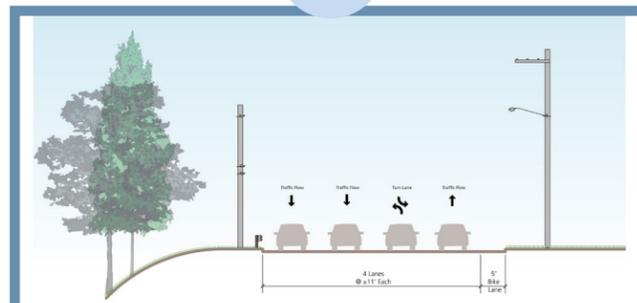


Seminole Between Waalkes St. and Tanglewood - Existing Conditions
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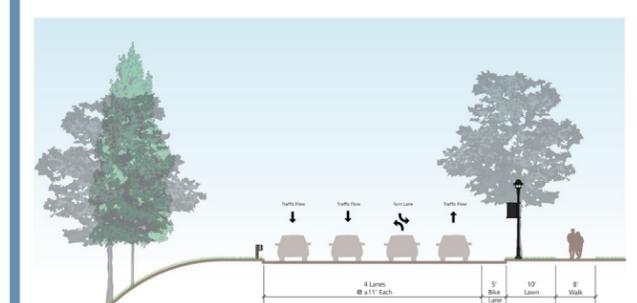


Seminole Between Waalkes St. and Tanglewood - Proposed
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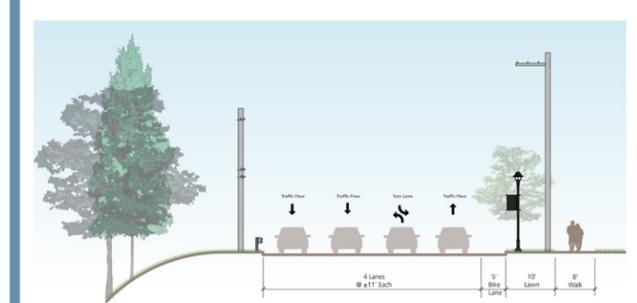
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Seminole at Mona Kai Ravine - Existing Conditions
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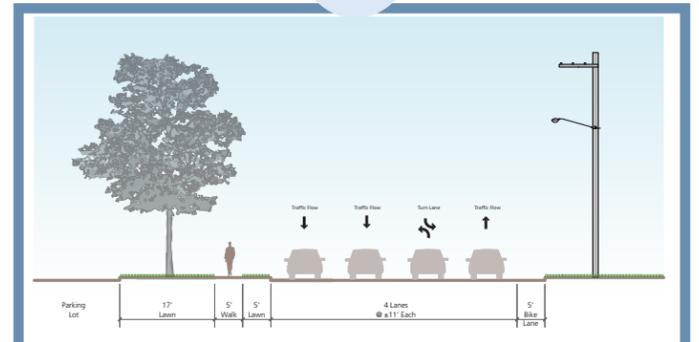


Seminole at Mona Kai Ravine - Proposed 1
Scale: 1/8" = 1'-0"

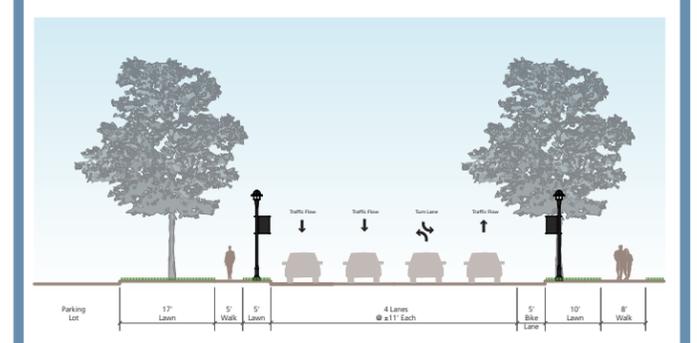


Seminole at Mona Kai Ravine - Proposed 2
Scale: 1/8" = 1'-0"

5



Seminole near Eastowne - Existing Conditions
Scale: 1/8" = 1'-0"



Seminole near Eastowne - Proposed
Scale: 1/8" = 1'-0"

Action Program

The City of Norton Shores is designated as a “Core Community” by the State of Michigan. As such, Core Communities are offered access to several redevelopment incentive programs including brownfield redevelopment and obsolete property rehabilitation exemption. The following programs are applicable to Site A.

Brownfield Redevelopment Incentives - Because of Norton Shores status brownfield redevelopment funds can be used to remediate contamination and also demolition, site preparation, public infrastructure and asbestos abatement. These eligible costs are extremely beneficial when applied to the former KMart property. As a result, demolition of the building and site could be included within the brownfield redevelopment program, as well as, the extension of public infrastructure adjacent to the site and internal within the site.

Obsolete Property Rehabilitation Act (OPRA) - This program is only available in Core Communities. The goal of the program is to convert underutilized and functionally obsolete properties into economically viable buildings. The incentive allows the community to freeze local property taxes at the per-development level for 12 years. The application of an OPRA on a property limits the use of the brownfield redevelopment incentives because the brownfield relies on tax increment financing as a revenue source to undertake the eligible costs.

The former KMart property and several smaller adjacent sites with vacant buildings were used to develop a pre-development pro forma. The estimated development budget was based on the conceptual plan and average building and site construction costs were applied.

| DEVELOPMENT COST ESTIMATES | | | |
|--------------------------------------|---------------|--------------|--------------|
| | Size | Cost | Total |
| Building Demolition | | \$1,125,000 | |
| Site Demolition | | \$1,550,000 | |
| Demolition Costs | | | \$2,675,000 |
| Infill Retail | 21,000 sq.ft. | \$3,423,000 | |
| Infill Restaurant and Retail | 21,500 sq.ft. | \$3,504,500 | |
| Hotel (120 Rooms) | 48,000 sq.ft. | \$19,200,000 | |
| Infill Restaurant | 9,800 sq.ft. | \$1,597,400 | |
| Henry Street Retail | 54,550 sq.ft. | \$8,891,650 | |
| Townhouses | 28 Units | \$6,580,000 | |
| Building Costs | | | \$43,196,550 |
| Site Costs (Parking, Infrastructure) | | | \$4,751,000 |
| Soft Costs | | | \$4,550,000 |
| Development Budget | | | \$55,172,550 |

Based on the development budget of \$55,172,550 and a subsequent taxable value in excess of \$27 million the building and site demolition and the costs associated with site infrastructure improvements could be reimbursed through the brownfield redevelopment authority. Not including Public School, Intermediate School District and

District Library millage rates, the available millage rate is approximately 20 mills. This includes the City of Norton Shores, Muskegon County and Muskegon Community College. Based on the estimated budget of \$7.4 million for eligible costs the tax increment capture would be needed for approximately 14 years.

Throughout the process, representatives from RD Management LLC in New York, NY have been apprised of the project and its progress. RD Management LLC attended a public information meeting and was briefed on available Michigan incentive programs including OPRA and brownfield incentives. RD

Management LLC has been provided the conceptual plan and supporting retail and residential market assessments. They are aware that the City is interested and willing to collaborate on redevelopment of the property.

In regards to Site C, there has been outreach to Macatawa Bank’s real estate holding company regarding the disposition of the Eastowne project. Again, bank representatives are aware that the project needs to be rejuvenated and built-out and are exploring these options. Both sites A and C are zoned Planned Development and have in place the zoning to effectuate the proposed concepts. Of course, each site will require site plan review and approval from the City as the respective projects come on line. The City’s review process involves three meetings. The first and second meetings are with the Planning Commission who schedules and then convenes a public hearing on the proposed project. The third meeting is with the City Council who considers the recommendation from the Planning Commission.

The next steps in the redevelopment process are to maintain open communication between RD Management, LLC and Macatawa Bank and utilize, where and when appropriate, the incentives outlined. In addition to OPRA and brownfield redevelopment authority tax increment financing, there are other programs periodically available through the Michigan Economic Development Corporation, such as the Community Revitalization Program, a project-based grant program.

