

JOINT MEETING



Tonight we'll cover:

2024 Recap

2025 Looking ahead

Post-Parking Deck Resiliency Planning

Taxes, budgets, housing, population, etc.

First summer with NO major infrastructure project downtown – other than West Lakeshore Drive paving

Elements building #3 completed

MTU East Hall fully underway

Dunkin/Baskin open

Center Ice moved to DMG building

Social District in use

MTEC SmartZone was instrumental in Revex Technologies being awarded a \$145M DOE and \$100M from the State of Michigan

Additionally MTEC helped start 19 new companies and helped them raise \$17M in capital

2024 was a big year



We also won the Michigan Municipal League's Community Excellence Award for 2024

“Gateway Project” Chamber office site redevelopment – UP State Bank and housing

109 Shelden Rehabilitation (Kirkish Building) – mixed use

Bridgeview park – street, dock and sidewalk improvements (MDOT grant)

Paving Projects

Cruise ships returning

Subway parking garage

More interest in City property

New businesses opening

New administrative team

Coming in 2025



LIFE AFTER DECK RESILIENCY STUDY WORK

MEDC funded a second phase of planning for interested property owners. There were (5) properties that participated.

MEDC was also keenly interested in the Downtowner Motel property and funded an architectural study to investigate the redevelopment potential of that site.

The removal of the parking deck and Lakeshore Drive work also created opportunity.

James Marusich of Northern Lights Architecture and Marusich Architecture met with the building owners to discuss their buildings and visions of what could be possible.

The architects took that information and went to work to produce **conceptual** renderings for some work at each building.

Ultimately the hope is that the work product will get the building owners from “what could we do?” to “how do we do this?”

Phase II Post-deck Resiliency

Phase II Post-deck Resiliency

There were five buildings that participated:

- The Den
 - The Print Shop
 - Joey's Seafood and Grill
 - Downwind/Rukkila
 - The Hall Building (CC Running/ReMax/Douglass Agency)
- The study looked at north facades, general interior flow, access, and other opportunities
 - The work product was CONCEPTUAL plans for what could be done



Dictionary

Thesaurus

concept



Games Word of the Day Grammar

Dictionary

Definition

noun

adjective

Synonyms

Synonym Chooser

Example Sentences

Word History

Phrases Containing

Related Articles

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concept 1 of 2 noun

con·cept ('kän-,sept)

Synonyms of *concept* >

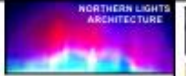
- 1 : something *conceived* in the mind : **THOUGHT, NOTION**
- 2 : an abstract or generic idea generalized from particular instances
 - the basic *concepts* of psychology
 - the *concept* of gravity

concept 2 of 2 adjective

- 1 : organized around a main idea or theme
 - a *concept* album
- 2 : created to illustrate a *concept*
 - a *concept* car

...AND BEFORE ANYONE THINKS THEY NEED TO SAVE US...

The buildings



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EXISTING REAR ELEVATION
 SCALE: 1/8" = 1'-0"



PROPOSED REAR ELEVATION
 SCALE: 1/8" = 1'-0"

COPY NOTE
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DATE: _____

PROJECT NAME:
 HOUGHTON FACADE

NO. _____

PROJECT # _____

DATE: _____

DESIGNED BY: _____

CHECKED BY: _____

DATE: _____

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THE DEN - EXIST. CONDITIONS ELEVATION
SCALE: 3/32" = 1'-0"



THE DEN - PROPOSED CONDITIONS ELEVATION
SCALE: 3/32" = 1'-0"

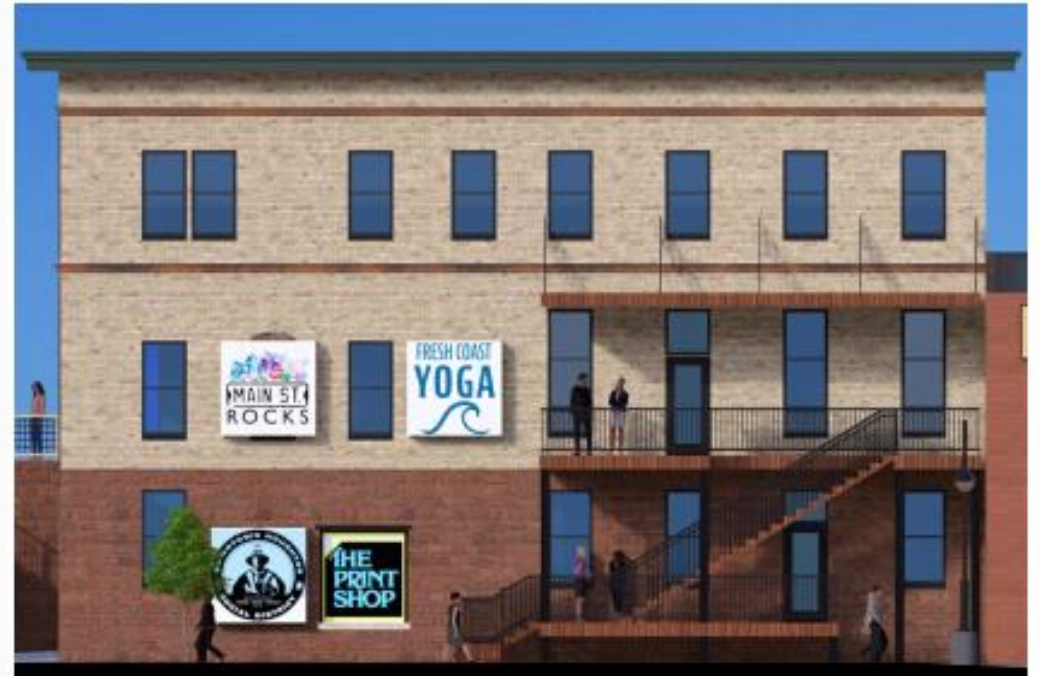
The Den – build out Lakeshore entrance and deck space



The Den – build out Lakeshore entrance and deck space



PRINT SHOP - EXIST. CONDITIONS ELEVATION
SCALE: 3/16" = 1'-0"



PRINT SHOP - PROPOSED CONDITIONS ELEVATION
SCALE: 3/16" = 1'-0"

The Print Shop – Lakeshore façade and activating lower level space



The Print Shop – Lakeshore façade and activating lower level space



JOEY'S SEAFOOD - EXIST. CONDITIONS ELEVATION
SCALE: 1/8" = 1'-0"



JOEY'S SEAFOOD - PROPOSED CONDITIONS ELEVATION
SCALE: 1/8" = 1'-0"

Joey's Seafood – Entrance, outdoor space, and Lakeshore façade



Joey's Seafood – Entrance, outdoor space, and Lakeshore façade – and explore adding a floor to the building



DOWNWIND/RUKKILA - EXIST. CONDITIONS ELEVATION

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



DOWNWIND/RUKKILA - PROPOSED ELEVATION (IN PROCESS)

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

Rukkila/Negro & Downwind – façade, entrance, and add a floor of residential



Rukkila/Negro & Downwind – façade, entrance, and add a floor of residential



THE HALL - EXIST. CONDITIONS ELEVATION
SCALE: 1/8" = 1'-0"



THE HALL - PROPOSED CONDITIONS ELEVATION (IN PROCESS)
SCALE: 1/8" = 1'-0"

The Hall Building – north façade activation, stairwell, elevator, and add a floor



The Hall Building – north façade activation, stairwell, elevator, and add a floor

- Removal of the deck and the rehabilitation of Lakeshore Drive has created new opportunities
- The ball is in each property owner's court
- Each project will require an investment by the owner
- Each project is unique
- MEDC has tools that can help

Now what?

Leppanen Anker was tasked by the MEDC to provide a **conceptual** plan for a complete redevelopment of the Downtowner Motel property.

The concept was to look at a large-scale complete redevelopment that would give the current owner or a future developer information beyond just a picture that would be a head start on a project plan. With enough information that a project could be scaled to future needs, financing, demand, etc.

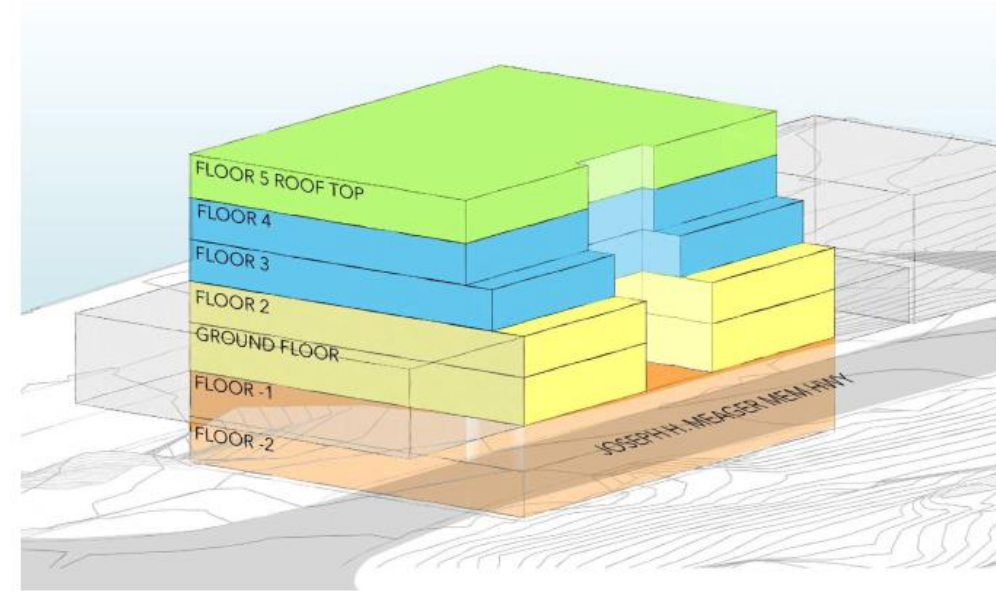
The conceptual design was modular in the sense that costs could be calculated by floor and uses could be arranged differently to flesh out a future project that could be some version of the concept shown.

The architecture, number of floors, uses, etc. could change, but all the information needed to start planning a project is now there. The City can use it to give the owner or a future developer a head start on some sort of project there.

Downtowner Motel

Master Plan

FLOOR -1	11,740 SF
FLOOR -2	11,740 SF
GROUND FLOOR	10,634 SF / 539 SF O.A.
FLOOR 2	10,302 SF / 1,009 SF O.A.
FLOOR 3	9,927 SF / 1,384 SF O.A.
FLOOR 4	9,157 SF / 1,411 SF O.A.
ROOFTOP	3,255SF / 6,510 SF U.A.
TOTAL	66,755 SF COVERED AREA
TOTAL	10,853 OPEN/UNCOVERED AREA
TOTAL PARKING SPACES	25 COVERED UNITS / 12 EXTERIOR UNITS



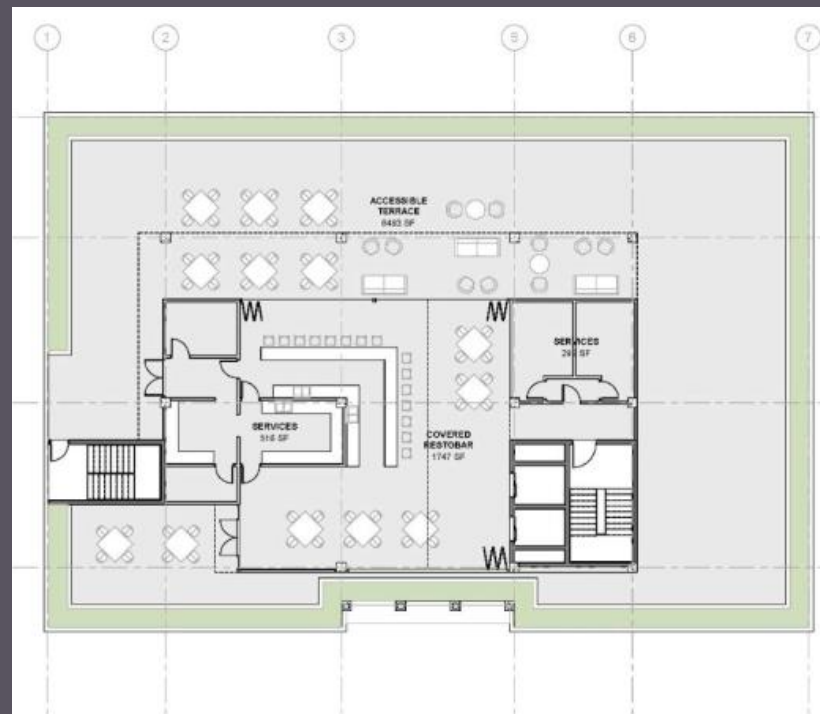
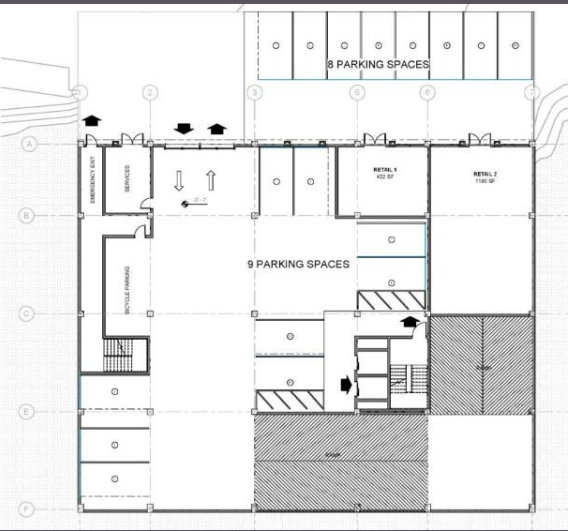
Scalable multistory redevelopment concept

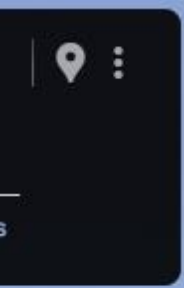
Project Information

- 1 4 - Story Mixed Use with Portage Canal views.
- 2 Located in an Opportunity Zone.
- 3 67,000 + sq.ft of construction (including parking and rooftop).
- 4 \$18 + million estimated construction cost
- 5 12 - 2 bedroom units (from 1,000 sq ft to 1,200 sq ft approx.).
- 6 18 - 1 bedroom units (from 600 sq ft to 900 sq ft approx)
- 7 Rooftop Resto-Bar (approx 2,500 sq ft) + 6,200 sq ft accessible terrace.
- 8 6 commercial units from 450 sq ft to 1,200 sq ft.
- 9 All housing units include balconies with panoramic views.
- 10 2 levels of on site parking.

Downtowner Motel – conceptual project basics

SCALABLE MULTISTORY REDEVELOPMENT





DOWNTOWNER MOTEL – PRESENT



CONCEPT FACING SHELDEN



CONCEPT FACING LAKESHORE





MOVING ON TO
TAXES, SPENDING,
POPULATION &
GROWTH

The funding for all the things the City of Houghton does for its citizens, businesses, and visitors is mainly dependent on **tax base** and **population**.

As things get more expensive over time the City must either grow or cut services.

There is a common misconception that “...the taxes are a lot higher in Houghton”.

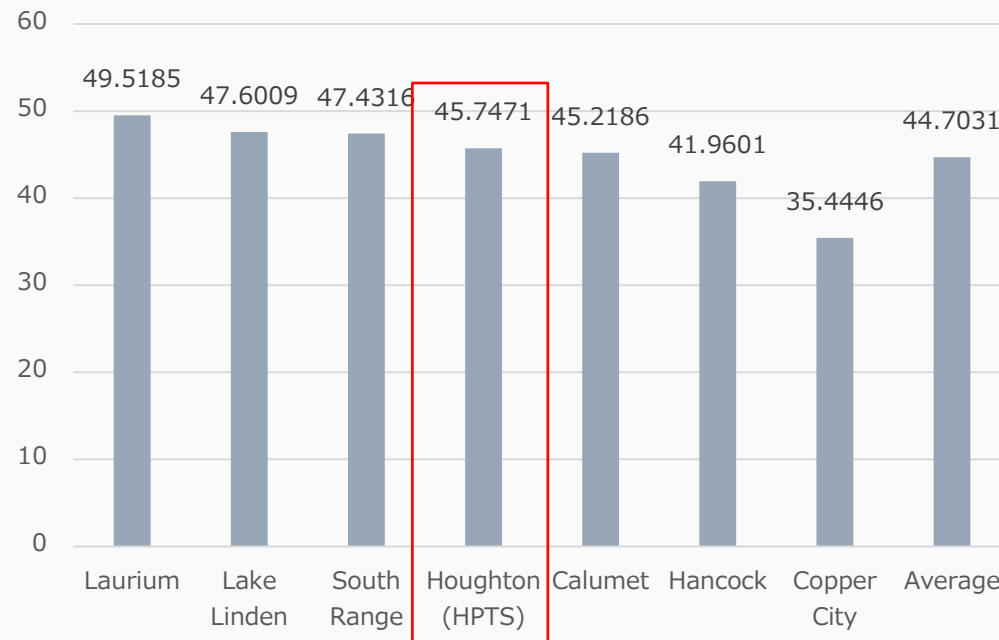
While the taxes are higher than areas outside the city limits in the townships; Houghton’s tax rate among municipalities is not an outlier.

One factor is property value. One’s property is worth more here in general.

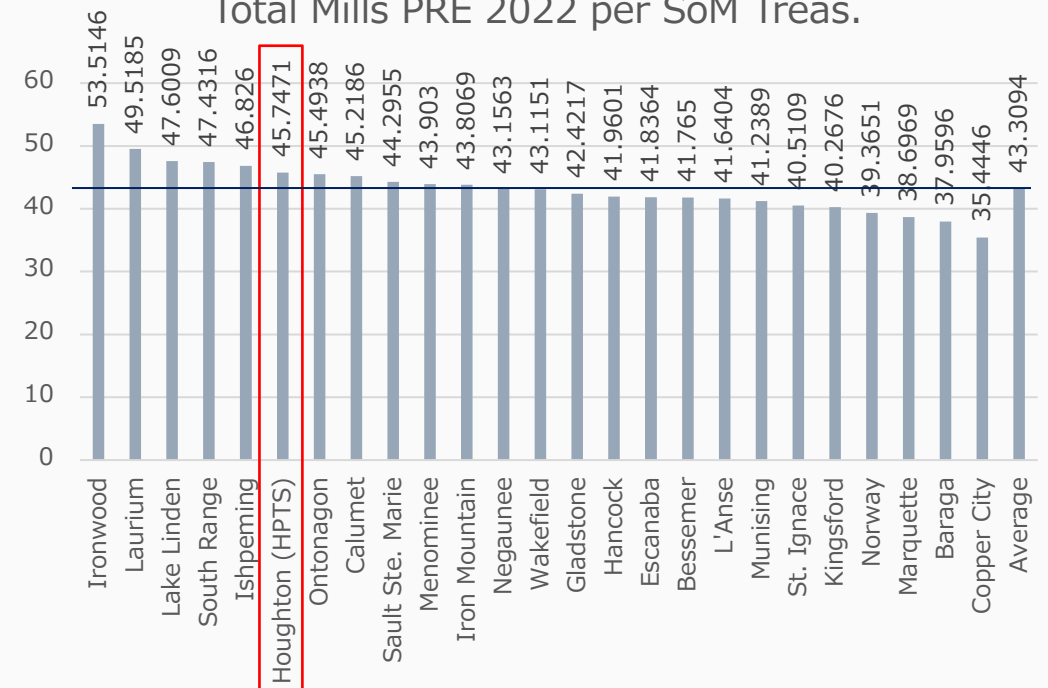
Property Taxes

Taxes – How Houghton stacks up

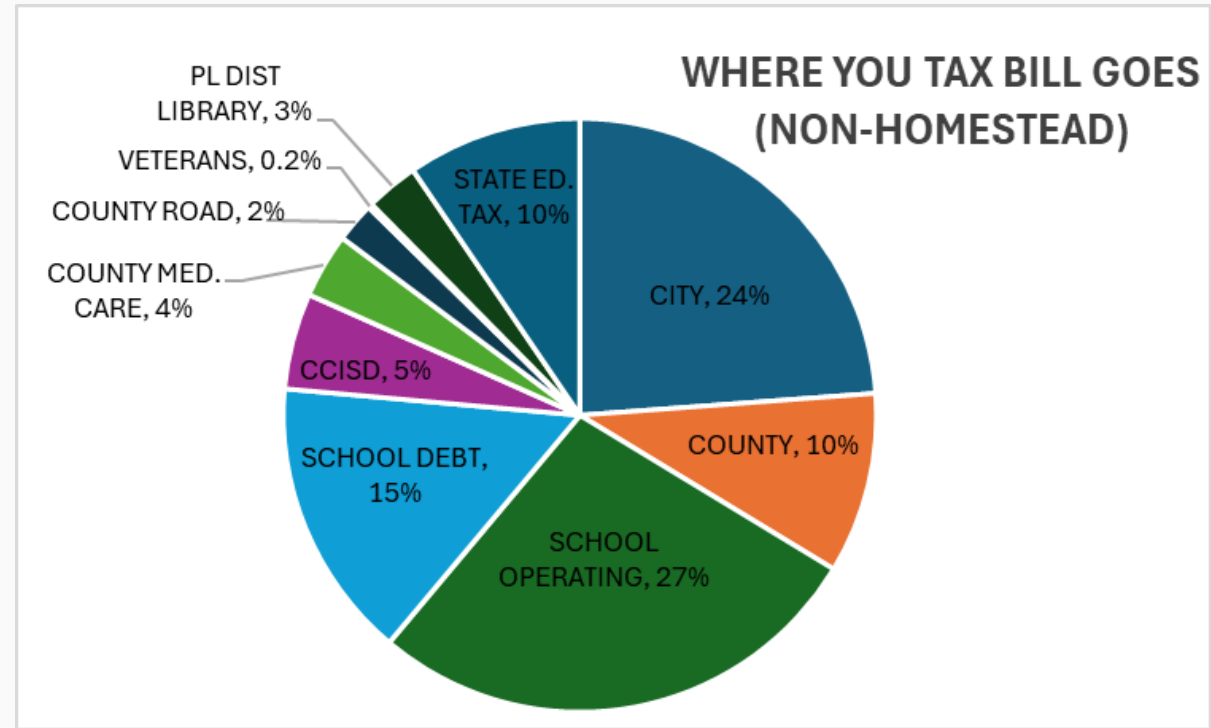
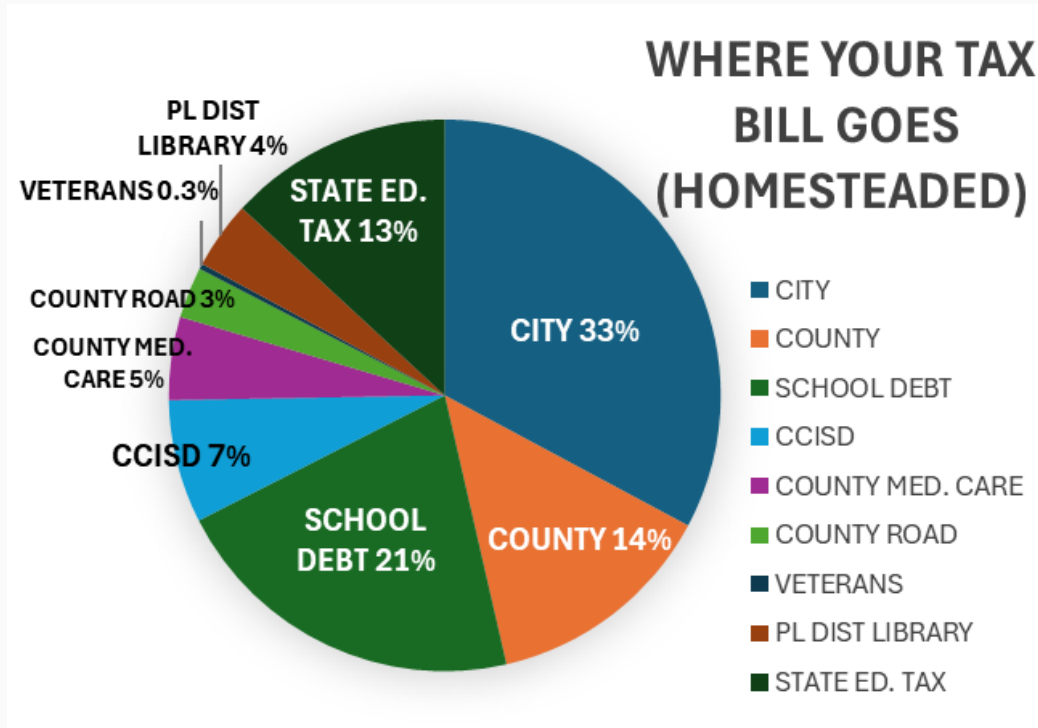
Total Mills PRE 2022 per SoM Treas.



Total Mills PRE 2022 per SoM Treas.



Taxes – who gets paid

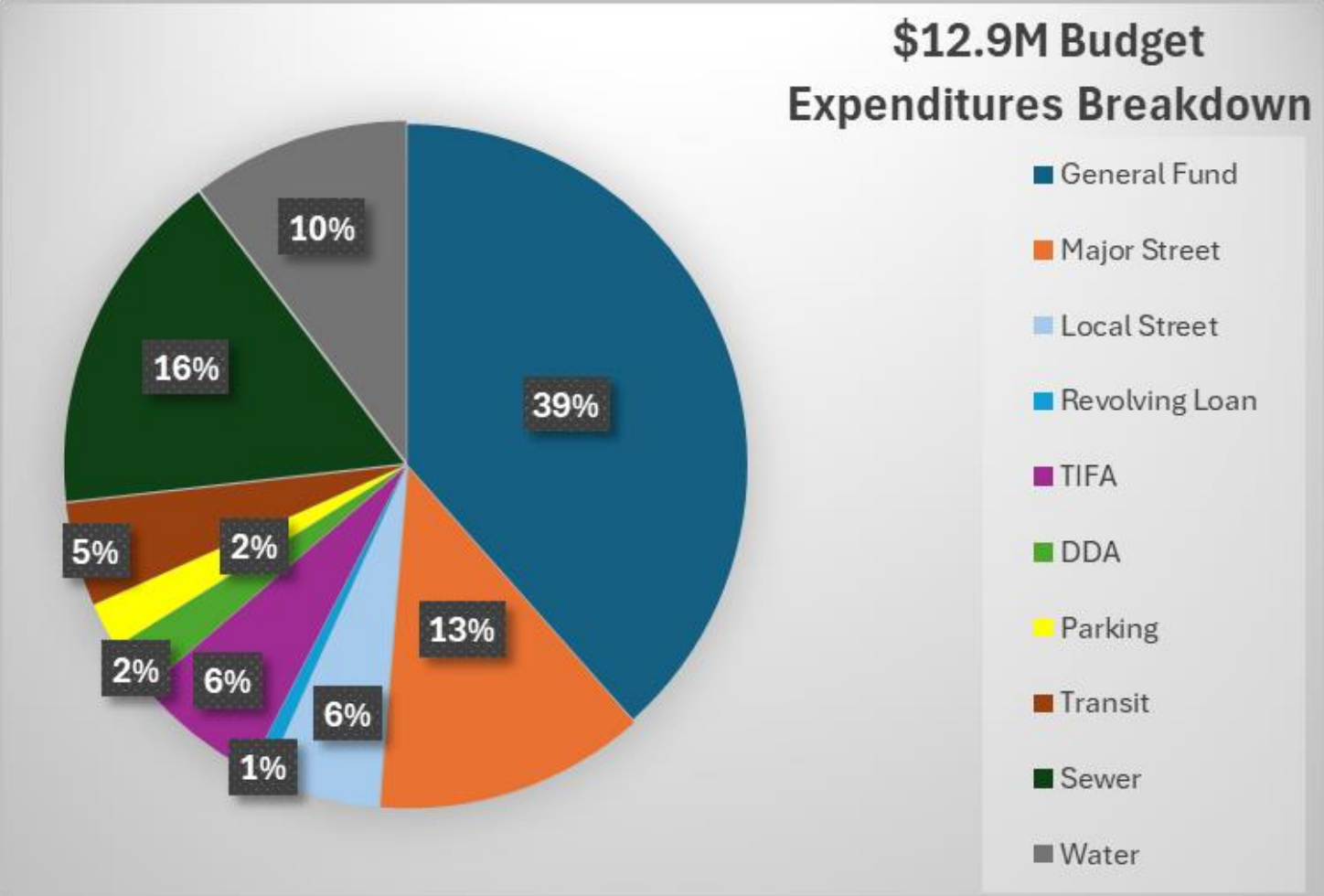


Note: the non-homestead are the commercial developments and non-owner-occupied homes, so businesses and rental properties pay more in taxes on their property.

Total 2024 City budget was \$16.9M.

The Public Improvement, Employee Benefit, and Equipment Funds are not used in the percentage calculation as those funds are either grants or a result of all the other funds paying into them.

Overall there is about \$12.9M of income that is received and spent.

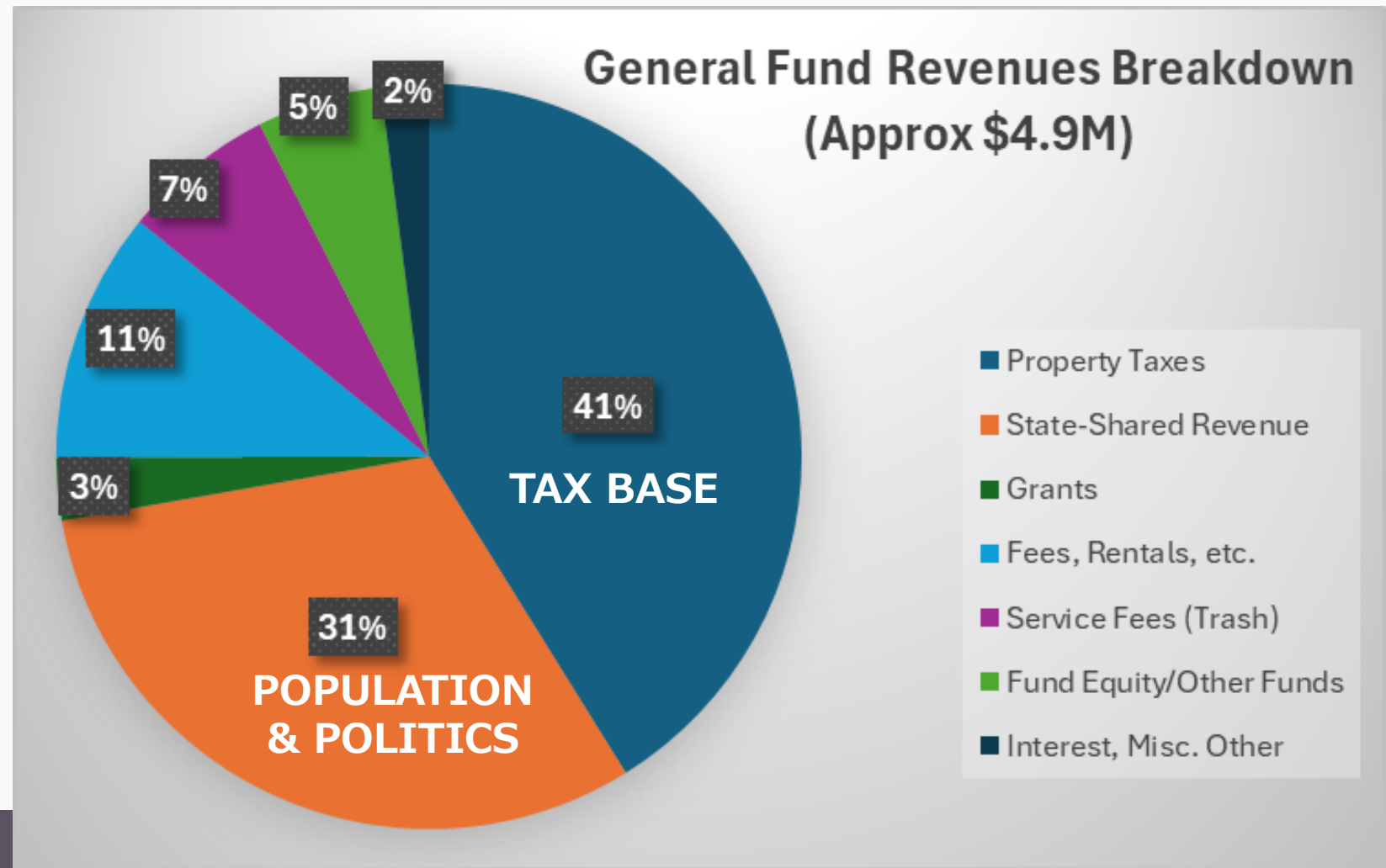


The 2024 city budget

Last year our total taxable value was about \$174M (\$108M residential and \$66M commercial)

Of the \$1.9M in property taxes to the GF about \$1.6M is from residential property and \$0.3M is from commercial property.

The TIFA and DDA are mostly commercial with some residential. Those taxes stay in those districts.



The General Fund – where it comes from

Houghton has our TIFA and DDA Districts which are legally separated property tax collection zones within the City. They pay the same taxes as everywhere else in town, its just that what we can legally spend the collected taxes on is restricted.

Those districts are primarily the downtown, the M-26 business strip, and some of the older subdivisions west of M-26. (*Commercial Development*)

The taxes collected within those districts do not go to the General Fund and must be spent within those districts.

Most *commercial development* in the City does not directly help the General Fund because most of that type of development is in those districts.

A quick reminder

Fortunately, property values and thus taxes generally go up with inflation, so some of the increase is covered.

Also, property values have appreciated in Houghton over the years.

If the City wants to increase the level of service or add new services, either we must reduce what we spend elsewhere by doing less (giving something up) or we need to increase revenue.

To increase revenue, we could:

- Raise the tax rate
- Increase population to increase shared revenue to the General Fund and roads (formulas)
- Increase the tax base (development)
- Charge for new services if offered

So, where does the City get more resources to work with?

Adding residents

If we are to grow the number of people, they need places to live and work. The housing market is tight, so we need **new** places for people to live.

If new places to live are built, the tax base will grow.

63% of our road funding is directly tied to population

All of our state constitutional revenue sharing is tied to population

Growing the tax base

If we are to grow the tax base, please realize it takes about \$2M in investment to create a taxable value of \$1M to increase the amount of taxes we collect by \$15,000. Also, that \$1M taxable will also be paying somewhere between another 2X or 3X of that in county, school, library, and other taxes.

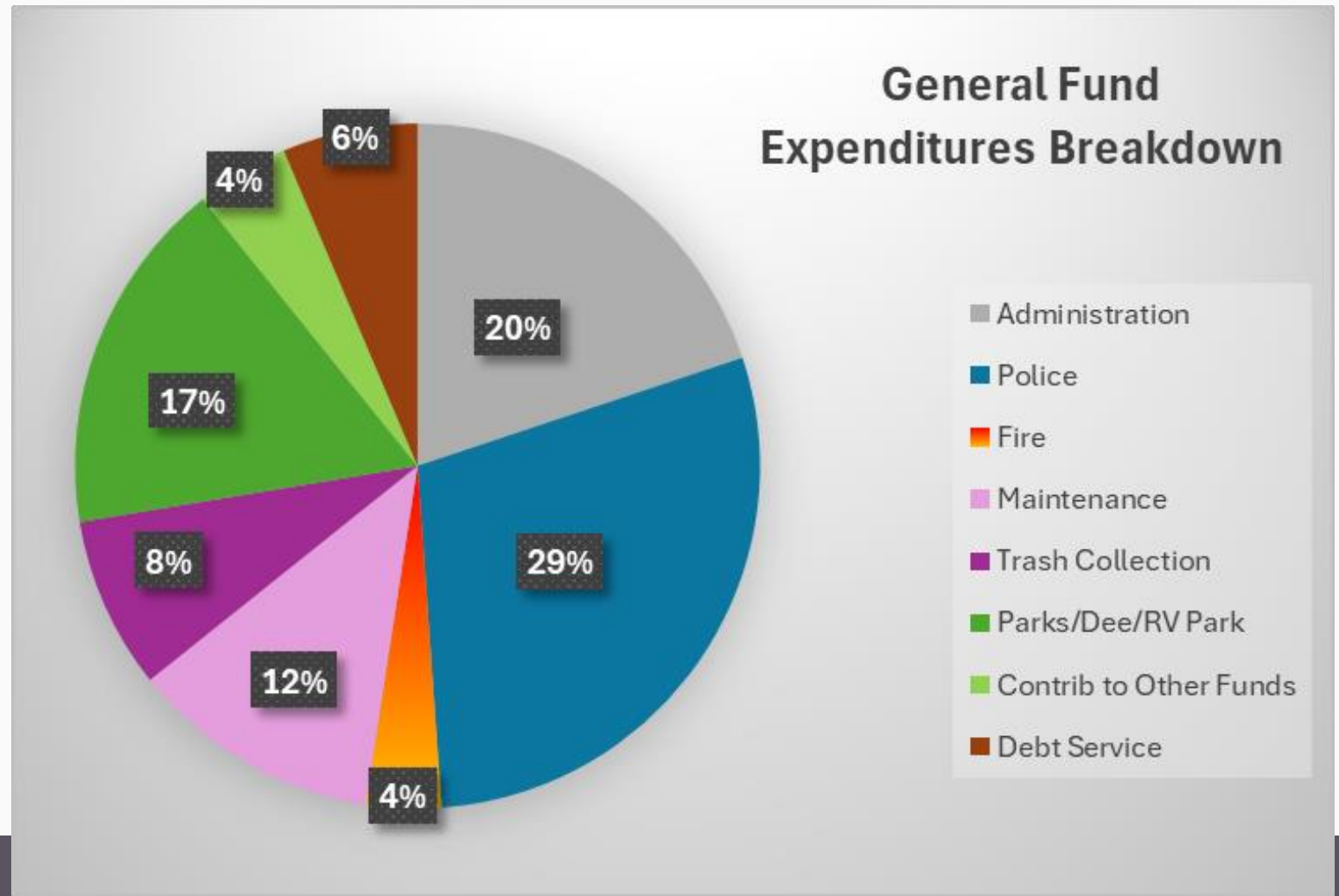
Our Michigan statutory revenue sharing changes and is subject to the whims of the legislature.

Food for thought - growth

The General Fund spends more than half of what comes in on maintaining our buildings/parks and our police department.

These are very expensive but are important quality of life components.

If we are going to keep up or want to do more, revenue needs to increase.



The General Fund – where it all goes

Per the last census, there are 8,390 people living in the City.

That number is adjusted constantly by demographers' estimates.

The census includes most of the students who live within the City limits.

Depending on the data source, our population is anywhere from 30% to 40% college students.

Adding on-campus housing does not help our tax base as much as privately-owned housing.

There are almost 4,100 private "rental beds" in the City:

- 1,073 in 274 houses
- 2,161 in multifamily buildings
- 360 in Greek housing
- 372 in buildings downtown
- 128 in "other"

Just an aside on residents –who are we?

A new \$400,000 house at a taxable value of \$200,000 pays the **City** \$3,000 in taxes – plus what they owe everyone else.

The average house in Houghton has a taxable value of \$84,831 and pays the City \$1272 in taxes.

For some perspective, let's say the City added a police officer or created a Parks and Recreation Director.

Just assume either position pays about \$60,000 and has another \$55,000 in benefits (health insurance, retirement, etc.) so it costs \$115,000 per year to employ that person.

If you equate that to the taxes collected on the average home, that's over 90 average homes'-worth of taxes.

If you equate that to the taxes on some new development, that new development would have to be taxable at about \$7.6M which would mean a construction investment of over \$15M.

This is why we with MEDC look at predevelopment work to hopefully get things moving.

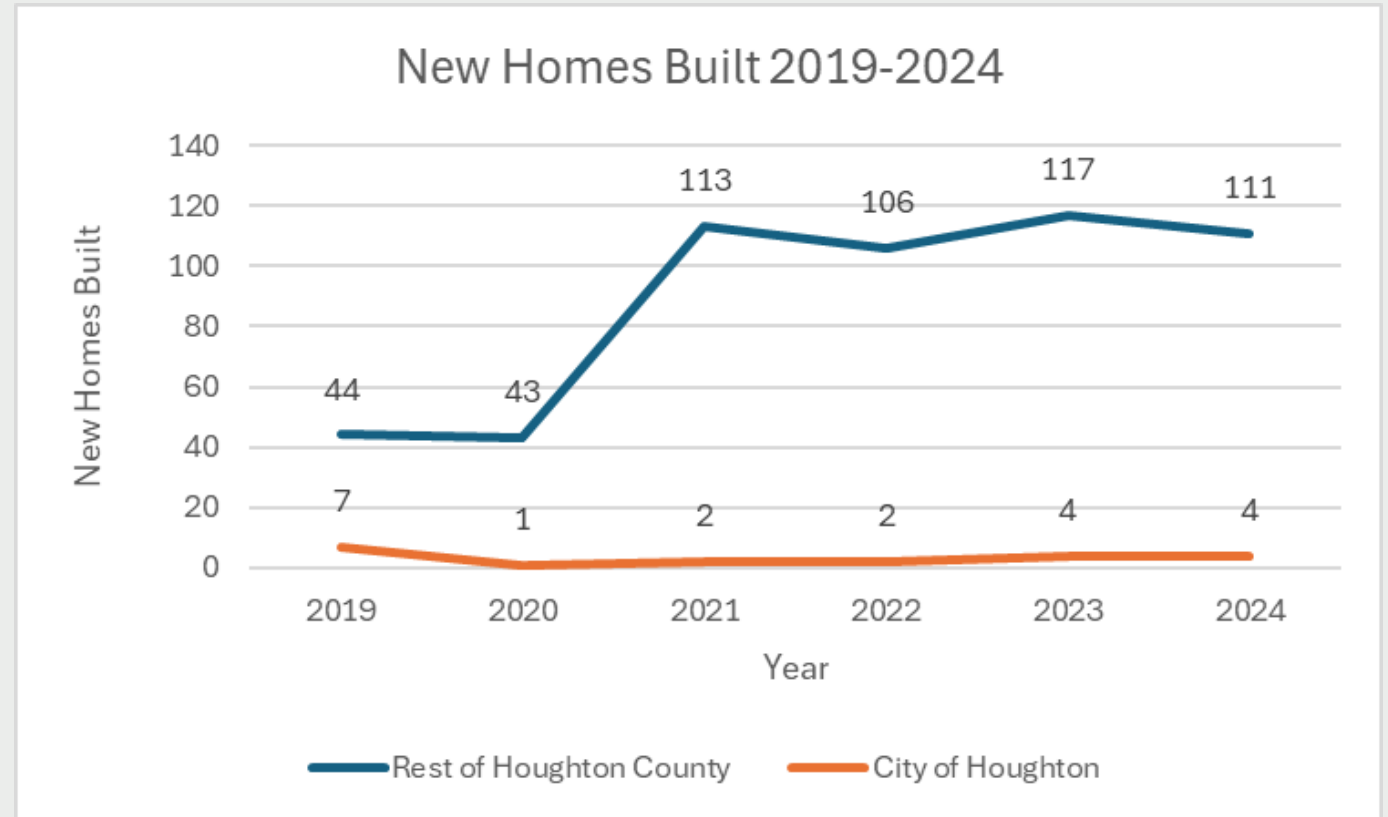
New construction (development)

Building more houses:

Houghton is about 20% of the county population and has about 7.2% of the houses.

In 2024 there were 111 houses built in the county. There were only 4 built in the City.

However, a lot of multifamily beds were built in Houghton in the past several years.



CHALLENGES:

- Cost of construction is high (inflation)
- Cost of money (high interest rates)
- Available property
 - Willing owners/sellers
 - Location
 - Size
 - Infrastructure costs
- Zoning
- Student vs SF investment return
- Tax rate differences
- Construction to appraisal value
- Market preference (location)

New residential building is a challenge today

Build more subdivisions

- Available land
- Infrastructure costs
- Walkability
- Long-term City maintenance

Densification

- Not all land is amenable
- Not all land is available
- Use existing infrastructure
- Generally walkable
- Almost no new long-term maintenance

Other ideas to increase housing

The challenges we face are the same ones faced by many communities all over the country.

There is no silver bullet.

Solutions are going to depend on multiple things lining up at the right time to move things in the right direction. We need to be in motion in the right direction all the time.

The Planning Commission will be forming a committee to look at ways the City can reasonably address what specific issues within our control.

Not everything is something we can expect to control, so the first order of business is to set attainable goals.

Our problems are not unique

We're still in a good place, but we have to keep moving forward.

We have challenges just like everyone else.

Increasing the City's financial resources depends on population and development.

We need to keep growing in order to afford the things we do now and what residents want in the future.

MEDC is here to help us.

A conceptual drawing is just one idea but is a place to start.

There are real opportunities out there.

Hopefully your key take-aways:

Discussion?

Questions?