



Joint Housing Task Force

4:00 p.m.

Thursday, February 19, 2015

Governmental Center – Cafeteria - Basement Level

400 Boardman Avenue

Traverse City, MI 49684

Posted and Published: February 13, 2015

Christine Maxbauer, Grand Traverse County
Sonny Wheelock, Grand Traverse County

Michael Estes, Traverse City
Gary Howe, Traverse City

Sue Courtade, East Bay Township
Jeanne Blood, Garfield Township
Andy Smits, TC Housing Commission

If you are planning to attend the meeting and you have a disability requiring any special assistance at the meeting, please notify the Traverse City Clerk immediately.

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Agenda – Fourth Meeting

1. Meeting Notes from January 21, 2015
2. JHTF Summary Report – To Date
3. Discussion Items:
 - a. Grand Traverse County Target Market Analysis (John Sych)
 - b. Public-Private Partnerships (Jean Derenzy & Andy Smits)
 - i. Participants
 - ii. Partnerships
 - iii. Projects and Pro formas
 - iv. Process
4. Public Comment
5. Next Meeting – Adjournment

JOINT HOUSING TASK FORCE

SUBJECT: Agenda Review
FROM: John Sych, AICP, Director, Planning & Development
FOR MEETING DATE: February 19, 2015

For the February meeting, we will be covering the following items:

1. **Grand Traverse County Target Market Analysis.** See attached memorandum.
2. **Public-Private Partnerships.**
 - a. Participants. First we will look at who the players are in a partnership. Developers, local government, authorities, non-profits, and more play important roles in constituting a partnership.
 - b. Partnerships. There are different kinds of partnerships. What kind of partnership do you form? Many factors determine the partnership type that is used, such as the desired goals, the sources of funding or whether the land is privately owned or publicly owned.
 - c. Projects and Pro formas. Actual projects and case studies will be reviewed to breakdown the components of a project and the financial pro formas that determine the feasibility of a project.
 - d. Process. We will discuss what is needed to get a project approved and underway. While the focus is often on the approval of the project, it is important to understand that the full extent of any project, starting with the initial concept.

Note the attached summary sheet on Public-Private Partnerships.

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As always, information about the Task Force is posted here: www.grandtraverse.org/planning
(Click on "Joint Housing Task Force" on the left)

JOINT HOUSING TASK FORCE (JHTF)

January 15, 2015

Chair Wheelock called the meeting to order at 4:02 p.m. in the Training Room located in the Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

Members Present: Sue Courtade, East Bay Charter Township
Michael Estes, City of Traverse City
Gary Howe, City of Traverse City
Jeane Blood Law, Garfield Charter Township
Christine Maxbauer, Grand Traverse County
Andy Smits, Traverse City Housing Commission
Sonny Wheelock, Grand Traverse County

Staff Present: Marcia Carmoney, Grand Traverse County
Leslie Couturier, East Bay Charter Township
Jean Derenzy, Grand Traverse County
Penny Hill, City of Traverse City
Jered Ottenwess, City of Traverse City
Russ Soyring, City of Traverse City
John Sych, Grand Traverse County

Meeting Notes from November 20, 2014

Moved by Estes, seconded by Law to approve the November 20, 2014 meeting notes as presented.
Motion carried.

Meeting Summary

New member, Christine Maxbauer was welcomed, and the working draft of the JHTF Summary Report, findings and recommendations of the JHTF, was noted.

Discussion Items:

Sych provided handouts for the following discussion items.

a. Leveraging Incentives and Tools

Members discussed the available tools, their current application and how they can be better used to meet housing needs. Frankfort was suggested as an ADU model to review since they have the most allowable units. Recent projects of the Land Bank Authority and their impact were discussed, i.e. Boardman Lake Avenue, former Nielson property in Blair Township. The TC Housing Commission anticipates filling their Executive Director position next month with hopes of breaking ground on the Orchard View project in the near future. City is discussing eliminating density limits/allow smaller units that wouldn't count towards density limit.

Discussion points: ADU's allow empty nesters to stay in their homes; concern is additional parking needs. High number of MSHDA programs effect on tax base. Set project criteria, i.e. if the project does not create affordable housing, then developer contributes to the Housing Trust Fund.

b. Use of Payment in Lieu of Taxes (PILOT)

The need for a collaborative effort to develop PILOT policy and unified criteria was discussed. A new public act (PA 456 of 2014) allows for up to a five-year property tax exemption for certain nonprofit housing.

Discussion points: Need for emergency services contract as part of the development (Brookside development in Garfield Township). Need for diversified housing.

c. Zoning Barriers to Housing

2007 COG (Networks Northwest) report identifies barriers to home ownership. Blair Township doesn't set a minimum lot size, but instead lets the well and septic be the deciding factor.

Discussion points: lot size restrictions creating "bowling alley" lots; density; setting minimum lot sizes is contrary to affordable housing; City does not have a minimum dwelling size; look at setbacks.

d. Definitions of Affordable

Sych reviewed the statistics from the Grand Traverse County 2012 Housing Inventory.

Due to time constraints, it was decided to leave agenda items 3e and 3f for the next meeting. Now that the tools have been reviewed, the next step is how to move forward: willingness to participate with for-profit developers, evaluate capacity of nonprofits, identify possible developers who are willing to partner, market out community to current developer, look at what it takes to put a partnership together, review pro forma to see how a project is put together.

Public Comment

Jill Rahrig, Project for Civic Engagement – spoke about current housing needs and the PCE Housing Video. Suggested bringing the leadership of the hospitality industry to the table.

Cori Nielson, Pathway Homes – Infrastructure suggestion for new developments.

Caroline Kennedy, Home Builders Association – noted the interest of the Home Builders Association in working with the Task Force.

Bob Atalle, AICP – suggested bringing realtors and builders into the discussion.

Next Meeting

The next meeting is to identify partnerships and what they can bring to the table, and how to better market the community for affordable housing.

Adjournment

Meeting adjourned at 5:49 p.m.

Joint Housing Task Force

Summary Report (To Date) *February 19, 2015*

- Elements of a successful community include jobs, **housing choices**, marketplace, a variety of ways to travel, gathering places, municipal services, public safety, and community character.

Local Housing Studies and Strategies

- Local studies and strategies focused on housing include the 1996 Grand Traverse County Housing Needs Study, the 2003 and 2009 Grand Traverse County Housing Needs Assessments, the 2008 Regulatory Framework for Workforce Housing in Traverse City, the 2012 Grand Traverse County Housing Inventory, the 2013 Grand Traverse County Housing Strategy, and the 2014 Framework For Housing Choices In Northwest Michigan.
- Key takeaways from the studies include:
 - Renters make up 23.3% of all households
 - 98% occupancy rate for rentals
 - Nearly half of all rental households live in unaffordable housing, including 80% of those earning \$20,000 or less
 - Housing appreciation is rising faster than income appreciation
 - 32% of renter households suffer from overburden
 - Shortages of accessible housing, small rental units
 - 40% of owner-occupied households are “low income”
 - Average household spends 57% of income on combined housing and transportation — over 60% in rural areas
 - 800 homes in the county are in “poor” condition
- Key strategy goals include:
 - Expand location and energy-efficient housing choices
 - Target housing activities toward existing communities
 - Develop greater financial and programmatic capacities to support and enhance housing efforts of existing nonprofits
 - Coordinate planning and zoning policies that encourage greater housing choices
 - Raise awareness and support of affordable housing among the public
- What is Affordable?
 - **Income.** A housing unit is considered affordable to a household if housing costs total 30% or less of that household’s income—with “costs” referring either to rent, or, for ownership units, mortgage interest and principal, taxes, and insurance. When households pay more than 30% of their income for housing, they are considered cost overburdened, a financial strain that creates a higher risk of foreclosure or homelessness.
 - **Income+Transportation.** A housing unit is considered affordable to a household if housing and transportation costs total 45% or less of that household’s income.

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- **Income+Transportation+Energy.** Home energy costs, including electricity and heating costs, can account for 20% or more of a household's budget. Low income households spend a greater percentage of their income on energy costs, and are more likely to experience housing instability due to energy costs.
- The typical household in Grand Traverse County spends 57% of their income on housing and transportation costs combined. In rural areas, home to the County's more "affordable" housing, combined housing and transportation costs total well over 60% of a typical household budget.

Current Housing Development Trends

- City of Traverse City has several housing units under construction, but most of them are high-end developments. Accessory dwelling units have been allowed, but no applications have been received.
- East Bay Township is working on changing its "growth boundary" area by looking to increase density within it; however, most of the development is happening outside the boundary line. There are two new apartment complexes and another one recently approved.
- Garfield Township has mapped active housing development projects. All levels of income are represented in the projects. Projects include new apartments, some MSHDA funded, single family, mixed-use commercial, duplexes and residential.

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Garfield Township

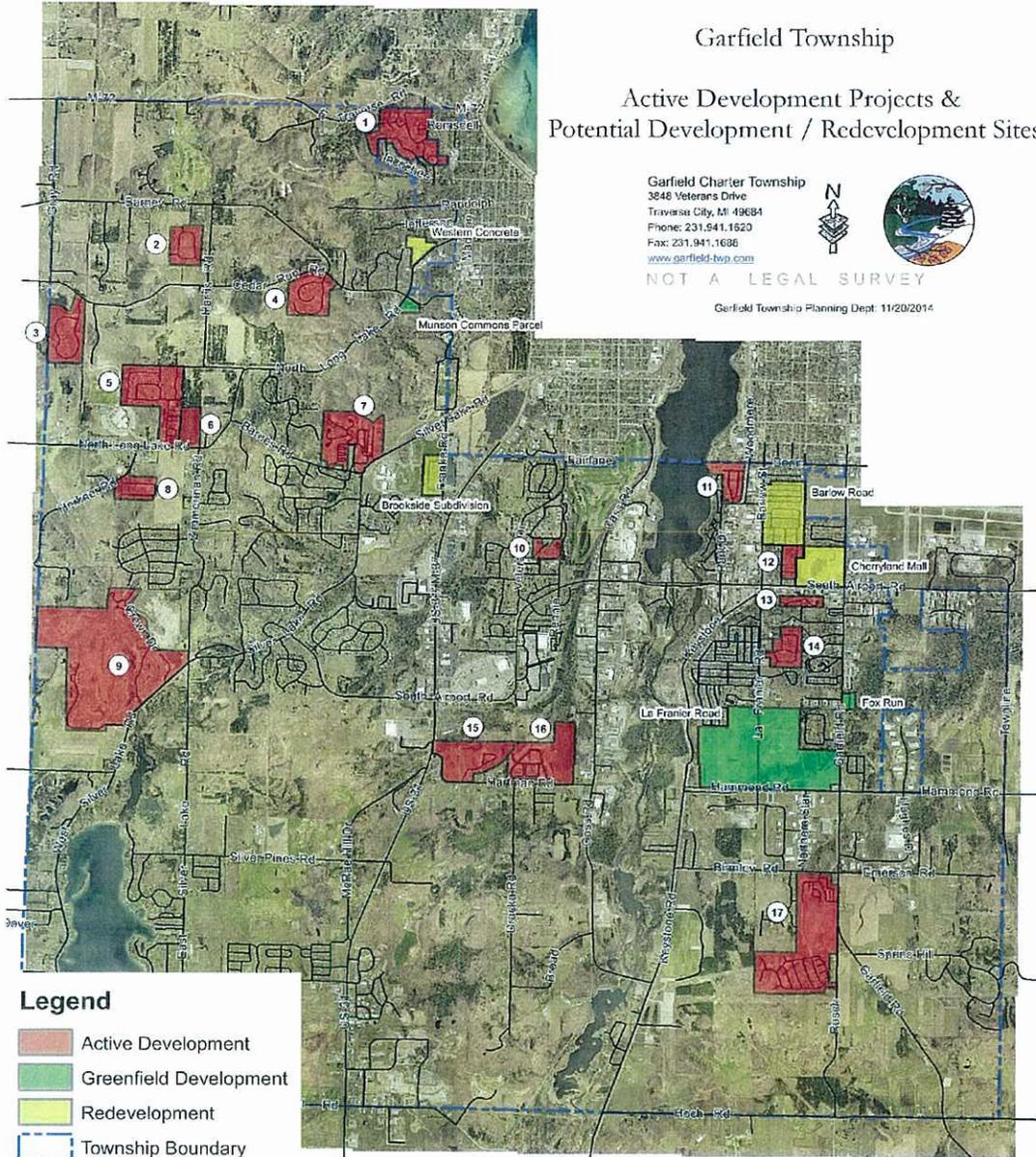
Active Development Projects & Potential Development / Redevelopment Sites

Garfield Charter Township
 3848 Veterans Drive
 Traversa City, MI 49684
 Phone: 231.941.1620
 Fax: 231.941.1686
www.garfield-twp.com



NOT A LEGAL SURVEY

Garfield Township Planning Dept: 11/20/2014



Legend

- Active Development
- Greenfield Development
- Redevelopment
- Township Boundary

Number	Project Name	Num Approved Res Units	Num Constructed Res Units	Comment	PILT
1	Incochee	102 SFR	50 SFR	High Income	N
2	Stonefield	22 SFR	11 SFR	Moderate Income	N
3	Hills of Westbrook	41 SFR	21 SFR	Moderate to High Income	N
4	Grayhawk	42 SFR	22 SFR	High Income; Steady Permitting	N
5	Lone Tree PUD	90 SFR, 56 duplex units (39 structures)	51 SFR, 36 duplex units (18 structures)	Moderate Income; Steady permitting	N
6	Brookside Commons PUD	72 apt. units	None	Under permitting. MSHDA funded	Y
7	Copper Ridge PUD	59 SFR units, 35 townhouse units	17 SFR units	Moderate Income	N
8	Eaglehurst Estates	45 SFR	3 SFR	Needs municipal services	N
9	The Crown PUD	300 sf units, 46 apt units (Green Meadows)	150 sf units, 46 apt units (Green Meadows)	Moderate Income; Steady permitting	N
10	Boardman Lake Apts	112 apt. units	112 apt. units	MSHDA Redevelopment	Y
11	Premier Place PUD	160 units in 16 bldgs, 72 unit apt bldg	111 attached units in 11 buildings	Amendment to apartment pending	N
12	Kensington Park PURD	36 apt units, 62 duplex units (31 structures)	36 duplex units (16 structures)	MSHDA Funded	Y
13	Terrace Estates	26 Duplex Structures (52 Units)	21 Duplex Structures	Moderate Income; Steady permitting	N
14	LaFranier Villages PUD	29 SFR, 20 townhomes, 120 apt units	Built Out except for 6 duplex structure (12 units)	MSHDA Funded	Y
15	Cholaca Park	326 various units	56 condo units	Moderate Income; New Activity	N
16	Arbors of Traverse	468 apt. units	390 apt units	Final units under permitting	N
17	Ashland Park PUD	217 SFR, 106 duplex units, 152 quadplex units	36 SFR, 6 duplex units (3 structures)	No recent activity	N

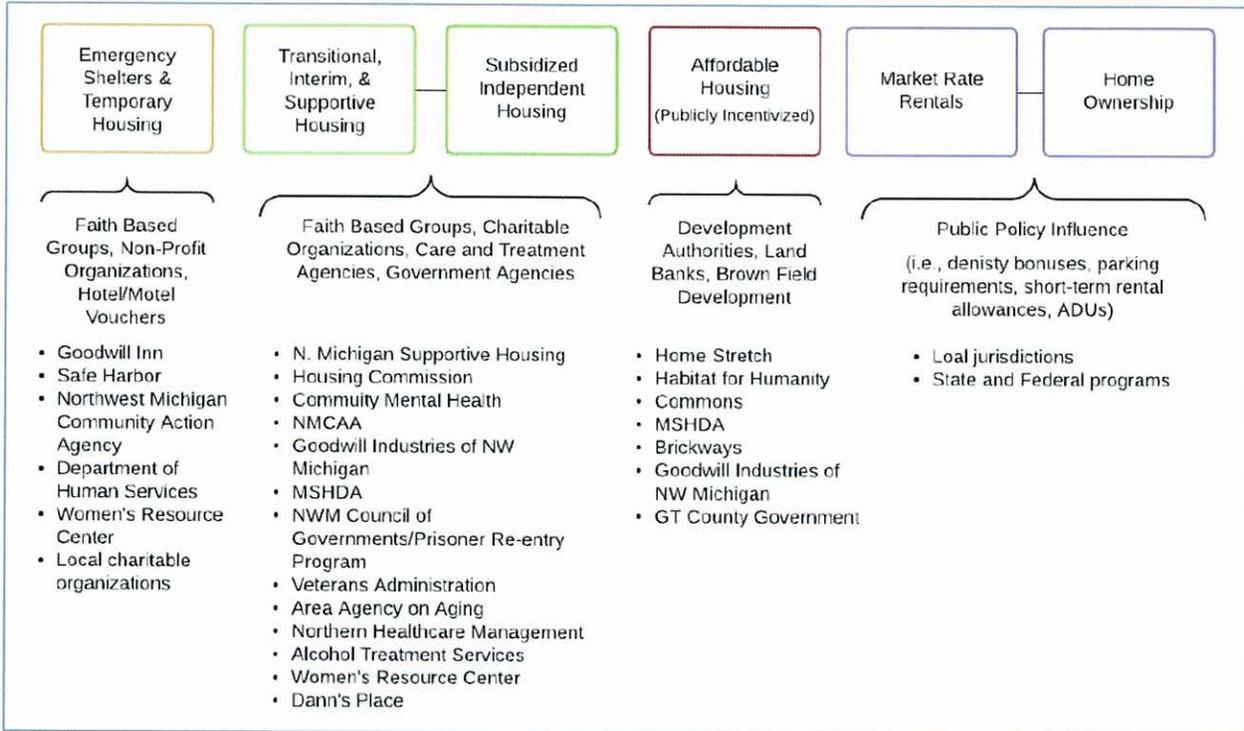


Document Path: I:\GarfieldGIS\Printable Map Projects\Housing_Current Development 11x17.mxd

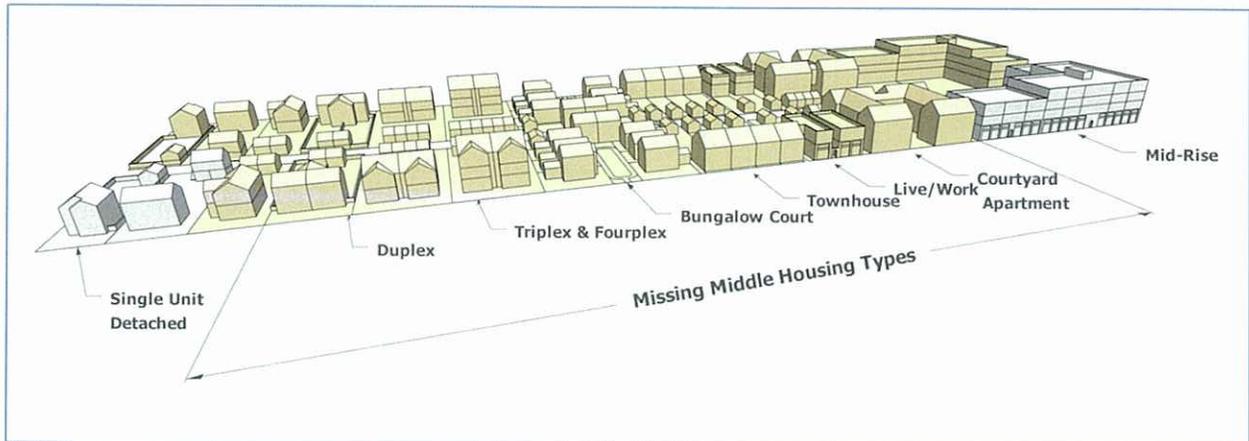
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Housing Types and Building Types

- The housing continuum illustrates the variation of **housing types** in our community:



- The variety of **building types** for housing need to expand to meet market demand. These often missing building types are called the “missing middle.”



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- Key elements that make successful “middle missing” housing areas include:
 - Medium density development but good design makes it feel like lower density
 - Small footprint and blended densities
 - Smaller, well-designed units
 - Off-street parking does not drive the site plan
 - Simple construction
 - Creating community
 - Marketability
- There are many developments that have successfully blended market rate housing with affordable housing, i.e. Midtown development in Traverse City. A strong non-profit housing developer is often needed to make such developments work. The Dwelling Place in Grand Rapids is a non-profit housing developer that has been often seen as a model (www.dwellingplacegr.org).

Housing Incentives and Tools

- Traverse City’s housing incentives and flexible regulations include:
 - Accessory Dwelling Units (ADU)
 - Neighborhood Enterprise Zone (NEZ)
 - Affordable Housing Density Bonus
 - No minimum dwelling size
 - Narrower lots (35 feet wide)
 - Smaller lots (4,000 to 5,000 square feet)
 - Height bonus (extra floor if residential is incorporated in a mixed use building)
 - Low Parking Requirements (1 per dwelling, none for dwellings over commercial or downtown)
- Garfield Charter Township’s housing incentives and flexible regulations include:
 - Permits PILOT projects throughout the Township
 - Encouraging more development closer to the urban core
 - Planned Unit Development (PUD) to allow for flexibility in development
- East Bay Charter Township
 - New master plan is underway
 - Potential redevelopment sites include: Old Ball World site; northwest corner of Vanderlip and Hammond; the Avenues area; 10-acre ridge east of ice rink; the Clous property on Three Mile Road. The township is interested in alternative approaches to housing development, including cottage housing development.
- Grand Traverse County’s housing incentive tools include:
 - The Land Bank Authority
 - The Brownfield Redevelopment Authority
 - The Affordable Housing Trust Fund. Public-private partnerships need to be improved to complete projects. Items to consider: assign a developer fee or percentage to be put towards the Housing Trust Fund; issue a request for proposal (RFP) for developments; and, market our area for housing projects with these tools as incentives.
- The Traverse City Housing Commission
 - Housing Choice Voucher Program
 - TCHC offers public housing developments: Riverview Terrace and Orchardview

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- The TCHC is in a reorganization process and is currently seeking to fill the position of Executive Director

Recommended Improvements to Housing Incentives and Tools

- Establish criteria to determine when affordable housing projects receive public incentives
 - Tie to affordable housing trust fund
- Continue to explore use of Accessory Dwelling Units
- Establish common PILOT policy, unified criteria, and ordinance
 - Including provision for emergency services
- Continue to reduce zoning barriers by providing greater flexibility for housing developments

JOINT HOUSING TASK FORCE

SUBJECT: Target Market Analysis (TMA) Overview
FROM: John Sych, AICP, Director, Planning & Development
FOR MEETING DATE: February 19, 2015

In 2014, 10 target market analyses were developed by LandUseUSA of Lansing and funded by Michigan State Housing Development Authority (MSHDA) and Networks Northwest as part of the Regional Prosperity Initiative. There is one target market analysis (TMA) for each county in Northwest Michigan.

What is the difference between a traditional housing market study and a target market analysis?

Traditional Housing Market Study

Supply and demand based on the housing choices that existing residents have already made the local market. This approach is limited because it a) relies on the behavior of residents who might not be on the move; and b) fails to consider that demographic groups would make other choices if they had the option. It can also contribute to redundancy in the housing market, and blandness in neighborhoods and communities.

Target Market Analysis (TMA)

A study of populations that are migrating or moving, and that also have a clear preference for city living and urban housing formats (rather than rural living and suburban formats). A study of their lifestyle preferences and of the types of housing formats that they are choosing in other markets throughout the Upper Midwest.

What is a lifestyle cluster?

For a TMA, consumers are defined by demographics, buying preferences, and other factors into a cluster. LandUseUSA utilized the privately developed MOSAIC Lifestyle database. The MOSAIC Lifestyle database is a geodemographic segmentation system developed by Experian and AGS consisting of 71 Lifestyle Clusters. For Northwest Michigan, 12 of the 71 clusters were targeted for the purpose of each TMA. These 12 target clusters were identified as they are the lifestyle clusters primarily interested in higher density areas and tend to be interested more in attached residential units (i.e., apartment complexes, duplexes, townhomes, etc.).

Attached summary information

For the complete TMA, visit www.networksnorthwest.org/rpi. Since the analysis is lengthy and differs from a traditional housing market study, I have developed a very high level summary of the analysis:

Exhibit S: Summary of Target Market Analysis for Grand Traverse County. This summary was prepared by the Grand Traverse County Planning & Development Department based on data provided in the TMA. Its purpose is to provide a very simple snapshot of the extensive TMA.

From the TMA, I have included with the following pages that might be of interest:

TMA cover sheets and TMA Executive Summary (including map Exhibit A.1).

Exhibit A_{1.1}: Annual Market Potential for 12 Target Markets; 2015-2020. This table is from the TMA and was the basis for some of the data in the Exhibit S. It shows a breakdown on the potential by income range.

Exhibit A_{1.7}: Market Potential for 12 Target Markets and 71 Lifestyle Clusters. This table is from the TMA. This breakdown is for the 12 Target Markets.

Exhibit T: Annual Market Potential by Tenure and Building Format. This table shows the variety of housing units desired by potential owners and renters.

Individual descriptions of the 12 Target Markets (starting with C12: Golfcarts and Gourmets).

Exhibit S: Summary of Target Market Analysis for Grand Traverse County*

Conservative Scenario for 12 Targeted Clusters
Annually through 2020

	Owners			Renters		
	Owner Units	Owner Values	Owner Sq Ft	Renter Units	Net Cash Rent	Renter Sq Ft
<\$15,000 Extreme	14	\$70,000-\$130,000	400-750	208	\$375 - \$700	250-700
<\$25,000 Very Low	32	\$90,000-\$165,000	550-1,100	423	\$425-\$775	350-850
<\$35,000 Low	53	\$105,000-\$200,000	750-1,650	570	\$450-\$850	450-1,100
<\$50,000 Below Avg	87	\$135,000-\$250,000	1,150-2,500	731	\$525-\$975	550-1,500
\$50,000+ Above Avg	133	\$165,000-\$200,000	1,650-3,750	265	\$625-\$1,150	850-1,750
TOTAL	219			996		

Annual Total Renter and Owner Units	1,215
2015-2020 Total Renter and Owner Units	7,290

<i>By Unit Type</i>			
Unit Types	Owner Units	Renter Units	Total
Houses	208	164	372
Duplexes	4	42	46
Triplexes	2	132	134
Quads	1	68	69
Rowhouses	2	255	257
Small plexes	2	82	84
Large plexes	0	87	87
Mid-rises	0	67	67
High-rises	0	98	98
Total	219	996	1,215

Detached Units	208	164	372
Attached Units	11	832	843

<i>By Selected Communities</i>			
Community	Owner Units	Renter Units	Total
Traverse City	116	524	640
Garfield Township	88	394	482
East Bay Township	4	28	32
Acme Township	2	22	24
Grawn (Blair Twp)	2	8	10
Chums Corner (Blair Twp)	0	4	4
Kingsley	0	4	4
Interlochen (Green Lake Twp)	0	2	2
Fife Lake	0	0	0
Total for County	219	996	1,215

*Note: This summary was prepared by the Grand Traverse County Planning & Development Department based on data provided in the Target Market Analysis prepared by LandUseUSA and Networks Northwest. For the complete reports, go to www.networksnorthwest.org/rpi

Target Market Analysis

Grand Traverse County

Michigan

THE MARKET STRATEGY

November 3, 2014



A-B



Prepared for:

Networks  Northwest
Home / Business / Community

Investing in People.
Investing in Places.
MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Prepared by:



Acknowledgements

Michigan State Housing Development Authority

Gary Heidel, Chief Placemaking Officer
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Bryan Robb, Statewide Partnerships/TA Specialist
David Allen, PhD, Chief Market Analyst

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Ryan E. Griffith, MA, CFM
TMA Consultant



TMA Team

Prepared for:

Networks  Northwest
Year / Business / Investment



Prepared by:



Executive Summary

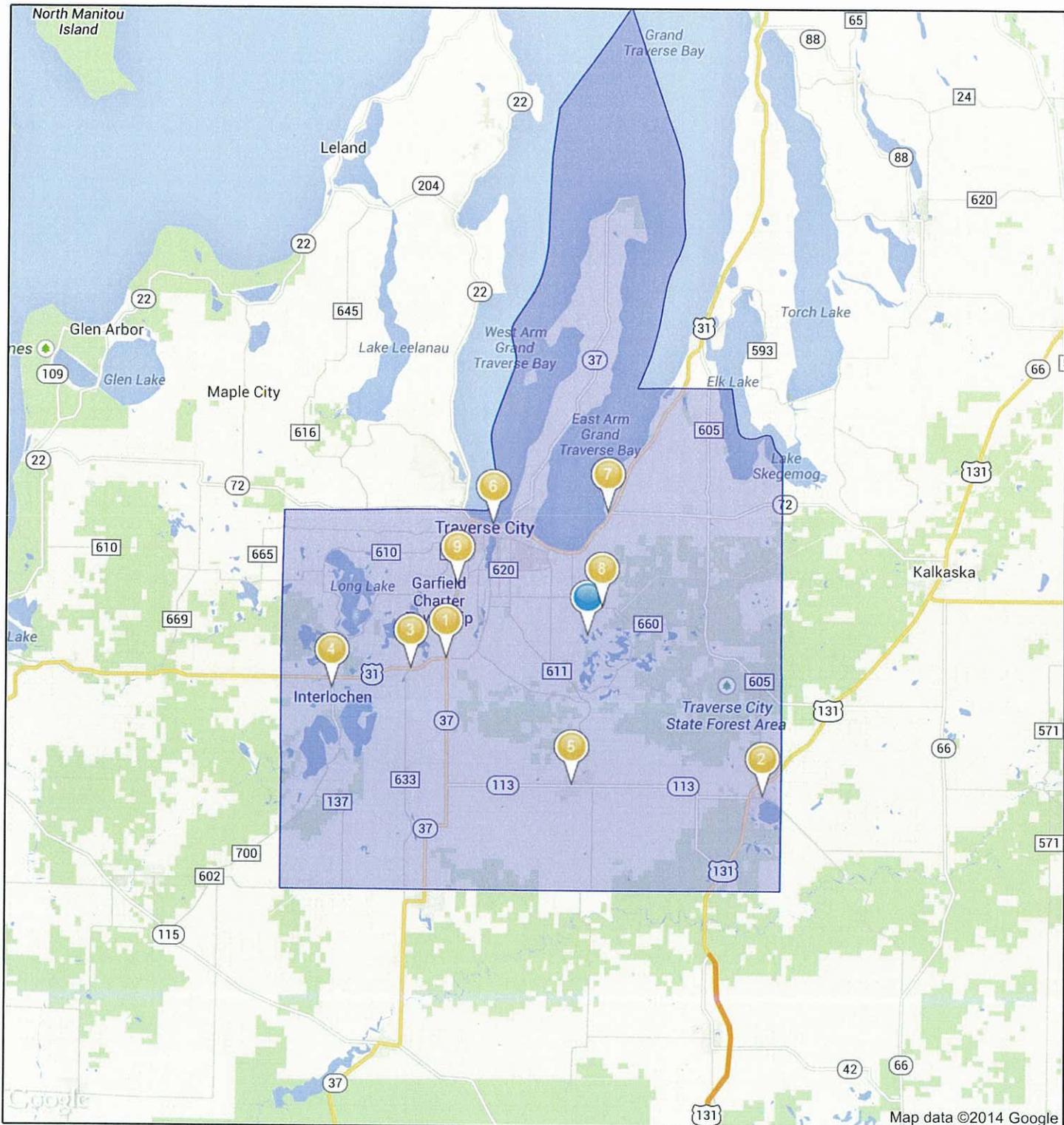
This Executive Summary of the Target Market Analysis for Benzie County has been prepared as part of a regional study completed for 10 counties comprising the Northwest Michigan Prosperity Region (Region 2). This Executive Summary has been prepared to help facilitate discussion during a series of public presentations that are scheduled for November 12 through 14. After the presentations, this summary will be expanded and used to answer some of the stakeholder's questions.

The Market Potential and Strategy

- ❖ *The Study Areas* – There are 36,533 households in Grand Traverse County as of month-end June 2014. Of these, 19.0% are located in Traverse City, 13.0% are in Garfield Township, 3.4% are in East Bay Township, and 1.4% are in the Village of Kingsley. Just over 41% of all households in the county are located in one of the 9 communities, with the balance scattered throughout the surrounding rural areas.
- ❖ *Place Scores and Walk Scores* – Among the six communities studied in Grand Traverse County, the City of Traverse City is the largest and also has the highest Place Score (22 points out of 30 possible) and the highest Walk Score (98 points out of 100 possible). For its small size, the Village of Fife Lake also has a good Place Score (10 points) and Walk Score (33 points). The Village of Kingsley also has a good Walk Score (44 points) relative to its small size. The three townships (Garfield, East Bay, and Acme) all have low Place Scores, but Garfield Township shines with a Walk Score of 72 points.
- ❖ *Propensity to Move* – Among the 36,533 households currently residing in Grand Traverse County, 988 of the owner households and 3,014 of the renter households moved in the past year. These figures include households that moved within Grand Traverse County, plus households that moved into the county from beyond.
- ❖ *The Target Markets* – There are 11,829 existing households in Grand Traverse County that align with the 12 target markets (i.e., lifestyle clusters), and they represent over 30% of the county's total households. Among these 12 selected target markets, 452 of the owner households and 2,462 of the renter households moved in the past year.
- ❖ *Aggressive Scenario* – There is a maximum annual market potential throughout Grand Traverse County for 452 new owner-occupied units and 2,462 new renter-occupied units, for a total of 2,914 units. Assuming the market potential is fully served every year over the next five years, this implies a market potential for 2,260 owner-occupied units and 12,310 renter-occupied units over the 5-year term. Again, the aggressive scenario includes households migrating into the county, plus households moving within the same county.

- ❖ *Market Potential by Community* – Most of the market potential is in Traverse City, including 240 owner-occupied units and 1,302 renter-occupied annually over the next five years. Garfield, East Bay, and Acme Township are also well-positioned to compete for a good share of the market. If these communities do not act to capture their full market potential in any given year, then the smaller communities (including Fife Lake) could pursue an aggressive scenario and grab a share of the market before it dissipates.
- ❖ *Conservative Scenario* – There is an annual market potential for at least 219 new owner-occupied units and 996 new renter-occupied units throughout Grand Traverse County, for a total of at least 1215 units. Assuming the market potential is fully met every year over the next five years, this implies a market potential for at least 6,075 units over the full 5-year term. Again, the conservative scenario is based on in-migration only, and does not include internal movers.
- ❖ *Owner-Occupied Units* – Under the conservative scenario there is an annual market potential for at least 219 new owner-occupied units throughout Grand Traverse County, or a cumulative of 1,095 units over the next five years. The aggressive scenario is about twice as large as these figures and includes internal migration within the county as well as in-migration from beyond.
- ❖ *Owner-Occupied Values* – Most of the target markets will seek home values of \$250,000 or less in 2012 dollars, which will be closer to \$260,000 by 2015, and will approach \$275,000 by the year 2020.
- ❖ *Renter-Occupied Units* – The conservative scenario generates a market potential for nearly 1,000 renter-occupied units throughout Grand Traverse County each year, or a cumulative total of nearly 5,000 units over the 5-year term (assuming that the potential is fully captured in each consecutive year). The aggressive scenario is 2.5 times larger and includes internal migration as well as in-migration.
- ❖ *Renter-Occupied Prices* – Most of the other target markets will seek monthly contract rents of \$900 or less in 2012 dollars, and these prices will be closer to \$985 by 2015, and \$1,140 by the year 2020. Nearly 15% will seek monthly contract rents of \$500 or less in 2012 dollars, or \$545 or less by 2015, and \$635 or less by the year 2020. Just over 7% of the new renter households will have a tolerance for monthly contract rents of higher than \$900 in 2012 dollars.
- ❖ *HUD Affordability Standards* – Based on the HUD income limits and annual market potential by contract rent bracket, 65% (646 units) of the 996 new rental units should be priced affordably or below market rates, and 45% (450 units) can be priced at market rates or higher.

- ❖ *Detached Building Formats* – Among the county’s annual market potential of 1,215 owner-occupied and renter-occupied units, about 43% of the new households will seek detached houses. Among new-builds, detached houses may include cottages with small footprints and lots, perhaps arranged around a shared courtyard. Detached houses could also be re-introduced by rehabilitating some of the existing stock within the urban neighborhoods.
- ❖ *Luxury Market for Houses* – Grand Traverse’s Middle Peninsula is an exception where detached houses in rural areas are likely to continue being sustainable. Second home buyers seeking vista views of Grand Traverse Bay and surrounding vineyards will continue to drive the demand for detached houses in that niche market.
- ❖ *Attached Building Formats* – About 57% of the target markets moving into Grand Traverse County will seek attached units (i.e., not detached houses) in a range of building sizes. Under the conservative scenario, there is a county-wide market potential for at least 695 attached units annually, or a cumulative of 3,475 attached units over the 5-year term (assuming the potential is met in each consecutive year).
- ❖ *A Focus on Product Types* – Strategy recommendations by product type should be refined by the developers and builders as needed for local context and place, with the urban transect as a general guide. Attached units may include a mix of duplexes, triplexes, quads, condos or row houses (no more than 6 units in a row, with private entrances), and stacked flats or lofts (no more than 6 units along the side of any given building, with shared entrances).
- ❖ *Downtown Formats* – Units above street-front retail and/or located in downtown districts will be well-received by the target markets. In transitional areas around the downtowns, low-rise buildings and row houses might be more appropriate. Detached houses, duplexes, and triplexes could be used as infill within the surrounding neighborhoods.
- ❖ *Unit Sizes and Amenities* – In the individual units, some of the floor area can be traded for unique amenities, quality construction, and modern interior treatments. However, every bedroom must have a full private bath, and 2-bedroom units must have a ½ bath near the entrance. Ideally, kitchens will be centrally located and facing outward onto an open floor plan, with bedrooms on opposite ends (i.e., not sharing common walls.) All units should have balconies or patios that can accommodate at least two chairs.
- ❖ *Construction Costs* – Detached houses built in Grand Traverse County since 2006 has involved a per-unit investment of in the general range of \$180,000 to \$205,000. In general, the average per-unit investment in Grand Traverse County has grown slower than any other county in the Prosperity Region. The assessment of construction costs reinforces the need to a) build smaller houses (such as cottages) with small footprints as part of urban infill; b) build attached units (like lofts, flats, condos, and row houses); and c) rehabilitate the existing housing stock.



Grand Traverse County, Michigan

Exhibit A.1



- 1. Chums Corner
- 2. Fife Lake
- 3. Grawn
- 4. Interlochen
- 5. Kingsley

- 6. Traverse City
- 7. Acme Township
- 8. East Bay Township
- 9. Garfield Township

Annual Market POTENTIAL for 12 Target Markets; 2015 - 2020
 By HUD Income Limit for Grand Traverse County, MI

Exhibit A_{1.1}

Annual 2015 - 2020 CONSERVATIVE SCENARIO	Owner		Low Home Value	Median Home Value	High Home Value	\$/SF		Sq. Ft. Low- End	\$/SF		Sq. Ft. Low- End	\$/SF		Sq. Ft. Mid- Point	\$/SF		Sq. Ft. Mid- Point	Sq. Ft. High- End		
	Units (Number)	Units (Share)				Low- End	Mid- Point		High- End	Low- End		Mid- Point	High- End							
<\$15,000 Extreme	14	1.2%	\$70,000	\$101,000	\$130,000	\$185	\$180	400	\$175	\$180	550	\$175	\$180	550	750	\$175	\$180	400	750	
<\$25,000 Very Low	32	2.6%	\$90,000	\$127,000	\$165,000	\$162	\$155	550	\$148	\$155	800	\$148	\$155	800	1,100	\$148	\$155	550	1,100	
<\$35,000 Low	53	4.3%	\$105,000	\$153,000	\$200,000	\$139	\$130	750	\$121	\$130	1,200	\$121	\$130	1,200	1,650	\$121	\$130	750	1,650	
<\$50,000 Below Avg.	87	7.1%	\$135,000	\$191,000	\$250,000	\$119	\$110	1,150	\$101	\$110	1,750	\$101	\$110	1,750	2,500	\$101	\$110	1,150	2,500	
\$50,000+ Above Avg.	<u>133</u>	<u>10.9%</u>	\$165,000	\$234,000	\$305,000	\$99	\$90	1,650	\$81	\$90	2,600	\$81	\$90	2,600	3,750	\$81	\$90	1,650	3,750	
Total Households	219	18.1%	\$77,437	\$153,775	\$200,000	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Annual 2015 - 2020 CONSERVATIVE SCENARIO	Renter Units (Number)	Renter Units (Share)	Low-End Contract Rent	Median Contract Rent	High-End Contract Rent	\$/SF Low- End	\$/SF Mid- Point	\$/SF High- End	Sq. Ft. Low- End	\$/SF Low- End	Sq. Ft. Mid- Point	\$/SF High- End	Sq. Ft. Mid- Point	Sq. Ft. High- End	\$/SF Low- End	\$/SF Mid- Point	\$/SF High- End	Sq. Ft. Low- End	Sq. Ft. Mid- Point	Sq. Ft. High- End
<\$15,000 Extreme	208	17.1%	\$375	\$530	\$700	\$1.40	\$1.10	\$1.00	250	\$1.40	500	\$1.00	500	700	250	500	700	250	500	700
<\$25,000 Very Low	423	34.8%	\$425	\$590	\$775	\$1.20	\$1.00	\$0.90	350	\$1.20	600	\$0.90	600	850	350	600	850	350	600	850
<\$35,000 Low	570	47.0%	\$450	\$660	\$850	\$1.00	\$0.90	\$0.78	450	\$1.00	750	\$0.78	750	1,100	450	750	1,100	450	750	1,100
<\$50,000 Below Avg.	731	60.1%	\$525	\$750	\$975	\$0.95	\$0.80	\$0.65	550	\$0.95	950	\$0.65	950	1,500	550	950	1,500	550	950	1,500
\$50,000+ Above Avg.	<u>265</u>	<u>21.8%</u>	\$625	\$890	\$1,150	\$0.75	\$0.75	\$0.65	850	\$0.75	1,200	\$0.65	1,200	1,750	850	1,200	1,750	850	1,200	1,750
Total Households	996	81.9%	\$523	\$667	\$893	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Owner + Renter Units	<u>1,215</u>	<u>100.0%</u>																		

Source: Underlying data provided by the Internal Revenue Services; US Decennial Census; Census|ACS American Community Survey; and Mosaic|USA by Experian Decision Analytics as licensed through Sites|USA.
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Exhibit A₁.7

Market POTENTIAL for 12 Target Markets and 71 Lifestyle Clusters
By HUD Income Limit for Grand Traverse County, MI

CONSERVATIVE SCENARIO	Units by Income Limit	Sum of Total 12 Targets	Sum of Total 71 Clusters	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41 Booming, Consum- ing	L42 Rooted Flower Power	M45 Infants, Debit Cards	N46 True Grit Americans	O51 Digital Depend- ents	O55 Family Troopers	Q62 Reaping Rewards	Q65 Senior Discounts	S68 Small Town Shallow Pockets	S70 Tight Money
<\$15,000 Extreme		327	407	0	137	2	1	1	7	50	41	3	51	5	19
<\$25,000 Very Low		508	642	0	208	4	3	3	12	101	67	5	61	8	30
<\$35,000 Low		818	1,036	0	346	6	6	6	20	188	109	8	70	10	50
<\$50,000 Below Avg.		<u>397</u>	<u>662</u>	<u>1</u>	<u>133</u>	<u>7</u>	<u>7</u>	<u>4</u>	<u>20</u>	<u>152</u>	<u>45</u>	<u>5</u>	<u>15</u>	<u>2</u>	<u>4</u>
\$50,000+ Above Avg.		1,215	1,698	1	479	13	13	10	40	339	154	13	85	13	54
Total Households															

AGGRESSIVE SCENARIO	Units by Income Limit	Sum of Total 12 Targets	Sum of Total 71 Clusters	C12 Golf Carts, Gourmets	K40 Bohemian Groove	L41 Booming, Consum- ing	L42 Rooted Flower Power	M45 Infants, Debit Cards	N46 True Grit Americans	O51 Digital Depend- ents	O55 Family Troopers	Q62 Reaping Rewards	Q65 Senior Discounts	S68 Small Town Shallow Pockets	S70 Tight Money
<\$15,000 Extreme		793	979	0	336	4	3	3	15	115	101	7	124	12	47
<\$25,000 Very Low		1,228	1,540	0	512	8	6	6	26	233	165	11	150	18	73
<\$35,000 Low		1,973	2,477	0	850	14	12	13	44	434	270	16	172	24	93
<\$50,000 Below Avg.		<u>941</u>	<u>1,525</u>	<u>2</u>	<u>328</u>	<u>16</u>	<u>16</u>	<u>9</u>	<u>44</u>	<u>350</u>	<u>112</u>	<u>12</u>	<u>36</u>	<u>6</u>	<u>11</u>
\$50,000+ Above Avg.		2,914	4,002	2	1,178	30	28	22	88	784	382	28	208	30	134
Total Households															

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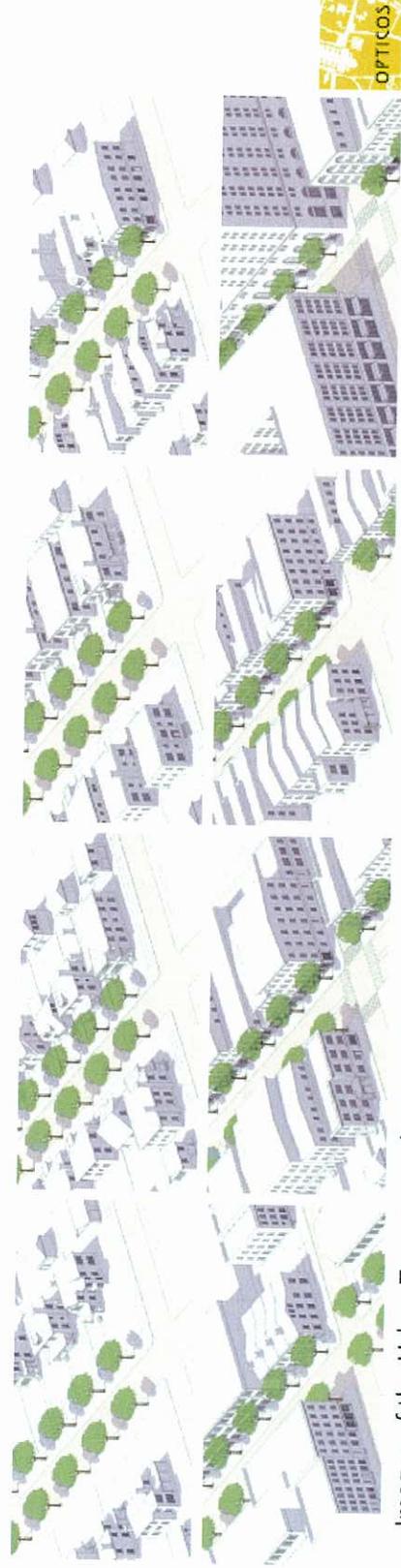
Annual Market Potential by Tenure and Building Format
Grand Traverse County, Michigan - 2015 - 2020

EXHIBIT T.

	Conservative Scenario		Aggressive Scenario	
	Total	Owners Renters	Total	Owners Renters
Total Units	1,215	219 996	2,914	452 2,462
Houses	372	208 164	835	430 406
Duplexes	46	4 42	115	9 105
Triplexes	134	2 132	328	4 324
Quads	69	1 68	170	2 168
Rowhouses	257	2 255	638	4 634
Small Plexes	84	2 82	206	3 203
Large Plexes	87	0 87	215	0 215
Mid-Rises	67	0 67	167	0 167
High-Rises	98	0 98	241	0 241
Total Units	1,215	219 996	2,914	452 2,462
Detached	372	208 164	835	430 406
Attached	843	11 832	2,079	22 2,056



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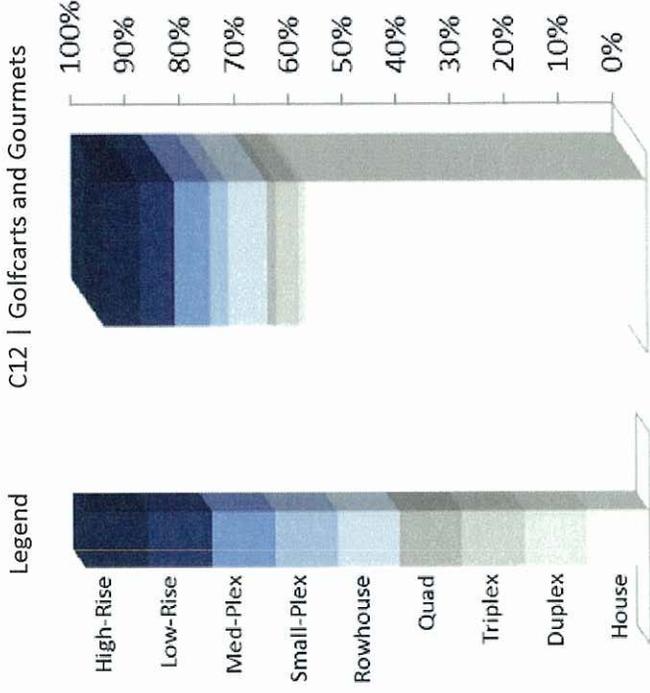
Images of the Urban Transect and Missing Middle formats with permission from Dan Parolek and Opticos Design.

C12 | Golfcarts and Gourmets Urban Targets Markets for the State of Michigan - 2015

United States Averages
 Target Formats 8.6%
 Renter-Occupied 36.7%
 Attached Units
 Urbanicity Index 0.92

Target Prices State of Michigan (Medians)
 Household Income \$92,000
 Home Values \$275,000
 Contract Rents \$1,100

Target Transect Zones (bolded zones only)	Urban Transect Zone
Urban Core	T6C
Flex-Space	T5F
Nbhd. Small Setback	T5N.2
Nbhd. Large Setback	T5N.1
Main Street	T5MS
Nbhd. Small Footprint	T4N.1
Nbhd. Med. Footprint	T4N.2
Neighborhood Estate	T3N T3E



Target Building Formats (The Missing Middle)



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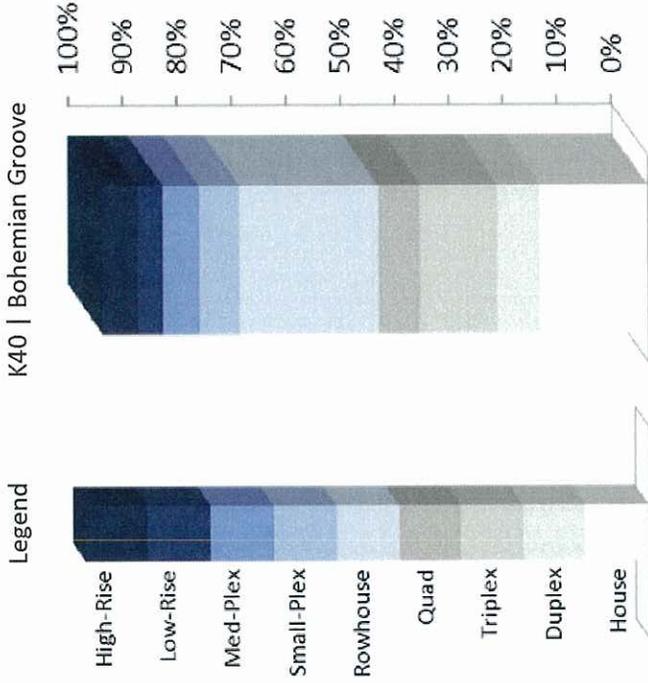


K40 | Bohemian Groove Urban Targets Markets for the State of Michigan - 2015

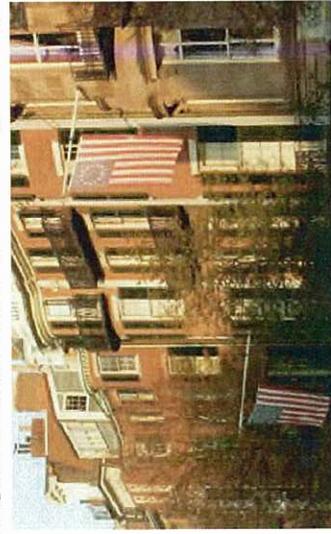
United States Averages
 Renter-Occupied 78.4%
 Attached Units 80.3%
 Urbanicity Index 1.10

Target Prices State of Michigan (Medians)
 Household Income \$34,500
 Home Values \$100,000
 Contract Rents \$550

Target Transect Zones (bolded zones only)	Urban Transect Zone
Urban Core	T6C
Flex-Space	T5F
Nbhd. Small Setback	T5N.2
Nbhd. Large Setback	T5N.1
Main Street	T5MS
Nbhd. Small Footprint	T4N.1
Nbhd. Med. Footprint	T4N.2
Neighborhood	T3N
Estate	T3E



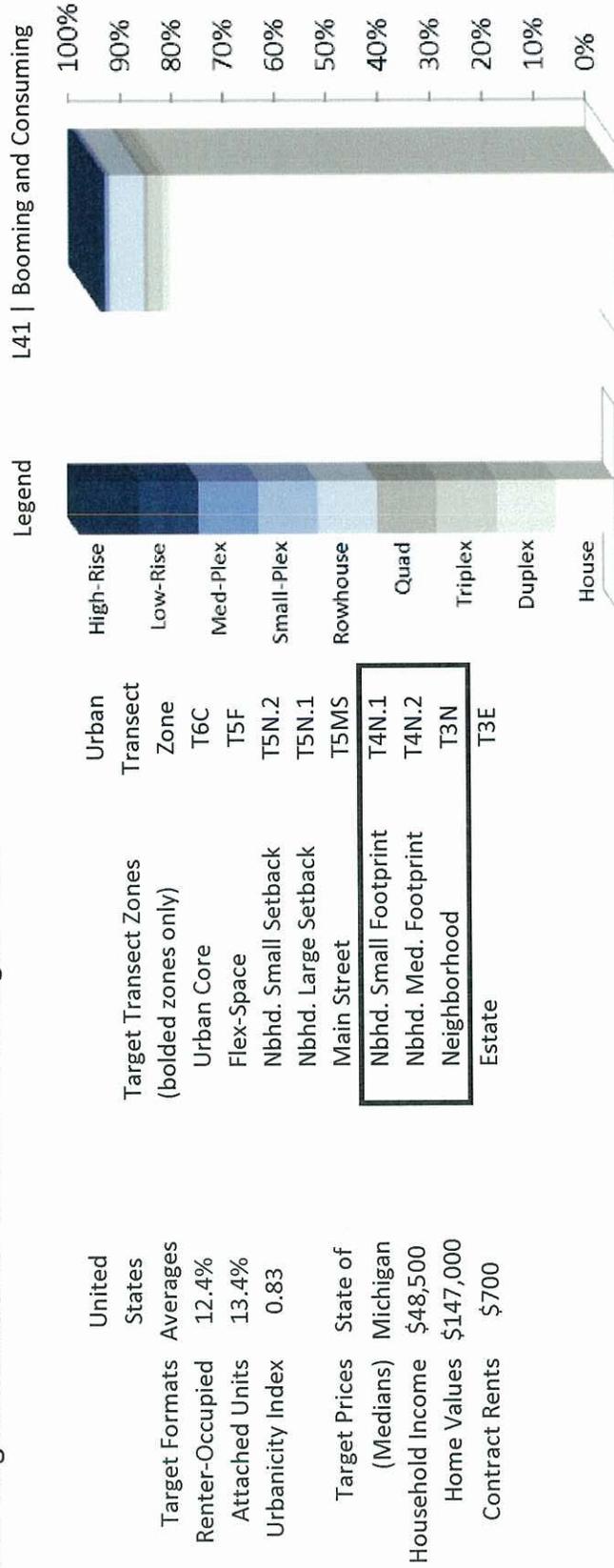
Target Building Formats (The Missing Middle)



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L41 | Booming and Consuming Urban Targets Markets for the State of Michigan - 2015



Target Transect Zones (bolded zones only)	Urban
Urban Core	Transect
Flex-Space	Zone
Nbhd. Small Setback	T6C
Nbhd. Large Setback	T5F
Main Street	T5N.2
Nbhd. Small Footprint	T5N.1
Nbhd. Med. Footprint	T5MS
Neighborhood	T4N.1
Estate	T4N.2
	T3N
	T3E

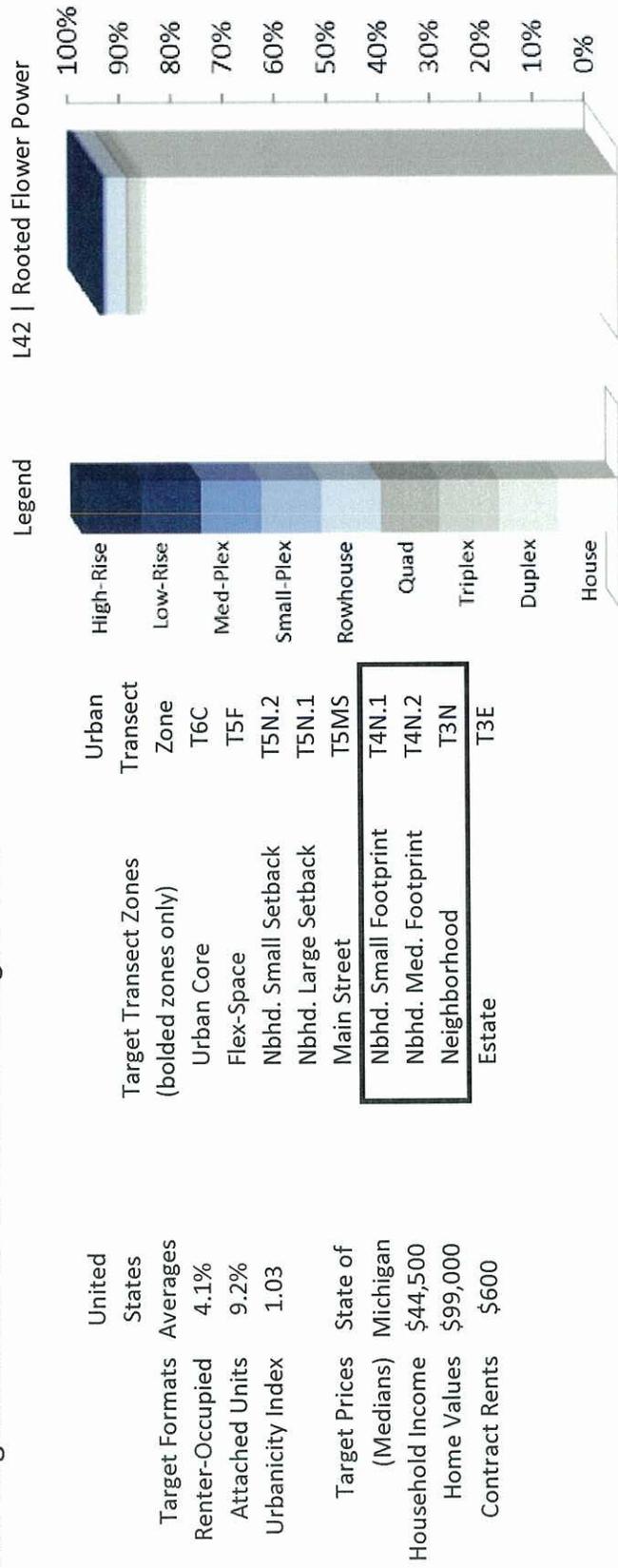
Target Building Formats (The Missing Middle)



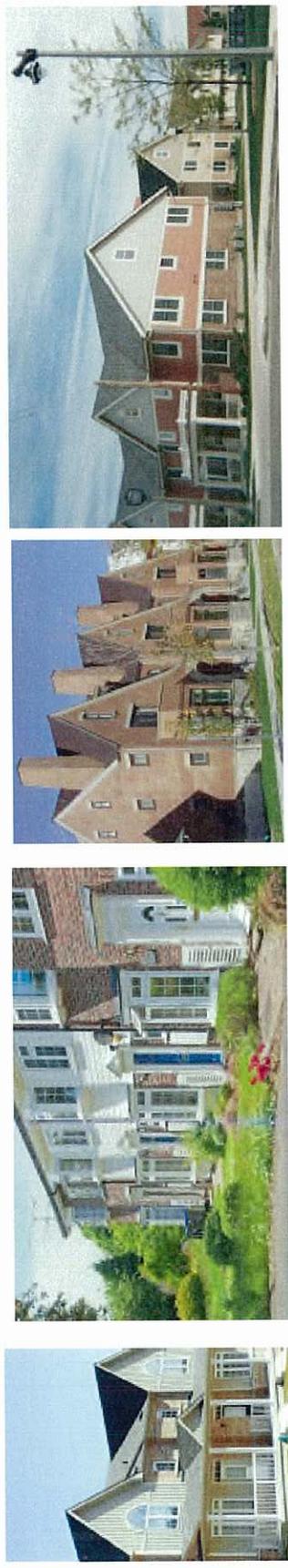
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L42 | Rooted Flower Power Urban Targets Markets for the State of Michigan - 2015



Target Building Formats (The Missing Middle)



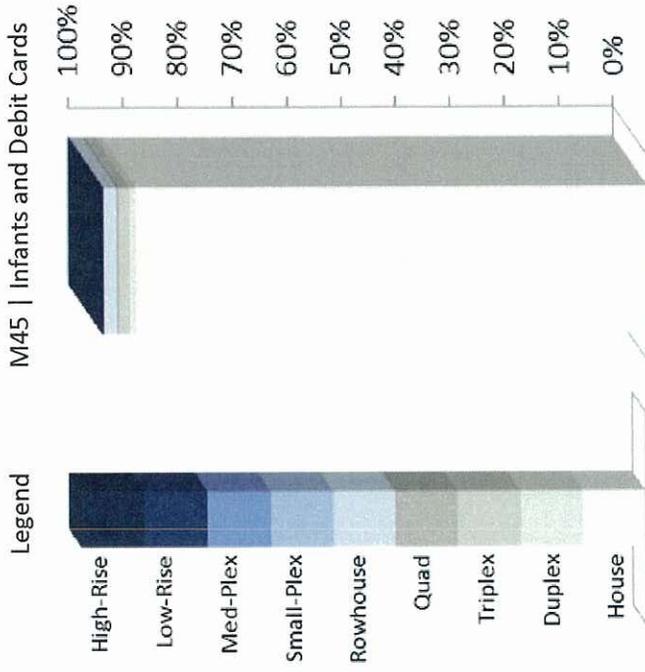
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M45 | Infants and Debit Cards Urban Targets Markets for the State of Michigan - 2015

United States	Averages	20.7%
Target Formats	Renter-Occupied	6.3%
	Attached Units	0.97
Urbanicity Index		
Target Prices (Medians) Michigan	State of Michigan	
Household Income	\$30,500	
Home Values	\$46,000	
Contract Rents	\$450	

Target Transect Zones (bolded zones only)	Urban
Urban Core	Transect Zone
Flex-Space	T6C
Nbhd. Small Setback	T5F
Nbhd. Large Setback	T5N.2
Main Street	T5N.1
Nbhd. Small Footprint	T4N.1
Nbhd. Med. Footprint	T4N.2
Neighborhood	T3N
Estate	T3E



Target Building Formats (The Missing Middle)



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A B C D E F G H I J K L M N O P Q R S

46 47 48 49

Rick & Tracy

Type N46: True Grit Americans

Older, middle-class households in town and country communities located in the nation's midsection

1.68% | 1.73%

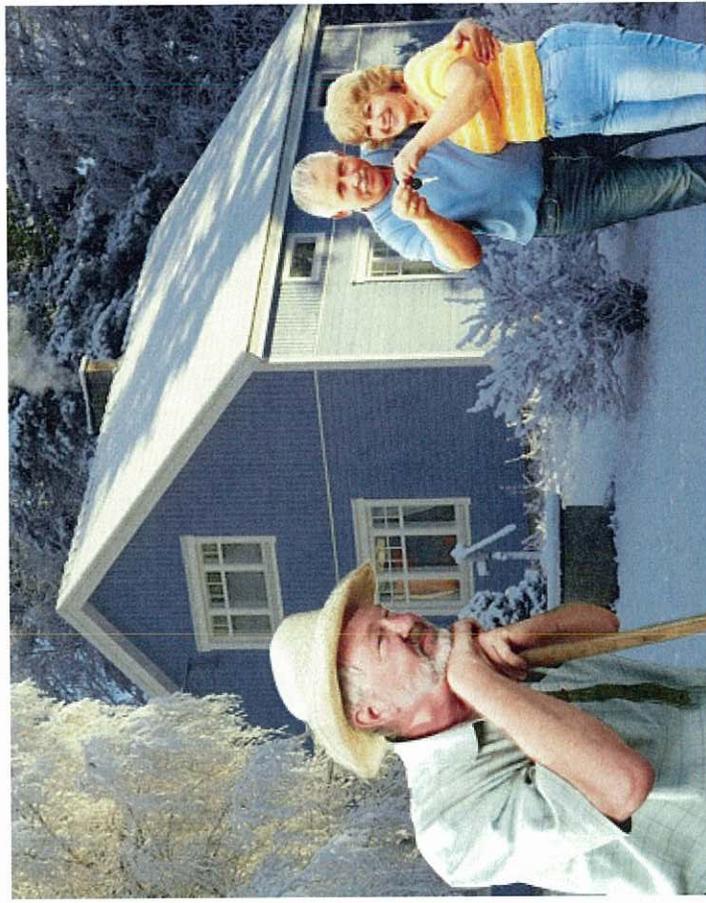
Overview

Key Traits

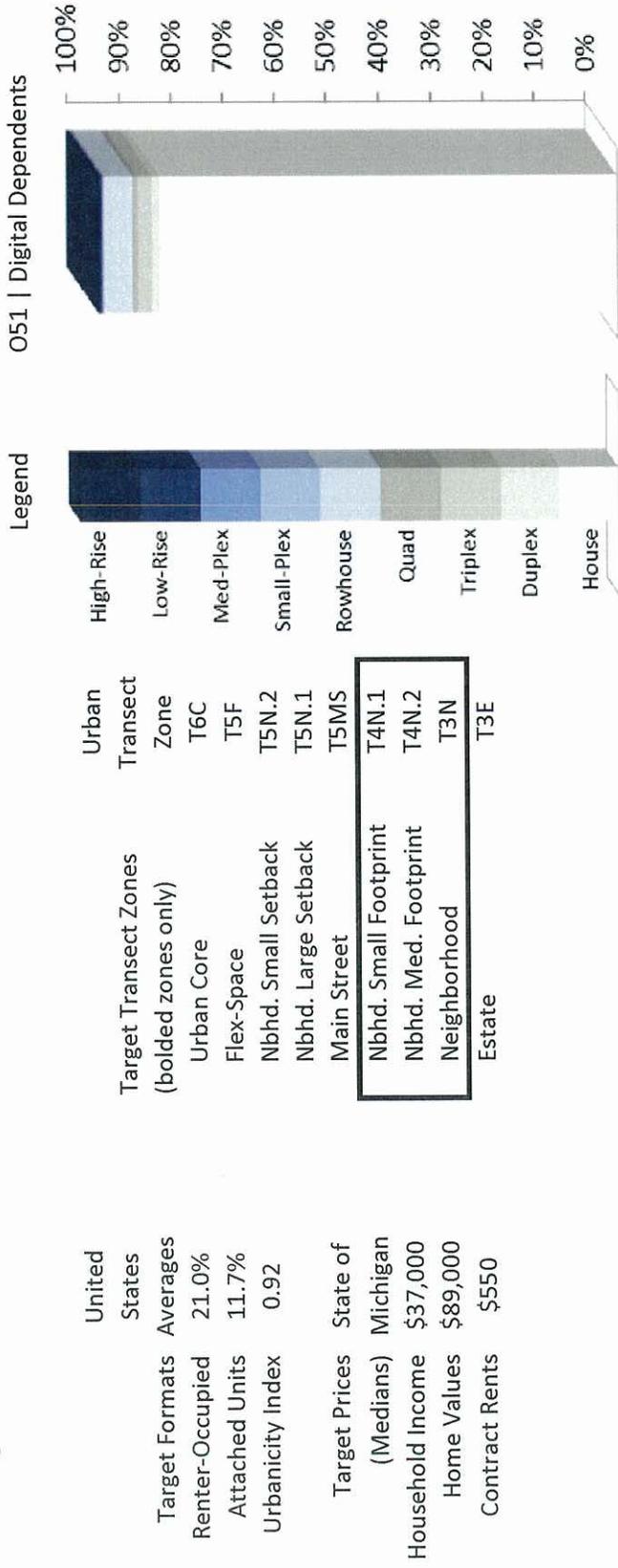
- Practical
- Outdoor activities
- Risk-averse
- Unpretentious lifestyles
- Home cooked meals
- Sports fans
- Politically conservative
- Stable rural residences
- Solid financial investments
- Live within their means

Rankings

Metropolitan City: Top 10	68/71
CBSA Markets	20/71
Internet: Changed the Way I Shop for Products/Services	30/71
GreenAware SM , Behavioral Greens	53/71
Income: Estimated Household	46/71
Age: Head of Household	37/71
Children: Presence	36/71



O51 | Digital Dependents Urban Targets Markets for the State of Michigan - 2015



United States Averages	Urban Targets	Urban Transect Zones	Urban Transect Zone
Renter-Occupied 21.0%	Urban Core	(bolded zones only)	T6C
Attached Units 11.7%	Flex-Space		T5F
Urbanicity Index 0.92	Nbhd. Small Setback		T5N.2
	Nbhd. Large Setback		T5N.1
	Main Street		T5MS
	Nbhd. Small Footprint		T4N.1
	Nbhd. Med. Footprint		T4N.2
	Neighborhood		T3N
	Estate		T3E

Target Prices State of Michigan (Medians)
 Household Income \$37,000
 Home Values \$89,000
 Contract Rents \$550

Target Building Formats (The Missing Middle)



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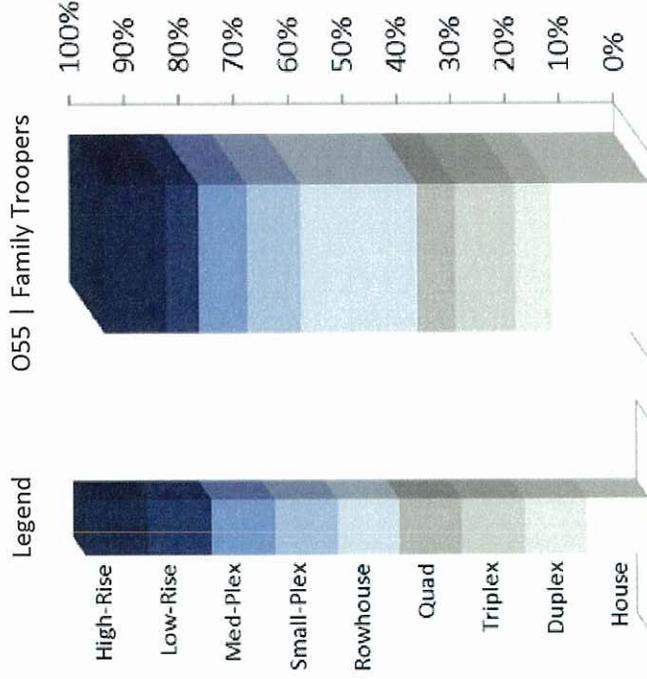


O55 | Family Troopers

Urban Targets Markets for the State of Michigan - 2015

United States Averages	Target Formats	Urban
Renter-Occupied 93.0%	Renter-Occupied	Transact
Attached Units 82.0%	Attached Units	Zone
Urbanicity Index 0.99	Urbanicity Index	T6C
		T5F
		T5N.2
		T5N.1
		T5MS
Target Prices (Medians) Michigan	Target Prices (Medians) Michigan	T4N.1
Household Income \$29,000	Household Income	T4N.2
Home Values \$92,000	Home Values	T3N
Contract Rents \$525	Contract Rents	T3E

Target Transect Zones (bolded zones only)	Urban
Urban Core	Transact
Flex-Space	Zone
Nbhd. Small Setback	T6C
Nbhd. Large Setback	T5F
Main Street	T5N.2
	T5N.1
	T5MS
	T4N.1
	T4N.2
	T3N
	T3E



Target Building Formats (The Missing Middle)



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Q62 | Reaping Rewards

Urban Targets Markets for the State of Michigan - 2015

United States Averages

Target Formats

- Renter-Occupied 6.0%
- Attached Units 21.8%
- Urbanicity Index 0.92

Target Prices (Medians) State of Michigan

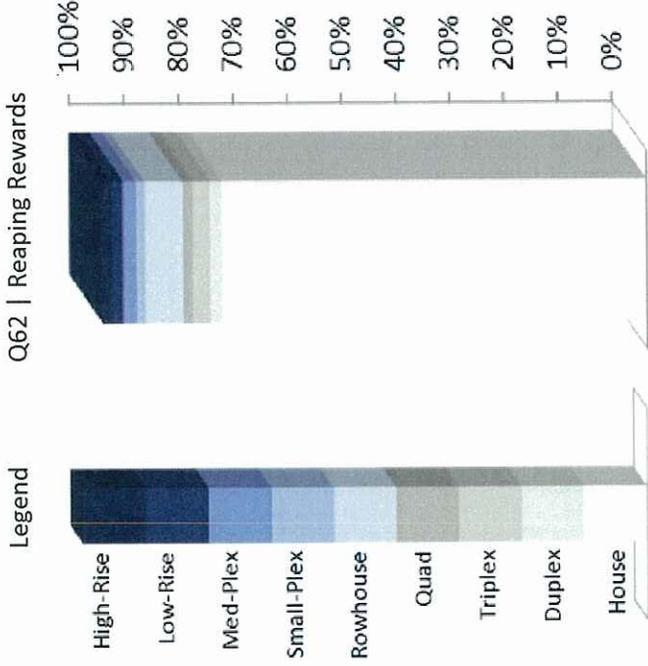
- Household Income \$38,500
- Home Values \$187,500
- Contract Rents \$875

Target Transect Zones (bolded zones only)

- Urban Core
- Flex-Space
- Nbhd. Small Setback
- Nbhd. Large Setback
- Main Street
- Nbhd. Small Footprint**
- Nbhd. Med. Footprint**
- Neighborhood
- Estate

Urban Transect Zone

- T6C
- T5F
- T5N.2
- T5N.1
- T5MS
- T4N.1**
- T4N.2**
- T3N
- T3E



Target Building Formats (The Missing Middle)



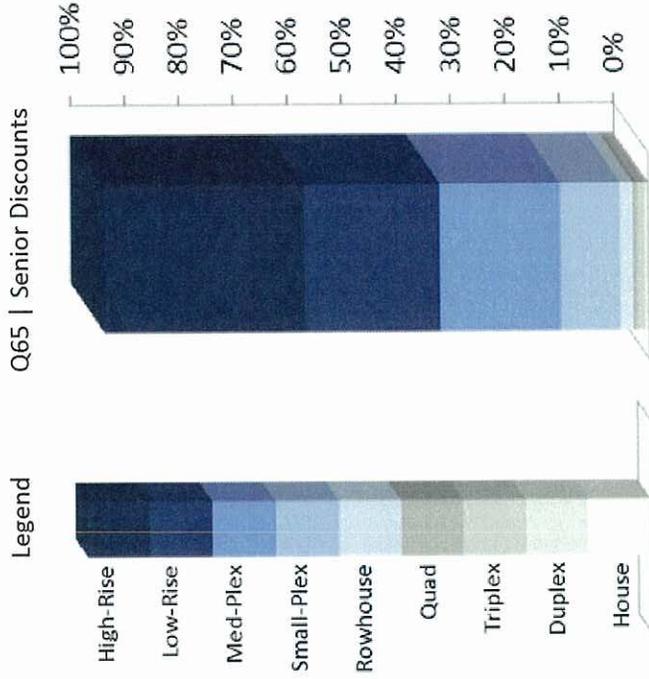
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Q65 | Senior Discounts

Urban Targets Markets for the State of Michigan - 2015

United States Averages	State of Michigan
Renter-Occupied 76.5%	Michigan \$20,000
Attached Units 99.9%	Home Values \$95,000
Urbanicity Index 1.05	Contract Rents \$500

Target Transect Zones (bolded zones only)	Urban Transect Zone
Urban Core	T6C
Flex-Space	T5F
Nbhd. Small Setback	T5N.2
Nbhd. Large Setback	T5N.1
Main Street	T5MS
Nbhd. Small Footprint	T4N.1
Nbhd. Med. Footprint	T4N.2
Neighborhood	T3N
Estate	T3E



Target Building Formats (The Missing Middle)



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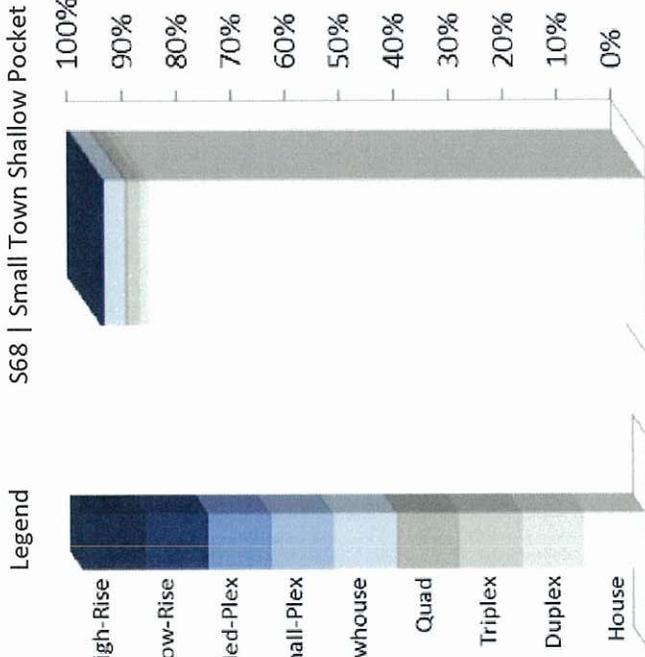


S68 | Small Town Shallow Pocket Urban Targets Markets for the State of Michigan - 2015

United States Averages
 Target Formats Renter-Occupied 20.5%
 Attached Units 8.6%
 Urbanicity Index 0.92

Target Prices (Medians) State of Michigan
 Household Income \$22,500
 Home Values \$39,500
 Contract Rents \$400

Target Transect Zones (bolded zones only)	Urban Transect Zone
Urban Core	T6C
Flex-Space	T5F
Nbhd. Small Setback	T5N.2
Nbhd. Large Setback	T5N.1
Main Street	T5MS
Nbhd. Small Footprint	T4N.1
Nbhd. Med. Footprint	T4N.2
Neighborhood	T3N
Estate	T3E



Target Building Formats (The Missing Middle)



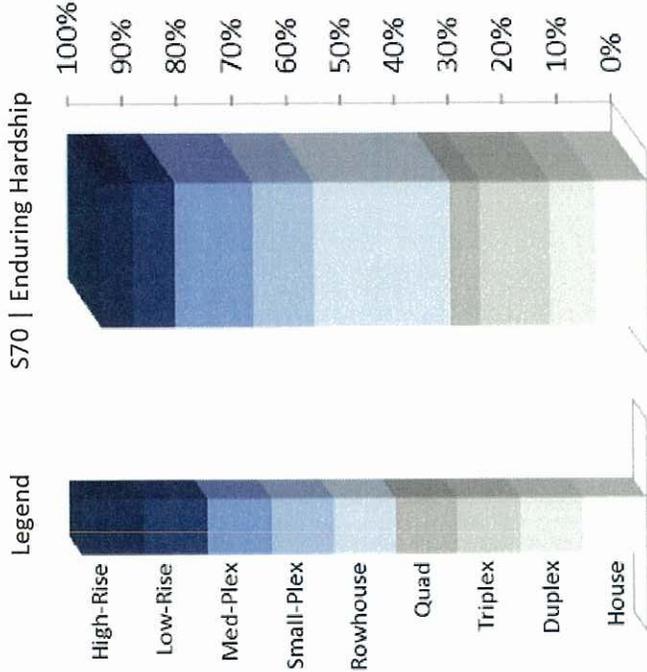
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S70 | Enduring Hardship Urban Targets Markets for the State of Michigan - 2015

Target Formats	United States Averages
Renter-Occupied	97.3%
Attached Units	90.7%
Urbanicity Index	0.82
Target Prices (Medians)	State of Michigan
Household Income	\$19,000
Home Values	\$75,000
Contract Rents	\$475

Target Transect Zones (bolded zones only)	Urban Transect Zone
Urban Core	T6C
Flex-Space	T5F
Nbhd. Small Setback	T5N.2
Nbhd. Large Setback	T5N.1
Main Street	T5MS
Nbhd. Small Footprint	T4N.1
Nbhd. Med. Footprint	T4N.2
Neighborhood	T3N
Estate	T3E



Target Building Formats (The Missing Middle)



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Public/Private Partnerships

- May include non-profit, philanthropic organizations, and others.
- A partnership is a process - not a product. Successful navigation through the process results in net benefits for all parties.
 - *Public sector entities* can leverage and maximize public assets, increase their control over the development process, and create a vibrant built environment.
 - *Private sector entities* are given greater access to land and infill sites and receive more support throughout the development process. Many developers earn a market niche as a reliable partner with the public sector and are presented with an opportunity to create public goods.
- Ten Principles of a Public/Private Partnership:
 - 1. Prepare Properly for Public/Private Partnerships**
 - a. *First and foremost, the private partner needs to be prepared for a transparent process.*
 - b. *The public partner must be prepared and structured to properly manage and engage in the partnership.*
 - 2. Create a Shared Vision**
 - 3. Understand Your Partners and Key Players**
 - a. *Identify the actors in the process along with their needs and perspectives to ensure effective collaboration*
 - 4. Be Clear on the Risks and Rewards**
 - 5. Establish a Clear and Rational Decision-Making Process**
 - 6. Make Sure All Parties Do Their Homework**
 - a. *Partners need to understand that they will have to invest time, energy, and resources at all phases of the project*
 - 7. Secure Consistent and Coordinated Leadership**
 - 8. Communicate Early and Often**
 - 9. Negotiate a Fair Deal**
 - 10. Build Trust as a Core**