BUILDING PROSPEROUS PLACES IN MICHIGAN: UNDERSTANDING PLACEMAKING VALUES, PERCEPTIONS AND BARRIERS
LAND POLICY INSTITUTE

- Has a strong focus on research and outreach based on economic analysis of policy options in many contemporary issue areas.

- Focus Areas: Placemaking & Regional Prosperity, Land & Planning, Land-Based Resources, and Energy.

- Affiliated with the School of Planning, Design and Construction, with Dr. Scott Witter as Interim Director.

- Please see our website for more information: [www.landpolicy.msu.edu](http://www.landpolicy.msu.edu).
PRESENTATION OUTLINE

• Placemaking Defined
• Value of Placemaking Elements
• Perceptions & Barriers
• Policy Implications

Presenter: Mary Beth Graebert
“Placemaking” is defined as: the development or redevelopment of a place, within a neighborhood or community, that uniquely creates a functional space with a variety of uses, that is appealing to a wide range of people and that has an identifiable character, or “sense of place.”
PLACEMAKING ELEMENTS

• Mixed use development
• Pedestrian-orientation
• Opportunities for social activity and engagement
• Arts, cultural and other entertainment opportunities
• Alternative transportation choices
• Public/Green/open spaces
• Diverse housing choices
• Energy Efficiency
VALUE OF PLACEMAKING
VALUE OF PLACEMAKING ELEMENTS

• Purpose: Determine whether or not placemaking features like walkability and mixed uses are associated with higher home prices.

• Case Study of 3 Michigan Communities:
  • Lansing
  • Traverse City
  • Royal Oak
The hedonic pricing method (HPM) can show us how much more people are willing to pay for a house that has certain features, all else remaining equal.

HPM has traditionally focused on home and lot attributes to determine the value of a home.

As the hedonic pricing method has evolved, more data has become available to use for analysis such as proximity features (i.e., nearby parks, entertainment establishments, and schools).
DATA UTILIZED IN THE ANALYSIS

- Structural and Temporal
  - Assessor’s data (e.g. sale price, building and lot characteristics)
- Neighborhood Attributes
  - Census Socioeconomic and demographic data (e.g. income, race, age, poverty, education)
- Proximity Features
  - Municipal and other Spatial data (e.g. parcel layers, land use, natural features, roads)
    - Municipalities and ESRI
- Establishments Nearby
  - Business establishment data (e.g. employment, businesses, entertainment, retail)
    - National Establishment Time Series Database from Walls and Associates
    - Dun and Bradstreet registered companies
LANSING: SALES INFO & LOT ATTRIBUTES

- Study included 3,334 observations (home sales), with an $R^2$ of 0.748 and 3,183 degrees of freedom.
- **Peak year of sales was 2006**, which coincided with the industry sales. We are back to 2000 prices (our base year) by 2010.
- Sales in cold months are **lower**, relative to summer months, when people are more likely to move.
- Older properties have **better values**, but not by much, about $24 per year older. This is also reflective of the fact that Lansing has an older housing stock.
These findings are consistent with other hedonic analyses.
## LANSING: NEIGHBORHOOD DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Neighborhood Characteristics</th>
<th>Sale Price Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Neighborhood Enterprise Zone</td>
<td>($18,635)</td>
</tr>
<tr>
<td>Within Renaissance Zone</td>
<td>$48,590</td>
</tr>
<tr>
<td>% Increase in Population with an Associate’s Degree</td>
<td>$1,000</td>
</tr>
<tr>
<td>% Increase in Population with a graduate/professional degree</td>
<td>$1,506</td>
</tr>
<tr>
<td>Percent Increase in Income-Diversity Index</td>
<td>$513</td>
</tr>
<tr>
<td>Community Characteristic – One Additional Foot Closer to . . .</td>
<td>Sale Price Effect</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Highway</td>
<td>($5)</td>
</tr>
<tr>
<td>Rivers</td>
<td>$9</td>
</tr>
<tr>
<td>Downtown</td>
<td>$21</td>
</tr>
<tr>
<td>Michigan State University</td>
<td>$5</td>
</tr>
<tr>
<td>Old Town</td>
<td>($9)</td>
</tr>
<tr>
<td>High School</td>
<td>$2</td>
</tr>
</tbody>
</table>
### LANSING: COMMUNITY ATTRIBUTES (CONTINUED)

<table>
<thead>
<tr>
<th>Community Characteristic</th>
<th>Sale Price Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Grocery Store within ¼ mile</td>
<td>($3,125)</td>
</tr>
<tr>
<td>Additional Full-Service Restaurant within ¼ mile</td>
<td>$3,499</td>
</tr>
<tr>
<td>Additional Drinking Establishment within ¼ mile</td>
<td>($4,440)</td>
</tr>
<tr>
<td>Additional Book/Periodical/Music Store within ½ to 1 mile</td>
<td>$2,009</td>
</tr>
<tr>
<td>Additional Performing Arts Facility within ¼ mile</td>
<td>$12,545</td>
</tr>
<tr>
<td>Additional Percentage of Commercial Space within ½ mile</td>
<td>$709</td>
</tr>
</tbody>
</table>
Lack of qualitative measures for many variables.
- For example, a park within proximity of a home may be nice or possibly unsafe.

Distances to amenities and other features were measured as the crow flies, and not along roadways.

Results for the three study areas are not comparable as there was varying data availability for each city.
PERCEPTIONS & BARRIERS
STAKEHOLDER SURVEYS

• Purpose: Identify perceptions about placemaking among key stakeholder groups and barriers that impede the ability to incorporate placemaking elements into Michigan’s built environment.

• Generated 3 Surveys:
  • Local Government Officials (20 responses)
  • Financial Institutions (16 responses)
  • Developers (11 responses)
Please indicate your degree of agreement with the following statement: “Supporting placemaking, as described above, needs to be an important part of Michigan strategies to enhance property values and create high-impact economic activity attraction.”

**Developers**
- Strongly agree: 23%
- Agree: 38%
- Neutral/Not sure: 31%
- Disagree: 8%

**Bankers**
- Strongly agree: 5%
- Agree: 65%
- Neutral/Not sure: 25%
- Disagree: 5%
Please indicate your level of agreement or disagreement with the following statements: "Incorporating placemaking elements in the design of new development in our community...

is necessary for retaining/attracting population."  
is necessary for retaining/attracting businesses."
“Placemaking projects tend to be more expensive to produce than traditional development, but the long-term benefits outweigh the higher upfront costs.”

All else being equal, how risky do you consider placemaking developments to be compared to more conventional developments?

**Developers**
- a. Strongly agree: 15%
- b. Agree: 39%
- c. Neutral/Not sure: 31%
- d. Disagree: 15%

**Bankers**
- a. Very risky: 21%
- b. Somewhat risky: 32%
- c. Neutral/Not sure: 42%
- d. Not very risky: 5%
Please indicate your level of agreement or disagreement with the following statements: "Incorporating placemaking elements in the design of new development in our community... is often hindered by the lack of financing."
PLACEMAKING EXPERIENCE

...have you led or been involved in any developments that have incorporated placemaking features?

- a. Yes 69%
- b. No 23%
- c. Not sure 8%

Developers

...has your financial institution financed or been involved in the process to finance developments that incorporate placemaking elements?

- a. Yes 30%
- b. No 70%

Bankers
...has your community had, or been involved in, any developments/ projects that would be considered placemaking development?

- a. Yes 80%
- b. No 20%

Local Units of Government
How do you view the importance of the following actions in creating a development environment in Michigan that is more conducive to placemaking?

- a. Tax breaks/renaissance zones
- b. Brownfield tax credits
- c. Tax increment financing
- d. State subsidy programs
- e. Better information for local governments, financial institutions, developers, realtors and citizens about placemaking economic and quality...
- f. Other

1-Very important
2-Important
3-Neutral/neither important nor unimportant
4-Not important
5-Not important at all
Do you feel that there is a lessening demand for “sprawl” products (greenfield, low density development farther out from central services), and a growing demand for denser, mixed use, infill development?

- a. Yes 46%
- b. No 36%
- c. Not sure 18%
Please indicate your level of agreement or disagreement with the following statements:

“Having access to more tools, data, or knowledge showing benefits would influence my decision to lend financing for a placemaking project.”

- Strongly Agree: 11%
- Agree: 72%
- Neither Agree Nor Disagree: 5%
- Disagree: 6%
- Strongly Disagree: 6%

“Having access to a placemaking checklist or toolkit would enable better communication, valuation and understanding of the benefits of placemaking between my institution and developers.”

- Strongly Agree: 22%
- Agree: 50%
- Neither Agree Nor Disagree: 17%
- Disagree: 11%
Please rank the importance of the following elements of placemaking for attracting knowledge workers, encouraging economic development and/or increasing property values and the tax base.

![Bar chart showing the importance rankings of various placemaking elements.]

- a. Mixed-use
- b. Non-motorized paths/trails between residential...
- c. Bike lanes
- d. Transit stops/hubs
- e. Green/open spaces (e.g., parks, trails, etc.)
- f. Workforce housing/Affordable housing
- g. LEED certification
- h. Form-based code
- i. Public space (e.g., community center, courtyard, etc.)
- j. Entrepreneurial startup space
- k. Arts & Culture areas
- l. Local food opportunities (e.g., farmers' markets, food...)
Does your community currently have zoning ordinances that would impede the development or inclusion of these placemaking elements?

- Mixed-use
- Non-motorized paths/trails between residential, commercial and retail uses
- Bike lanes
- Transit stops/hubs
- Green/open spaces (parks, trails)
- Workforce housing/Affordable housing
- LEED certification
- Form-based code design
- Public space (such as community center, courtyard, etc.)
- Entrepreneurial startup space
- Arts & Culture areas
- Local Food opportunities (such as farmers’ markets, food stands)

Options: Yes, No, Not Sure
How would you describe the level of public participation in proposed new developments in your community?

- No public participation (community members do not attend public meetings on new developments). 26%
- Some public participation on a regular basis. 16%
- Lots of participation on controversial development/projects. 58%
SURVEY SUMMARY

- Low sample sizes
  - Results are anecdotal and do not represent these groups across the state
- Many “neutral/not sure” responses
  - Placemaking appears to be a nebulous term
  - But there was support among bankers for a checklist/toolkit
- Even though anecdotal, we think these responses help us understand the barriers to and perceptions of placemaking
FURTHER RESEARCH

Thanks to a generous grant from the Michigan State Housing Development Authority & the Michigan Association of Realtors, this study has been expanded to include:

- Hedonic analysis in three more Michigan communities and 5 cities in the Midwest.
- Survey of households in the hedonic survey to add features like energy efficiency, commute type/time, and placemaking “quality” and visuals, as well as rental prices.
- Nationwide survey of homebuyers to determine what placemaking features they are looking for in a house and community.
Please indicate how much the following things were involved in your decision to purchase your home:

- Interior
- Historic significance
- Public school quality
- Architecture (or style)
- Number of bathrooms
- Total square feet
- Nearby parks and... (divided into segments)
- Convenience stores...
- Street lights
- Road quality
- Number of bedrooms
- Size of yard
- Grocery stores...
- Shade trees
- Retail shopping...
- Off-street parking
- Income/investment...
- Property taxes
- On-street parking

Legend:
- 1 (not at all)
- 2
- 3
- 4
- 5 (very much)

n=1467

Homeowners
Please indicate how much the following statements influenced your decision to purchase your home:

- I am close to my job.
- I am able to walk/bike to many nearby places...
- I am able to do a majority of my shopping...
- The neighborhood is safe.
- Great neighbors live in the neighborhood.
- I have good access to fresh and healthy foods.
- There is a strong sense of community.
- There are many employment opportunities...
- The home is energy efficient.
- I have great access to public transportation.
- Homes in my neighborhood are affordable.
- Commuting time to job or school is short.

n=1460
Generally speaking, how many minutes are you willing to walk to reach a destination? (such as a restaurant, store, park, or other places you might frequently visit)

- 1-5 minutes: 6.4%
- 6-10 minutes: 20.3%
- 11-15 minutes: 29.7%
- 16-20 minutes: 24.0%
- 21-25 minutes: 6.5%
- 26-30 minutes: 7.6%
- 30 minutes or longer: 5.4%
About how long would it take to get from your home to the nearest places listed below if you walked to them?

- Your job
- School (university, college or trade school)
- Nearest elementary, middle or high school
- Public transit stop
- Park
- Supermarket/grocery
- Convenience store
- Retail store (clothing, book/music,...)
- Entertainment (bar, venue)
- Dining (sit-down)
- Dining (fast food)

$n=1560$

All respondents
2011 NATIONAL ASSOCIATION OF REALTORS
COMMUNITY PREFERENCE SURVEY
RESULTS FROM 2011 NATIONAL ASSOCIATION OF REALTORS STUDY

• Nearly 60% of respondents prefer to live in a neighborhood with a mix of uses in easy walking distance, while 40% prefer housing-only neighborhoods, where they have to drive to other amenities.

• Respondents placed a greater priority on having sidewalks and places to walk (77%) than on being within walking distance of amenities (66%).

• High priorities in choosing where to live include privacy, commute time, high quality public schools, and sidewalks/places to walk.
RESULTS FROM 2011 NATIONAL ASSOCIATION OF REALTORS STUDY

- Eighty-eight percent of people said that the neighborhood where a house is located is a bigger consideration than the size of the house.
- Being within an easy walk of a grocery store was important to 75% of respondents. Other important places included pharmacy, hospital, restaurants and cultural resources.
- Americans see improving existing communities (57%) and building new developments within existing communities (32%) as much higher priorities to building new developments in the countryside (7%).
CONCLUSIONS

• Some placemaking elements – including proximity to certain types of retail and green space - are associated with higher home prices in at least 3 Michigan communities.

• A majority of respondents from the placemaking stakeholder groups seem to recognize the importance of placemaking for economic development.

• Barriers to placemaking – such as restrictive zoning, capital access and perceptions about density – appear to still exist in Michigan communities.

• People still have mixed feelings about leaving their cars and living a more walkable lifestyle.
POLICY CONSIDERATIONS

• **Regional visioning and community values** should be taken into consideration in placemaking projects for success.

• State and regional programs that *educate stakeholders* about placemaking and encourage public-private partnerships are needed in Michigan communities.

• State and regional programs that “de-risk” placemaking for developers and financers are more likely to get off the ground.
QUESTIONS?

Thank you!

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