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Comprehensive Housing Study

CITY OF BATTLE CREEK, MICHIGAN

McKenna
ASSOCIATES

COMPREHENSIVE HOUSING STUDY

City of Battle Creek, Michigan



June 21, 2013

Prepared for:
City of Battle Creek, Michigan

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1. Introduction

A. Overview

This Comprehensive Housing Study for the City of Battle Creek evaluates housing market conditions and characteristics and makes recommendations for future action. It has been structured to serve as a planning and reference tool, with policy options for future housing development to meet the demands of current and future residents of Battle Creek. The format of the study is as follows.

The study begins with an explanation of the **geographic areas of analysis**. Within the City of Battle Creek, the long-established Neighborhood Planning Council districts are used to show differing trends in the various neighborhoods of the City. Where appropriate, the Central Business District and the Kellogg Airport/Fort Custer area were also included, even though those areas do not have Neighborhood Planning Councils.

Because housing markets do not stop at city limits, Primary and Secondary Commuting Areas for Battle Creek were identified and analyzed. The Primary Commuting Area is the area outside the city limits reachable from Downtown Battle Creek within the average commuting time for a Battle Creek resident (17.9 minutes). The Secondary Commuting Area is the area between the edge of the Primary Commuting area and a 30 minute drive from Downtown Battle Creek. Together, the two commuting areas, along with the City of Battle Creek, make up the Overall Market for housing in the Battle Creek region.

Next, this document gives an overview of the **socio-economic trends** in the City of Battle Creek, which inform the analysis of the housing market.

In Chapter 2, the **existing housing supply** in the City of Battle Creek is explored, giving a baseline against which to compare the estimated demand for housing. Chapter 3 analyzes the **factors that influence demand**, including demographics, employment, community amenities, public services, infrastructure, and the location of environmental negatives such as heavy industry.

Chapter 4 calculates the **estimated demand for housing** based on the age and income of the population, then compares that to the existing supply, producing a “gap analysis” that demonstrates which segments of the population are under-served by the type of housing that is affordable to them.

Finally, this document includes the **feedback from residents** obtained during focus groups and a community forum, and uses those responses - and the analysis described above - to inform **recommendations for future action**.

Summary of Findings

The analysis resulted in the following findings:

1. **There is a demand for new housing, both in the Overall Market and in the City of Battle Creek.**
Based on the methodology, there is a demand for 8,064 new housing units in the greater Battle Creek housing market, with a demand of 309 new units in the City itself. Some of the other units that are demanded could be attracted to the city through incentive programs, assistance for low-income families, and the development of luxury housing that appeals to higher-income households.
2. **The demand for rental housing is higher than the demand for homeownership.**
Overall, there is a demand for over 10,000 new rental units in the greater Battle Creek housing market, and an oversupply of over 2,000 homestead properties. Within the City of Battle Creek, over 500 new rental units are demanded. One impact of this disparity between the availability of homestead properties and rental housing is families may own homes they struggle to maintain. Another, more positive impact, is that homeownership is available to households that would usually rent (according to national trends) due to their age, income, or other factors.
3. **Overall, there is an undersupply of housing for households earning under 50% of AMI, but there is an oversupply of such housing within the City of Battle Creek.**
Currently, many low-income families are forced to choose between neighborhoods with lower quality housing and fewer amenities and housing that is financially burdensome. Additional opportunities for low-income housing are needed in both the Primary and Secondary commuting areas. Additionally, the core neighborhoods of Battle Creek need to be strengthened and in-filled with housing that appeals to a variety of household types and income groups.
4. **There is significant demand for increased development of luxury housing that appeals to higher-income households.**
In the greater Battle Creek housing market, there is a demand for over 16,000 new units (13,409 rental units and 2,931 homestead units) that are affordable to households making over 120% AMI. Around 4,000 of these units (split approximately evenly between rental and homestead) are demanded within the City of Battle Creek. When there is an undersupply of luxury housing, high-income households end up buying or renting “less house” than they can afford, which has a trickle-down effect that reduces the availability of affordable housing for households with lower incomes. Additionally, high-income families are choosing to live well outside the City of Battle Creek (in communities like Portage, Texas Township, Oshtemo, and Marshall), even if they work within the Battle Creek city limits. In order to attract these families to live within Battle Creek, new housing must be developed, both in the core neighborhoods and within the Lakeview school district, that appeals to high-income households.
5. **There are insufficient opportunities for households interested in dense housing near retail and amenities, especially in the Central Business District and its immediate surroundings.**
Housing in the walkable center of a community appeals to a number of groups – young professionals, retirees, individuals needing access to social services, and households looking to reduce the costs of maintaining their homes. Income wise, these groups cluster at the top and bottom of the spectrum, in the categories where housing is not currently supplied at levels that meet demand. By providing additional housing in the core of Battle Creek, the housing desires and needs of these residents can be met and a mixed-income, vibrant community can be created in the downtown area.

B. Neighborhood Planning Councils

Reasons for Analysis by Neighborhood

The data included in this housing study was analyzed by neighborhood in order to produce a nuanced analysis. The City of Battle Creek was divided along the existing boundaries of the Neighborhood Planning Council districts. These boundaries generally reflect the culturally accepted limits of the various parts of the city. While each NPC district contains several distinct neighborhoods, the NPC boundaries produce more or less evenly sized analysis districts. Further, by using pre-existing boundaries that are used in the everyday planning activities of the city, those familiar with Battle Creek can understand the data at a glance.

Two portions of the city do not have Neighborhood Planning Councils – the Central Business District and the Airport/Fort Custer area. These areas have low or no residential population, but the data for them has been included where available.

Neighborhood Locations and Characteristics

Post/Franklin

The Post/Franklin NPC is located immediately east of the Central Business District, south of the Battle Creek River. Centered on the Post Cereal factory, the neighborhood was originally developed by the Post Company as housing for workers in the factory. In recent decades, the neighborhood has faced severe challenges and is now plagued by blight and vacancy. For many households, it is the “neighborhood of last resort” when affordable housing cannot be found in other neighborhoods. However, because of its rich history, Post/Franklin has a core group of families that support their neighbors and work toward a bright future for the district.

North Central

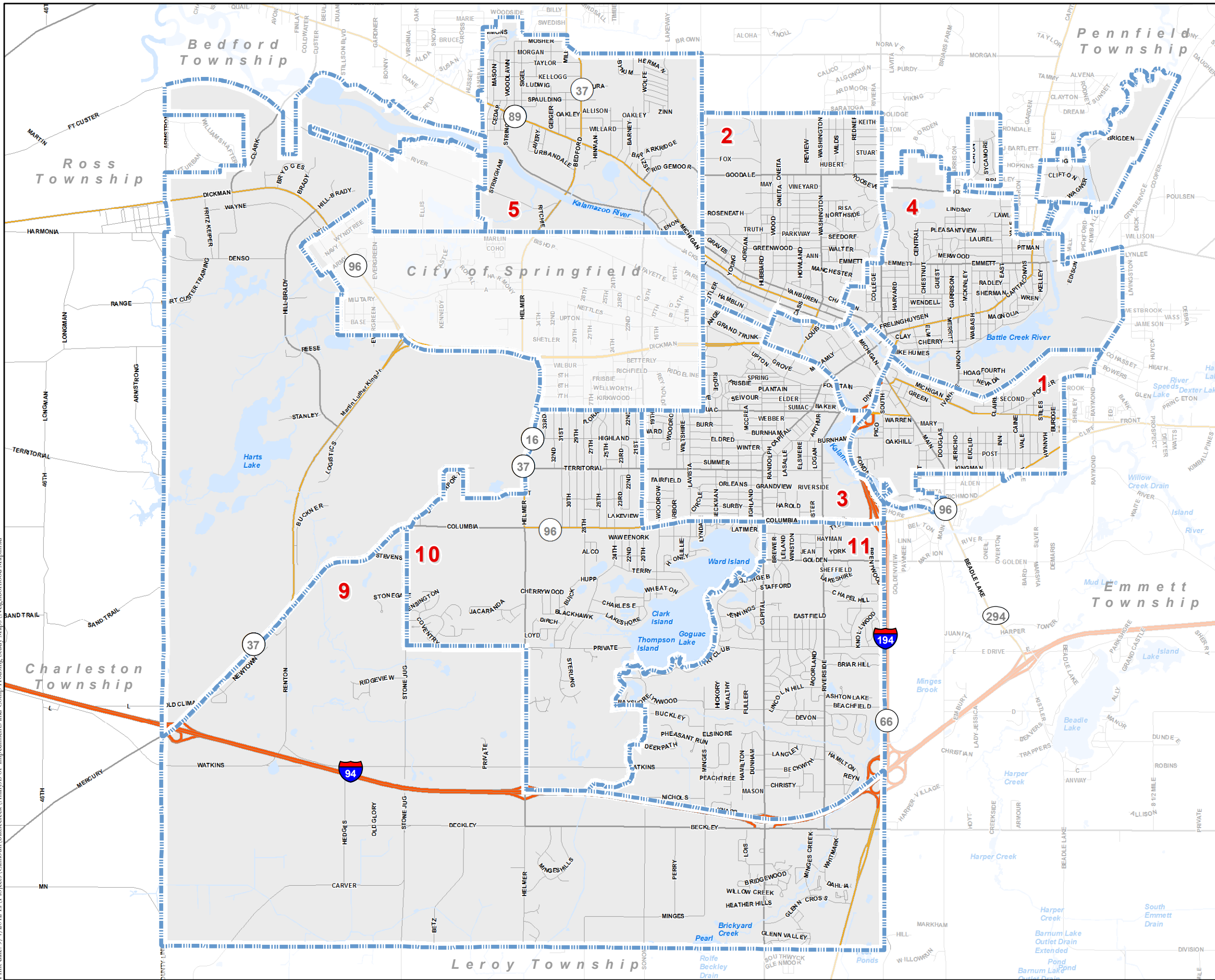
The North Central NPC is located immediately north of the Central Business District. Like other parts of the core of Battle Creek, the neighborhood has faced challenges brought on by foreclosures, although these are mostly tax foreclosures as the area has a large number of legacy owners and a high rate of homeownership.

A significant portion of the NPC district is the neighborhood of Washington Heights, which has historically been an affluent African-American community and has a strong neighborhood identity. Occasionally, the North Central NPC will be referred to colloquially as Washington Heights. However, in this document the term North Central is used throughout.

Wilson/Coburn/Roosevelt/Territorial

Located directly south of the Central Business District, the Wilson/Coburn/Roosevelt/Territorial NPC is culturally divided by Territorial Road. North of Territorial, which is in the Battle Creek school district, housing has not been as well maintained and most households are low income. South of Territorial, in the Lakeview School District, the housing is higher quality and less affordable.

Wilson/Coburn/Roosevelt/Territorial also includes some of central Battle Creek’s largest retailers, including K-Mart and Horrock’s.



Neighborhood Map

City of Battle Creek, Michigan

LEGEND

- Interstate Highway
- State Highway
- Arterial
- Local
- Neighborhood Boundaries
- Water Bodies

NPC District

1. Post/Franklin
2. Northcentral
3. Wilson/Coburn/ Roosevelt/Territorial
4. Fremont/McKinley/Verona
5. Urbandale
9. Rural Southwest
10. Westlake/Prarieview
11. Minges Brook/ Riverside

0 2,000 4,000 FEET



March 7, 2013

McKenna
ASSOCIATES

Base Map Source: City of Battle Creek, 2012

Fremont/McKinley/Verona

Fremont/McKinley/Verona is located northeast of Battle Creek's Central Business District. Although the neighborhood has experienced some of the same challenges as other core neighborhoods, it also includes the Historic North Side, a district of large, historic homes that attract affluent residents and create some of the most intense mixing of incomes within the City. This district is an asset that can be leveraged to stabilize and improve other parts of the NPC District.

Fremont/McKinley/Verona also includes Battle Creek's three largest institutional employers – Kellogg Community College, Miller College, and Bronson Hospital.

Urbandale

Urbandale is located northwest of the NorthCentral NPC, across the Kalamazoo River from the City of Springfield. Physically distant from other parts of Battle Creek, Urbandale maintains a separate cultural identity from the rest of the City. Foreclosures and poor maintenance have impacted some blocks, but the neighborhood is generally stable.

Rural Southwest

The Rural Southwest NPC covers a broad swath of the southern and western reaches of Battle Creek. Despite the name, the district actually stretches all the way to the far southeastern corner of the city. Much of the district is, in fact, rural, although subdivisions of large homes on large lots have been built in some areas, especially along Stone Jug Road. The district also includes the large retail area near the I-94/I-194/M-66 interchange.

Westlake/Prairieview

Westlake/Prairieview is located on the south side of the City, west of Goguac Lake. The area is mostly large single family homes on large lots, many of them on lakefront. The area is considered highly desirable. Lakeview High School is within the neighborhood.

Minges Brook/Riverside

Minges Brook/Riverside is located on the east side of Goguac Lake, south of Columbia Avenue. Considered desirable, Minges Brook/Riverside includes large, quality homes, but also has several apartment complexes, some of which are affordable for moderate to low income households. However, the majority of the neighborhood is not an option for low income families.

Central Business District

Battle Creek's historic Central Business District, located at the confluence of the Battle Creek and Kalamazoo Rivers, does not have a high residential population. However, the recent renovation of the Battle Creek Tower into luxury apartments has opened the door to additional housing in the district. Hurdles such as renovation costs and a lack of modern fixtures, including fire suppression and elevators, have slowed additional housing development.

Kellogg Airport/Fort Custer

The far western and northwestern portions of the City are not in an NPC and are considered the Kellogg Airport/Fort Custer area. As the name suggests, most of the district is taken up by those two large institutions. Much of the remaining land is industrial uses or vacant, meaning the district has functionally no permanent population, and therefore has no data in many of the charts included in this report. Additionally, most of the vacant land is outside City's urban services boundary, so additional residential development is unlikely.

C. Primary and Secondary Commuting Areas

Reasons for Using Commuting Areas

Housing markets do not end at municipal boundaries. Broadly speaking, a community's housing market can be defined as the area within which residents could comfortably commute to the community. When new residents move to the community for a job, school, or other reason, the areas within commuting distance make up the possible choices for a neighborhood in which to live.

For this reason, this housing analysis determines two Commuting Areas around Battle Creek – the Primary Commuting Area and the Secondary Commuting Area - to be compared to the City limits from a housing perspective. Together, the City, the Primary Commuting Area, and the Secondary Commuting Area will be referred to as the "Overall Market" because they make up the full range of housing options for those who work, play, and/or go to school in Battle Creek.

Methodology for Determining Primary and Secondary Commuting Areas

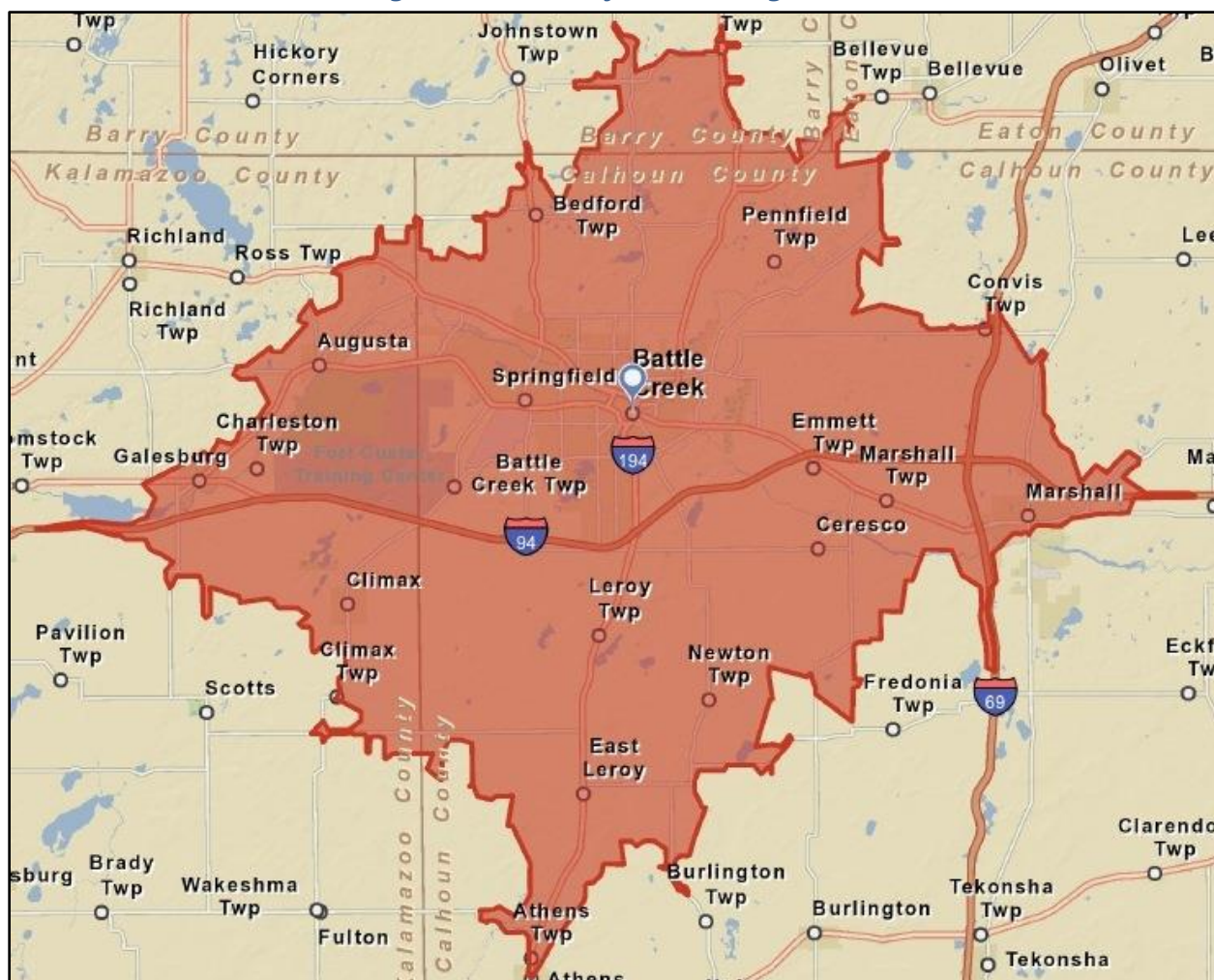
The Primary Commuting Area was determined by taking the average commute time for people who work in Battle Creek (17.9 minutes) and finding the communities that can reach downtown Battle Creek in that time.

The Secondary Commuting Area represents a half hour drive time from downtown Battle Creek, chosen because it includes large communities like Kalamazoo and Portage while still being a reasonably comfortable commute.

Primary Commuting Area

The Primary Commuting Area extends along the major roads leading out of Battle Creek. It reaches as far as Galesburg and Marshall along I-94, to Bedford along M-37, almost to Bellevue along M-78, and to Athens along M-66.

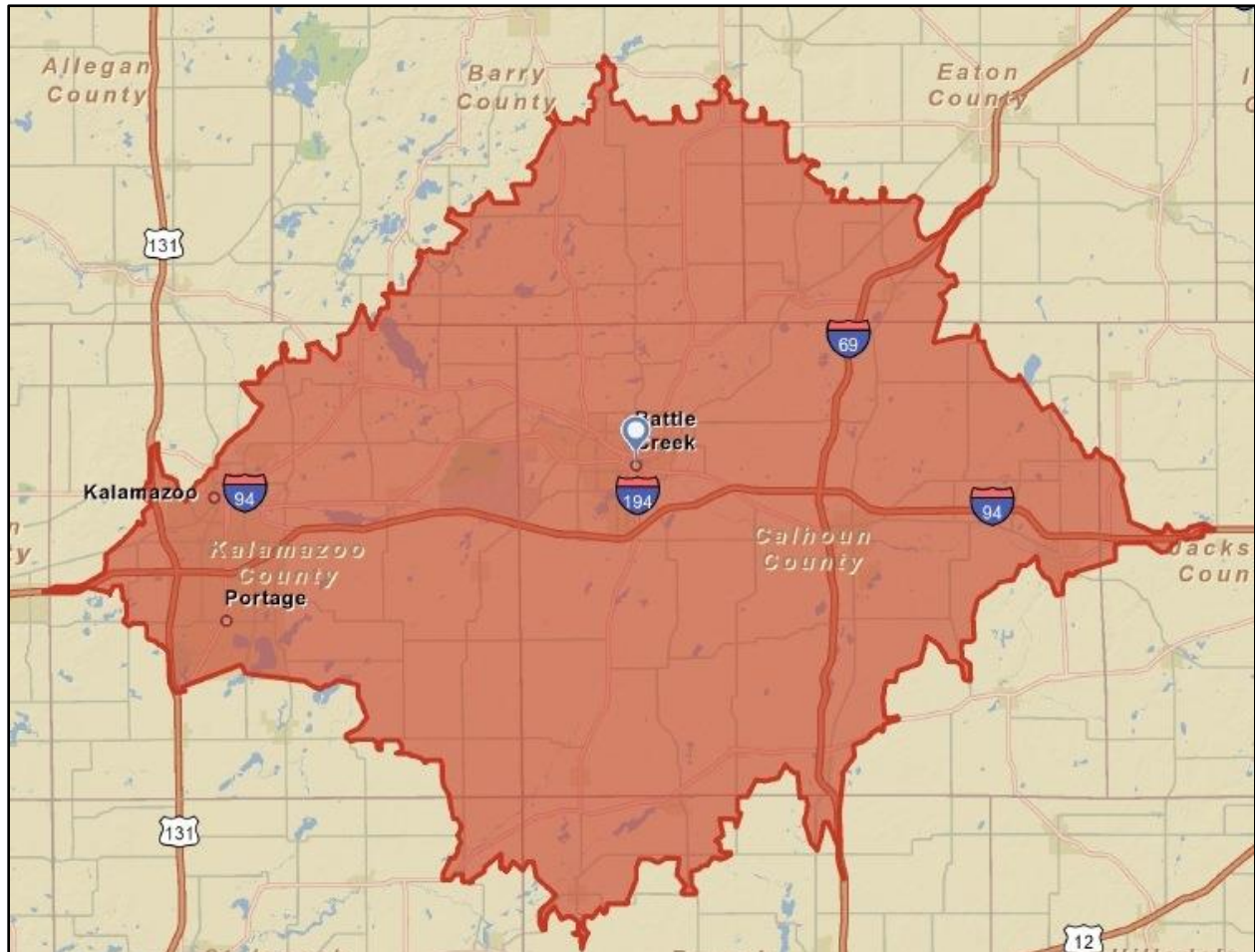
Figure 1.1: Primary Commuting Area



Secondary Commuting Area

The secondary commuting area reaches Kalamazoo and Portage on the west, to Albion in the east, into Barry County in the north, and into Branch County in the South.

Figure 1.2: Secondary Commuting Area



D. Socio-Economic Overview

Population

According to the 2010 US Census, the City of Battle Creek has a population of 52,510 people. Table 1.1 shows the populations of the various NPC districts, as well as the two parts of the city that are not part of NPCs (the Central Business District and the Airport/Fort Custer Area). The most populous NPC is Fremont/McKinley/Verona, while the least populous is the Rural Southwest, although the non-NPC areas are both very sparsely populated.

Table 1.1: Population, 2010

NPC District	2010 Population
1. Post/Franklin	6,016
2. NorthCentral	5,076
3. Wilson/Coburn/Roosevelt/Territorial	8,508
4. Fremont/McKinley/Verona	9,598
5. Urbandale	4,912
9. Rural Southwest	4,837
10. Westlake/Prairieview	6,409
11. Minges Brook/Riverside	7,420
<i>Central Business District</i>	19
<i>Kellogg Airport/Fort Custer</i>	N/A
Citywide Total	52,347

Source: US Census 2010

The Primary Commuting Area has a population of 59,790, similar to the City population. The Secondary Commuting Area's population is 242,406. The overall population of the Battle Creek Housing Market is 354,543 people.

Population Trends

Table 1.2 shows the change in population in each NPC district, the non-NPC parts of the City and the Commuting Areas between 2000 and 2010, according to the Census. Most areas have seen a small decline, although the Rural Southwest NPC saw significant growth during the decade. The Secondary Commuting Area has also grown, which will have an impact on the region's housing market.

Table 1.2: Population Change, 2000-2010

NPC District	Change in Population, 2000-2010
1. Post/Franklin	-2.6%
2. NorthCentral	-3.4%
3. Wilson/Coburn/Roosevelt/Territorial	-8.2%
4. Fremont/McKinley/Verona	-4.5%
5. Urbandale	0.5%
9. Rural Southwest	22.1%
10. Westlake/Prairieview	0.4%
11. Minges Brook/Riverside	-3.0%
Central Business District	5.6%
Kellogg Airport/Fort Custer	N/A
City of Battle Creek	-1.9%
Primary Commuting Area	-0.1%
Secondary Commuting Area	1.7%

Source: US Census 2000, 2010

Households

According to the 2010 Census, there are 20,972 households in the City of Battle Creek. The average household size is 2.44 people. Table 1.3 shows the number of households and average household size in the NPC Districts and Commuting Areas. The Airport/Fort Custer area is not included because of a lack of reliable data.

Average household size varies significantly throughout the City, with Urbandale and the Rural Southwest having average sizes under 2.2 people, while several NPC districts have averages at or above 2.5. Larger households generally indicate more children, more multi-generational families, and denser population.

Table 1.3: Households, 2010

NPC District	2010 Households	Average Household Size
1. Post/Franklin	2,130	2.59
2. NorthCentral	2,002	2.47
3. Wilson/Coburn/Roosevelt/Territorial	3,342	2.50
4. Fremont/McKinley/Verona	3,638	2.50
5. Urbandale	2,214	2.17
9. Rural Southwest	2,274	2.12
10. Westlake/Prairieview	2,549	2.50
11. Minges Brook/Riverside	2,941	2.52
Central Business District	6	1.50
Kellogg Airport/Fort Custer	N/A	N/A
City of Battle Creek	20,972	2.44

Source: US Census 2010

There are 20,972 households in the Primary Commuting Area, with an average size of 2.45. In the Secondary Commuting area, there are 140,773 households, with an average size 2.41 people.

Households Trends

Table 1.4 shows the change in the number of households between 2000 and 2010 in each NPC district, the non-NPC parts of the City and the Commuting Areas, according to the 2010 decennial census. Because of changes in the average household size, the number of households usually does not change at the same rate as the population. In many communities across Michigan and the United States, household sizes are shrinking, so the number of households is increasing even though the population is declining, which means the demand for housing is increasing.

However, that trend has not been true in Battle Creek. In general, the areas that have grown in population have seen an increase in the number of households, while the areas that have declined in population have seen a decrease in the number of households.

Table 1.4: Change in Number of Households, 2000-2010

NPC District	Change in Number of Households, 2000-2010
1. Post/Franklin	-5.4%
2. NorthCentral	-5.4%
3. Wilson/Coburn/Roosevelt/Territorial	-8.8%
4. Fremont/McKinley/Verona	-5.2%
5. Urbandale	1.9%
9. Rural Southwest	22.7%
10. Westlake/Prairieview	0.1%
11. Minges Brook/Riverside	-3.0%
Central Business District	N/A
Kellogg Airport/Fort Custer	N/A
City of Battle Creek	-1.8%
Primary Commuting Area	-0.2%
Secondary Commuting Area	3.3%

Source: US Census 2000, 2010

Age Cohorts

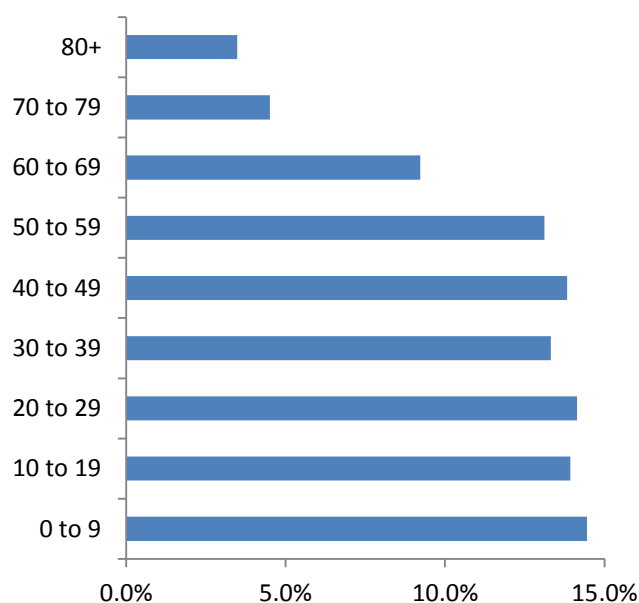
The number of people in different stages of life is a crucial part of the analysis of communities, and has a significant impact on the demand for housing. Families with children demand a different type of housing from retirees or single young adults. They also demand different amenities, both in their neighborhoods and within their homes.

Figure 1.3 shows the breakdown of the population of Battle Creek by age. In general, the City's population is young, with most of the population under 40 years old.

"A lack of jobs means not as many entrants into the housing market."

-Business Leaders Focus Group

Figure 1.3: Age Cohorts, City of Battle Creek



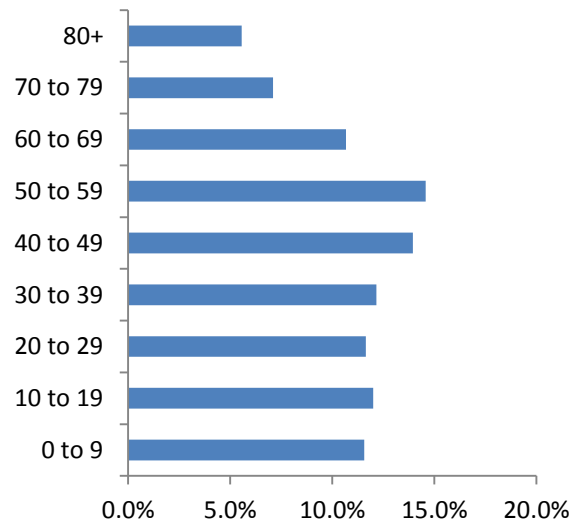
Source: US Census 2010

The Primary Commuting Area also has a lot of children, but its population is older than that of the City of Battle Creek, with more people in their 40s and 50s. This is likely because the Primary Commuting Area includes several areas that are considered desirable and attract people in their peak earnings years.

“Empty nesters are an opportunity.”

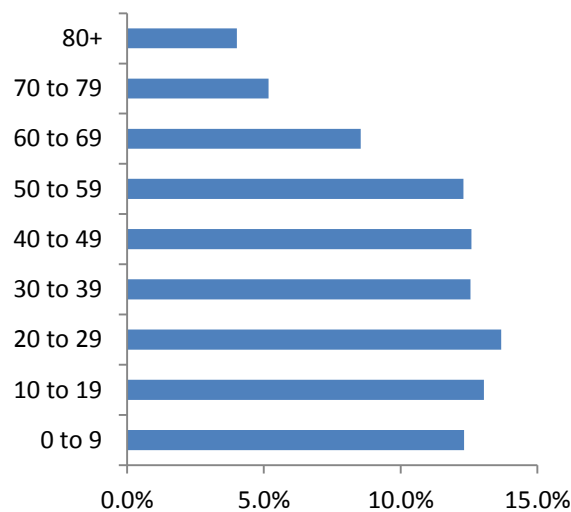
-Business Leaders Focus Group

Figure 1.4: Age Cohorts, Primary Commuting Area



The Secondary Commuting Area has a smaller proportion of young children than the City or the Primary Commuting Area, but has a larger group of 20 to 29 year olds, possibly because the Secondary Commuting Area reaches to portions of Kalamazoo, home to many students and recent graduates from area colleges and universities.

Figure 1.5: Age Cohorts, Secondary Commuting Area



Children

An important element of analysis when looking at age cohorts is the number of children (in this case defined as people ages 0-19). Children under 20 years of age tend not to be householders, and families with children look for specific amenities in housing and neighborhoods, such as yards, parks, sidewalks, and schools.

Table 1.5 shows the percentage of children in each NPC district, as well as the City as a whole and the two Commuting Areas. The City population is about 27.7% children, while the Commuting Areas have slightly lower percentages. The NPC District with the smallest percentage of children is Minges Brook/Riverside, with just under 22%. Most of the NPC districts have around or just under 30% children.

Note: The Central Business District numbers are skewed due to the low overall population.

Table 1.5: Percentage of Population Under 20 Years Old, 2010

NPC District	Percentage of Population Under 20 Years Old, 2010
1. Post/Franklin	30.7%
2. NorthCentral	30.7%
3. Wilson/Coburn/Roosevelt/Territorial	30.3%
4. Fremont/McKinley/Verona	28.0%
5. Urbandale	27.5%
9. Rural Southwest	27.0%
10. Westlake/Prairieview	26.6%
11. Minges Brook/Riverside	21.9%
Central Business District	58.8%
Kellogg Airport/Fort Custer	N/A
City of Battle Creek	27.7%
Primary Commuting Area	23.6%
Secondary Commuting Area	25.3%

Source: US Census 2010

Retirement-Age Individuals

Another important area of analysis is the number of retirement-age individuals (in this case defined as people 70 years and older). Residents in this age range tend to “trade in” their housing for smaller, more manageable residences. They also desire to be near amenities and services.

Table 1.6 shows the percentage of retirement-age individuals in the NPC districts, the City as a whole, and the Commuting Areas. The Battle Creek region is generally young, with only 10% of the City population over the age of 70, and the Commuting Areas having a similar proportion. The NPC district with the smallest percentage of retirement-age individuals is Post/Franklin, with only 4.8%. The one with the most is Minges Brook/Riverside, with 15.1%.

Table 1.6: Percentage of Population over 70 Years Old, 2010

NPC District	Percentage of Population Over 70 Years Old, 2010
1. Post/Franklin	4.8%
2. NorthCentral	12.2%
3. Wilson/Coburn/Roosevelt/Territorial	8.8%
4. Fremont/McKinley/Verona	8.5%
5. Urbandale	9.3%
9. Rural Southwest	8.1%
10. Westlake/Prairieview	10.7%
11. Minges Brook/Riverside	15.1%
<i>Central Business District</i>	0.0%
<i>Kellogg Airport/Fort Custer</i>	N/A
City of Battle Creek	10.0%
Primary Commuting Area	12.7%
Secondary Commuting Area	9.2%

Source: US Census 2010

“Twenty-Somethings”

One of the signs of a community’s vitality is its ability to retain recent college graduates and other people beginning their lives in the workforce. Young adults have more mobility than any other age group, and frequently move to communities and neighborhoods that offer entertainment, jobs, and social interaction, particularly with other people their age.

As Table 1.7 shows, Battle Creek has been effective at retaining residents between the ages of 20 and 30. The City itself has a higher percentage of young adults compared to the Commuting Areas, reflecting the general preference of 20-somethings to live in dense urban areas. In general, the neighborhood preferences of young adults also reflect this trend (with the core NPC Districts having higher proportions of 20-somethings), although the Rural Southwest does have a very high percentage of 20-somethings.

However, anecdotal evidence suggests that highly educated young adults are choosing not to live in Battle Creek, either moving to Kalamazoo or leaving the region entirely. Leveraging Battle Creek’s advantages and incentivizing new types of housing that appeal to young adults will allow more young professionals to live in Battle Creek.

Table 1.7: Percentage of Population between 20 and 30 Years Old, 2010

NPC District	Percentage of Population Between 20 and 30 Years Old, 2010
1. Post/Franklin	16.6%
2. NorthCentral	12.6%
3. Wilson/Coburn/Roosevelt/Territorial	14.7%
4. Fremont/McKinley/Verona	14.3%
5. Urbandale	12.9%
9. Rural Southwest	18.0%
10. Westlake/Prairieview	12.1%
11. Minges Brook/Riverside	10.2%
Central Business District	17.7%
Kellogg Airport/Fort Custer	N/A
City of Battle Creek	13.8%
Primary Commuting Area	12.8%
Secondary Commuting Area	13.4%

Source: US Census 2010

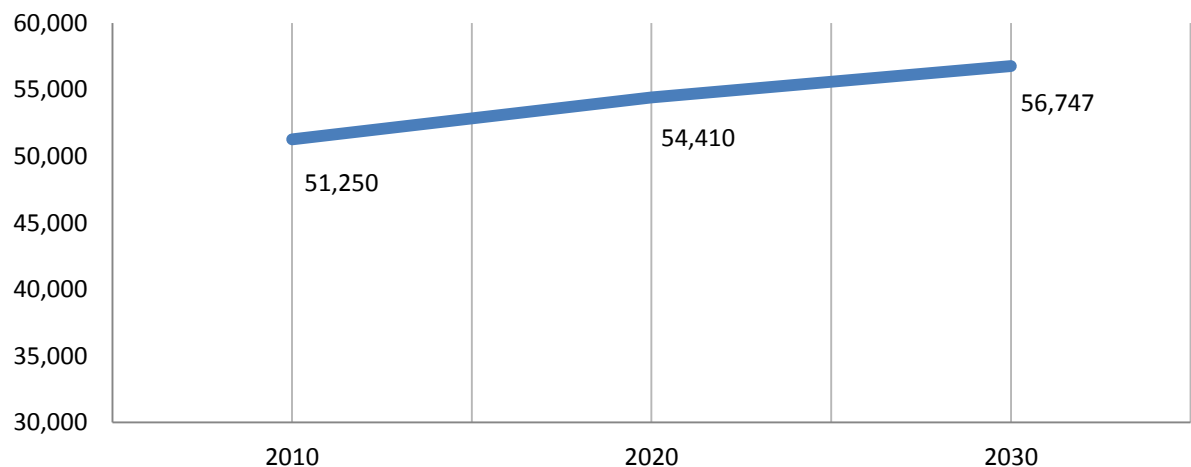
Projections to 2030

The following projections show a prediction of what the population of Battle Creek will look like in 2020 and 2030. These projections provide an estimate of the anticipated future of the community and provide an indicator of housing demand will into the future.

The projections started with 2010 population data broken down into ten-year age groups. To project out to 2020, each group was moved ten years forward – for instance 21-30 year olds became 31-40 year olds. Mortalities were factored out using reasonable rates for each age group. 2% of each group was removed to account for net migration. (This assumption does not account for new development that may occur and bring new residents to the community, but it is realistic considering recent trends and the current economic and housing conditions in the region). Finally, using the statewide birth rate and the estimated number of females of childbearing age, a new 0-10 age group was calculated. The process was then repeated to get the population and age cohorts for 2030.

As shown in Table 1.8, the Battle Creek population is expected to recover from its recent decline and grow slowly over the next 20 years.

Table 1.8: Battle Creek Population Projection to 2030

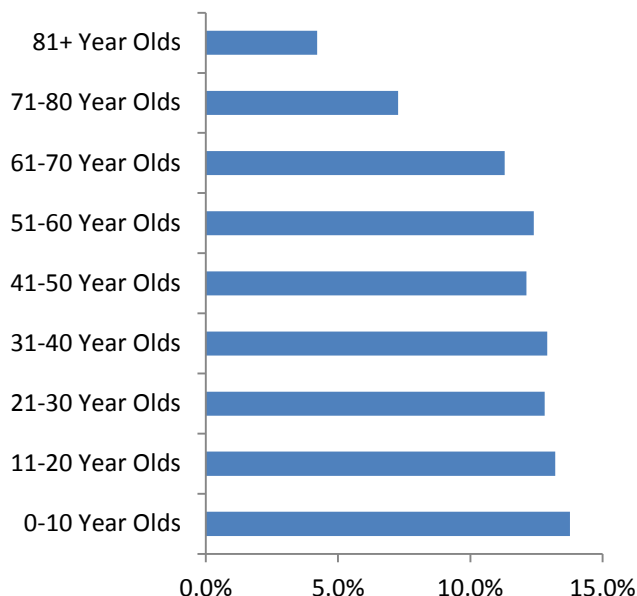


Source: US Census Bureau, McKenna Associates Projection

Age Distribution

As shown in Figure 1.6, the City's age distribution is expected to retain the same balance that it has currently, with a large proportion of children and even distribution through the age cohorts.

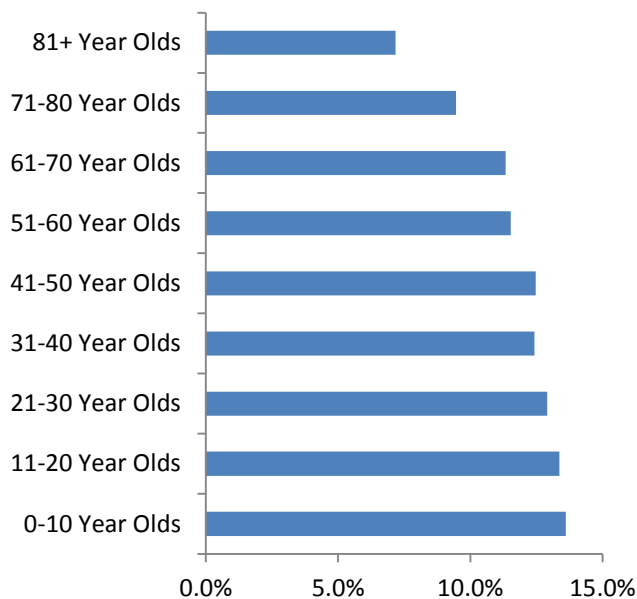
Figure 1.6: Battle Creek Age Distribution, 2020 Projection



Source: US Census Bureau, McKenna Associates Projection

Figure 1.7 shows a similar trend, although the oldest age groups increase and the Baby Boomers continue to age. Still, the projections show a city with a balanced age distribution.

Figure 1.7: Battle Creek Age Distribution, 2030 Projection



Source: US Census Bureau, McKenna Associates Projection

Income and Poverty Rate Trends

Income is a measure of a community's collective buying power. The amount of money a household brings in helps determine what type of housing they demand. Additionally, people with similar income levels tend to cluster together in neighborhoods, because of a combination of housing affordability and individual choice. Income is also a factor of age, with older workers generally making more money than younger workers.

Table 1.9 shows the median income in each of the NPC Districts, as well as the City as a whole and the Commuting Areas. The neighborhoods with the highest median incomes are Minges Brook/Riverside, Westlake/Prairieview, and the Rural Southwest.

Note: The Central Business District is skewed due to low population.

Table 1.9: Median Income, 2010

NPC District	Median Income, 2010
1. Post/Franklin	\$32,527
2. NorthCentral	\$34,977
3. Wilson/Coburn/Roosevelt/Territorial	\$36,600
4. Fremont/McKinley/Verona	\$42,812
5. Urbandale	\$45,796
9. Rural Southwest	\$65,082
10. Westlake/Prairieview	\$63,813
11. Minges Brook/Riverside	\$75,935
<i>Central Business District</i>	\$175,470
<i>Kellogg Airport/Fort Custer</i>	N/A
City of Battle Creek	\$44,528
Primary Commuting Area	\$49,963
Secondary Commuting Area	\$49,325

Source: US Census 2010

Income Trend

Income trends cannot be analyzed without including inflation. Over time, natural inflation leaves each individual dollar with less spending power. Therefore, incomes may appear to have increased when the actual spending power of the resident has not changed or has decreased. When comparing incomes in two different years, an inflation adjustment must be used to show the real situation.

Table 1.10 shows the “raw” change in median income in each NPC District, the City as a whole, and the Commuting Areas, as well as the “real” change in median income when inflation is taken into account. Inflation between 2000 and 2010 accounted for a 25.4% apparent increase in income. This proportion of the income increase was removed to give the “real” change in income.

The decade includes the ongoing economic slowdown that began nationally in 2008, but was felt in some parts of Michigan several years earlier. Battle Creek’s wealthiest neighborhoods were actually some of the hardest hit in terms of income, with residents of Minges Brook/Riverside, Westlake/Prairieview, and the Rural Southwest losing over 10% of the buying power.

Some neighborhoods saw real increases, however. The NorthCentral area experienced an almost 11% jump in buying power. The Central Business District’s 118% is skewed due to its low population, but that area has seen an income bump related to increased interest in Downtown living, specifically the luxury apartments in the Battle Creek Tower.

Table 1.10: Median Income Trend, 2000-2010

NPC District	“Raw” Change in Median Income, 2000- 2010	“Real” Change in Median Income, 2000-2010
1. Post/Franklin	25.6%	0.3%
2. NorthCentral	35.9%	10.7%
3. Wilson/Coburn/Roosevelt/Territorial	22.9%	-2.4%
4. Fremont/McKinley/Verona	29.8%	4.5%
5. Urbandale	29.0%	3.7%
9. Rural Southwest	11.2%	-14.1%
10. Westlake/Prairieview	14.5%	-10.1%
11. Minges Brook/Riverside	11.6%	-13.7%
Central Business District	143.1%	117.8%
Kellogg Airport/Fort Custer	N/A	N/A
City of Battle Creek	25.4%	0.1%
Primary Commuting Area	26.2%	0.9%
Secondary Commuting Area	23.6%	-1.7%

Source: US Census 2000, 2010

Because of the economic situation and the lack of growth in “real” incomes between 2000 and 2010, the percentage of people in Battle Creek below the Federally-defined poverty line grew from 14.4% in 2000 to 21.1% in 2010.

2. Existing Housing Supply

This section will catalogue the existing housing supply within the Overall Battle Creek Housing Market. The supply must be calculated and analyzed in order to be compared to the demand for housing to give a broad picture of the community's housing needs in both the short and long term.

A. Housing Type

Total Number of Units

Battle Creek's 24,277 housing units are distributed throughout the City, although some of the NPC Districts have a more dense concentration than others. Table 2.1 shows the number of housing units in each NPC District. Fremont/McKinley/Verona has the most housing units, while NorthCentral has the least (other than the Central Business District and Kellogg Airport/Fort Custer).

Table 2.1: Housing Units by NPC District, 2010

NPC District	2010 Housing Units
1. Post/Franklin	2,531
2. NorthCentral	2,499
3. Wilson/Coburn/Roosevelt/Territorial	3,967
4. Fremont/McKinley/Verona	4,374
5. Urbandale	2,642
9. Rural Southwest	2,677
10. Westlake/Prairieview	2,789
11. Minges Brook/Riverside	3,211
Central Business District	43
Kellogg Airport/Fort Custer	N/A
Citywide Total	24,733

Source: US Census 2010

The supply of housing units for people who work in greater Battle Creek is not limited to the city limits. There are 23,095 housing units in the Primary Commuting Area and 92,520 housing units in the Secondary Commuting Area. In the Overall Market, there are 139,892 housing units.

Change Since 2000

Table 2.2 shows the change in the number of housing units in each NPC District, the City as a whole, and the Commuting Areas since 2000. The number of housing units has increased everywhere except NorthCentral, where it dipped only slightly, despite a decline in population in some neighborhoods and the generally built-out nature of much of the City.

Several factors could be reasons for the increase in units despite a lack of population growth. The subdividing of formerly single family homes, a decrease in the average size of households, infill development in Battle Creek's core, and new subdivisions in the Rural Southwest (which saw a 24.2% increase in housing units) are all contributing trends.

"We need affordable housing in safe neighborhoods."

-Community Stakeholders Focus Group

Table 2.2: Change in Total Housing Units, 2000-2010

NPC District	Change in Total Housing Units, 2000-2010
1. Post/Franklin	1.7%
2. NorthCentral	-0.1%
3. Wilson/Coburn/Roosevelt/Territorial	0.3%
4. Fremont/McKinley/Verona	2.4%
5. Urbandale	8.4%
9. Rural Southwest	24.2%
10. Westlake/Prairieview	3.9%
11. Minges Brook/Riverside	2.2%
Central Business District	10.3%
Kellogg Airport/Fort Custer	N/A
City of Battle Creek	4.5%
Primary Commuting Area	4.9%
Secondary Commuting Area	7.3%

Source: US Census 2010

Units by Type

Single-Family and Multi-Family Properties attract different types of residents, so having a mix of both is important to a vibrant housing market in a community. However, the breakdown of single-family homes versus multi-family units differs from neighborhood to neighborhood.

In some cases, larger single family homes have been subdivided into multiple units. This means that even though the physical appearance of a neighborhood may not change, the number of multi-family housing units can increase.

Table 2.3 shows the percentage of housing units in each NPC District that are in multi-family buildings or complexes. The Rural Southwest has by far the largest percentage, because of the number of large apartment complexes in that area. The available housing in the Central Business District is almost entirely multi-family. Urbandale and Post/Franklin also have larger proportions of multi-family units.

Table 2.3: Multi-Family Housing Units by NPC District, 2010

NPC District	% of Multi-Family Units
1. Post/Franklin	37.3%
2. NorthCentral	22.9%
3. Wilson/Coburn/Roosevelt/Territorial	21.6%
4. Fremont/McKinley/Verona	32.1%
5. Urbandale	38.7%
9. Rural Southwest	66.7%
10. Westlake/Prairieview	13.0%
11. Minges Brook/Riverside	7.8%
Central Business District	93.0%
Kellogg Airport/Fort Custer	N/A
Citywide Proportion	29.5%

Source: US Census 2010

The Primary Commuting Area has a smaller percentage of multi-family properties than the City, at 26.2%. The Secondary Commuting Area, on the other hand, includes dense communities like Kalamazoo and Portage and has 32.0% multi-family units.

Characteristics of Multi-Family Structures

The average size of a unit in a multi-family structure in Battle Creek is approximately 845 square feet. The majority of multi-family properties have 3 or less units (the city-wide average is 2.3). However, in the Rural Southwest and the Central Business District, the average number of units is significantly higher – 6.1 and 7.5 units respectively. The number is higher due to the large apartment complexes in the Rural Southwest and the conversion of the Battle Creek Tower to residential units in the Central Business District.

B. Housing Tenure

Deciding whether to own or rent a home is a personal choice based on financial and lifestyle factors. However, in general, a higher percentage of homeowners in an area creates a more stable community, as homeowners are less transient and have a financial stake in the upkeep of their homes.

Table 2.4 shows the percentage of owner-occupied versus renter-occupied housing units in each NPC District. The remaining percentages housing units are vacant. Vacancy is discussed in more detail in Section E of this chapter.

Westlake/Prairieview and Minges Brook/Riverside have the highest proportions of owner-occupied properties. The Rural Southwest has the lowest, in part because of the large apartment complexes in that area. However, with the growth of single-family homes in that area, that proportion may change.

Other than the Rural Southwest, Post/Franklin is the only NPC District with a higher percentage of renters than owners.

Table 2.4: Housing Tenure, 2010

NPC District	% Owner-Occupied	% Renter-Occupied
1. Post/Franklin	36.5%	43.3%
2. NorthCentral	50.6%	31.9%
3. Wilson/Coburn/Roosevelt/Territorial	52.6%	30.8%
4. Fremont/McKinley/Verona	49.4%	30.8%
5. Urbandale	58.7%	26.2%
9. Rural Southwest	27.2%	59.1%
10. Westlake/Prairieview	78.4%	17.0%
11. Minges Brook/Riverside	85.0%	11.1%
Central Business District	N/A	N/A
Kellogg Airport/Fort Custer	N/A	N/A
Citywide Proportion	55.0%	30.6%

Source: US Census 2010

Regionally, the Primary Commuting Area has 63.1% owner-occupied housing units and 25.1% renter-occupied. The Secondary Commuting Area has a slightly higher percentage of renters, with 30.4% (58.5% of units are owner-occupied). A portion of the difference is the difference in vacancy rates in two study areas.

C. Age of Housing

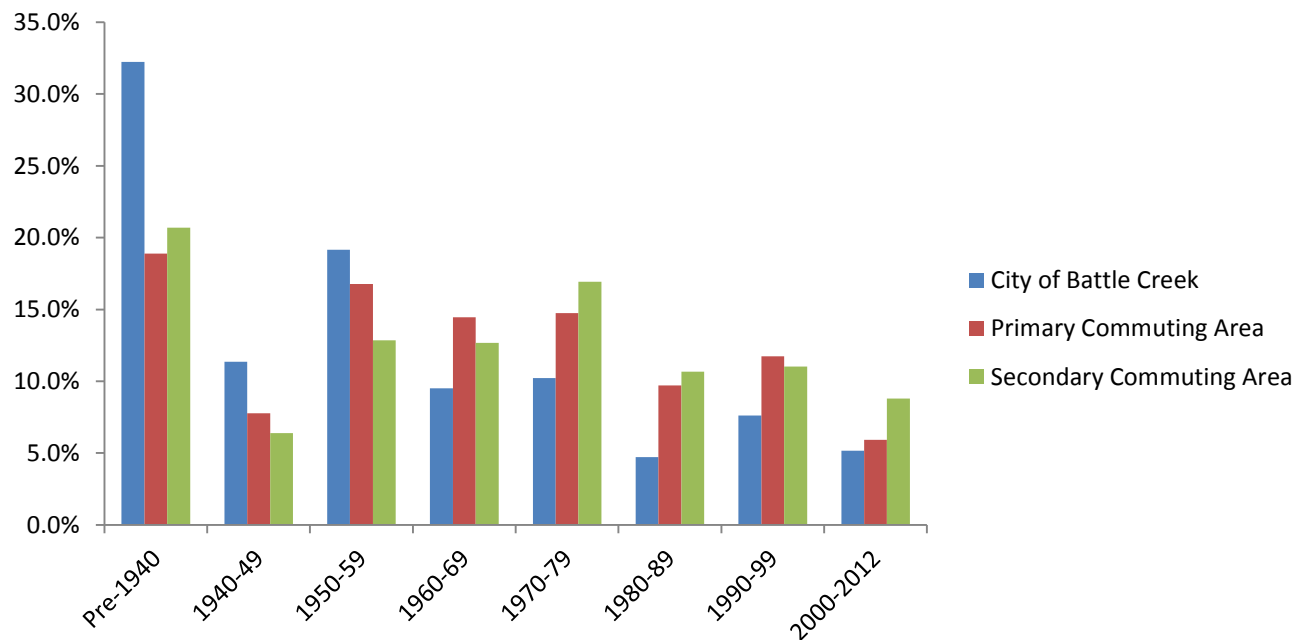
Decade of Construction

Figure 2.1 shows the percentage of the total housing stock in the City of Battle Creek, the Primary Commuting Area, and the Secondary Commuting Area that was built in each decade going back to 1940. All three study areas experienced the same peaks and valleys in development, although the post-World War II boom was stronger in the City, while the 1970s and 1990s housing booms were stronger in the Commuting Areas.

“If I could live anywhere in Greater Battle Creek, I would live in the Historic North Side because of the historic homes.”

-Community Forum Participant

Figure 2.1: Percentage of Housing Stock Constructed Per Decade



Source: ESRI, US Census 2010

Potential for Lead-Based Paint

Lead-based paint is a concern in houses built before 1978. Table 2.5 shows the total number of housing units and the percentage of units in each NPC District that were built before 1978.

Many of Battle Creek's core neighborhoods, including Post/Franklin, NorthCentral, Wilson/Coburn/Roosevelt/Territorial, and Fremont/McKinley/Verona, were almost entirely built prior to 1978. Neighborhoods on the outskirts of the city, such as Urbandale and the Rural Southwest, have much newer housing stock. Overall, 82.5% of the housing units in the City of Battle Creek were built before 1978.

Table 2.5: Percentage of Housing Stock Built Before 1978, by NPC District

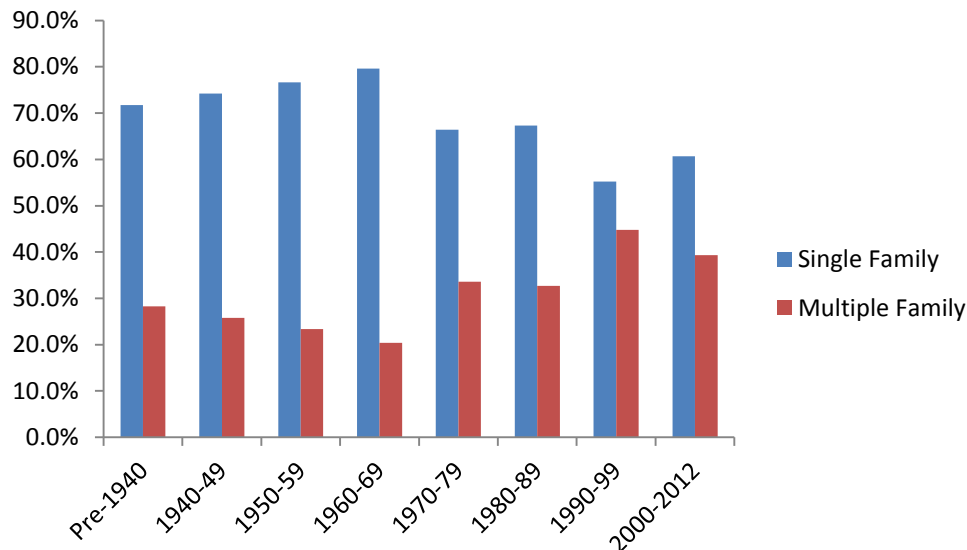
NPC District	Housing Units Built Pre-1978	% of Units Built Pre-1978
1. Post/Franklin	2,317	94.0%
2. NorthCentral	2,310	91.2%
3. Wilson/Coburn/Roosevelt/Territorial	3,676	93.9%
4. Fremont/McKinley/Verona	4,075	95.8%
5. Urbandale	1,402	54.9%
9. Rural Southwest	984	38.7%
10. Westlake/Prairieview	2,331	80.5%
11. Minges Brook/Riverside	2,782	84.2%
Central Business District	21	100.0%
Kellogg Airport/Fort Custer	N/A	N/A
Citywide	19,898	80.4%

Source: ESRI, US Census 2010

Age of Housing by Type

Error! Reference source not found. shows the proportion of the housing stock built in each decade that as single family or multiple family. Prior to the 1970s, the vast majority of housing construction in the City was single family homes. In the past few decades, multiple family housing has made up a greater share of new construction. Single family homes still remain the predominant form of new housing, however.

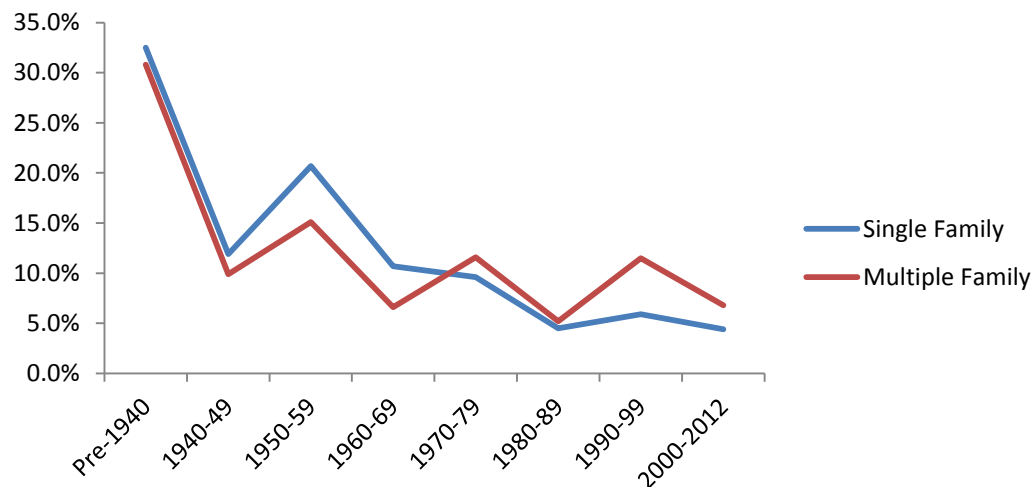
Figure 2.2: Type of Housing Built By Decade, City of Battle Creek



Source: ESRI, US Census 2010, McKenna Associates Calculation

Figure 2.3 shows the proportion of the existing stock of each type of housing that was built in each decade since the 1940s in the City of Battle Creek. Most of the City's single family housing stock was built before 1960, while the multiple family housing is generally newer. The difference is the starkest in the 1990s, when the City experienced something of a boom of multiple family housing while single family housing growth remained stagnant.

Figure 2.3: Proportion of Existing Housing Stock Built Per Decade, by Type



Units Built Since 2000

3,367 new housing units have been built in Battle Creek since 2000. The average sale price for these units was **\$162,486** (this number includes both the initial sale of the new unit and any subsequent sales). That means, on average, a housing unit built since 2000 in the City of Battle Creek is affordable to a household making approximately the Area Median Income or higher (see Section D of this chapter for the affordability analysis).

Of the new units, **834** (24.7%) were in multiple family structures or complexes. This is slightly below the overall percentage of units that are in multiple family buildings in the City (which is 29.5%). Many of these units are rentals and therefore were not included in the average sale price analysis above.

In general, three types of housing units have been built in Battle Creek since 2000. On outskirts of the city, single family homes on large lots have been built in disconnected subdivisions. These were mainly constructed in the Rural Southwest and Westlake/Prairieview NPC Districts. New construction of this type stopped somewhat abruptly in 2008 when a nation-wide housing and financial crisis struck.

The second type of housing is infill housing in Battle Creek's older neighborhoods. Much of this type of housing is built with public or non-profit funding and designed to be affordable to incomes below AMI. Mainly single family homes, the infill housing has been scattered around the core neighborhoods of the city, rather than achieving a critical mass in any one place.

The third type of housing and the largest single influx of housing units into the Battle Creek market since 2000 is the renovation of the Battle Creek Tower, a historic high-rise in the Central Business District. The approximately 30 luxury rental units in the Tower are a unique typology for the market.

D. Housing Value

Value by Tenure

Calculating the value of a residential property requires different analysis depending on whether the unit is owner-occupied or renter-occupied. The value of owner occupied properties can be estimated from recent sales or from other methods of valuation.

The value of renter-occupied properties is usually derived from the income they produce for their owner. This is translated into a value for the property using a “capitalization rate” (or “cap rate”). A cap rate is a ratio of the net operating income generated by a property divided by its value. So, by way of example, if a home rents for \$7,200 annually (\$600 per month) and has an assessed value of \$50,000, its capitalization rate is $7,200/50,000 = 14.4\%$ (usually expressed as a decimal, for example .144). Generally speaking, capitalization rates are lower in growing areas and during times of economic boom. For the purposes of this analysis, a cap rate of .12 has been used.

Table 2.6 shows the approximate average values of owner-occupied and renter-occupied properties in each of the NPC districts and the City as a whole. These values are for entire properties, rather than per-unit, in the case of multi-family structures or complexes.

The values for renter-occupied housing were calculated using the cap rate of .12 and the average rent for each NPC District.

Reliable data is not available for the Central Business District.

Table 2.6: Average Value by Tenure

NPC District	Average Value, Owner-Occupied	Average Value, Renter-Occupied
1. Post/Franklin	\$61,747	\$132,957
2. NorthCentral	\$70,081	\$81,399
3. Wilson/Coburn/Roosevelt/Territorial	\$75,204	\$83,179
4. Fremont/McKinley/Verona	\$89,610	\$117,802
5. Urbandale	\$72,321	\$125,044
9. Rural Southwest	\$180,235	\$348,104
10. Westlake/Prairieview	\$121,340	\$52,714
11. Minges Brook/Riverside	\$155,655	\$34,582
Central Business District	N/A	N/A
Kellogg Airport/Fort Custer	N/A	N/A
Citywide	\$97,800	\$119,529

Source: ESRI, US Census 2010, McKenna Associates Calculation

Average Monthly Payment

In order to calculate the affordability of a home or neighborhood, the monthly amount that a resident would have to pay is more meaningful than the value of the property. Table 2.7 shows the median monthly payment (both rent and mortgage payments) in each NPC District, the Commuting Areas, and the city as a whole.

In general, as in many communities, renting in the Battle Creek area is more affordable than owning. Additionally, while the rent levels are more-or-less consistent across the city and the broader region, mortgage payments are considerably higher in the Rural Southwest and Minges Brook/Riverside than in other parts of the city, due to the higher value of homes in those neighborhoods.

Table 2.7: Median Monthly Housing Costs

NPC District	Median Monthly Mortgage Payment	Median Monthly Rent
1. Post/Franklin	\$590	\$480
2. NorthCentral	\$603	\$487
3. Wilson/Coburn/Roosevelt/Territorial	\$587	\$526
4. Fremont/McKinley/Verona	\$693	\$490
5. Urbandale	\$655	\$408
9. Rural Southwest	\$1,185	\$575
10. Westlake/Prairieview	\$866	\$535
11. Minges Brook/Riverside	\$1,086	\$590
Central Business District	N/A	N/A
Kellogg Airport/Fort Custer	N/A	N/A
City of Battle Creek	\$749	\$531
Primary Commuting Area	\$802	\$560
Secondary Commuting Area	\$856	\$545

Source: ESRI, US Census 2010

Affordability

In general, households are considered burdened by their housing costs if the monthly cost of their rent exceeds 25% of their gross income or the monthly cost of their mortgage payment exceeds 28% of their gross income. The difference in the two figures is to account for the equity that homeowners gain every time they make a payment.

Calculating the affordable monthly rent for a given income is simple – if the rent is under 25% of the monthly gross income, the housing unit is affordable for that income level. For owner-occupied properties, affordability is calculated by figuring the affordable mortgage based on the gross income. For purposes of this analysis, a 4% interest rate has been used to calculate the affordable mortgage.

“\$150,000 can buy a very nice home in Battle Creek.”

-Business Leaders Focus Group

The affordability figures do not include other costs such as insurance or utilities. Anecdotally, for some low-income households, these costs have actually proved more burdensome than the monthly housing cost. However, reliable data is not available, especially because these costs vary based on the physical characteristics of the housing unit and the size of the household.

Table 2.8 shows the affordable rent and mortgage payment for several income categories in the Battle Creek area.

Table 2.8: Maximum Affordable Monthly Housing Costs

Income Level	Annual Income	Max. Affordable Mortgage Payment	Max. Affordable Rent
120% AMI	\$58,560	\$1,366	\$1,220
100% AMI	\$48,800	\$1,138	\$1,016
80% AMI	\$39,040	\$910	\$813
50% AMI	\$24,400	\$569	\$508

Source: ESRI, US Census 2010, McKenna Associates Calculation

By comparing the affordable monthly housing costs to the median cost of housing, the percentage of a neighborhood that is affordable for a given income level can be calculated. Table 2.9 shows the affordability of owning in each NPC District, the City as a whole, and the Commuting Areas for four different income levels, shown as the percentage difference between the “affordable” monthly cost and the median monthly cost. Positive percentages indicate that the majority of housing units are affordable for the income level in question, while negative percentages indicate that the majority of housing units are not affordable.

For those with incomes at or above the Area Median Income, owning the median home is affordable in many NPC Districts, but not Westlake/Prairieview, the Rural Southwest, or Minges Brook/Riverside. In fact, in the Rural Southwest and Minges Brook/Riverside, the median home is not even affordable to those making 120% of AMI. For those at 80% of AMI, there are three NPC Districts where owning the median home is affordable – Post/Franklin, NorthCentral, and

Wilson/Coburn/Roosevelt/Territorial. At 50% of AMI, the monthly cost of owning the median home in every NPC district would be a financial burden.

Table 2.9: Percentage Difference between Affordable Monthly Mortgage Cost and Median Monthly Mortgage Cost

NPC District	120% AMI	100% AMI	80% AMI	50% AMI
1. Post/Franklin	39.5%	27.5%	9.3%	-45.1%
2. NorthCentral	38.2%	25.9%	7.3%	-48.3%
3. Wilson/Coburn/Roosevelt/Territorial	39.9%	27.8%	9.8%	-44.3%
4. Fremont/McKinley/Verona	29.0%	14.8%	-6.5%	-70.4%
5. Urandale	32.9%	19.5%	-0.7%	-61.1%
9. Rural Southwest	-21.4%	-45.7%	-82.1%	-191.4%
10. Westlake/Prairieview	11.3%	-6.5%	-33.1%	-113.0%
11. Minges Brook/Riverside	-11.3%	-33.5%	-66.9%	-167.0%
Central Business District	N/A	N/A	N/A	N/A
Kellogg Airport/Fort Custer	N/A	N/A	N/A	N/A
City of Battle Creek	28.3%	34.2%	-15.1%	-84.2%
Primary Commuting Area	17.8%	29.6%	-23.3%	-97.2%
Secondary Commuting Area	12.3%	24.8%	-31.6%	-110.5%

Source: ESRI, US Census 2010, McKenna Associates Calculation

Table 2.10 shows the same analysis, but for rentals. In general, renting is more affordable, with the median rental unit in all NPC Districts affordable to households make 80% of AMI or above. However, the only neighborhoods where the median rental property is affordable to those making 50% of AMI are Post/Franklin, NorthCentral, Fremont/McKinley/Verona, Urandale, and the Central Business District.

Table 2.10: Percentage Difference between Affordable Monthly Rent and Median Monthly Rent

NPC District	120% AMI	100% AMI	80% AMI	50% AMI
1. Post/Franklin	60.7%	52.8%	41.0%	5.9%
2. NorthCentral	60.1%	52.1%	40.1%	4.4%
3. Wilson/Coburn/Roosevelt/Territorial	56.9%	48.3%	35.3%	-3.4%
4. Fremont/McKinley/Verona	59.8%	51.8%	39.8%	3.7%
5. Urandale	66.6%	59.9%	49.8%	24.6%
9. Rural Southwest	52.9%	43.4%	29.3%	-11.6%
10. Westlake/Prairieview	56.1%	47.4%	34.2%	-5.0%
11. Minges Brook/Riverside	51.6%	42.0%	27.5%	-13.8%
Central Business District	N/A	N/A	N/A	N/A
Kellogg Airport/Fort Custer	N/A	N/A	N/A	N/A
City of Battle Creek	56.5%	47.8%	34.7%	-4.35
Primary Commuting Area	54.1%	44.9%	31.1%	-9.2
Secondary Commuting Area	55.3%	46.4%	33.0%	-6.7%

Source: ESRI, US Census 2010, McKenna Associates Calculation

Recent Sales

In the year 2012, **1,705** residential units change ownership in the City of Battle Creek. This represents an **8.2% turnover rate**, which is well above the 4.3% turnover rate nationally for existing residential units.

Of the units that changed hands, **686 were exchanged for no monetary consideration** for one reason or another. Another 197 units were purchased for \$1. Of the other 822, the average sale price was **\$67,905**. The highest sale price for a home in Battle Creek in 2012 was \$510,000, for a single-family home in the Minges Brook/Riverside NPC District.

E. Vacancy and Foreclosure

Overall Vacancy

Table 2.11 shows the vacancy rates for residential units in each of the NPC Districts, the Primary and Secondary Commuting areas, and the city as a whole. According to the 2010 US Census, the highest residential vacancy rates are in the core of the city, with NorthCentral having the highest of the NPC Districts (other than the Central Business District, which has an extremely high vacancy that is likely misleading due to a very small sample size or the counting of second-floor space that may or may not be appropriate for residential development as a “vacant” unit.) As a whole, Battle Creek has a 14.7% vacancy rate. The Commuting Areas have slightly lower rates.

Table 2.11: Overall Vacancy

NPC District	Vacancy Rate
1. Post/Franklin	15.8%
2. NorthCentral	19.9%
3. Wilson/Coburn/Roosevelt/Territorial	15.8%
4. Fremont/McKinley/Verona	16.8%
5. Urbandale	16.2%
9. Rural Southwest	15.1%
10. Westlake/Prairieview	8.6%
11. Minges Brook/Riverside	8.4%
Central Business District	86.7%
Kellogg Airport/Fort Custer	N/A
City of Battle Creek	14.7%
Primary Commuting Area	12.2%
Secondary Commuting Area	10.3%

Source: ESRI, US Census 2010

Vacancy by Tenure

Analyzing the difference between rental vacancy and ownership vacancy gives a more nuanced picture of the vacancy situation in various neighborhoods. Table 2.12 shows the vacancy by tenure in each NPC District, the city as a whole, and the commuting areas.

In general, the vacancy rate for owner-occupied properties is very low. Post/Franklin has the highest vacancy rate (again, other than the CBD, which has a very small sample size), and is still under 7%. This indicates that the market for homeownership in Battle Creek has remained steady despite the recent housing crisis. This is likely due to the lack of “overbuilding” in the region. Some of the percentages in the outlying areas are buoyed by the fact that developers did not overbuild in the city’s newer subdivisions. However, this has led to “half-finished” neighborhoods with many empty lots in the Westlake/Prairieview and Rural Southwest NPCs.

The lack of vacant homestead properties may also be because foreclosed and otherwise vacated single family homes have been purchased by landlords and converted to rentals.

Vacancy of rental properties is high across the city. This is a trend that has been seen in many communities that did not overbuild before the most recent housing crisis. The price of homeownership has decreased, leaving fewer and fewer households choosing to rent. The one part of the city where this trend has not occurred in Post/Franklin, which has a lower level of rental vacancy and a higher level of ownership vacancy than other neighborhoods.

Note: The figures below are based on reported vacancies in the Census and may not include some properties. Additionally, some vacant properties may not be available for occupancy due to condition or other issues.

Table 2.12: Vacancy by Tenure

NPC District	For Sale	For Rent
1. Post/Franklin	6.4%	9.7%
2. NorthCentral	2.2%	14.4%
3. Wilson/Coburn/Roosevelt/Territorial	2.5%	10.2%
4. Fremont/McKinley/Verona	4.0%	18.2%
5. Urbandale	2.7%	17.3%
9. Rural Southwest	2.2%	14.8%
10. Westlake/Prairieview	1.4%	8.9%
11. Minges Brook/Riverside	1.9%	7.0%
Central Business District	50.0%	77.8%
Kellogg Airport/Fort Custer	N/A	N/A
City of Battle Creek	2.6%	13.4%
Primary Commuting Area	2.1%	12.7%
Secondary Commuting Area	1.7%	8.5%

Source: ESRI, US Census 2010

Concentrations of Vacant Lots

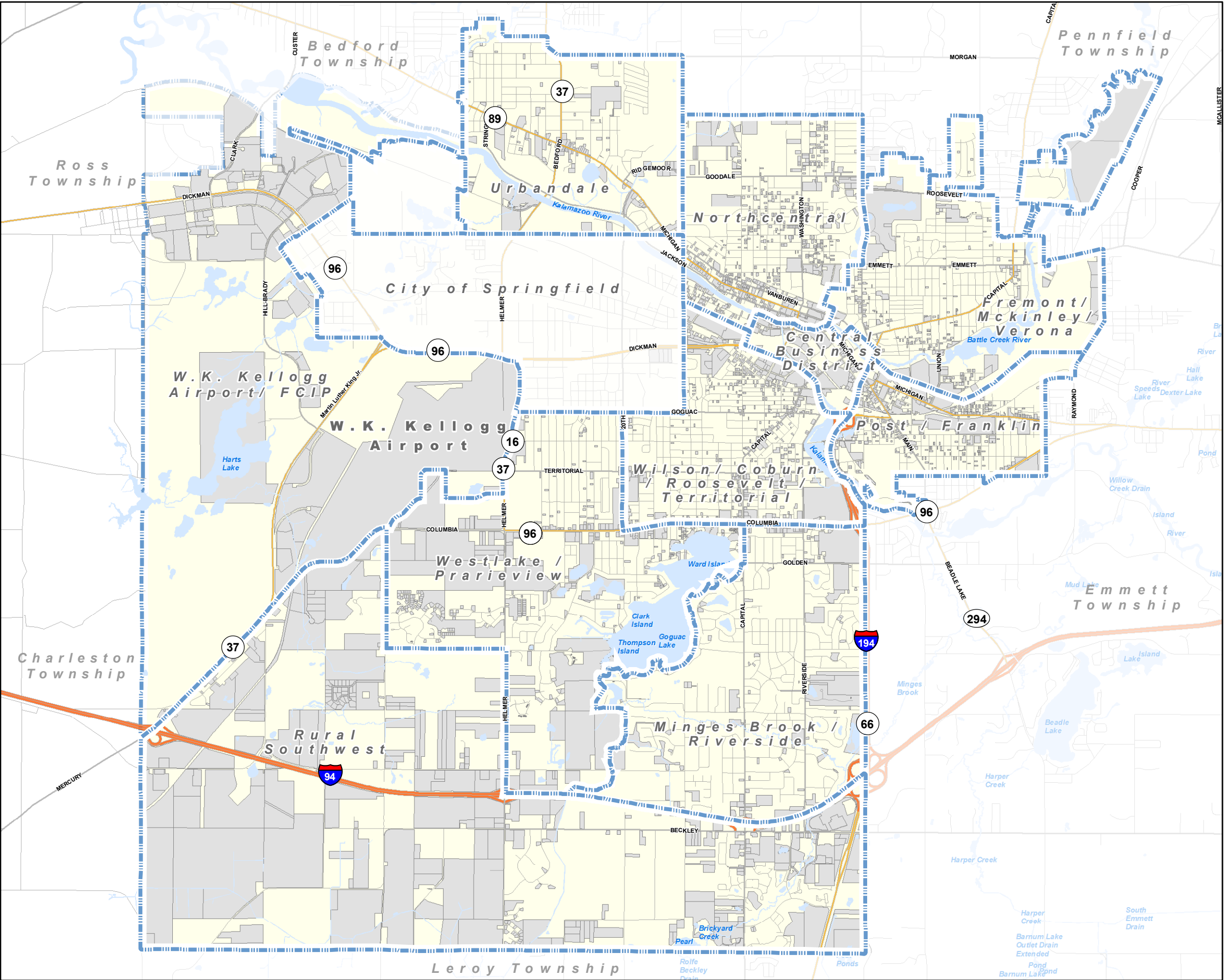
Map 2 shows vacant lots within the City of Battle Creek. The largest vacant lots are in the undeveloped parts of town, in industrial areas (such as along the Battle Creek River), and immediately adjacent to the Central Business District (mainly parking lots and other areas cleared by the Urban Renewal projects in the 1960s and 70s.) Additionally, there is a wooded area between Capital and Riverside Avenues just north of Columbia that has never been developed due to the creek running through it.

Within the dense residential districts, vacant lots are generally not common. However, two parts of the city – NorthCentral and Post/Franklin - have experienced significant demolitions and are now pockmarked with vacant lots. These lots pose challenges, but area also an opportunity for neighborhood stabilization, green space, and infill development.

The **NorthCentral** NPC District has been the target of recent stabilization projects, which have eliminated blight, but also resulted in a large number of vacant lots. The lots are generally distributed across the neighborhood, so there are not large gaps. The individual lots are candidates for sidelotting programs, infill, or use as community space.

Post/Franklin has also experienced demolitions throughout the neighborhood. They are more common west of Main Street than east, but blocks without vacant lots are rare. As with the NorthCentral neighborhood, the vacant lots are not clustered, so large-scale infill is unlikely. Instead, sidelotting programs or small-scale infill, as well as the possibility of pocket parks or community gardens, should be explored.

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Vacant Parcels Map

City of Battle Creek, Michigan

LEGEND

- Interstate Highway
- State Highway
- Arterial
- Local
- Vacant Parcels
- Neighborhood Boundaries
- Water Bodies

0 2,000 4,000 FEET

March 7, 2013

McKenna ASSOCIATES

Base Map Source: City of Battle Creek, 2012

Foreclosures

Foreclosures, both by taxing authorities and by banks, can be destructive to neighborhoods. When homeowners are forced to leave their homes, the properties can become neglected and blighted. Even when well maintained, foreclosed homes sit vacant for long stretches, sometimes multiple years. They become a burden for the other residents on the block, many of whom could be dealing with their own financial difficulties.

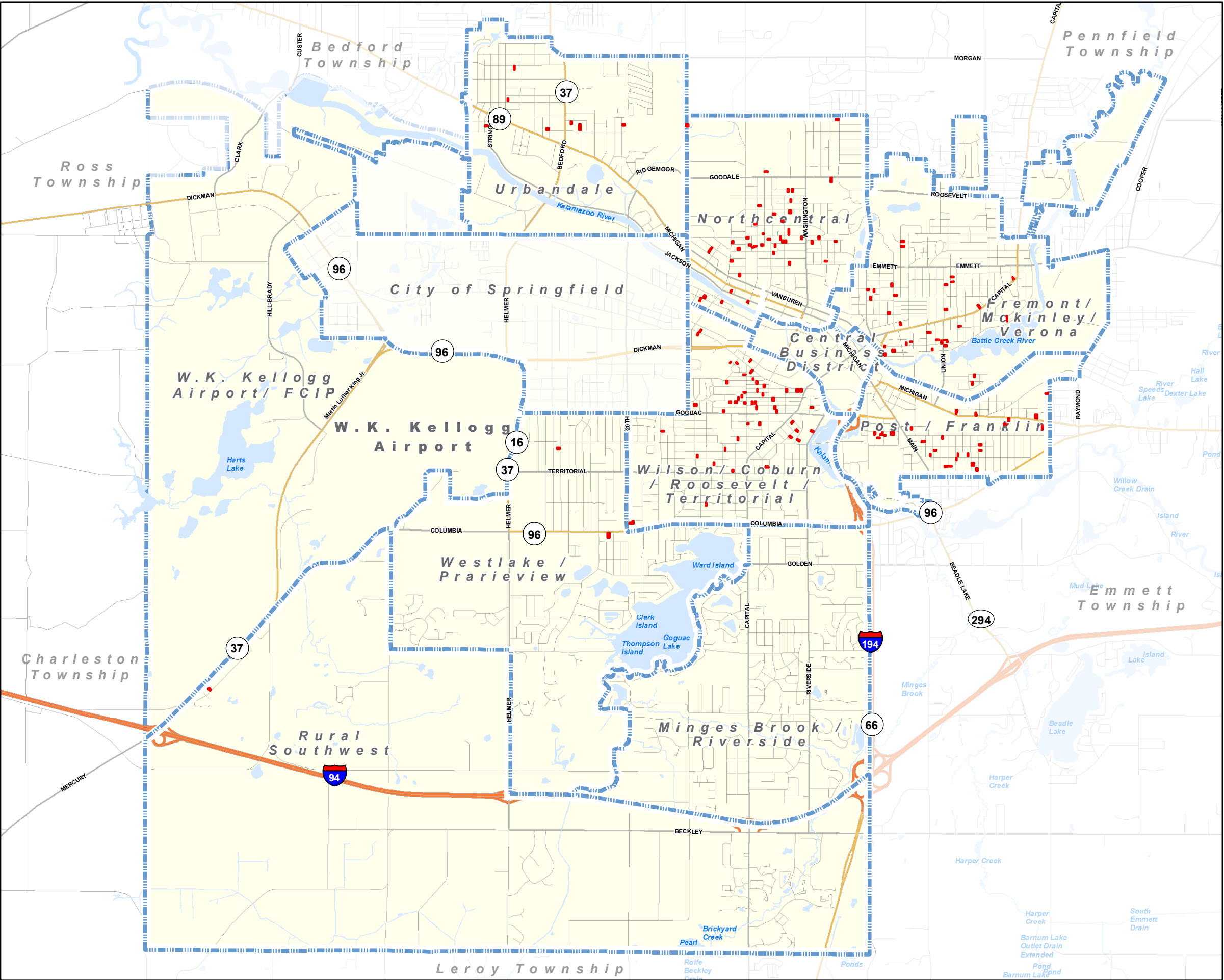
Tax Foreclosures

Map 3 shows tax foreclosures in 2012 throughout Battle Creek. The areas hit hardest by tax foreclosures are actually some of the neighborhoods that are the most stable by other methods, such as Fremont/McKinley/Verona and the west and south sides of Wilson/Coburn/Roosevelt/Territorial. The reason for this is likely that homes in these areas have been owned by the same households for a long time and the mortgages are paid off. However, when the economic crisis struck, some homeowners were unable to pay their taxes and were foreclosed upon.

Bank Foreclosures

Map 4 shows bank foreclosures in 2012 across Battle Creek. There were about three times as many bank foreclosures as tax foreclosures. As with tax foreclosures, the neighborhoods on the outskirts of town have not been hit as hard, although the NorthCentral area has a noticeably smaller number than its immediate neighbors. This is likely due to a large number of homeowners who no longer have mortgages.

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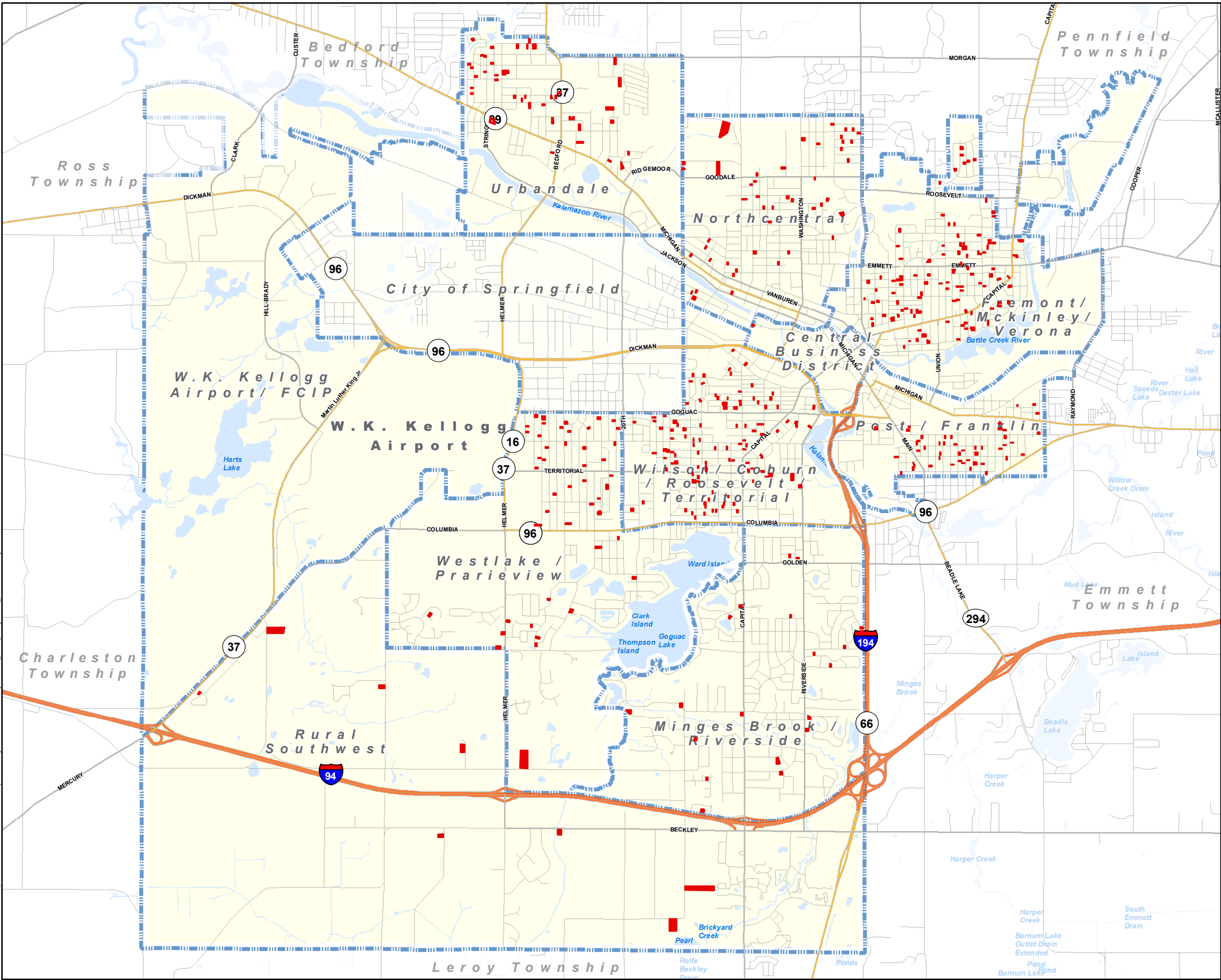


2012 Tax Foreclosures

City of Battle Creek, Michigan

- Interstate Highway
- State Highway
- Arterial
- Local
- Tax Foreclosure Parcels
- Neighborhood Boundaries
- Water Bodies

Print date: 9/4/2012 E:\Projects\Calhoun\BattleCreek\Analysis of Impediments and Comp Housing Study Maps\Neighborhood Map.mxd



2012 Bank Foreclosures

City of Battle Creek, Michigan

- Interstate Highway
- State Highway
- Arterial
- Local
- Bank Foreclosure Parcels
- Neighborhood Boundaries
- Water Bodies

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March 7, 2013

McKenna
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Base Map Source: City of Battle Creek, 2012

3. Factors Influencing Demand

The following chapter will explore the various elements that influence the demand for housing in a particular neighborhood. Some are numbers-based, like demographic and economic indicators, while others are based on characteristics of the neighborhood and community— such as schools, transportation, retail, and safety.

A. Demographics

The demographics of a community are a key facet in determining the demand for various types of housing. While all demographic indicators influence demand in some way, age is the most significant factor. Young, single people tend to want smaller housing units in walkable neighborhoods near entertainment and retail. They are also more likely to rent. Families with children need larger housing units, frequently single family homes with yards, and consider school quality a high priority. They tend to own their own homes if possible. Retirees tend to prefer smaller housing units with lower maintenance costs, and may own or rent depending on their personal situation.

Income is also a major determinant of housing demand. People will generally find the housing that best meets their needs within their price range. Also, the upfront costs required for homeownership are a barrier for some households, even when the monthly costs may be affordable. This is especially true for younger householders who have not been in the work force for very long.

Finally, the size of households influences demand. Larger households simply need more space. Nationally, household sizes have been falling for several decades, although Battle Creek has been less impacted by this trend than some other communities. Still, household sizes are slowly shrinking in the community, which will have an impact on future housing demand.

Householders by Age

Table 3.1 shows the number (and proportion) of householders in Battle Creek by age cohort. These figures were determined based on the likelihood of a person in a given age group to be the head of a household (known as the “headship rate”). The national headship rates are also shown in Table 3.1.

Table 3.1: Householders by Age, City of Battle Creek

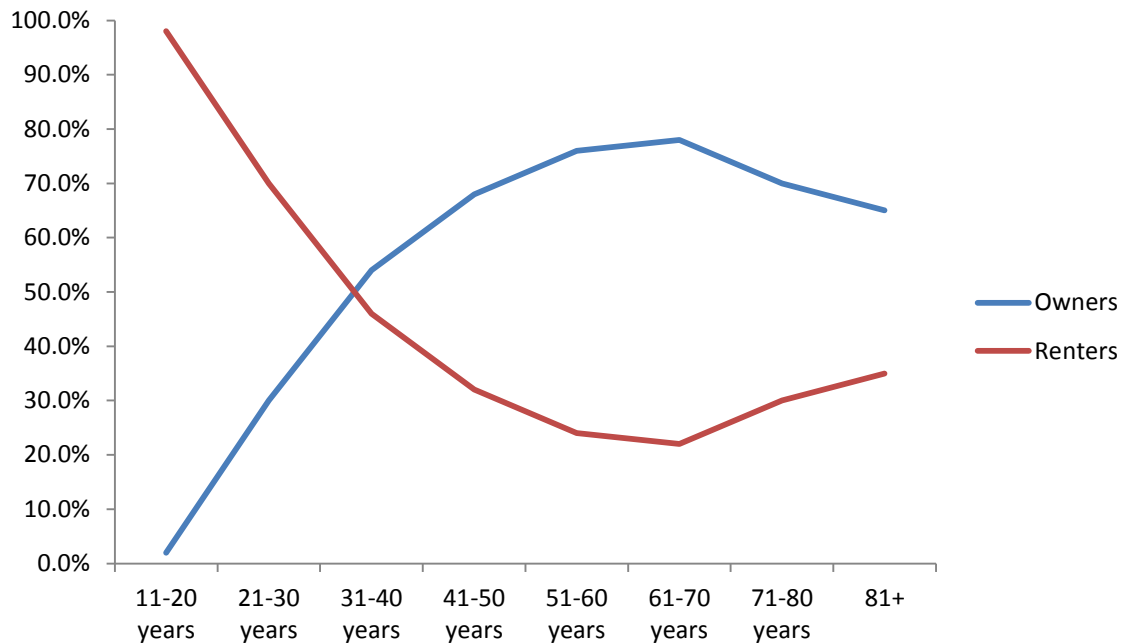
Age Cohort	National Headship Rate	Number of Battle Creek Householders	Percentage of Battle Creek Householders
0-10 Years	0.0%	0	0.0%
11-20 Years	7.2%	511	2.4%
21-30 Years	35.9%	2,598	12.4%
31-40 Years	53.7%	3,662	17.5%
41-50 Years	59.5%	4,218	20.1%
51-60 Years	60.3%	4,056	19.3%
61-70 Years	67.4%	3,183	15.2%
71-80 Years	67.2%	1,551	7.4%
81+ Years	66.9%	1,193	5.7%

Source: US Census 2010

Impact of Age on Tenure Choice

In the City of Battle Creek, 37.7% of households rent and 62.3% of households own their home. However, those numbers are not true across all age cohorts. As Figure 3.1 shows, young householders are much more likely to rent than middle-aged householders, and the percentage of renters increasing again in retirement ages.

Figure 3.1: Housing Tenure by Age of Householder, City of Battle Creek



Source: US Census 2010

Impact of Income on Tenure Choice

Income also plays a significant role in determining tenure choice. Because renting is a more flexible living option and buying requires a significant up-front investment, lower income households tend to rent more frequently than higher income households.

However, in recent years, more households have turned to renting as the housing crisis and the difficulty of procuring mortgages has made homeownership more difficult. On the other hand, because of low housing prices in the Battle Creek area, ownership is more affordable than in other communities. These two conflicting trends have combined to bring the average income for renters and owners closer together. As of 2010, the **average renter household had an income of \$49,292**, while the **average homeownership household had an income of \$53,306**.

Average Household Size

Households of different sizes have different housing needs. Larger households demand more space, while smaller households not only do not need large residences, they frequently seek out smaller housing choices due to maintenance responsibilities. In 2010, the average household size in the City of Battle Creek was 2.44 people. Table 3.2 shows the average household size in each NPC district, as well the commuting areas. Reliable data is not available for the Central Business District and the Kellogg Airport area.

Table 3.2: Average Household Size

NPC District	Average Household Size
1. Post/Franklin	2.59
2. NorthCentral	2.47
3. Wilson/Coburn/Roosevelt/Territorial	2.50
4. Fremont/McKinley/Verona	2.50
5. Urbandale	2.17
9. Rural Southwest	2.12
10. Westlake/Prairieview	2.50
11. Minges Brook/Riverside	2.52
Central Business District	N/A
Kellogg Airport/Fort Custer	N/A
City of Battle Creek	2.44
Primary Commuting Area	2.45
Secondary Commuting Area	2.41

Source: ESRI, US Census 2010

Disabilities

People with disabilities have particular housing needs and desires for their neighborhoods. Approximately 18% of all US households have a member with a disability. This means there are approximately 3500-4000 households with a member with a disability in the City of Battle Creek. These households appear to be spread somewhat evenly across the City, although reliable data is not available.

Projections to 2030

The following projections predict what the population of Battle Creek will look like in 2020 and 2030. Projections like this help the community to see, numerically, what it will look like in 10-20 years. The method for preparing these projections is explained in Section 1.D.

In order to calculate the proportions of owners and renters, as well as the average household size, behavior patterns of various age groups were taken into account. For instance, different age groups have different rates of household headship, and householders of different age groups have a different propensity to rent or own. (See Table 4.14 in Chapter 4) These rates were used to project the tenure preferences of Battle Creek residents in 2020 and 2030, and also the project the average household size.

Table 3.3 shows a snapshot of the City of Battle Creek in 2020. The population is projected to increase (from 51,250 in 2010), and the number of households will rise with it. The homeownership rate is projected to remain about the same, while the average household size will fall.

Table 3.3: Snapshot of Battle Creek in 2020

Population	54,410
Households	23,102
<i>Renters</i>	36.6%
<i>Owners</i>	63.4%
Average Household Size	2.36

Source: US Census 2010, McKenna Associates Projection

Table 3.4 shows the same demographic statistics in 2030. The trends are generally continuations of the same trends seen from 2010-2020.

Table 3.4: Snapshot of Battle Creek in 2030

Population	56,747
Households	24,710
<i>Renters</i>	36.4%
<i>Owners</i>	63.6%
Average Household Size	2.30

Source: US Census 2010, McKenna Associates Projection

B. Employment and Commuting

One of the major deciding factors for many households when choosing where to live is the distance from work. Thus, the locations of employers and the transportation infrastructure for commuting are important drivers in housing choices.

Employment by Industry

Table 3.5 shows a breakdown of the largest employment categories for residents of the City of Battle Creek. The largest numbers of employees are in the manufacturing, education/health care, and retail segments, which is also true across the State of Michigan and nationwide. All in all, 21,713 Battle Creek residents are employed.

Table 3.5: Employment by Industry, City of Battle Creek

Business Category	Employees
Agriculture, Forestry, Fishing, and Hunting, and Mining	111 (0.5%)
Construction	1,123 (5.2%)
Manufacturing	4,644 (21.4%)
Wholesale Trade	282 (1.3%)
Retail Trade	2,445 (11.3%)
Transportation and Warehousing, and Utilities	850 (3.9%)
Information	350 (1.6%)
Finance and Insurance, and Real Estate and Rental and Leasing	1,269 (5.8%)
Professional, Scientific, and Management, and Administrative and Waste Management Services	1,939 (8.9%)
Educational Services, and Health Care and Social Assistance	4,398 (20.3%)
Arts, Entertainment, and Recreation, and Accommodation and Food Services	1,951 (9.0%)
Other Services	1,382 (6.4%)
Public Administration	969 (4.5%)
Total Civilian Employed Population 16 Years and Over	21,713 (100%)

Source: US Census 2010

Unemployment Trend

Over the past decade, unemployment in the Battle Creek area has generally followed the trend of the State of Michigan and the United States as a whole. The rate in Calhoun County was steady around 7% for much of the early-to-mid 2000s, then spiked to a high of 12.8% in July 2009 at the height of the “Great Recession.” In recent years, unemployment has fallen. As of August 2012 (the most recent data available), the unemployment rate in Calhoun County was 7.5%.

Employment per Neighborhood

Battle Creek's industrial and commercial districts are clustered in certain parts of the City. Table 3.6 shows the 25 largest employers in the city, the number of people they employ, and which NPC District they are located in. The largest employment cluster is the industrial district near the airport, although there are also many large employers (as well as smaller companies) in the Central Business District and its immediate surroundings (especially NorthCentral and Fremont/McKinley/Verona).

Table 3.6: Largest Employers, City of Battle Creek

Employer	Number of Employees	NPC District
Kellogg Company	2,000	Central Business District
Denso Manufacturing Michigan	1,759	Kellogg Airport/Fort Custer
Hart-Dole-Inouye Federal Center	1,556	NorthCentral
Bronson Battle Creek	1,400	Fremont/McKinley/Verona
VA Medical Center	1,300	Kellogg Airport/Fort Custer
Michigan Air National Guard	1,127	Kellogg Airport/Fort Custer
Battle Creek Public Schools	970	Fremont/McKinley/Verona
Post Cereals	800	Post/Franklin
II Stanley Company	750	Kellogg Airport/Fort Custer
Meijer	700	Westlake/Prairieview, Rural Southwest
Duncan Aviation	575	Kellogg Airport/Fort Custer
Calhoun County Government	520	Central Business District
Musashi Auto Parts	520	Kellogg Airport/Fort Custer
City of Battle Creek	516	Central Business District
Canadian National	500	Fremont/McKinley/Verona
Kellogg Community College	500	Fremont/McKinley/Verona
Lakeview Public Schools	485	Westlake/Prairieview
TRMI	450	Kellogg Airport/Fort Custer
EPI Printers/ARM	330	Kellogg Airport/Fort Custer
Hi-Lex Corporation	310	Kellogg Airport/Fort Custer
McDonald's Restaurants	280	Urbandale, Fremont/McKinley/Verona, Westlake/Prairieview, Rural Southwest
Flex-N-Gate	275	Rural Southwest
Johnson Controls	262	Kellogg Airport/Fort Custer
Asmo Manufacturing	258	Kellogg Airport/Fort Custer
Denso Air Systems	235	Kellogg Airport/Fort Custer

Source: Battle Creek Unlimited

Transportation Infrastructure

Roads

Greater Battle Creek has a robust system of roads to allow its residents to access jobs and amenities by car. The city's neighborhoods are mostly gridded, but the major thoroughfares run directly from the Central Business District to outlying areas, often at odd angles to the grid of minor streets.

West Michigan Avenue (M-89) runs out of the downtown area to the Northwest, passing near the Federal Center and through the Urbandale neighborhood before continuing to Gull Lake and eventually to Holland. In the center of Battle Creek, Michigan Avenue is the traditional business heart of the City. In the past, it was closed to traffic, but has been re-opened to cars and is being equipped with new streetscaping. However, the street still ends briefly at Division Street (near City Hall), before restarting a block to the east. East of the Central Business District, **East Michigan Avenue** is a major thoroughfare through the Post/Franklin neighborhood. After intersecting with Columbia Avenue, it gains the M-96 designation and continues to Marshall and Jackson.

Capital Avenue runs from the south side of the city into the Central Business District, then crosses the Kalamazoo River and turns east, looping around Fremont/McKinley/Verona before turning north again and continuing into outlying areas and eventually to Lansing. North of the Central Business district, it carries the **M-66** state highway designation.

Dickman Road is a divided boulevard that runs west from downtown to Kellogg Airport and the industrial district at the west end of the city. Other than the freeways, Dickman Road is the highest-capacity thoroughfare in Greater Battle Creek. It carries M-96 and M-37 designations in some areas.

Main Street, which runs to the southeast, and **North Street** are other thoroughfares that lead into the Central Business District.

Columbia Avenue is the major east-west thoroughfare on the south side of the city. It is also a major retail thoroughfare. In the west end of the city, in angles to the southwest, where it briefly carries the M-37 designation and intersects with I-94. For 2-3 miles south of Columbia, there are no continuous east-west thoroughfares. This could be an impediment to residential growth in the Rural Southwest NPC.

Helmer Road is a major north-south thoroughfare in the western part of the city. There is an exit to it from I-94, and it carries the M-37 designation north of Columbia Road. At Dickman Road, it jogs slightly before crossing the Kalamazoo River to the north and changing its name to **Bedford Road**. As M-37, it continues north to Grand Rapids.

Expressways

Interstate 94 runs across the southern portion of the City of Battle Creek. Built to connect Detroit to Chicago, I-94 was one of the first roads built as part of the Eisenhower Interstate Highway System. The Battle Creek portion was completed in 1960. Today, I-94 stretches from Port Huron, Michigan to Billings, Montana. Locally, I-94 is used as a commuter route. Express transportation on I-94 allows people who work in Battle Creek to live in the Primary and Secondary Commuting Areas, including as far away as Portage or Marshall.

Interstate 194 (the “Penetrator”) connects Battle Creek’s Central Business District to I-94. The freeway was completed in 1966 and provides very easy access between central Battle Creek and outlying areas to the south. South of I-94, **M-66** continues as a divided boulevard. The M-66 corridor, which is partially in the City of Battle Creek and partially in Emmett Township, has become a popular and bustling commercial area.

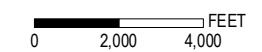
Sidewalks

Sidewalks are an important pedestrian safety feature, and in most cases drive up demand for housing in a neighborhood. However, in some cases, potential homebuyers avoid neighborhoods with sidewalks due to maintenance costs and privacy concerns. Almost all of the neighborhoods in the core of Battle Creek have sidewalks, but many neighborhoods in Westlake/Prairieview, Minges Brook/Riverside, and the Rural Southwest, do not. Further, in these outlying areas, major thoroughfares also do not have sidewalks, which makes walking between neighborhoods difficult.

City of Battle Creek, Michigan

- Interstate Highway
- State Highway
- Arterial
- Local
- Neighborhood Boundaries
- W.K. Kellogg Airport
- Water Bodies

 Limited Access Highway
 Divided Boulevard
 4 Lane Thoroughfare
 2-3 Lane Thoroughfare



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Base Map Source: City of Battle Creek, 2012

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Rail

Battle Creek has passenger rail service along two Amtrak lines – the **Blue Water** line and the **Wolverine** line. Westbound, both provide service to Kalamazoo and Chicago. Eastbound, the Wolverine line offers service to Ann Arbor, Detroit, and Pontiac, while the Blue Water line runs through Lansing on its way to Port Huron. There are two Wolverine line trains each day in either direction and one Blue Water line train in either direction each day.

Buses

Battle Creek Transit operates 6 bus lines that serve the densest parts of the city. Some of the lines is “split” at the center of the route, with both sides carrying a letter designation denoting N (north), S (south), E (east) or W (west). For instance, Route 4S runs along Capital Avenue on the south side of the city and then becomes Route 4N and runs along Capital Avenue in the northeast side of the city.

Routes 1 and 5 do not “split.” For Routes 2-4, the central change-over point is the Central Business District, but for Route 6, the central change-over point is the business district at M-66 and Beckley Road. Route 6S is a circulator that runs in a loop in the southeast corner of the city, while Route 6N is an express route that runs along I-194 into the center of the city.

There are two areas of the city that are not served by bus routes – Westlake/Prairieview south of Columbia Avenue and the Rural Southwest (except for the area immediately adjacent to the Beckley Road/M-66 business district).

Public Transportation

City of Battle Creek, Michigan

PUBLIC TRANSPORTATION

- BusRoute 1W
- BusRoute 2E
- BusRoute 2W
- BusRoute 3E
- BusRoute 3W
- BusRoute 4N
- BusRoute 4S
- BusRoute 5W
- BusRoute 6N
- BusRoute 6S

LEGEND

- Interstate Highway
- State Highway
- Arterial
- Local
- Nighborhood Boundaries
- W.K. Kellogg Airport
- Water Bodies
- Amtrak Station
- Amtrak

0 2,000 4,000 FEET



March 7, 2013

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Base Map Source: City of Battle Creek, 2012

C. Community Amenities

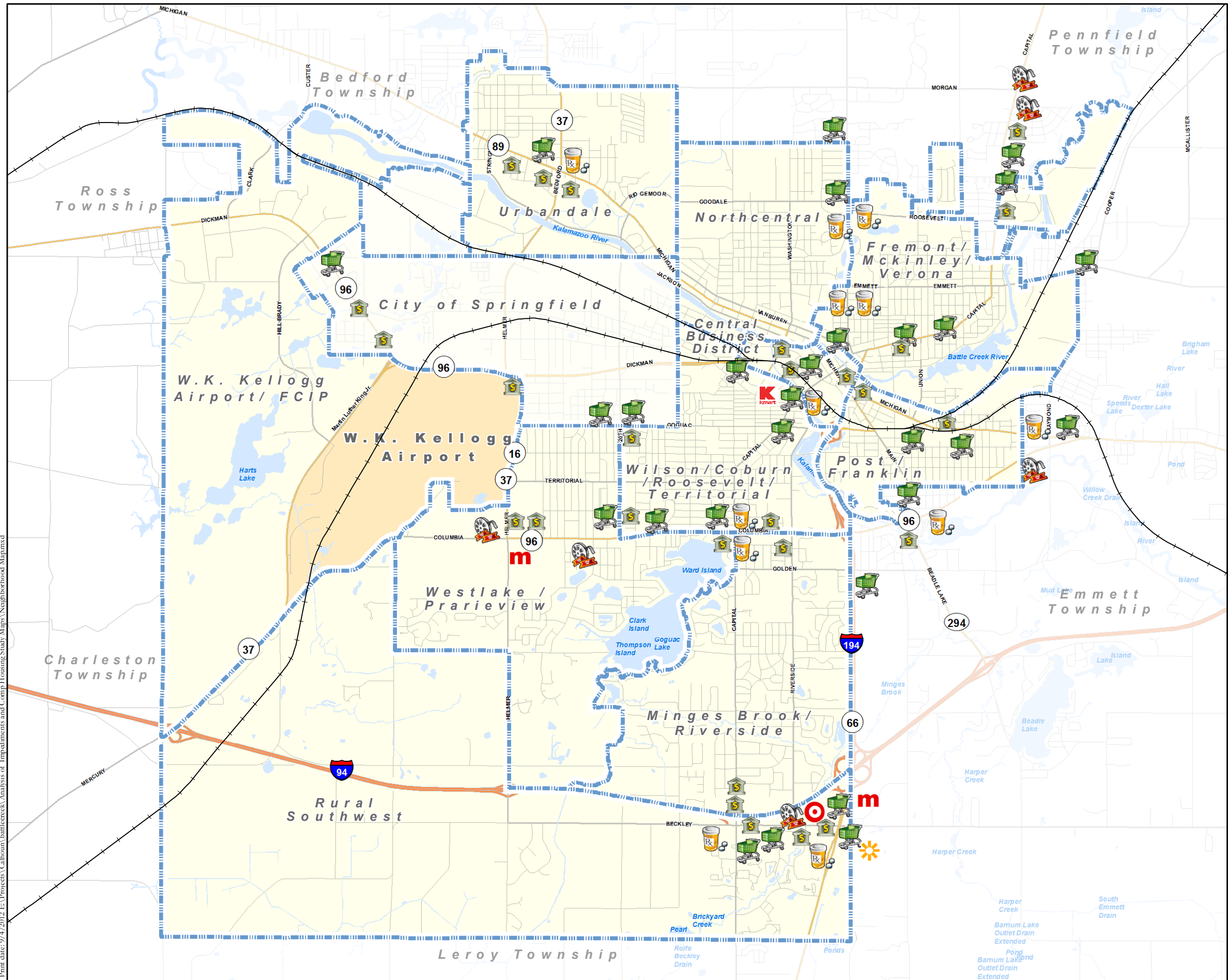
Retail Amenities

Nearby retail is a driver of residential demand in a neighborhood. Many families want to have access to convenience retail goods such as groceries while also having a wide variety of options for recreational shopping or comparison goods. Map 7 shows the locations of various retail amenities, such as grocery stores, banks, pharmacies, entertainment, and big box stores.

Most of Battle Creek's retail amenities are concentrated in three areas – the Beckley Road/M-66 intersection, Columbia Avenue, and the area surrounding the Central Business District. Although the retail base on Michigan Avenue itself has eroded in recent decades, there are still popular businesses such as Horrock's in the surrounding district.

There are also smaller business districts, such as Urbandale, the intersection of Goguac and 20th Streets, and NE Capital Avenue. Most of the stores on NE Capital are in Pennfield Township, but the corridor is frequented by many residents of the Fremont/McKinley/Verona and NorthCentral NPC districts.

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Retail Amenities

City of Battle Creek, Michigan

RETAIL AMENITIES

-  Grocery Stores
-  Pharmacy
-  Meijer
-  Walmart
-  Target
-  Kmart
-  Bank
-  Entertainment

LEGEND

-  Interstate Highway
-  State Highway
-  Arterial
-  Local
-  Neighborhood Boundaries
-  W.K. Kellogg Airport
-  Water Bodies

0 2,000 4,000 FEET



March 7, 2013

McKenna ASSOCIATES

Base Map Source: City of Battle Creek, 2012

Public Services

Public services are an important consideration when choosing a neighborhood. Map 8 shows the location of public services in the City of Battle Creek and the surrounding area.

Police and Fire Stations

The Battle Creek police and fire departments are headquartered in the Central Business District, with the police on Division Street near Michigan Avenue and the fire department of East Michigan Avenue east of Hamblin Street.

Parks and Recreational Amenities

Battle Creek's neighborhoods are generally well-served with parks space, from the neighborhood parks in the denser NPC districts to the ball fields of Bailey Park in the far northeast to Woodland Park in the Rural Southwest. The City also has the Full Blast water park and recreation center in the Central Business District.

There are three golf courses within the City of Battle Creek, and a fourth just to the west of the city limits. However, three of them (Battle Creek Country Club, Riverside Country Club, and Cedar Creek Golf Club) are open to members only. Custer Greens Golf Club, just outside the city limits in Ross Township, is open to the public. The City also owns the Binder Golf Course, even though it is outside the City limits.

The Binder Park Zoo is located just southeast of the City and draws visitors from around the region and state.

Community Centers/Senior Centers

There are only a few community centers in the City of Battle Creek. The Boys and Girls Club, located in the Central Business District, offers programs for youth. Creating Change, a Lutheran Church-affiliated facility, offers programs in the Post-Franklin neighborhood. The Burnham Brook Community Center, which offers a full range of recreational and community outreach facilities, is located on West Michigan Avenue in the NorthCentral NPC District. The Battle Creek YMCA is located on NE Capital Avenue in the Fremont/McKinley/Verona NPC District.

Hospitals

Battle Creek's largest hospital is the Bronson Medical Center, at the corner of North Avenue and Emmett Street in the Fremont/McKinley/Verona NPC District. The only other hospital in the city limits is the VA Hospital at the far western edge of the city, near Kellogg Airport. The Calhoun County Medical Center is just east of the city limits along East Michigan Avenue, in Emmett Township.

Libraries

Battle Creek's central library is located in the Central Business District at the corner of Capital Avenue and Van Buren Street. There is also a branch library along Beckley Road near Capital Avenue.

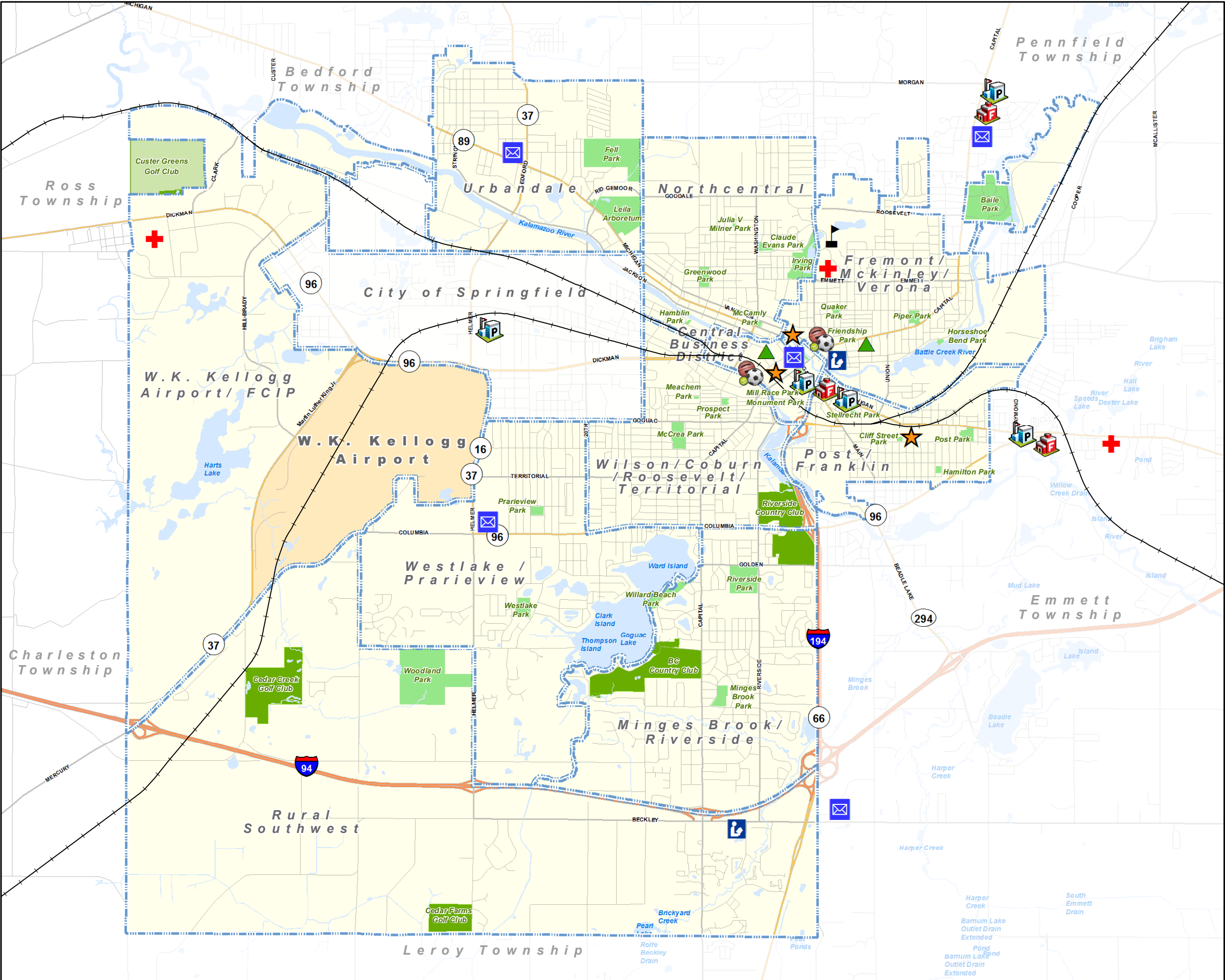
Post Offices

The main Battle Creek post office is located at the corner of McCamly Street and Hamblin Avenue in the Central Business District. There are branch post offices in Urbandale and Westlake/Prairieview (at the corner of Helmer and Columbia Avenues).

Community College

Kellogg Community College's campus is located along North Avenue between Emmett Street and Roosevelt Avenue, in the Fremont/McKinley/Verona NPC district. However, students commute from all over the Battle Creek Area.

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Public Amenities

City of Battle Creek, Michigan

PUBLIC AMENITIES

- Hospital
- Kellogg Community College
- Library
- Fire Station
- Police Station
- Post Office
- Recreation Center
- Community Center
- Senior Center
- Parks
- Golf Course

LEGEND

- Interstate Highway
- State Highway
- Arterial
- Local
- Neighborhood Boundaries
- W.K. Kellogg Airport
- Water Bodies

0 2,000 4,000 FEET



March 7, 2013

McKenna ASSOCIATES

Base Map Source: City of Battle Creek, 2012

School Analysis

Schools are one of the biggest drivers of housing choice, especially for households with children. If a family is not satisfied with the schools in their area, then they seek out a private school, which adds an extra household cost. Even for households without children, school quality impacts housing prices and values. Therefore, even when all other aspects of a neighborhood are desirable, housing values can be impacted negatively by poor schools. Similarly, even in a neighborhood with few amenities, quality schools can drive housing values up.

The State of Michigan's Schools of Choice program has impacted school districts across the State, including in Battle Creek. The program, which allows students to attend schools outside the district they live in, has been blamed for falling performance in some districts. However, it also allows neighborhoods to overcome a poor perception of their school district, because the local schools have less of an impact on the choices of potential residents.

Public School Districts

Five school districts intersect within the City of Battle Creek. **Battle Creek Public Schools** includes the historic core of the city, the area near Kellogg Airport, the City of Springfield and portions of Bedford and Emmett Townships. The school district has been beset by many of the problems experienced in other urban districts, and housing desirability within its boundaries has suffered somewhat in comparison to other districts. However, the district has shown measurable improvement in terms of test scores and other metrics in recent years and offers amenities and programs not available in neighboring districts.

"Battle Creek Central High School has made significant progress recently."

-Community Stakeholders Focus Group

Battle Creek Central High School, the district's only high school, is located on Van Buren Street in the Fremont/McKinley/Verona NPC District. There are two middle schools – Northwestern, in the NorthCentral NPC District, and Springfield, in the City of Springfield. The district also has nine elementary schools scattered through the neighborhoods and the City of Springfield. Every NPC district has at least one elementary school, so walking to school is an option for most children.

Lakeview Public Schools includes the affluent Minges Brook/Riverside and Westlake/Prairieview NPC districts, as well as a portion of Wilson/Coburn/Roosevelt/Territorial and the Rural Southwest. The Lakeview district is perceived as higher quality than other districts in the area, which has had a positive impact on housing values in the area.

The district's high school is located along Helmer Road, just south of Columbia Avenue in the Westlake/Prairieview area. The middle school is on the same campus. The district has five elementary schools located for the most part evenly around the district, except that there are no elementary schools south of I-94.

Climax-Scots Public Schools includes the far southwest corner of the Rural Southwest NPC. None of its schools are within the City of Battle Creek. **Pennfield Public Schools** includes a sliver of the Fremont/McKinley/Verona NPC that is mostly industrial land and does not produce very many students.

Harper Creek Public Schools includes the far southeast corner of the city and a small number of houses on the south side of Columbia Avenue in the Post/Franklin NPC that are within the city limits.

Table 3.7 shows the percentage of 8th graders in each of the school districts that scored “Proficient” or better on the 2011 MEAP test.

Table 3.7: Percentage of 8th Graders Scoring "Proficient" or Above on 2011 MEAP Tests

District	Math	Reading	Science
Battle Creek	6.8%	36.1%	4.4%
Lakeview	33.1%	60.1%	14.9%
Harper Creek	17.1%	62.8%	7.7%
Pennfield	28.0%	61.7%	15.3%
Climax-Scots	18.0%	56.0%	12.0%

Source: Michigan Department of Education

Private/Charter Schools

Table 3.8 shows the private schools within the City of Battle Creek, as well as the NPC district they are located in. Private schools are generally located within the core of the city, both for historical reasons and because of parents seeking alternatives to the Battle Creek Public Schools within their neighborhoods.

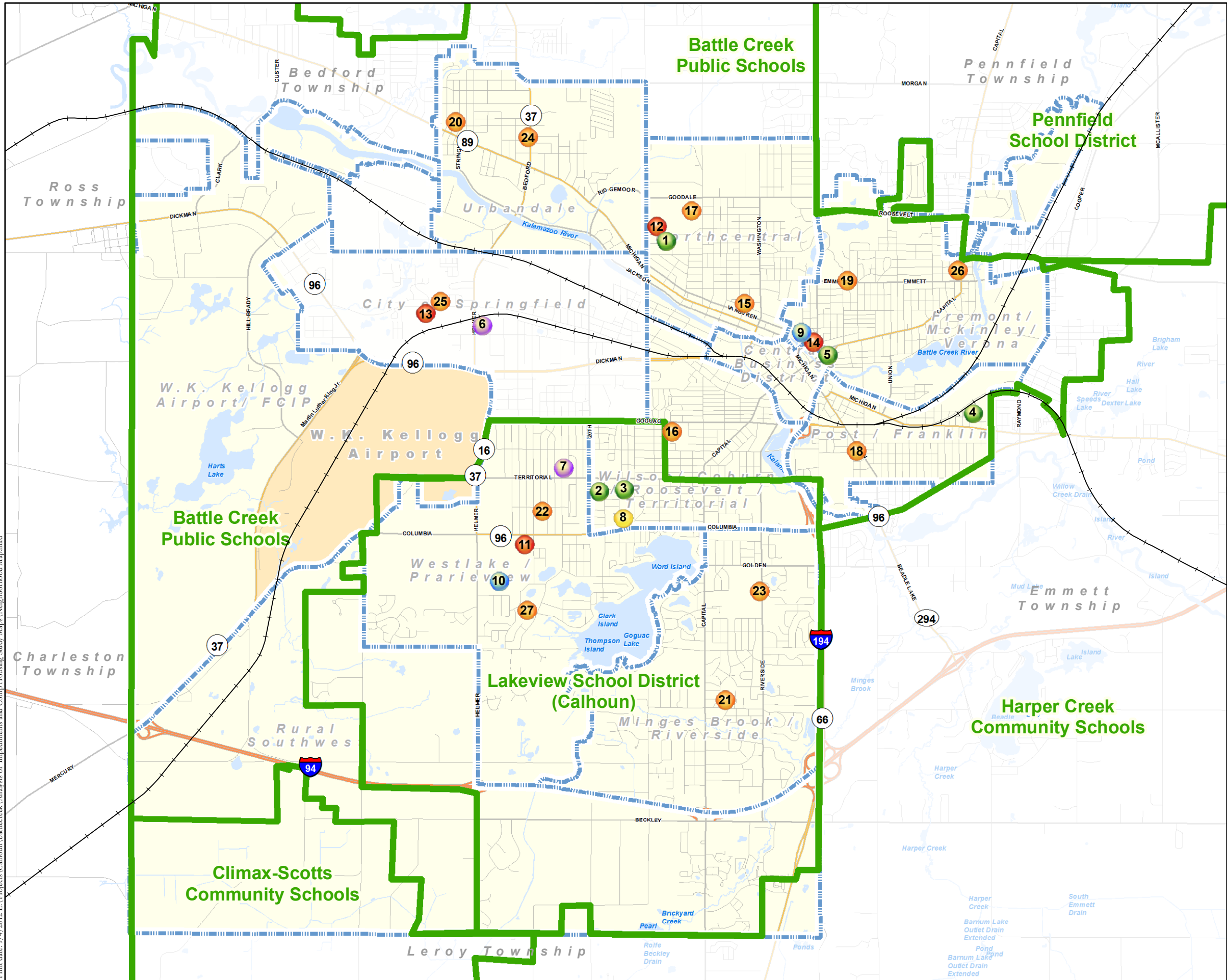
Table 3.8: Private Schools in the City of Battle Creek

School	Grades	NPC District
Battle Creek Academy	K-12	Fremont/McKinley/Verona
Calhoun Christian	Pre-12	Wilson/Coburn/Roosevelt/Territorial
Calhoun Community	9-12	Wilson/Coburn/Roosevelt/Territorial
South Hill Academy	6-12	Post/Franklin
St. Philip	9-12	Fremont/McKinley/Verona
St. Joseph	Pre - 8	Westlake/Prairieview
Arbor Academy	K-6	Wilson/Coburn/Roosevelt/Territorial

Source: Individual School Websites

Map 9 shows the boundaries of the school districts and the location of schools in Battle Creek and the immediate surrounding area.

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School Districts

City of Battle Creek, Michigan

SCHOOLS

Private High School

- 1 Battle Creek Academy
- 2 Calhoun Christian
- 3 Calhoun Community
- 4 South Hill Academy
- 5 St. Philip

Private Middle School

- 6 Endeavor Academy
- 7 St. Joseph

Private Elementary School

- 8 Arbor Academy

Public High School

- 9 Battle Creek Central
- 10 Lakeview HS

Public Middle School

- 11 Lakeview JHS
- 12 Northwestern JHS
- 13 Springfield MS
- 14 W.K. Kellogg JHS

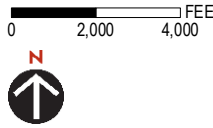
Public Elementary School

- 15 Ann J. Kellogg
- 16 Coburn
- 17 Dudley
- 18 Franklin
- 19 Fremont
- 20 Lamora Park
- 21 Minges Brook
- 22 Prairieview
- 23 Riverside
- 24 Urbandale
- 25 Valley View
- 26 Verona
- 27 Westlake

LEGEND

- Interstate Highway
- State Highway
- Arterial
- Local

- Neighborhood Boundaries
- W.K. Kellogg Airport
- Water Bodies



March 7, 2013

McKenna
ASSOCIATES
Base Map Source: City of Battle Creek, 2012

D. Sewer and Water Infrastructure

The City of Battle Creek operates a comprehensive public sewer and water system that serves the developed portion of the city. The treatment plant is located along the Kalamazoo River at the far northwest corner of the city.

An Urban Development Boundary has been instituted, carving out a swath of the Rural Southwest NPC where sewer and water are not planned to be extended. However, this line has not always been respected, as the infrastructure has recently been extended to service new subdivisions along Stone Jug Road.

E. Environmental Negatives

Some elements of the urban environment have a negative impact on the desirability of housing nearby, usually because of noise, odor, traffic, or other negative externalities. While these uses are important, households choosing where to live generally avoid them, lowering housing values and desirability in the surrounding area.

Railroad tracks tend to have noisy trains and can also produce dust. They are also a barrier to walkability. Two railway right-of-ways enter Battle Creek from the west. One, a freight rail line, running from South Bend, Indiana, skirts Kellogg Airport to the west and then runs through Springfield and into Downtown Battle Creek, where it merges with the combination passenger/freight line coming from Kalamazoo. There are very few residential areas near the rail lines on the west side of the city.

However, on the east side of the city, the rail line passes through a dense residential portion of the Post/Franklin NPC district. Then, the lines split again, with one heading north towards Lansing. This line, which carries both passengers and freight, runs through mostly industrial areas. However, the line that veers to the south (and heads towards Jackson) continues to run very near to single-family homes.

Highways are very loud and create air pollution. They also serve to divide neighborhoods and can hurt walkability. In general, Battle Creek's highways do not run through dense residential areas, and they are usually buffered by trees, which are very effective noise reducers. I-94 runs mainly through undeveloped areas and commercial districts in the Rural Southwest. I-194 is generally buffered by trees through Minges Brook/Riverside, but does run as an elevated highway along the Kalamazoo River in the Wilson/Coburn/Roosevelt/Territorial and Post/Franklin areas. Here, it cuts off access to the waterfront and is a noisy nuisance to neighbors.

Industrial areas are important job centers, but, while people like to be within easy commuting distance, housing immediately adjacent to industrial areas is not considered desirable. Battle Creek's largest industrial area is on the far west side of town, away from residential development. However, the city also has active industrial uses in the center of town, especially immediately east and west of the Central Business District in the Wilson/Coburn/Roosevelt/Territorial and Post-Franklin NPC districts. There is also a large and active industrial area in the Fremont/McKinley/Verona NPC district, but it is buffered from the nearby residential area by the Battle Creek River.

The **Sewage Treatment Plant** is located along the Kalamazoo River in the northwest corner of the city. There are no residential districts nearby, so the odor does not diminish the desirability of any neighborhoods.

Airports can be environmental negatives due to noise and other externalities. They are also very large and cut off parts of a community from each other. Kellogg Airport borders some residential areas on its east, but the rest of the airport borders either industrial uses or undeveloped land.

Some consider **High Tension Power Lines** an eyesore, and concerns have been raised about their health impacts. The only high tension power lines with the City of Battle Creek are in the Urbandale NPC, where they cut right through the middle of a residential neighborhood. It is not clear whether the housing values in this area are impacted by the power lines.

Strip Commercial Districts are frequently the locations of important retail amenities that households seek to be near when choosing where to live. However, they also have negative impacts for nearby residential areas, such as traffic noise, poor walkability, and heat islands. The major strip commercial corridors in Battle Creek are Columbia Avenue, Beckley Road, and M-66. There is also a small strip commercial area on NE Capital Avenue.

Landfills are one of the most noxious uses and severely depress housing desirability. Fortunately, there are no active landfills within the City of Battle Creek.

F. Other Factors

Perceived Safety

When choosing where to live, many households consider safety to be a top priority. However, housing values do not always correlate with crime rates. This is because the *perceived safety* of a neighborhood is what is important to the desirability of housing in that area. If people feel unsafe due to blight or a neighborhood's reputation, they will assume that the area has a high crime rate – even if it does not. Simple neighborhood cleanup and blight elimination programs can make people feel safer even if the crime rate has not changed. In many parts of Battle Creek, the perception of crime far outstrips the actual rate of crime. For this reason, neighborhood cleanup programs would have the additional effectiveness of showing that the neighborhood is safe.

“People perceive crime to be a lot higher than it actually is.”

-Community Stakeholder Focus Group

Still, safety considerations are an important part of revitalizing neighborhoods. Expanded police patrols, neighborhood watch programs, and pedestrian-scale lighting are all important elements in increasing the safety of a neighborhood.

Property Taxes

Table 3.9 shows the total millage rate in Battle Creek and the surrounding communities. Property tax rates, and the level of service residents feel they get from their local municipality, are a driving force behind housing choice. High taxes have caused some residents of the greater Battle Creek area to relocate to the Primary or Secondary Commuting Area, rather than the city itself.

Table 3.9: Property Taxes in Battle Creek and Surrounding Communities

Community	Total Mills (Homestead or Ag)
City of Battle Creek	45.36
City of Springfield	45.63
Bedford Township	32.76
Pennfield Township	35.81
Emmett Township	31.47
Leroy Township	32.05
Charleston Township	28.40
Ross Township	29.04

Source: Michigan Department of Treasury

4. Analysis of Current Housing Market

A. Public Input

On December 5 and 6, 2012, Battle Creek residents gathered to discuss the opportunities and challenges associated with housing in the region. Below are the results of the input sessions. In general, the Public Input indicated anecdotally that the trends shown by the data in Section C of this chapter are being felt on the ground by Battle Creek residents.

Community Open House

The Community Open House took place on December 5, 2012. Attendees participated in the following activities:

“Fill in the Blanks”

Participants were asked to fill in the blanks in a narrative describing their experience finding housing in Battle Creek. A sampling of the responses is below.

*My neighborhood is a place with both positive and negative characteristics. When I was looking for a place to live, I chose my neighborhood because **(housing was cheap, close to work, close to church, it was close to the lake, the neighbors were friendly, the school district).***

*If I could alter my neighborhood, I would change it to include more **(public safety patrol, complete streets, trees, owner occupied homes, public transportation, shopping)** and less **(blight, rentals, vacant properties, crime, taxes, train noise, sex offenders).***

*If I could live anywhere in Greater Battle Creek, I would live in **(Lakeview, outside City limits, my neighborhood, Minges Brook, Bedford, Historic North Side)** because **(historic homes, close to parks, close to Downtown, more rural, close to retail, good school district, lower crime rate, quieter).***

*I wish my neighborhood had more housing choices for residents. I wish it had more housing for **(low-income families, seniors, people with disabilities, growing families, no change).***

*To make housing more accessible and affordable for residents, the City could **(encourage agencies to help improve resident's credit, adopt a fair housing ordinance, work in partnership with non-profits, enforce rental property ordinance, do nothing - it is already very affordable).***

*If I could renovate my home, I would change it to include **(green features, a privacy fence, another bathroom, a larger closet, an attached garage, handicap accessibility, a front porch, more yard space.)***

*In the future, the following circumstances may cause me to move to a new home or neighborhood: **(retirement, job, neighborhood decline, being able to afford a larger home, marriage).***

“Fix, Keep, Aspire”

The participants were also divided into groups based on the NPC district that they live in and asked to identify elements of their neighborhood that they would like to “Keep,” “Fix,” and “Aspire” to improve. The results are below, by NPC District:

Table 4.1: Public Feedback: Urbandale

Fix	Aspire	Keep	Misc.
Traffic that congregates weekends	Dog/Pet area	Flower Garden	No suburban – style roundabouts
Aspire pedestrian bridges	New Equipment	Plaza	4 way stop roundabouts ok
	Band Shell to encourage use of park		too fast traffic
	Bike lanes		pedestrian death
	Sidewalks		Michigan Ave.
	Restaurant(s)		Sidewalks
	Accessible bus stops		Bus stops
	Need arrow for left turn from 37 onto Michigan Ave.		

Table 4.2: Public Feedback: Fremont/McKinley/Verona

Fix	Aspire	Keep	Misc.
Commercial businesses	Lights on linear path	Piper Park	R = Rentals
Park (little)	Demo all blighted comm.	Historical Homes	little park = Horse bend
Prostitution	Rebuild vacant lots	Safe place	More 3 bedroom (or more) rental units/homes
Capital Ave. Comm. Corridor	Landlord Participation		More neighborhood watches programs
Calhoun St. Commercial	Increased household income to be close to city media		Longer hours and distance for buses
			Employer participation
			Day Care

Table 4.3: Public Feedback: Rural Southwest

Fix	Aspire	Keep	Misc.
		Urban growth boundaries	

Table 4.4: Public Feedback: Kellogg Airport/Fort Custer

Fix	Aspire	Keep	Misc.
Columbia Business District needs coherent something	More public access Harts Lake	Bike lanes	
	Willard open year round more walking paths	Downtown Lakeview can't fall into vacant Lakeview - and if it does, the whole retail will die	
	More sidewalks in neighborhoods	Woodland park and preserve	

Table 4.5: Public Feedback: Post/Franklin

Fix	Aspire	Keep	Misc.
Storm damage	More activities for children – park, programming	Dairy Queen	
All of it on Main		C.A.	
Fix housing stock demo those that need it	Amenities for public trans user	Reinforce the positive business in this stretch	
Tear down	Ordinances that limit conversion of single family to multi-unit	Franklin school clean up	
Convenience stores are concerning			

Table 4.6: Public Feedback: NorthCentral

Fix	Aspire	Keep	Misc.
No more streetwalkers	Provide financial incentives to stay	Encourage the families to stay in their neighborhood	
Too many rentals which are in really bad shape	More established families that can afford to fix up the houses	Community feeling – sidewalk repairs	
Make Irving Park family-friendly	Retail and business growth	Mt. Zion	
Get rid of duck and geese too much crap!	Control hours of accessibility - close after dark Claude Evans Park	Church	
Crime	Community Center emphasis on children	Park – must be safe	
Too many dilapidated houses	Traffic speed bumps all east/west streets	Quiet neighborhood	
Traffic crime	Neighborhood watch	Shiloh Church Influence	
Enhance the Linear Park	Assistance with rehab	Affordable Housing	
	Macedonia Church	Holy Light Church	
	Develop riverfront for public use		

Table 4.7: Public Feedback: Wilson/Coburn/Roosevelt/Territorial

Fix	Aspire	Keep	Misc.
Old Hamlin Community Center	Community Center		Why is the homeless left out?
Roads and houses	Housing and Storage		Youth Center
Better facade standards			Pregnancy Centers
Run down housing units			Post Area – all fix it
Housing units delaminated corner homes			More housing for DV victims
Abandoned Bldg., Schools			Job Corps
Better housing standards			Safe sidewalks
Abandoned homes in post			Improve bike trails
			Improved/more shelters homeless
			Youth Centers for adolescent & young adults
			Literacy for all ages – educate to employ
			More subsidized housing

Table 4.8: Public Feedback: Westlake/Prairieview

Fix	Aspire	Keep	Misc.
Vacant (commercial) properties	Dog “poop” bags at parks	Elementary School	
Safety at Riverdale School along paths in the evening	Use Linear Park (trail) to connect more neighborhoods	Elementary School	
Hold projects in high standards		Bike lanes	
Vacant commercial properties		Public beach	
		Open space wooded	
		Elementary School	
		Middle School	
		Shopping	
		Food	
		High School	
		Adult Facility	
		Woodland Park	
		Movies	
		Shopping	
		Boat launch	

Table 4.9: Public Feedback: Minges Brook/Riverside

Fix	Aspire	Keep	Misc.
Nimbyism	Maintain visibility at intersections	Park	
Need sidewalks on Columbia	Fix up houses – assist folks who need help	Yard sizes	
Sidewalk ends		Open spaces	
Sidewalks entire length of Columbia			
Traffic flow at Capital and I-94			

Focus Groups

Two focus groups met on December 6, 2012 to discuss priorities for improving the quality, affordability, and availability of housing in Battle Creek. The first group consisted of business leaders and real estate professionals. The second consisted of stakeholders for affordable and fair housing in the community.

Business Leaders and Real Estate Professionals

The first focus group conducted a “SWOT” (Strengths, Weaknesses, Opportunities, and Threats) analysis of the housing market in Battle Creek. The results are below.

Table 4.10: Business Leaders and Real Estate Professionals Focus Group Results

STRENGTHS
Available Investment Property - Cost to landlords is not prohibitive - Single Family Rental Properties - Popular Niche
Large supply of single family units (plenty of inventory)
High ratio of “owner-occupieds”
High quality neighborhoods and housing units in BC
\$150K home: can buy a very nice home in BC
Potential for infill rehabilitation (new uses)
WEAKNESSES
Lending, especially for multiple family
Availability of housing in desirable neighborhoods
Losing affluent residents to other communities
Limited selection of high value housing
Lack of new construction due to high inventory Foreclosures reducing prices including newer homes (< 20 years old)
Foreclosed properties are too expensive to renovate for potential homeowners, so they are purchased as income properties
\$20,000 is limit, but should be increased to allow more people to take advantage of home improvement loan/assistance programs
Buyers for “fixer uppers” are rare
Copper theft
Need funds to help low income buyers make home improvements Private lending has dried up
Appraisal values are lower than rehab costs – depressed values across the board due to exceed inventory
Energy costs

Can be higher than housing payments
Lack of job creation (esp. living wage jobs) means no new entrances into housing markets
Goes the other way too
Need investment in historic homes to make them more desirable
OPPORTUNITIES
Conversion of former industrial/commercial buildings
Rehabilitation can be less expensive than new build
Reuse of old school buildings
Rebranding opportunities
Address
Lakeview schools
Administration in BC schools remaining longer
Schools of choice allow people to live in central BC while sending kids elsewhere
Low barriers to homeownership
Value for money “a lot of house”
Small business downtown
BC Central has shown quantifiable improvement
Was on list of underperforming schools, but was taken off in one year (<i>Note: Actually not taken off, but now meet standards to be removed from list</i>)
Relocation to BC for Kellogg’s, etc.
“Empty nesters”
Horrock’s
Prepare historic buildings for renovation (elevators, fire suppression)
BCU incentives
Free buildings
Major foundation(s) especially Kellogg Foundations have resources to make large-scale difference
Improve physical appearance to reduce perception of crime
THREATS
High cost of renovation due to poor condition of buildings
Especially historic commercial/industrial
Taxes, especially in city limits
Need to attract wealth
Steering away from historic homes,
Stigmas – crime and other negatives
People overstate crime, esp. downtown
Concentrations of poverty and unemployment
North-South divide (Territorial Road)
Blight implies crime to people
Vacancy in downtown retail
- Not enough “Stuff” in Downtown to attract residents - Lack of amenities
Hard to walk in outskirts of downtown, especially to Horrock’s
Lack of infrastructure in older downtown buildings (elevators, fire suppression)
Social services problem
Need to address critical problems – need to agree on solutions as a community
Family “breakdown”
Kalamazoo
Organizations need to work together
Programs for very low-income actually put people in bad situations
Overcrowding in well-regarded school districts due to schools of choice

Affordable and Fair Housing Stakeholders

The second focus group conducted a “Fix, Keep, Aspire” analysis similar to the exercise at the previous night’s Community Open House. The results are below.

Table 4.11: Affordable and Fair Housing Stakeholders Focus Group Results

ASPIRE
Neighbors working together
Street lighting - Washington Heights - City-wide - Post/Franklin
City doesn't have local fair housing ordinance
Affordable housing in safe neighborhoods
Positive cycle of property maintenance Positive influences in neighborhoods
Help for low-income families with utilities
Assistance for winterization
Assistance with landlord – tenant relationships
Require City inspections before final sale
Include utilities in rent – but need incentives to keep usage low Include utilities in loan underwriting and affordability analysis for homeownership programs
Education about utility best practices (how to keep bills low)
Churches/Community Centers as centers for education
Map racial concentration, family size
FIX
Desirability of neighborhoods - Crime - Burglary
Information about crime rates to show that perception is worse than reality – “crime” and “poor schools” are code words for racial perceptions Lack of fear
Blight/cleanliness problems imply danger to people
Expensive utility bills/energy efficiency Not included in affordability analysis or loan underwriting
Use of land contracts instead of rental agreements Landlords not required to do maintenance
Don't help credit if not serviced by lending agency
Need education, because land contracts are like leases, but people may not know that
Purchasing homes that are not ready to be occupied because they are very cheap - Need education, but when can we talk to people? - Need to find them before they buy the house
Market rate rents are less than “market rate” according to HUD
Credit as a barrier, even when people could afford housing
Landlords have fixed costs and can't realistically charge less without sacrificing quality
Vicious cycle of displacement when people can't pay more than 2-3 months' rent
Landlords charging more for more people
Low income for an entire multi-generational family
Behavioral issues – poor maintenance, “gaming the system”, short term thinking
School district divide Perception of schools race-related?

KEEP
Licensed rentals
Education programs required for some homeownership programs
Churches as education centers, keep within neighborhoods
Rentals to formerly homeless individuals who graduate from life skills programs
HUD Emergency Shelter Grants • But need education as part of it • Could help more people if previous recipients no longer needed assistance
Very low cost home improvements • Not free • “Hand up, not a handout”
Fair housing education and enforcement
Actively seek out discrimination rather than waiting for it to be reported
Programs that keep domestic abuse victims from having to move back in with abusers for financial reasons
Abating rent for tenants that were victims of unlicensed rental
Homeowner rehabilitation program
Calhoun County Minor Home Repair Program • \$2,500 • Paid for by dedicated millage for seniors
HOME grants and CDBG Home Repair Program

B. Analysis Methodology

The following chapter includes a qualitative analysis of the housing market in Greater Battle Creek. The analysis will be performed for the City itself and the Primary and Secondary Commuting Areas, in order to get a full picture of the demand for housing in the broader market.

The analysis will calculate the aggregate demand for housing and compare it to the supply of housing, showing the “gap” between the two and determining whether new housing is demanded, and what type of housing would meet the unmet demand.

Demand

Demand is calculated by determining the number of households in the three study areas (the City and the two Commuting Areas) that are pre-disposed to own or rent, then calculating the affordable price of housing for households based on income. The first step is to take the population in the study area broken down into age cohorts, and then determine the number of households headed by a member of each age cohort using national headship rates. Once the number of households in each age group is determined, they are further broken down into “owners” and “renters”, based once again on national patterns of housing tenure by age. This breakdown provides the total number of rental and homestead properties demanded in the study area.

Next, price demand is calculated. For the purposes of this study, it is assumed that homeowners will pay up to 28% of their gross monthly income in mortgage payments, and will pay 10% down, while renters will pay up to 25% of their gross monthly income in rent. These figures are used to calculate affordable rents and home values, and the households are categorized to give the number of homestead and rental properties demanded at each price point.

Supply

Supply is calculated by determining the number of housing units rented/for rent and owned/for sale in each of the price categories determined by the demand analysis. The analysis begins with the overall number of units in the study area and their tenure, as found in the US Census. Then, using home value data from the census, the number of existing homestead properties in each affordability category is determined.

Similarly, for rental properties, the US Census breaks down units by contract rent, which creates categories of affordability.

Note: Because the Census does not include home value or contract rent data for all properties (data is especially lacking for vacant properties, as not all vacant properties have an “asking price” or “asking rent”) totaling the number of units in each affordability category may not equal the total number of units for the geographic area in question reported earlier in this document. In order to be consistent within this analysis, the total number of units within each geographic area is reported as the total of the units for which there is value or rent data available in the Census.

Because many of the units for which values or rents are not available are not ready for occupancy (and thus the Census was unable to ascertain their value or rent), this discrepancy does not impact the accuracy of the results with respect to how well the demand for housing is being met. However, the number of homes for which no value could be determined by the Census indicates that there are many housing units within the City of Battle Creek that are not available for occupancy. This should be addressed through demolition or rehabilitation programs, as discussed in Chapter 5.

Supply-Demand “Gap”

Having determined the supply and demand in the study area, the two are compared in order to show whether there is a market “gap”. First, the overall numbers of units supplied and demanded are analyzed, and then the number in each price point is compared (for both ownership and rental). The gap analysis points to the areas of the market that are saturated and the areas with latent demand.

Headship and Homeownership Rates

The headship rate is the number of households in each age group divided by the population in that age group. By definition, a household resides in a dwelling unit under its control. Using the data in the following Table 4.12, we can calculate the propensity of the population in each age cohort to 1) form a household based on the headship rate, and 2) own or rent a dwelling unit.

For the purposes of this study we have used national headship and homeownership rates for the purposes of determining propensity to form a household, and then to own or rent a dwelling unit. The underlying assumption is that housing preferences of study area households will closely match national rates, and using national rates can smooth over anomalies or variances in the data reported at a small level such as the study area. Also, because the Census uses age cohorts that begin with 5s (15-24, 25-34, etc.) for this data, but other data is reported in cohorts that begin with 1 (11-20, 21-30, etc.), adjustments have been made to make the homeownership and headship rates fit the categories used for other data, in order to make comparisons.

Table 4.12: Homeownership and Headship Rates, United States, 2010

	Homeownership Rate	Headship Rate
11-20	2.0%	7.2%
21-30	30.2%	35.9%
31-40	54.4%	53.7%
41-50	68.3%	59.5%
51-60	76.1%	60.3%
61-70	78.2%	67.4%
71-80	70.1%	67.2%
81+	65.0%	66.9%

Source: U.S. Census

C. Quantitative Analysis

Housing Affordability Calculations

For the purposes of this study, affordability was calculated based on the 2011 Median Family Income in Battle Creek, which was approximately 48,800.

Table 4.13 shows the maximum affordable housing for various incomes in the Battle Creek region. The maximum affordable home value was calculated using a 5% interest rate, as well as a 30 year term and a maximum 28% debt-to-income ratio, with 10% down. Higher borrowing costs will lower the maximum affordable home value, so households with lower credit scores will have a lower maximum affordable housing value. However, in 2012, interest rates were generally very low, so 5% is a conservative estimate for affordability. The proportion of the payment for insurance and taxes was estimated to be 20%, for consistency's sake, although for low-income households that proportion can be higher.

Maximum affordable monthly rent equals 25% of gross monthly income. Although 30% of income is a commonly used figure for the amount a household should spend on housing, so we assume that rent will represent up to 25%, leaving 5% of income to cover other housing-related expenses such as utilities, renter's insurance, etc.

Table 4.13: Affordable Housing for Various Incomes

Percent of AMI	Annual Income	Monthly Income	Max. Affordable Home Value	Max. Affordable Monthly Rent
50%	\$24,400	\$2,033	\$61,481	\$508
80%	\$39,040	\$3,253	\$98,371	\$813
100%	\$48,800	\$4,066	\$122,963	\$1,016
120%	\$58,560	\$4,880	\$147,556	\$1,220

Source: HUD, McKenna Associates Calculations

Estimated Housing Demand – City of Battle Creek

Table 4.14 shows the number of households headed by each age group, and then breaks down those households into owners and renters. The number of households is based on the national headship rate, and the homeowner/renter split is based on national homeownership rates (See Table 4.12). The table shows that **the total housing demand in the City of Battle Creek is 13,062 ownership units and 7,910 rental units**. Note that this table merely identifies if households are likely to own or rent, it does not identify what *kind* of housing unit the household would prefer (i.e. detached single family home vs. apartment vs. attached condominium unit, etc.).

Table 4.14: Estimated Homeowner/Renter Demand by Age Group - City of Battle Creek

Age Group	2010 Population	Households	Homeowners	Renters
11-20	7,141	511	10	501
21-30	7,246	2,598	779	1,819
31-40	6,826	3,662	1,978	1,684
41-50	7,089	4,218	2,868	1,350
51-60	6,721	4,056	3,082	974
61-70	4,726	3,183	2,483	700
71-80	2,310	1,551	1,086	465
81+	1,785	1,193	776	417
Total	51,250	20,972	13,062	7,910

Source: US Census Bureau, McKenna Associates Calculations

Table 4.15 and Table 4.16 show the range of housing prices affordable to residents of the City by age cohort and income level. In general, younger and lower income households tend to rent, while older and higher incomes tend to own. These figures will be compared to the available housing stock to generate an understanding of over- or under-supply in the market.

Table 4.15: Ownership Demand by Age and Income, in Number of Households – City of Battle Creek

	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Affordable Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
11-20	6	2	2	0
21-30	303	108	167	201
31-40	571	443	386	578
41-50	780	583	540	966
51-60	787	565	559	1,170
61-70	798	497	435	753
71-80	456	245	180	205
81+	326	175	129	146
Total	4,027	2,618	2,397	4,019

Source: ESRI, McKenna Associates Calculations

Table 4.16: Renter Demand by Age and Income, in Number of Households – City of Battle Creek

	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Affordable Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
11-20	0	0	0	0
21-30	287	116	97	0
31-40	708	253	389	468
41-50	486	377	328	493
51-60	367	274	254	454
61-70	249	178	177	370
71-80	195	105	77	88
81+	175	94	69	79
Total	2,693	1,538	1,515	2,164

Source: ESRI, McKenna Associates Calculations

Estimated Housing Demand – Primary Commuting Area

This section performs the same analysis with the Primary Commuting Area. Because the Primary Commuting Area raw data includes the City of Battle Creek, the City demand is subtracted out at the end to show the demand from the Primary Commuting Area itself. Table 4.17 shows the number of households headed by each age group, and then breaks down those households into owners and renters. The table shows that **the total housing demand in the Primary Commuting Area is 21,456 ownership units and 9,220 rental units.**

Table 4.17: Estimated Homeowner/Renter Demand by Age Group – Primary Commuting Area

Age Group	2010 Population	Households	Homeowners	Renters
11-20	14,324	1,024	20	1,004
21-30	14,268	5,115	1,535	3,581
31-40	14,046	7,536	4,069	3,466
41-50	15,378	9,150	6,222	2,928
51-60	15,434	9,313	7,078	2,235
61-70	11,159	7,516	5,862	1,635
71-80	6,718	4,511	3,158	1,353
81+	3,886	2,598	1,689	909
Total (City + PCA)	109,537	45,763	29,633	17,130
PCA Total	57,287	24,791	21,456	9,220

Source: US Census Bureau, McKenna Associates Calculations

Table 4.18 and Table 4.19 show the range of housing prices affordable to residents of the City by age cohort and income level. In general, younger and lower income households tend to rent, while older and higher incomes tend to own. These figures will be compared to the available housing stock to generate an understanding of over- or under-supply in the market.

Table 4.18: Ownership Demand by Age and Income, in Number of Households – Primary Commuting Area

	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Affordable Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
11-20	12	4	4	0
21-30	598	213	328	395
31-40	1,175	911	793	1,190
41-50	1,691	1,265	1,170	2,095
51-60	1,808	1,298	1,284	2,688
61-70	1,884	1,174	1,027	1,777
71-80	1,326	712	524	596
81+	709	381	280	319
<i>Total (City + PCA)</i>	9,203	5,958	5,412	9,060
<i>PCA Total</i>	5,176	3,339	3,015	5,040

Source: ESRI, McKenna Associates Calculations

Table 4.19: Renter Demand by Age and Income, in Number of Households – Primary Commuting Area

	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Affordable Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
11-20	575	233	195	0
21-30	1,394	498	766	922
31-40	1,001	776	676	1,013
41-50	796	595	551	986
51-60	571	410	406	849
61-70	531	331	290	501
71-80	568	305	225	256
81+	382	204	151	172
<i>Total (City + PCA)</i>	5,819	3,353	3,259	4,699
<i>PCA Total</i>	3,126	1,815	1,744	2,535

Source: ESRI, McKenna Associates Calculations

Estimated Housing Demand – Secondary Commuting Area

This section performs the same analysis with the Second Commuting Area. Because the Secondary Commuting Area raw data includes the City of Battle Creek and the Primary Commuting Area, the City and Primary Commuting Area demand is subtracted out at the end to show the demand from the Secondary Commuting Area. Table 4.20 shows the number of households headed by each age group, and then breaks down those households into owners and renters. The table shows that **the total housing demand in the Secondary Commuting Area is 59,638 ownership units and 37,941 rental units.**

Table 4.20: Estimated Homeowner/Renter Demand by Age Group – Secondary Commuting Area

Age Group	2010 Population	Households	Homeowners	Renters
11-20	52,491	3,753	75	3,678
21-30	53,891	19,320	5,796	13,524
31-40	44,092	23,656	12,774	10,882
41-50	45,317	26,964	18,335	8,628
51-60	44,617	26,922	20,461	6,461
61-70	31,670	21,329	16,637	4,962
71-80	18,897	12,689	8,882	3,807
81+	14,523	9,708	6,310	3,398
Total (City + PCA+SCA)	349,240	144,341	89,271	55,070
SCA Total	239,703	98,578	59,638	37,941

Source: US Census Bureau, McKenna Associates Calculations

Table 4.22 show the range of housing prices affordable to residents of the City by age cohort and income level. In general, younger and lower income households tend to rent, while older and higher incomes tend to own. These figures will be compared to the available housing stock to generate an understanding of over- or under-supply in the market.

Table 4.21: Ownership Demand by Age and Income, in Number of Households – Secondary Commuting Area

	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Affordable Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
11-20	43	17	15	0
21-30	2,257	805	1,241	1,493
31-40	3,689	2,861	2,490	3,713
41-50	4,984	3,728	3,449	6,174
51-60	5,227	3,751	3,713	7,769
61-70	5,348	3,331	2,916	5,043
71-80	3,730	2,001	1,474	1,677
81+	2,650	1,422	1,047	1,191
Total (City +PCA+SCA)	20,389	24,791	22,438	24,151
SCA Total	18,724	11,959	10,933	18,023

Source: ESRI, McKenna Associates Calculations

Table 4.22: Renter Demand by Age and Income, in Number of Households – Secondary Commuting Area

	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Affordable Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
11-20	2,108	855	715	0
21-30	5,266	1,879	2,895	3,483
31-40	3,142	2,437	2,121	3,181
41-50	2,346	1,754	1,623	2,905
51-60	1,651	1,185	1,173	2,454
61-70	1,508	939	822	1,422
71-80	1,598	858	632	719
81+	1,427	766	564	642
Total (City +PCA+SCA)	19,046	10,673	10,545	14,806
SCA Total	13,227	7,320	7,286	10,107

Source: ESRI, McKenna Associates Calculations

Supply – City of Battle Creek

Table 4.23 and Table 4.24 show an analysis of the affordability of housing units in the City of Battle Creek. The table shows that housing in the City is generally very affordable, with many existing homes affordable to even low-income households.

Table 4.23: Supply of Homestead Housing Units by Value - City of Battle Creek

Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Units	4,787	4,225	2,345	1,962

Source: US Census, McKenna Associates Calculation

Table 4.24: Supply of Rental Housing Units by Monthly Rent - City of Battle Creek

Monthly Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
Affordable To	Under 50% AMI	51-80% AMI	81-120% AMI	Over 120% AMI
Number of Units	3,092	3,765	411	76

Source: US Census, McKenna Associates Calculation

Supply – Primary Commuting Area

Table 4.25 and Table 4.26 show an analysis of the affordability of housing units in the Primary Commuting Area. Homeownership in the Primary Commuting Area is more expensive than in the City, but rentals are generally affordable, even for low-income households.

Table 4.25: Supply of Homestead Housing Units by Value - Primary Commuting Area

Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Total Units (City + PCA)	8,977	10,428	8,559	6,812
Units (PCA Only)	4,190	6,203	6,214	4,850

Source: US Census, McKenna Associates Calculation

Table 4.26: Supply of Rental Housing Units by Monthly Rent - Primary Commuting Area

Monthly Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
Affordable To	Under 50% AMI	51-80% AMI	81-120% AMI	Over 120% AMI
Total Units (City + PCA)	5,476	5,766	676	163
Units (PCA Only)	2,384	2,001	265	87

Source: US Census, McKenna Associates Calculation

Supply – Secondary Commuting Area

Table 4.27 and Table 4.28 show an analysis of the affordability of housing units in the Secondary Commuting Area. The Secondary Commuting Area has a much larger number of luxury rentals than the City or the Primary Commuting Area, although the majority of the rentals are affordable to all income levels.

Table 4.27: Supply of Homestead Housing Units by Value - Secondary Commuting Area

Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Total Units (City + PCA+SCA)	20,389	24,791	22,438	13,823
Units (SCA Only)	11,412	14,363	13,880	17,339

Source: US Census, McKenna Associates Calculation

Table 4.28: Supply of Rental Housing Units by Monthly Rent - Secondary Commuting Area

Monthly Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
Affordable To	Under 50% AMI	51-80% AMI	81-120% AMI	Over 120% AMI
Total Units (City + PCA + SCA)	17,340	21,359	4,411	1,397
Units (SCA Only)	12,064	15,593	3,735	1,234

Source: US Census, McKenna Associates Calculation

Overall Gap

As shown in Table 4.29, there is, overall, an undersupply of housing in greater Battle Creek. There is, however, an oversupply of homestead properties. There is a large undersupply of rental properties. Although much of the pent up demand is currently outside the City, those units could be incentivized to be built in the City by inducing people who would otherwise rent in an outlying community to move into the City of Battle Creek.

Table 4.29: Overall Gap Analysis

	Number Supplied	Number Demanded	Over/Under Supply
City of Battle Creek	20,663	20,972	309 undersupply
Owner-Occupied	13,319	13,062	-257 oversupply
Rental	7,344	7,910	566 undersupply
Primary Commuting Area	26,193	28,535	-2,342 oversupply
Owner-Occupied	21,456	16,571	-4,886 oversupply
Rental	4,737	9,220	4,483 undersupply
Secondary Commuting Area	89,421	97,579	8,158 undersupply
Owner-Occupied	56,994	59,638	2,644 undersupply
Rental	32,627	37,941	5,314 undersupply
Total	136,277	144,341	8,064 undersupply
Owner-Occupied	91,769	89,271	-2,498 oversupply
Rental	44,508	55,070	10,563 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

Affordability Gap - City of Battle Creek

Table 4.30 shows the gap between the number of housing units affordable for owner-occupation in each income group and the number of households within each income group. In general, housing in the City is underpriced relative to income, which leaves plenty of affordable housing available. There also may be some pent-up demand for high-quality housing alternatives.

Table 4.30: Affordability Gap Analysis: Homestead Properties, City of Battle Creek

Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Households	4,027	2,618	2,397	4,019
Number of Homes	4,787	4,225	2,345	1,962
Over/Under Supply of Homes	-760 oversupply	-1,607 oversupply	53 undersupply	2,057 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

The analysis of rental housing shows a slightly different trend. Rental properties affordable to households with incomes below 50% of AMI are oversupplied, but not dramatically. This could mean that for households in the lowest income strata (for instance, below 30% of AMI), there is an undersupply of rental housing. Further, because of the extreme undersupply of rental housing targeted at middle- and high- income renters, it is likely that quality, affordable rental properties are being occupied by households paying a very low percentage of their income in monthly housing costs. This shift could force lower income households into low-quality housing units.

Table 4.31: Affordability Gap Analysis: Rental Properties, City of Battle Creek

Monthly Rent	< \$508	\$509 to \$813	\$814 to \$1,220	> \$1,220
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Households	2,693	1,538	1,515	2,164
Number of Homes	3,092	3,765	411	76
Over/Under Supply of Homes	-399 oversupply	-2,227 oversupply	1,104 undersupply	2,088 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

Affordability Gap – Primary Commuting Area

Table 4.32 shows the gap between the number of housing units affordable for owner-occupation in each income group and the number of households within each income group within the Primary Commuting Area. The Primary Commuting Area has an undersupply of housing affordable for low income residents, and also an undersupply of housing appealing the higher-income households.

Table 4.32: Affordability Gap Analysis: Homestead Properties, Primary Commuting Area

Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Households	5,176	3,339	3,015	5,040
Number of Homes	4,190	6,203	6,214	4,850
Over/Under Supply of Homes	986 undersupply	-2,863 oversupply	-3,199 oversupply	190 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

Unlike the City, there is an undersupply of rental housing affordable to low income individuals in the Primary Commuting Area. This means that low income families in the Primary Commuting Area are underserved with affordable, quality housing. Rental housing for affluent families is also undersupplied.

Table 4.33: Affordability Gap Analysis: Rental Properties, Primary Commuting Area

Monthly Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Households	3,126	1,815	1,744	2,535
Number of Homes	2,384	2,001	265	87
Over/Under Supply of Homes	742 undersupply	-186 oversupply	1,479 undersupply	2,448 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

Affordability Gap – Secondary Commuting Area

Table 4.34 shows the affordability gap within each income group in the Secondary Commuting Area. There is a significant undersupply of homes affordable for low income residents within the Secondary Commuting Area. There is also pent-up demand for high-quality housing alternatives. However, there is an oversupply of housing in the middle categories, meaning that low income households are likely stretching to live in more expensive homes, while high-income households are paying a low percentage of their income in housing costs.

Table 4.34: Affordability Gap Analysis: Homestead Properties, Secondary Commuting Area

Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Households	18,724	11,959	10,933	18,023
Number of Homes	11,412	14,363	13,880	17,339
Over/Under Supply of Homes	7,312 undersupply	-2,404 oversupply	-2,947 oversupply	684 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

The analysis of rental housing shows a different trend. Rental housing affordable to households under 50% AMI and households between 50-80% AMI is oversupplied, but both housing affordable to households between 80-120% AMI and luxury housing are undersupplied – most likely meaning that households are occupying housing that would be affordable to those with lower incomes than them.

Table 4.35: Affordability Gap Analysis: Rental Properties, Secondary Commuting Area

Monthly Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Households	13,227	7,320	7,286	10,107
Number of Homes	12,064	15,593	3,735	1,234
Over/Under Supply of Homes	1,163 undersupply	-8,274 oversupply	3,351 undersupply	8,873 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

Affordability Gap – Overall Market

Table 4.36 shows the affordability gap for home ownership in the overall market. There are significant undersupplies of housing at each end of the spectrum.

Table 4.36: Affordability Gap Analysis: Homestead Properties, Overall Market

Home Value	< \$61,481	\$61,481 to \$98,371	\$98,371 to \$147,556	> \$147,556
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Households	27,927	17,917	16,345	27,082
Number of Homes	20,389	24,791	22,438	24,151
Over/Under Supply of Homes	7,538 undersupply	-6,874 oversupply	-6,093 oversupply	2,931 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

Table 4.37 shows that the largest group of rental units within the Battle Creek housing market rent for between \$509 and \$813 per month. Because of this, there is a very large oversupply in the 50-80% AMI affordability category, but undersupplies in every other category.

Table 4.37: Affordability Gap Analysis: Rental Properties, Overall Market

Monthly Rent	< \$508	\$509 to \$813	\$814 to \$1,220	< \$1,220
Affordable To	Under 50% AMI	50-80% AMI	80-120% AMI	Over 120% AMI
Number of Households	19,046	10,673	10,545	14,806
Number of Homes	17,340	21,359	4,411	1,397
Over/Under Supply of Homes	1,709 undersupply	-10,687 oversupply	6,134 undersupply	13,409 undersupply

Source: US Census, ESRI, McKenna Associates Calculations

Summary of Findings

1. There is a demand for new housing, both in the Overall Market and in the City of Battle Creek.

Based on the methodology, there is a demand for 8,064 new housing units in the greater Battle Creek housing market, with a demand of 309 new units in the City itself. Some of the other units that are demanded could be attracted to the city through incentive programs, assistance for low-income families, and the development of luxury housing that appeals to higher-income households.

2. The demand for rental housing is higher than the demand for homeownership.

Overall, there is a demand for over 10,000 new rental units in the greater Battle Creek housing market, and an oversupply of over 2,000 homestead properties. Within the City of Battle Creek, over 500 new rental units are demanded. One impact of this disparity between the availability of homestead properties and rental housing is families may own homes they struggle to maintain. Another, more positive impact, is that homeownership is available to households that would usually rent (according to national trends) due to their age, income, or other factors.

3. Overall, there is an undersupply of housing for households earning under 50% of AMI, but there is an oversupply of such housing within the City of Battle Creek.

Currently, many low-income families are forced to choose between neighborhoods with lower quality housing and fewer amenities and housing that is financially burdensome. Additional opportunities for low-income housing are needed in both the Primary and Secondary commuting areas. Additionally, the core neighborhoods of Battle Creek need to be strengthened and infilled with housing that appeals to a variety of household types and income groups.

4. There is significant demand for increased development of luxury housing that appeals to higher-income households.

In the greater Battle Creek housing market, there is a demand for over 16,000 new units (13,409 rental units and 2,931 homestead units) that are affordable to households making over 120% AMI. Around 4,000 of these units (split approximately evenly between rental and homestead) are demanded within the City of Battle Creek. When there is an undersupply of luxury housing, high-income households end up buying or renting “less house” than they can afford, which has a trickle-down effect that reduces the availability of affordable housing for households with lower incomes. Additionally, high-income families are choosing to live well outside the City of Battle Creek (in communities like Portage, Texas Township, Oshtemo, and Marshall), even if they work within the Battle Creek city limits. In order to attract these families to live within Battle Creek, new housing must be developed, both in the core neighborhoods and within the Lakeview school district, that appeals to high-income households.

5. There are insufficient opportunities for households interested in dense housing near retail and amenities, especially in the Central Business District and its immediate surroundings.

Housing in the walkable center of a community appeals to a number of groups – young professionals, retirees, individuals needing access to social services, and households looking to reduce the costs of maintaining their homes. Income wise, these groups cluster at the top and bottom of the spectrum, in the categories where housing is not currently supplied at levels that meet demand. By providing additional housing in the core of Battle Creek, the housing desires and needs of these residents can be met and a mixed-income, vibrant community can be created in the downtown area.

5. Recommendations and Action Plan

A. Vision and Goals

Vision Statement

The City of Battle Creek is committed to efforts to stabilize, strengthen, and diversify its neighborhoods. While housing in the City is generally affordable, access to Battle Creek's most desirable neighborhoods is restricted to those with incomes over a certain range. Meanwhile, the City's core neighborhoods have struggled with disinvestment, despite historic housing stock that could easily be converted to highly desirable or even luxury housing. As a result, Battle Creek's population is segregated economically and socially. It is the City's vision that opportunities for affordable housing be increased in southern and western neighborhoods, while quality housing should be developed in the core in order to diversify neighborhoods and strengthen the City as a whole.

Goals

1. **Increase access to neighborhoods with high quality schools and amenities, including Westlake/Prairieview, Minges Brook/Riverside, and the Rural Southwest.**
2. **Incentivize redevelopment of historic housing stock within core neighborhoods, especially Fremont/McKinley/Verona.**
3. **Incentivize infill housing, including increased housing in the Central Business District and immediately surrounding districts.**
4. **Remove impediments in the Zoning Ordinance and other City Ordinances to infill housing, renovations, and mixed use.**
5. **Take steps to reduce and eventually eliminate housing discrimination through implementing the recommendations of the 2013 Analysis of Impediments.**

B. Action Plan

Development Incentives

There are several available incentives for historic rehabilitation, infill, and low-income housing available in the State of Michigan. These include:

Low Income Housing Tax Credits

Low Income Housing Tax Credits are a federal program designed to assist developers build housing for a variety of income groups. Tax credits are available to help cover the revenue lost by reducing rent. Developments are supposed to be constructed so that it is not clear which units are “affordable” and which are market rate. This tool could be effective in bringing quality, affordable housing to the southern and western portions of the City.

MSHDA administers the federal low income housing tax credit in Michigan according to a Qualified Allocation Plan. There are application deadlines and competitive scoring. Over 20,000 affordable apartments have been assisted in the state using this incentive for private owners of affordable rental housing. One tool that local governments have to encourage projects is permitting non-profit developments to make Payments in Lieu of Taxes (PILOTs) rather than paying their full tax burden. Battle Creek already uses this strategy. It is the recommendation of this study that the program be expanded to the extent possible.

Low income tax credit developments are appropriate for all parts of the city, especially when they create opportunities for a variety of household types and income levels to share a vibrant community. Denser developments should be targeted for core neighborhoods, with less dense (although still walkable) developments targeted for the southern part of the City.

Multi-Family Direct Lending Program

MSHDA offers tax-exempt and taxable loans for the development of multiple-family housing. Loans are available to projects that create and preserve affordable rental housing, create housing near social and community services for people in need of them, and re-use older structures, especially those that were previously non-residential. This is a tool that could be used to increase the amount and variety of housing in the Central Business District and nearby areas.

Historic Preservation Tax Credits

Both Federal and State Tax Credits are available to help rehabilitate historic properties. Properties must be designated as historic in order to be eligible, but the tax credits can cover up to 20% (Federal) or 25% (State) of the total project cost. These tax credits will be a valuable tool in the City’s efforts to rehabilitate historic properties into desirable housing in Battle Creek’s core.

Brownfield Redevelopment Tax Credits

Brownfield Redevelopment Tax Credits are administered by the Michigan Department of Environmental Quality and can be used to offset the cost of remediating a site and preparing it for redevelopment. The cleaning up of a contaminated site can be the catalyst for improvements in the quality of life of the surrounding area.

Additional Action

Additionally, the City of Battle Creek is committed to implementing its own development incentives for infill housing and historic rehabilitation. The City is also committed to encouraging redevelopment through its processes and procedures, including enforcement of the Building Code and Zoning Ordinance. Some Zoning Ordinance revisions will be made in order to ensure that the City is encouraging redevelopment (see later in this chapter). Finally, the City of Battle Creek should undergo a study of vacant property to complete a more nuanced analysis of the sites best suited for infill development.

Additionally, the City of Battle Creek should target blighted and unusable residential structures for demolition, in order to reduce blight and ensure that as high a percentage of housing units are appropriate for occupancy as possible.

Affordable Housing Programs and Cost of Living Assistance

There are several programs to make housing more affordable in the State of Michigan. These include:

Property Improvement Loans

The Property Improvement Program offers low-interest home improvement loans to single-family Michigan homeowners with annual household incomes up to \$105,700. Landlords also have access to a similar program. Providing owners with the funds to improve their properties is a crucial component in stabilizing neighborhoods and breeds additional investment in surrounding properties.

Homeownership Assistance

MSHDA provides a variety of programs designed to assist low-to-moderate income families own their own home. From Federal programs like NSP I and II to down payment assistance to homeownership counseling, these tools can help families afford quality housing in the neighborhood of their choice. Programs like these should be leveraged to assist families in moving to areas of the City with quality schools and other amenities.

Housing Choice Voucher Program

This federal program provides rent subsidies for very low income people to find their own housing in private homes and apartment buildings. These vouchers allow families to afford quality housing. Families in this program should be spread throughout the city in neighborhoods of their choice, not clustered in specific areas.

Community Foreclosure Response Toolkit

Underwritten by Charter One Bank, the Community Foreclosure Response Toolkit is intended for any individual, group, or organization that wants to respond effectively to the foreclosure crisis in their own backyards. It is filled with Michigan-specific foreclosure-related information, resources, strategies for mortgage and tax foreclosure prevention and response, as well as best-practice models from around the state. It also includes resources for at-risk homeowners and advice on organizing a local, community foreclosure response effort. This online toolkit is searchable, interactive and continually updated, providing the opportunity for Michigan communities to learn from one another as they address the foreclosure crisis.

Additional Action

Additionally, the City of Battle Creek is committed to continuing its ongoing efforts to assist families in finding affordable housing and supporting private and non-profit organizations that work toward that important goal. Additionally, the City of Battle Creek will work with non-profits and community groups to assist families with the costs of being a homeowner, such as utilities and maintenance. This assistance will also be available to renters in some situations.

Infrastructure Improvements

The following infrastructure improvements are priorities for the City of Battle Creek in the pursuit of its housing goals:

Sidewalks

In some portions of the City, especially those outside the historic core, sidewalks are incomplete or non-existent. Connecting these sidewalks and providing improved pedestrian mobility is a priority. Improved pedestrian connectivity will make access to the amenities, institution, and public transit in these neighborhoods easier and more accessible for all members of the community. The highest priority for sidewalk improvements and expansion is the SW Capital Avenue corridor.

Additionally, in the core of the City, there are areas where sidewalks have deteriorated and are either no longer passable for disabled individuals or are completely impassable. These areas of deterioration should be inventoried, prioritized, and repaired in order to increase the desirability of the neighborhoods in question and ensure pedestrian mobility for all community members.

Complete Streets

Complete Streets, or the concept of ensuring the safe use of transportation corridors for all potential users, is a priority across the State of Michigan. The City of Battle Creek has already begun to institute Complete Streets improvements such as bike lanes, dedicated bus lanes, and pedestrian safety improvements on several key corridors. Long-term, the following corridors should reflect Complete Streets priorities to the greatest extent possible:

- Capital Avenue (both SW and NE)
- Michigan Avenue (both E and W)
- Columbia Avenue
- Emmett Street
- North Avenue
- Washington Avenue
- Main Street

Complete Streets programs are an important complement to housing programs. Affordable housing is not effective if the residents of the homes are burdened by transportation costs. Additionally, individuals frequently choose to travel by modes other than automobile for non-cost reasons such as convenience, exercise, environmentalism, or other reasons. Complete streets programs enable these choices and make housing more desirable – without substantially increasing its cost.

Water, Sewer, and Stormwater

In some portions of the City, the water, sewer, and stormwater infrastructure is very old and in some cases obsolete. Improving this infrastructure is a key component in increasing the desirability and marketability of Battle Creek's core neighborhoods.

Less costly than overhauling stormwater infrastructure is to incentivize site design that includes additional permeable surfaces, rainwater collection, and green roofs. This can be done through financial incentives and also through zoning. Additionally, these types of improvements increase the value and marketability of properties and decrease utility costs for owners and renters.

The Urban Services Boundary will continue to remain in place in order to control sprawl. Exceptions to the Boundary should be reduced or eliminated to reduce the amount of new infrastructure being built for greenfield development.

Ordinance Amendments

The following potential revisions to the Zoning Ordinance would assist in achieving the goals of this plan:

Expand Residential Opportunities in Central Business District

Currently, the Zoning Ordinance allows residential units on the upper floors of commercial buildings within the Central Business District, but does not permit any other type of residential development. Permitting multiple-unit residential structures would allow a broader range of development options and could increase Downtown's vitality, while opening up the Central Business District as a housing option for a wide range of household types.

Create a Mixed-Density Residential Zoning District

One of the most effective ways to create diverse neighborhoods is to have a broad range of housing types. Currently, Battle Creek's residential districts limit development to either single family or multiple family. A mixed-density district would allow multiple typologies of housing within a single neighborhood. While not all residential districts in the City are appropriate for this type of zoning, mixed density housing could be effective in the areas immediately surrounding Downtown. This recommendation is not meant to suggest to wide-spread subdividing of single-family homes into multiple units. Instead, it is meant for a variety of housing typologies to be constructed as infill within Battle Creek's core neighborhoods. Examples of the typologies to be encouraged are townhouses and small apartment buildings, along with new single family homes that fit the character of the district.

In addition to attracting households with a wide range of incomes and housing preferences, mixed density neighborhoods allow "aging in place." As individuals grow older and want to reduce their maintenance costs, they can move into smaller housing options without leaving their neighborhoods.

Allow Higher Density Development in Southern Portion of the City

Current zoning for the southern and western portions of the City is aimed at preserving the low-density character of these areas. While this is a worthy goal in many locations, opportunities for denser housing in specifically targeted areas would give a wider range of housing choices, making the neighborhoods more appealing to a broader range of the population and giving more households access to the quality schools and amenities in these parts of the City.

This should not be construed to recommend additional subdivisions in the far southwest portion of the City, especially the area outside the Urban Services Boundary. Instead, vacant land within the already developed portion of southern Battle Creek should be developed into denser, more walkable, neighborhoods that are available to a wide variety of household types and income levels. Mixed use housing also complements the City's ongoing Complete Streets program.

Zoning Bonuses for Mixed-Income Housing and/or Community Amenities

Zoning can also be used a carrot for development. If a development targets a mix of incomes, or provides community amenities such as recreational space, the Zoning Ordinance could allow increased density, height, or other relaxed provisions. It is important, however, that these incentives be crafted so they do not incentivize poor quality housing aimed at low-income households. Quality mixed-income housing can work in any neighborhood of the City, provided that the typology fits the surrounding area (for instance denser townhome or multiple-family developments in the core and single-family homes in the southern part of the City).

Summary of Action Plan

Topic	Strategies	Priority
Development Incentives	Provide information and resources to help developers make use of existing State and Federal incentives for infill development and mixed-income housing.	High
	Streamline processes and procedures to ensure that zoning and building regulations are not an impediment to redevelopment.	High
	Conduct a study of vacant property to target redevelopment sites within the City.	Medium
	Develop local incentive programs for infill and mixed-income housing.	Medium
Affordable Housing Programs and Cost of Living Assistance	Provide information and resources to help residents and potential residents make use of existing State and Federal programs to assist with the costs of housing, utilities, maintenance, etc.	High
	Proactively assist homeowners in using the Community Foreclosure Response Toolkit.	High
	Assist and support non-profit and community groups in their efforts to assist low-income families in finding quality, affordable housing, and also in their efforts to provide cost-of-living assistance.	High
	Develop a local program to provide assistance with maintenance, utilities, and other cost-of-living items related to housing.	Medium
Infrastructure Improvements	Repair and maintain existing sidewalks.	High
	Construct new sidewalks in key locations where they do not currently exist, especially along SW Capital Avenue south of Territorial Road.	High
	Incentivize or require on-site stormwater improvements to reduce strain on stormwater system.	High
	Continue to enforce Urban Services Boundary to prevent costly infrastructure extensions for greenfield development.	High
	Develop a Complete Streets plan and implement Complete Streets improvements on key corridors.	Medium
	Upgrade sewer, water, and stormwater infrastructure as funds and opportunities become available.	Medium
Ordinance Amendments	Expand residential opportunities in Central Business District.	Medium
	Create a mixed-density residential zoning district	Medium
	Allow higher density development in southern and western portions of the City	Medium
	Implement zoning bonuses for mixed-income housing and/or community amenities.	Medium



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