

# Chapter 10

## ECONOMIC DEVELOPMENT

### INTRODUCTION

The economy of a region is the driving force behind its evolution. However, while a strong economy does not necessarily relate to a heightened quality of life, a struggling economy almost always assures a decline in the quality of life. A fundamental element of the **Leelanau General Plan** is the establishment of policies to provide for a strong economy within the context of sustainable growth and development. Economic development does not have to occur at the expense of the natural or visual environment. Conversely, County residents do not have to settle for a lower standard of living in the name of environmental protection. A basic premise of the **General Plan** is that a sustainable, healthy economy is dependent upon a healthy environment, and nowhere is this more true than in Leelanau County.



Downtown Leland

### Economic Trends

Most of the population growth experienced in the County has been the result of the in-migration of new residents, often retirees, from other counties – the number of senior citizens has steadily grown since 1960, particularly in Glen Arbor and Leelanau Townships. Others are often commuters who travel outside the County for work. Many in-migrating residents buy high-value property for retirement or seasonal homes, and many of the new residents come from urban areas with higher levels of public service. The higher property values and increased demands for public services result in greater tax burdens throughout the County, particularly impacting lower and fixed-income households. Significant year-round population increases result in the need for expanded services, such as health care and social services, and in the growth of the construction industry, in order to accommodate the demand for more homes.

**A basic premise of the Leelanau General Plan is that a sustainable, healthy economy is dependent upon a healthy environment, and nowhere is this more true than Leelanau County.**

This is reflected in the County's employment patterns. Most of the County's job growth in recent years has been in the construction service, and retail sector of the economy. Many of these jobs are low paying, seasonal, and fluctuate with the economy; many of these jobs remain unfilled following the housing crisis of 2008.

**Table 10-1  
2000-2010 Census**

Jurisdiction	Population		Population Change	
	2000	2010	Number	Percent
Bingham	2,425	2,497	72	2.97%
Centerville	1,095	1,274	179	16.35%
Cleveland	1,040	1,031	-9	-0.87%
Elmwood	4,264	4,503	239	5.61%
Glen Arbor	788	859	71	9.00%
Kasson	1,577	1,609	32	2.00%
Leelanau	2,139	2,027	-112	-5.20%
Leland	2,033	2,043	10	0.50%
Solon	1,542	1,509	-33	-2.10%
Suttons Bay	2,982	2,982	0	0.00%
Empire Village	378	375	-3	-0.80%
Northport Village	648	526	122	18.80%
Suttons Bay Village	589	618	29	4.90%
Traverse City	149	192	43	28.90%
<b>TOTAL</b>	<b>21,119</b>	<b>21,708</b>	<b>589</b>	<b>2.80%</b>

**Table 10-2  
Projected Population  
and Households**

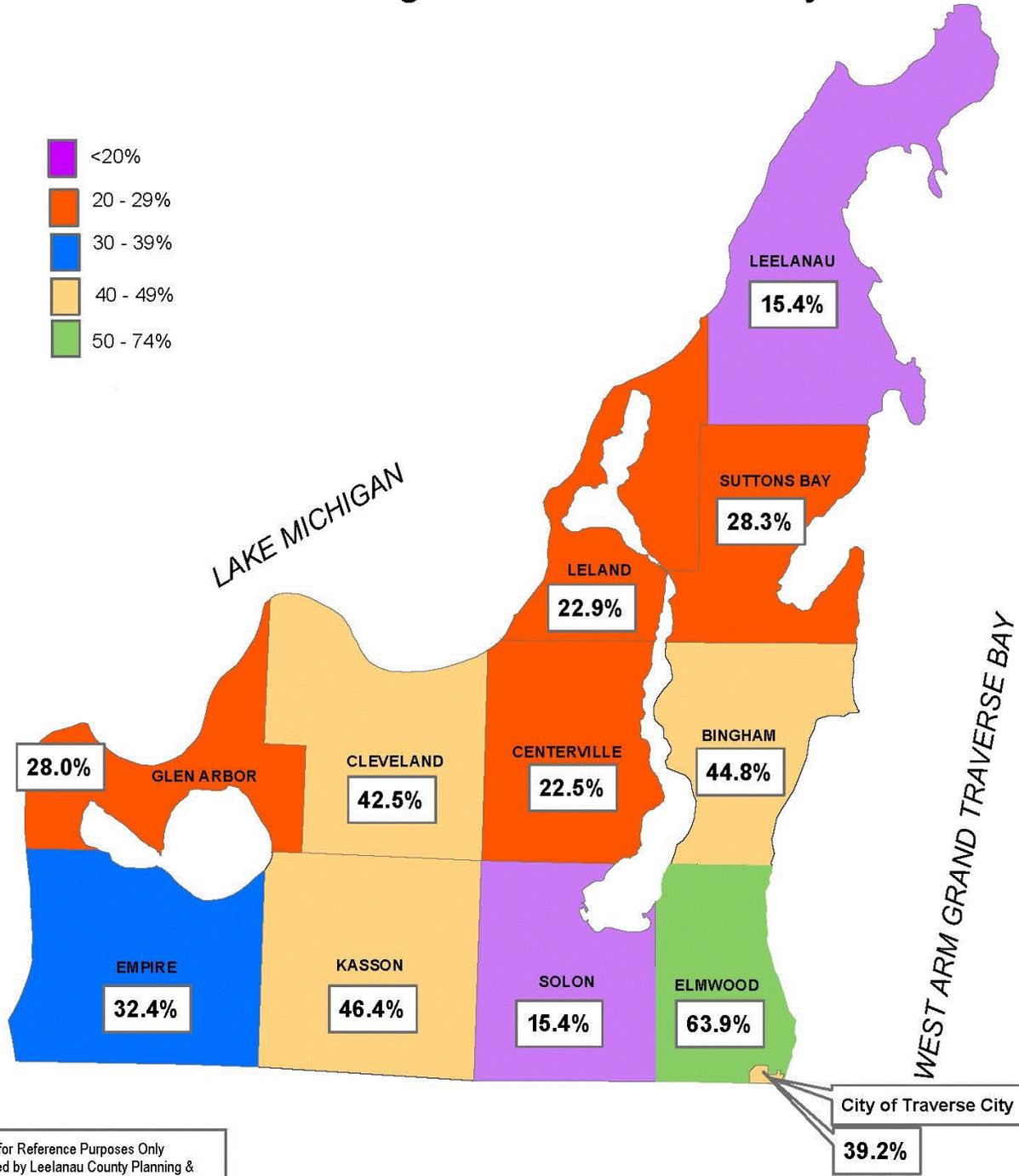
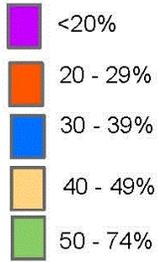
	Projected Population	Projected Households
<b>2020</b>	<b>24,165</b>	<b>10,597</b>
<b>2030</b>	<b>26,477</b>	<b>11,544</b>

With limited year-round employment opportunities found within the County, a large portion – about 46% – of the County’s labor force commutes outside the County for work, mainly to Grand Traverse County. (See Map 10-1). Without diversified economic opportunities, it is likely that the trend towards commuting to work outside of the County will continue.

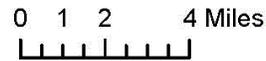
**Importance of Tourism and Seasonal Residents**

While the tourism industry is most active in the warmer months, it impacts the economics of the County all year. Many of the area jobs are seasonal and do not provide year-round income for workers nor generate year-round sales taxes. Still, tourism dollars continue to increase within the County, which indicates a growing tourism economy. However, due to difficulties in tracking seasonal populations, there is no clear understanding of the impact of tourism and how it influences individual sectors of the County’s economy.

# Map 10-1 Leelanau County Work Force Commuting Outside the County



Map is for Reference Purposes Only  
Prepared by Leelanau County Planning &  
Community Development Source U. S.  
Census Bureau 2013-2017 American  
Community Survey, NWMCOG



When discussing seasonal populations, it is worthwhile to note that many “seasonal” residents may very well become permanent residents upon retirement or other lifestyle changes. The majority of in-migrant population growth is largely attributed to retirees.

### **Proposal A**

In March of 1994, the voters in Michigan approved Proposal A, a law which involves differences in tax rates for homestead and non-homestead properties. Properties identified as a primary residency, and properties with an agricultural exemption, are classified as homestead. Other properties, such as seasonal homes, vacant land, and second homes are classified as non-homestead.

Proposal A allows school districts to levy up to 18 mils on property classified as non-homestead, if approved by the voters in the school district. In addition, all properties are levied 6 mils for state school tax. Therefore, a non-homestead property could be levied school taxes to a maximum of 24 mils, while homestead properties pay no more than 6 mils. Homestead vs. non-homestead classifications create major disparities between tax rates of these types of properties. In some cases, owners of non-homestead properties pay over twice the taxes that homesteaders pay.

### **Importance of Agriculture**

The primary tart cherry producing state is Michigan, accounting for nearly 74% of tart cherry production. Michigan ranked 1st in tart cherry production in 2014 with 203 million pounds, and 4th in total sweet cherry production in 2014 with 29,860 tons. (*NASS, 8671*). Leelanau County is number one nationwide for the production of cherries. In Northwest Michigan, 85% of the sweet cherries grown are grown in Leelanau County. In the nation, Leelanau County leads in cherry acreage with 12,259 acres in production and over 1.3 million trees. (MSU Extension) The County also has 26% of the tart cherry acreage and 4% of Michigan apples. The County’s climate, proximity to Lake Michigan, rolling Hills (drainage), and sandy soils make it ideal for fruit production. These areas so ideally suited for fruit production are also some of the most valued properties for residential home sites.

Agriculture is a major element of the County’s economy. “Agricultural tourism,” such as heritage tours and visits to wineries, has become an important part of Michigan’s tourist economy over the last few years, and Leelanau County has seen significant growth in that market as well.

Agricultural markets/wineries/u-picks, etc. (referred to as “value added” agriculture), play the dual role of creating greater economic opportunities for farmers while “marketing” the County and attracting additional tourism. The County is seeing increases in other types of value-added agriculture as well, such as organic farming, on-farm processing, specialty meat and cheese production, farm markets, and hydroponic farming. The growth of value-added agriculture will likely play an important role in Leelanau County’s agricultural and tourist economies.

Nevertheless, agriculture is subject to a significant amount of pressure due to the instability of the agricultural economy, increased residential development, the rising market demand for rural lots, rising costs of production, and higher taxes. As these pressures grow, there is a greater incentive to sell farmland for its development value, taking more farms out of operation and reducing agricultural employment and revenues.

### **Geographic Isolation**

The County is a destination location. Normal transportation routes do not "pass through" the County due to its geographic location. As a result, the potential pool of consumer dollars is limited to only those persons who are traveling to or living in the County. The indirect surface travel and comparatively limited air and water service further add to the challenges for economic development.

### **Fiscal Implications**

The growth of the County's population is altering land values as well. The percentage of land in farms, by State Equalized Value (SEV) has been steadily decreasing since 1974 while residential valuation has been steadily increasing. More and more national studies suggest that new residential development, contrary to traditional thinking, does not "pay for itself" across the board, and that, in fact, the additional public services to meet the demands of the new residential development often cost more than the additional taxes collected.

This could mean higher taxes by present and future residents to meet new public service needs created by new residents. Though service, retail sales, agriculture, and construction are the County's export industries, it is clear that the comparative lack of commercial and industrial development in the County places the tourism industry in that much more of a dominant role. To provide for a more balanced economy in the County is particularly difficult as public services and infrastructure are limited.

## **FRAMEWORK FOR FUTURE POLICY**

It is a goal of the **General Plan** to encourage a balanced County economy. This balance hinges upon the ability to realize the large economic potential of the County's resources while, at the same time, recognizing the fragile nature of these resources and taking strong protective actions to ensure their perpetuity. Sustainable growth and development, with environmental protection, and a more diversified economic base are the lynch pins for a balanced County economy. The increasing significance of income circulated by seasonal residents, and property taxes paid by them, must also be acknowledged as an important part of the economic base of Leelanau County.

To the extent that tourism continues principally as a summer activity, efforts should be directed at attracting new opportunities which are generally of low intensity, and require limited landscape alterations. The economic base should be diversified. Opportunities for additional economic development must be provided which can operate within, and be compatible with, the sensitive resource base which characterizes the County. At the same time, these resources must be recognized for their long term non-economic benefits and should be approached in a responsible manner with a strong sense of stewardship.

In striving for this economic future, a major effort should be made to create more year-round jobs in businesses and industries which have demonstrated a commitment to environmental protection or which by their nature do not pose threats to the County's environmental integrity. Location criteria should include proximity to public services, utilities, transportation, work force, and associated logistical elements. The Leelanau Peninsula Economic Foundation (LPEF) and local economic development task forces should coordinate economic development activities from within and out of the County, distributing marketing materials, and providing specialized training programs.

**Figure 10-2  
Percent Change In Housing Units**

	2000 Census	2010 Census	% Change
<b>Total Housing Units</b>	<b>13,297</b>	<b>14,935</b>	<b>12.3%</b>
<b>Occupied</b>	<b>8,436</b>	<b>9,255</b>	<b>9.7%</b>
<b>Vacant</b>	<b>4,861</b>	<b>5,680</b>	<b>16.8%</b>
<b>For Rent</b>	<b>361</b>	<b>289</b>	<b>-19.9%</b>
<b>For Sale Only</b>	<b>79</b>	<b>274</b>	<b>256.0%</b>
<b>Rented or Sold, not occupied</b>	<b>130</b>	<b>56</b>	<b>-57.0%</b>
<b>Seasonal, Recreational</b>	<b>4,111</b>	<b>4,681</b>	<b>13.9%</b>
<b>Migrant Housing</b>	<b>37</b>	<b>39</b>	<b>5.4%</b>
<b>Other Vacant</b>	<b>143</b>	<b>341</b>	<b>138.5%</b>

Figure 10-3  
2018 Total Millage for Homestead Properties in Leelanau County

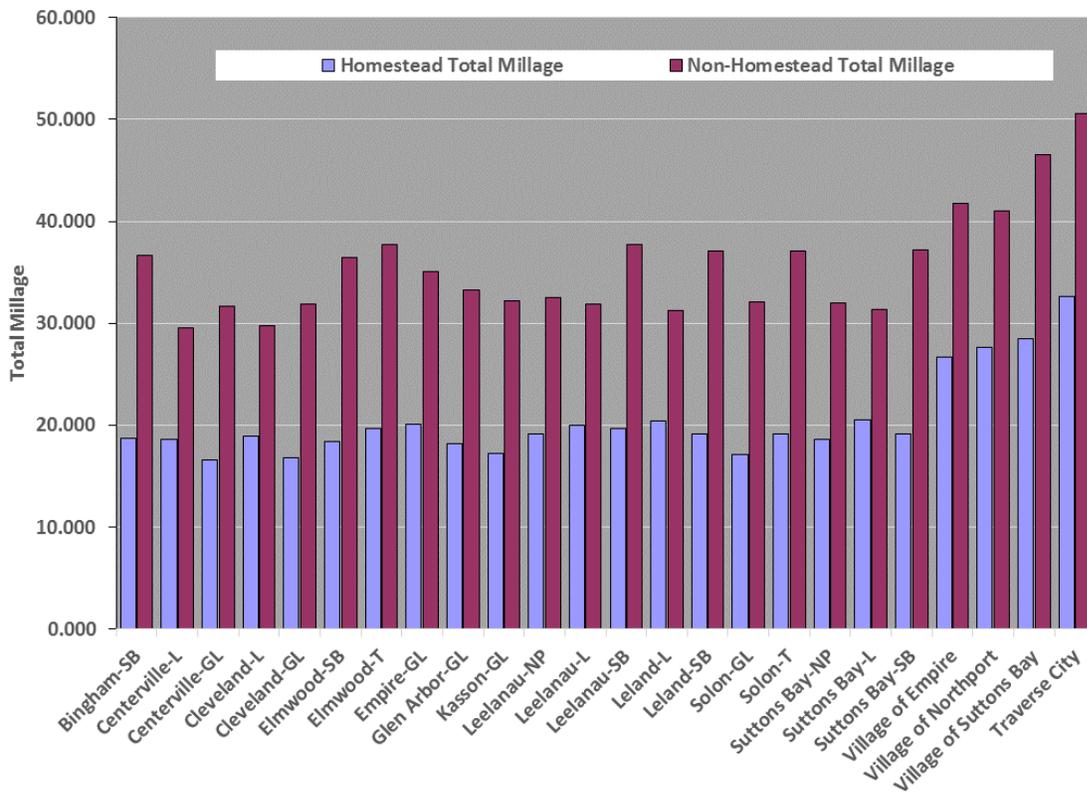
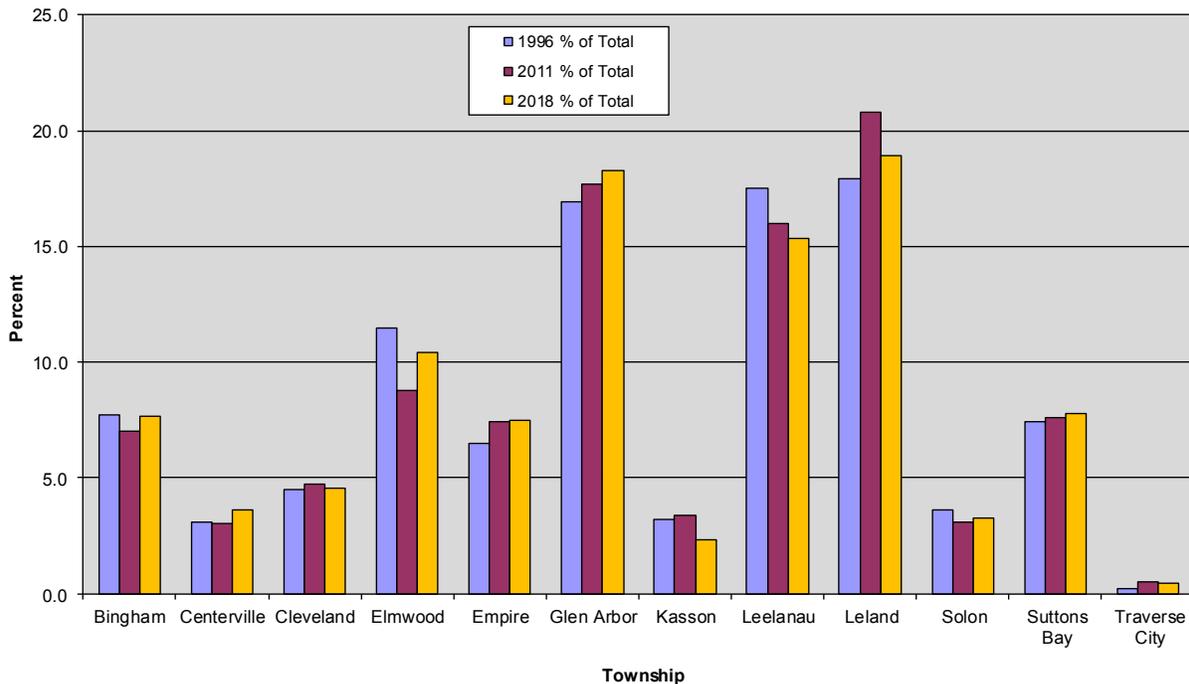


Figure 10 - 4  
Residential SEV as Percentage of Total SEV Comparing 1996, 2011 and 2018



The increased economic development activity anticipated from these initiatives should be guided to those areas of the County planned for village development and supported by the necessary public facilities and convenient to the work force. All capital improvements should be well planned, phased, and coordinated with adjoining municipalities and County projects. Model zoning language has been developed for planned and compatible mixed uses, small scale developments, and signage, which is sensitive to the surrounding natural and rural environment. Commercial areas should be pedestrian friendly and landscape amenities should enhance the village setting. All businesses operating with heightened risks of environmental contamination should be monitored through the development of a regular and ongoing County-wide monitoring system.

The **General Plan** calls for a program to protect the County's agricultural economy. A critical component of this program relates to the County's future land use pattern. In addition, however, the **General Plan** encourages the expansion of marketing opportunities for farmers including the promotion of locally produced farm products, mail-order businesses for farm products, farmland tourism networks and organically grown products.

**Opportunities for additional economic development must be provided which can operate within, and be compatible with, the sensitive resource base which characterizes the County.**

The **General Plan** also encourages the development and expansion of small scale farming operations such as wineries, Christmas tree farms, small fruit operations, and Community Supported Agriculture (CSA) farms, as well as unique farming opportunities. In addition, continuous monitoring of trends and conditions in crop production, P.A. 116 enrollments, conservation reserve programs, and other agricultural economic indicators should become routine and the data generated applied to current and future marketing initiatives.

Improved employment opportunities for many of the residents in the County will remain out of reach without improved job skills. The training needs of target industries must be identified and appropriate training provided. Satellite centers should be established to provide easier access to training opportunities.

These employment programs should not be reserved for adults only, but programs should be developed for the County's children which encourage leadership and independence. The future evolution of the economy should be supported by an improved County-wide information system.

## **ECONOMIC DEVELOPMENT POLICIES AND ACTION STATEMENTS**

The following policies, objectives, and action statements are intended to establish the blueprint for the **General Plan's** vision for future economic development.

**Goal:** Understand the impact and effects of tourism.

**Objective:** Define the optimum role of tourism and tourism development in the County consistent with protection of the natural environment.

**Action Statement:**

The County should cooperate with Networks Northwest in efforts to develop a data collection and monitoring system to continuously evaluate seasonal population changes as well as local impacts of tourism.

**Objective:** Attract tourism opportunities which capitalize on natural resources and scenic beauty while protecting and enhancing those same features.

**Action Statement:**

Local governments and citizens groups should identify historic preservation opportunities in the County and develop a formal tour or guidebooks including maps for historic features/ trails.

**Action Statement:**

The County and local governments should explore opportunities to development additional small parks in the County, especially along lake shores, streams and ridges.

**Goal:** Promote economic activity and strengthen the economy of Leelanau County.

**Objective:** Ensure adequate workforce for Leelanau County businesses.

**Action Statement:**

Local governments should work with Leelanau Housing Action Committee to review and update zoning ordinances to ensure a wide variety of housing options are available to residents.

**Objective:** Economic development leadership should spearhead a business retention and development program for the County.

**Action Statement:**

The County, Leelanau Peninsula Economic Foundation (LPEF) and MSU Extension should research and promote the development of agri-tourism opportunities, such as wineries and heritage tours in the County.

**Action Statement:**

The LPEF should work with local communities to identify resource-friendly industries and projects that will enhance year-round employment opportunities.

**Goal:** Maintain the stability of agriculture in the County.

**Objective:** The County and local units of government should initiate proactive measures to protect agriculture and farmland.

**Action Statement:**

The County should work with the Leelanau Conservation District to devise an agricultural data base which more closely monitors crop production, P.A. 116 enrollments, conservation reserve programs, and other appropriate agricultural preservation/support programs.

**Action Statement:**

The County, local governments and economic development corporations should encourage participation in programs offered by Michigan State University Extension that provide education, training, and resources to support the expansion of economic opportunities through value added agriculture.



Suttons Bay Village Marina

**Goal:** Commerce activity needs to be located near business and residential centers and well-served by proper services.

**Objective:** Development organizations should identify business and residential centers for concentrated development that provides efficiency in energy and service delivery.

**Action Statement:**

The County, local governments, and economic development organizations should focus economic initiative in or close to villages (where the people are) through the use of initiatives, guidelines, and zoning regulations.

**Action Statement:**

Develop in the County, with local government assistance, sample (*model*) zoning regulations which allow for planned and compatible mixed uses.

**Action Statement:**

The County should promote the establishment of high-speed internet and cable services with County-wide access.

**Action Statement:**

Local governments should enact regulatory guidelines to integrate adequate parking with other access management techniques to minimize congestion and visual impact of commercial and industrial development.

**Action Statement:**

Local governments should coordinate prohibitions of strip development with zoning regulations of neighboring jurisdictions.

**Objective:** Promote well-designed business facilities which blend with the environment and are not overly suburbanized in appearance.

**Action Statement:**

Local governments should develop local site design guidelines to promote the establishment of native vegetation, wildflower fields and native grasses over sod yards in commerce centers and to encourage the use of low impact development (LID) standards.

**Action Statement:**

The County, Brownfield Redevelopment Authority and local governments should encourage private enterprise to upgrade and redevelop existing, aging commercial establishments and centers to arrest deterioration and maintain the appearance of the County.

**Action Statement:**

Local governments should adopt regulations designed to promote small scale development in service centers to blend with the rural character of the County.

**Action Statement:**

Local governments should adopt regulations to require the design of commercial centers to be pedestrian friendly with natural landscaping, pathway and amenity tie-ins.



Farm market along M-72 in Elmwood Township