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# FEVER OF DEVELOPMENT, FRONTIER OF RECOVERY

*Securing the Saugatuck Dunes Coastal Region*

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JULY 2007



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*Securing the Saugatuck Dunes Coastal Region*

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## PURPOSE

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In July, 2006, Aubrey McClendon, a prominent Oklahoma City energy company executive and co-owner of the Seattle Supersonics and Seattle Storm basketball teams, completed the purchase of 402 acres of Lake Michigan shoreline at the mouth of the Kalamazoo River in Saugatuck Township. Mr. McClendon paid \$39.3 million to purchase the coastal parcel from the Denison family, which had owned it since 1955.<sup>1</sup>

In doing so, Mr. McClendon purposely outbid the State of Michigan, the City of Saugatuck, and two land conservancies; all were seeking to buy the property for use as a natural reserve. As early as 1982, the Michigan Department of Natural Resources had expressed interest in acquiring the land as part of the Saugatuck Dunes State Park.<sup>2</sup> Had the purchase involved no other issues, the magnitude of the price alone, the most ever spent for a large expanse of undeveloped coastal land in the Lake Michigan basin, would have attracted public interest.<sup>3</sup>

But the land that Mr. McClendon now owns—a magnificent stretch of freshwater dunes, wetlands, coastal marshes, and forest along the southeastern Lake Michigan shore—has long occupied the place where the history, culture, economy, and environment of Saugatuck, Douglas, and the surrounding townships converge.

This white paper provides citizens and civic leaders guidance in understanding and responding to Mr. McClendon's speculative investment, and what it likely means for the Saugatuck Dunes coastal region. The paper describes the market and demographic trends that are writing a new narrative for four townships and two towns along the Lake Michigan shoreline in Allegan County; that narrative differs sharply from the vision described in the region's Tri-Community Comprehensive Plan.

This paper also reports on the history of advocacy and progressive planning that will enable the region to manage growth to protect ecological, small town, and rural assets that are the foundation of the regional economy. It recommends a strategy for preserving the Denison property as the first important achievement in a regional public interest campaign to conserve the natural, cultural, historic, and economic values of the Saugatuck Dunes coastal region.

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1 Saugatuck Township Planning Commission documents. Interview with Saugatuck Township Planning Commission chairman Jim Hanson, interview with Stephen Neumer, attorney and project manager for Aubrey McClendon, both conducted March 2007.

2 Robert L. Reinking and Patricia L. Birkholz, *A New Role for Citizens in State Park Planning, Saugatuck Dunes State Park*, Michigan Academician, Fall, 1982.

3 Author survey of state agencies and land conservancies in Michigan, Illinois, and Wisconsin.




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## EXECUTIVE SUMMARY

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The sale of the former Denison property represents a singular change in the real estate market, and signals the likely acceleration in population growth and speculative development in Saugatuck, Douglas, and neighboring townships in Allegan County's coastal zone.

Mr. McClendon and Stephen Neumer, a local attorney who is managing the Oklahoma City executive's land acquisitions in the Saugatuck region, are at the front of this trend. In addition to the former Denison property, they spent \$949,000 to purchase nine more acres of coastal land adjoining that property. Mr. Neumer, in an interview, acknowledged that he and Mr. McClendon are interested in additional purchases including Pine Trails Camp, the 200-acre Dune Schooner Rides, and the Historic Saugatuck Lighthouse.<sup>4</sup>

The Saugatuck Dunes coastal region faces a critical choice. It could follow the example of Benton Harbor, which in the last year sold its only public beach, Jean Klock Park, to developers interested in constructing a Jack Nicklaus-designed golf course with luxury housing over the dunes. Similar transformative real estate developments in Petoskey and Traverse City in the 1990s—the construction of the \$600 million resort and gated community at Bay Harbor, south of Petoskey, and the opening of the Grand Traverse Mall, in Traverse City—triggered record levels of new housing development and national retail chain expansion.

Or, the coastal region can follow the economically successful models of other tourist communities that preserved open space to protect the quality of life, improve job opportunities, increase existing home values, and keep taxes low.

- Sanibel Island, Fla., found a way to marry conservation and development goals over the last four decades, allowing room to develop while preserving thousands of acres of rare marshland. The result is one of the most beautiful coastal islands in the country.
- Boulder, Colo., established a greenbelt around the city that added measurable value to the homes in nearby neighborhoods.<sup>5</sup>
- The Stowe Land Trust in Vermont preserved over 2,500 acres that added to the community's reputation as a great place to live and do business. "People come to Vermont to see cows, pastures, green fields and meadows, so protecting open space is healthy for our local economy. If you develop everything, you destroy what people come here to see." says Bruce Nourjian, the land trust's president.

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<sup>4</sup> Interview, Stephen Neumer, March 2007.

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<sup>5</sup> *Economic Benefits of Land Conservation*, Trust for Public Land, March 2007.



The Saugatuck Dunes coastal area's natural landscape and superb quality of life is certain to be considerably altered unless citizens and civic leaders collaborate on an effective response to levels of development not heretofore seen and that run counter to the goals set out in the master plans of every jurisdiction in the coastal region.

The Saugatuck Dunes coastal region, fortunately, has a tradition of effective citizen advocacy for protecting the Lake Michigan shoreline and other ecologically sensitive landscapes whose economy is based on recreation and tourism. In addition, city governments have helped protect the vitality of local businesses. In the 1980s, for instance, the Saugatuck Planning Commission blocked the McDonald's Corporation from opening a downtown restaurant. Moreover, three of the region's local governments have been working since 1989 to collaborate on land use planning to achieve environmental and sustainable economic goals, a progressive approach in Michigan that could serve to inspire other townships to join in.

The region's concern about its natural landscape and history of citizen and local government advocacy lead the authors of this white paper to a logical conclusion: A well organized, persistent public interest campaign will succeed in preserving the Denison property, but the campaign should not end there.

Organizers and their supporters also must help citizens, business, and local governments develop a new policy and regulatory framework for managing growth, preserving environmental and cultural assets, and securing the Saugatuck region's distinctive beauty, way of life, and economy.



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## RECOMMENDATIONS

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This white paper recommends a multi-faceted strategy to preserve the former Denison property and galvanize citizens, business leaders, and local government officials to modernize land use policy. Specifically, the white paper calls for a public interest campaign based on the following principles:

### 1 Enforcing state law to preserve the Denison property

There is ample opportunity in state and local land use law for citizens to intervene in permitting and other administrative reviews. State and local permitting authorities have indicated they would welcome a reasoned and persistent citizen effort to influence the various administrative, permitting, and review processes associated with construction on the former Denison property.<sup>6</sup>

It is well understood in Saugatuck Township and in Lansing that the Denison property is the ecological and biological centerpiece of the Saugatuck Dunes coastal region.

Formal biological assessments by the state and conservation groups during the past three decades have reached consistent conclusions about the Denison's value in providing habitat for rare and endangered plants, birds, and animals. The Denison property also forms a portion of the 2,534-acre zone of critical fresh water dunes in Allegan County that, since 1976, have been protected by the Michigan Sand Dunes and Management Act.

Township and state officials understand they have legal tools for minimizing environmental damage to the Denison, and are seeking public support to use those tools. The 31-year-old state sand dune protection law sets out clear restrictions on development within the designated critical dune zone. An energetic public campaign, centered on fully enforcing state law, has the likelihood of preserving all or nearly all of the Denison property in its natural state. State law provides for substantive review of development proposals by the state Department of Environmental Quality, and ample citizen input through public and administrative hearings, as well as through hearings in both houses of the state

Legislature. The process starts with a formal request to a sympathetic lawmaker, who can then file a legislative proposal or exercise jurisdiction over any of the issues, state laws, or agencies involved in permitting development on the former Denison property.

The opportunity for citizens and civic leaders to minimize or eliminate development on the former Denison property is real and apparent. The parcel has long been sought by the state, the City of Saugatuck, and conservancy groups as a natural area for public use. There is every indication that the state and leaders of both political parties would respond very favorably to citizen intervention. Former Governor William Milliken, who served from 1969 to 1982, has expressed his support to "see the former Denison permanently preserved and protected and held in the public trust."<sup>7</sup>

A citizen campaign that is determined to compel the state to strictly enforce provisions of the Sand Dune Protection act would be welcomed by the state environmental agency and provide the political leverage permitting officers need to significantly limit or bar construction of roads, other infrastructure, and homes on the Denison.

In addition to protections for sand dunes, state environmental law also provides restrictions on development that would harm wetlands and the quality of Michigan's other natural resources. Both apply to the Denison property. Citizens have ample opportunity to intervene in the DEQ's permitting process associated with each of these statutes. In addition, as noted earlier, the state Legislature has the authority to hold hearings on significant public decisions involving Michigan's environment.<sup>8</sup>

Mr. McClendon and Mr. Neumer are aware of the legal barriers that make it difficult to develop the Denison property. The existing state protections for flora, fauna, wetlands, and dunes on the portion of the property south of the Kalamazoo River are so significant that Mr. Neumer indicated several times in public hearings and to the author of this report that it may not be developed. The same statutes apply to the portion that lies north of the Kalamazoo River as well.

6 Interviews with Saugatuck Township, City of Saugatuck, state DEQ officials, March 2007.

7 William Milliken, letter to Saugatuck Dunes Coastal Alliance, April 2007.

8 Author interviews with offices of several state lawmakers, March 2007.

Mr. Neumer has been inordinately deliberate and cautious in rolling out Mr. McClendon's proposed development plan, acknowledging that he and his client are sensitive to the public response to any proposal that is viewed as inappropriate or out of scale.<sup>9</sup>

Lastly, Saugatuck Township oversees its own sand dune protection ordinance. Last year the township approved a new zoning measure to further protect critical dunes as it begins to align its zoning with the goals and policies of the Tri-Community Plan.



Marge Beaver

## No taking

A successful citizen campaign that severely restricts or completely blocks development on the former Denison will almost certainly prompt Mr. McClendon to threaten a lawsuit under the “takings” provisions of the U.S. and state constitutions. Prior judicial rulings in federal and state courts, though, offer clear guidance in “takings” cases. In previous rulings state and federal judges have consistently decided that government has no responsibility under the “takings” provision of the constitution to make good on a developer's risky investment in land he/she well knows is biologically and ecologically sensitive, and protected by state and local law.

Moreover, the takings provision requires the elimination of all economic value of the land due to regulatory restrictions.<sup>10</sup> In the case of the Denison property, Mr. McClendon could sell the property to the state, the City of Saugatuck, and conservancy groups, which have sought to purchase it for decades.

<sup>9</sup> Stephen Neumer, interview with the author, March 2007.

<sup>10</sup> Patty Cantrell, *Question in Property Rights Fight: Who's Taking Whom?*, Great Lakes Bulletin News Service, July 28, 2000.

## 2 Making the case for a regional land use strategy

People in the Saugatuck region know intimately the scenic and ecological value of the former Denison property. Today it is vital to help them become just as well informed about the regional market and real estate consequences of its sale and development.

The reason for adding this new frame to a campaign to preserve the former Denison is somewhat abstract, but very real: While people are concerned about pitcher's thistle and the rare prairie warbler—two of the former Denison's many threatened, endangered, and rare species—and while they are mindful of the damage that would be caused by developing the former Denison, they are also driven by self interest. In other words, people tend to become connected, concerned, and ready to act only when the bulldozers pull into the empty field next door or the stretch of woods down the road.

So we must help people in the region understand that the sale of the Denison property is an unmistakable signal that the region's steady population growth and development is at a tipping point and is almost certain to accelerate. In other words the natural and cultural heritage, the very economic engine of the Saugatuck Dunes coastal region, is in imminent danger.

Here's why:

### Location

The Saugatuck Dunes coastal region is roughly two hours northeast of Chicago, the Midwest's wealthiest and fastest-growing metropolitan region, and less than an hour southwest of Grand Rapids, which is Michigan's fastest growing metropolitan region. The Saugatuck Dunes coastal region's population, as well as investment in new developments, have been steadily rising for two decades, though at a rate that, up until recently, citizens and government officials believed was manageable.

But evidence abounds that the region's comfort is about to be disrupted.

For example, the *Chicago Tribune*, among other major publications, identified Oval Beach in Saugatuck in a mid-April 2007 article as one of the Midwest's five best beaches.<sup>11</sup>

<sup>11</sup> A Great Lake, *Chicago Tribune*, April 14, 2007, <http://www.chicagotribune.com/travel/chi-070415beachessolomon-story,1,4633861.story?ctrack=2&csset=true>.

Then, a month later, Jennifer Openshaw, in an article for *AOL Money and Finance* in May, 2007, described Saugatuck as one of the 10 best places in the United States to buy a second home. Openshaw's reason: "Numerous art galleries, a pleasant small town and miles of sandy beaches and dunes along Lake Michigan bring the nickname 'Art Coast of Michigan.' It's about 140 miles northeast of Chicago and close to the Dutch-settled agricultural region near Holland and Grand Rapids. You'll find plenty to do and attractive cottages starting at under \$200,000."<sup>12</sup>

Similar praise has come from *Conde Naste Traveler* and even MTV. Word about Saugatuck is getting out across the country.

Once under way, runaway development can overwhelm a resort community. Sanibel Island, Fla., for instance, was in peril in the 1960s following the completion of a bridge and causeway linking it to the mainland at Fort Meyers Beach. The flow of speculative investment was so powerful that, in the early 1970s, members of the planning board approached their county's commissioners to request a building moratorium until they could create a manageable land use plan. With 1,300 units under construction in less than nine months, a 70 percent increase from the previous year, the community-altering growth was not unlike that currently proposed in the Saugatuck Dunes coastal region.<sup>13</sup>

### Real estate market's tectonic shift

The sale of the Denison properties is an unmistakable signal of a shift in the real estate market, similar to the one that occurred in the Petoskey region with the development of the Bay Harbor resort community in the mid-1990s, or in the Traverse City region in 1992 with the opening of the Grand Traverse Mall.

Both projects were large and dramatic departures for their communities' real estate markets. The Bay Harbor development in Petoskey prompted the construction of

more than 1,600 new homes in Petoskey and the neighboring townships from 1990 to 2000, more than double the number of homes built in the previous decade.<sup>14</sup>

The Bay Harbor development, currently valued at roughly \$600 million, also helped to prompt Wal-Mart, Meijer, and several more large retailers to build big-box stores in Bear Creek Township, just north of the development. In addition, the Little Traverse Bay Band of Odawa Indians is building a 290,000 square-foot casino in Resort Township, south of Petoskey, that includes 1,500 slot machines, an entertainment and multipurpose room, a sports bar, night club, buffet, deli, and sit-down restaurants. The new casino, which was scheduled to open in June, replaces the nearby, smaller Victories casino. Bay Harbor and the out-of-scale big-box, casino, and subdivision construction that now surrounds it prompted the Emmet County Road Commission and the state to add two new lanes to US 31, the primary north-south corridor.<sup>15</sup>

The Bay Harbor development, in short, has dramatically changed the rural landscape and small-town culture of the Petoskey coastal region. It introduced a massive new scale to development and, with it, levels of traffic congestion and highway construction never experienced in the region. The neighborly small-town feel of the Petoskey region eroded.

Similarly, the Grand Traverse Mall, which opened in 1992, was the start of a construction boom that, from 1997 to 2006, added 1.1 million square feet of retail space in Garfield, East Bay, and Blair, the once rural townships outside of Traverse City.<sup>16</sup> That, in turn, caused levels of traffic congestion that are still rising, as well as new housing construction, much of it 10 to 30 miles away from Traverse City.<sup>17</sup>

<sup>12</sup> Jennifer Openshaw, *10 Places to Buy A Vacation Home*, AOL Money and Finance, May 7, 2007, <http://www.netscape.com/viewstory/2007/05/02/best-places-to-buy-a-vacation-home-aol-money-and-finance/?url=http%3A%2F%2Fmoney.aol.com%2Fmortgage%2Fbest-places-to-buy-vacation-home&frame=true>.

<sup>13</sup> Sanibel-Captiva Conservation Foundation, *A Natural Course*, 2004.

<sup>14</sup> *Michigan 2000*, 2000 Census of Population and Housing, U.S. Census Bureau, September 2003.

<sup>15</sup> Ryan Bentley, *Officials Get Look at Casino Plans*, Petoskey News Review, April 14, 2006.

<sup>16</sup> *Market Analysis*, Traverse City Downtown Development Authority, Economic Research Associates, March, 2007.

<sup>17</sup> Keith Schneider, *Breaking the Sprawl Addiction*, Great Lakes Bulletin, Michigan Land Use Institute, March, 2000.



The mall and the new construction prompted the Grand Traverse County road commission to propose a 30-mile, \$300 million highway bypass designed, the agency said, to ease congestion by cutting an ecologically damaging corridor through the wild Boardman River valley and hundreds of acres of state forest. The highway and bridge were defeated after an eight-year public interest campaign.<sup>18</sup>

### **Obsolete, ineffective land use plans and enforcement**

The land use plans and zoning ordinances overseen by local governments offer scant remedy to the siege of new construction that is heading toward the Saugatuck region. While the plans are consistent in their expressed desire to preserve the region's natural and cultural assets, the regulatory mechanisms contained in local ordinances are uncoordinated, inefficient, and ineffective in responding to rapid development.

In fact, every zoning program administered by the four Lake Michigan coastal townships in the Saugatuck region will produce the spread-out, sprawling patterns of housing and business development that citizens consistently say they want to avoid. The zoning requirements in much of Casco, Laketown, Saugatuck, and Ganges townships specifically invite spread-out patterns of development. Much of Laketown Township—even the areas closest to Lake Michigan—permit one home on 2.5 acres, a planning approach that, left unchanged, will turn the township into the Livonia of west Michigan.<sup>19</sup>

Only the zoning plan produced by Manlius Township, which has specific provisions for preserving farmland and forests, has the potential to adequately oversee new development.

Unless the region's land use planning and oversight program is significantly modernized and strengthened, new development will inevitably overwhelm the area's land and water resources, as well as the way of life that makes the area so distinctive and appreciated.

### **The cost of significant, steady loss of open space**

The region has already seen significant loss of open space. From 1978 to 1996, land in agriculture in the tri-communities declined 43 percent, from 5,311 to 3,111 acres. During the same period, land converted to residential use increased by 57 percent, from 1,431 acres to 2,242.

Roughly 40 percent of the existing housing in the Saugatuck Dunes coast region, or 3,350 homes, were built since 1990. Despite the downturn in the housing market—there were more than 200 single-family residences on the market as of May 1, 2007 in the Tri-Communities, not including condominiums—new home construction in the first decade of the 21st century is proceeding at a more rapid pace than in the last decade of the 20th. In other words, even though the region was settled in the mid-1800s, almost half of the conversion of land for new construction occurred in just the last 17 years.<sup>20</sup>

When open space is turned into homes, the taxes of existing residents invariably increase. Though development generates tax revenue, the cost of providing public services and infrastructure means that the cost of serving new development exceeds the property tax revenue from new homes.<sup>21</sup>

The economic benefits of open space are now widely documented. Open space attracts companies and affluent retirees, keeps an educated labor force, improves air and water quality, and adds to local economies. Open space also reduces municipal costs and increases home values.<sup>22</sup> As long ago as 1868, Frederick Law Olmsted spoke of the “vast increase in value of eligible sites for dwellings near public parks.”

18 Kelly Thayer, *Road Commission: Boardman Bridge Could Be in Deep Trouble*, Great Lakes Bulletin News Service, January 29, 2004.

19 Zoning map of Laketown Township, Allegan County Land Information Services department.

20 *Population and Housing Units: 1980 – 2000*, U.S. Census Bureau, 2003, and author survey of building permits issued by two cities and five townships in the region.

21 Trust for Public Land, *The Economic Benefits of Land Conservation*, March 2007.

22 *ibid.*

## History of innovation

A new strategic approach is needed to decide where new development should and should not occur. In other regions of the state, making such choices would be improbable if not impossible. The Saugatuck Dunes coastal region, however, has shown itself capable of initiating planning approaches that are at the vanguard of wise land use and smart growth.

Three local governments—the cities of Saugatuck and Douglas, and Saugatuck Township—have embraced a cooperative master planning process since 1989. The Tri-Community Comprehensive Plan was updated in 2003 and 2004 and forms the seed from which a regional comprehensive plan will germinate. Local governments appear intent on cultivating that new thought. The City of Douglas hired Williams & Works to rewrite zoning to align with the Tri-Community Comprehensive Plan. The Tri-Community Joint Planning Committee has also been established and will convene regular meetings starting in June 2007. In addition, Saugatuck and Douglas are considering a unified zoning ordinance.

The Tri-Community Comprehensive Plan speaks precisely to the goals and vision of the groups and individuals that collaborated on this white paper. The plan “pledges” the three local governments to “mutually cooperate in guiding future development to advance a common vision.”

That vision, moreover, is to “implement policies and best practices” that:

- “Preserve the existing small town/rural character of the area.”
- “Achieve sustainable development, which meets the needs of the present generation without compromising the ability of future generations to meet their needs.”<sup>23</sup>

Though the ordinances in effect in the three jurisdictions fall well short of being able to attain these two priority goals, the Tri-Community Plan nevertheless is a significant starting point for sound land use policy and enforcement.

The primary shortcoming is the language of generality that pervades the plan. That can be fixed by setting specific measurable outcomes for each of the goals outlined in the Tri-Community Plan.

For instance, the plan expresses a strong desire to “preserve prime agricultural land,” but does not say how much land or where. Is it 1,000 acres or 10,000 acres? Zoning ordinances, economic incentives, open space preservation programs and timetables can be put into place to achieve whatever acreage goal the communities decide.<sup>24</sup>

The same principle of measurement underlies the plan’s goal for “preservation of natural areas.” How much natural area? Is it 500 acres or 15,000 acres? Failing to be specific just invites erosion in the plan’s goals. Failing to be specific also produces zoning ordinances and incentives that are imprecise, negotiable, and that almost always fail.

Fortunately the most clearly defined priority in the plan is specific to the former Denison property, and can be achieved. “Public acquisition of the Denison property on both sides of the Kalamazoo River is the top priority for the Tri-Communities.”<sup>25</sup>

## Citizen advocacy

Though a collaborative regional planning program is novel in Michigan, it also has the potential to succeed. The Saugatuck Dunes coastal region has repeatedly shown itself capable of spawning highly motivated and effective grassroots advocacy organizations that have a history of working collaboratively with citizens, government, and other statewide organizations to conserve natural resources. Advocacy is essential to establishing an effective regional planning and enforcement program.

The history of environmental advocacy in the Saugatuck area is impressive. The Saugatuck Dunes State Park was founded in 1982 as a result of citizen action.<sup>26</sup> The park was secured from damaging industrial development in the early part of this century by another citizen advocacy group, Concerned Citizens for Saugatuck Dunes State Park, along with the support of twelve state and regional environmental organizations,<sup>27</sup> including the Michigan Environmental Council, a coalition of 65 environmental organizations

<sup>24</sup> *ibid.*

<sup>25</sup> *ibid.*, page 13-2.

<sup>26</sup> Robert L. Reinking and Patricia L. Bikrholz, *A New Role for Citizens in State Park Planning, Saugatuck Dunes State Park*, Michigan Academician, Fall, 1982.

<sup>27</sup> Concerned Citizens for Saugatuck Dunes State Park, <http://www.saugatuck-dunes.org/Index.htm>.

<sup>23</sup> Tri-Community Comprehensive Plan, June 2005.

The Lake Michigan shoreline is viewed as a public trust in the Saugatuck region. Citizens consistently throw their time, intelligence, and finances behind public interest campaigns to conserve the shoreline's natural character. In recent years Saugatuck Save Our Shoreline worked with the state, the city of Saugatuck, and two conservancies—the West Michigan Land Conservancy and the Nature Conservancy—to raise \$38 million in an unsuccessful bid to buy the Denison property.

In addition, the Kalamazoo River valley is gradually being cleansed of chemical toxins, in part because of the Kalamazoo River Protection Association, a local advocacy organization whose dedicated work stretches over nearly three decades. Various other organizations have prospered, including one to assist Saugatuck and Douglas purchase and preserve distinctive properties (Protect Area Lands of Saugatuck), another that took its court challenge of an Interstate-196 truck stop all the way to the state Supreme Court, where it ultimately lost (Lake Michigan Shore Association), and still another, Laketown Alliance for Neighborly Development, that in March 2007 defeated a proposal to build another unwelcome truck stop along I-196.



every resident, and they surface after the layers of division caused by income, ideology, and geography are stripped away.

The essential ingredient in conserving the Denison property and the region's other assets is cultivating those shared values. In doing so, it is possible to build a persistent, persuasive, reasoned, citizen-based public interest movement. That movement can be the center of a collaborative campaign to install in policy, practice, and enforcement a new land ethic that applies to the two small cities along the coast, the four surrounding townships, as well as Fennville and Manlius Township.

A township-by-township approach to land use planning and enforcement is almost always ineffective because it's obsolete. Township-by-township planning disregards the readily apparent regional context of the coastal area's natural assets and their close ties with the area's economic well-being. Simply put, the Saugatuck region's geography

is its economy. But local governments have subdivided the land into separate domains, unrelated to each other and ignorant of the existing market, economic, and environmental conditions.

The challenge for the Saugatuck Dunes coastal region is figuring out how to achieve a more environmentally sensitive, land-conserving development strategy that encompasses thousands of acres and multiple jurisdictions. The answer, we suggest, is two-fold.

First, there is a need for a new advocacy organization, such as the Saugatuck Dunes Coastal Alliance, working in concert with a professionally staffed organization like the Michigan Land Use Institute, to build sustained and effective advocacy for the goals defined in this paper among a very broad audience. There are no substitutes for reasoned, well-informed citizen advocacy in compelling state and local governments to enforce environmental law

### **3 Building the capacity for much more focused citizen and civic leadership**

It is possible to conserve all of the Denison property as a natural area. It is also possible to fashion a regional land use plan and effective safeguards that preserve environmental values, farmland, and the region's cultural heritage. These goals are achievable because of the Saugatuck region's natural beauty, the call of the migrating sand hill cranes that rest in the Kalamazoo River bottom, the forested bluffs that tower above boaters making their way out to Lake Michigan, the rush of wind, and the beat of waves. These are values held in common, found in nearly

or take steps to significantly change land use planning conventions, nor for a large audience that is well-informed about the issue.

Secondly, we suggest establishing a convening organization, similar to those in other regions, to bring together civic leaders and citizens to talk through their differences and reach consensus on a sound strategy that combines conservation safeguards with sustainable development incentives in the Saugatuck Dunes coastal region.

Convening organizations fill the space that exists between governments that resist change and advocates that are impatient for improvement. Convening organizations helped Grand Rapids redevelop its downtown, led to a regional land use and transportation planning process in Traverse City, and assisted Detroit in redeveloping its downtown in anticipation of the 2006 Super Bowl.<sup>28</sup>

Disagreement and conflict impede progress. Convening organizations help civic leaders resolve differences that block their ability to see the values and principles they share. The West Michigan Strategic Alliance, based in Grand Rapids, has the capacity to help form and staff this convening organization. Greg Northrup, the group's president, said the Saugatuck region is in the Alliance's service area and his staff is ready to play whatever role the region feels is appropriate to securing the region's natural and cultural heritage that act as the economic base.<sup>29</sup>



April Scholtz



Mike Shaw

<sup>28</sup> Carolyn Kelly, *What Will Go Where?*, Great Lakes Bulletin News Service, January 11, 2007; Keith Schneider, *Talk, Talk, Talk: In Regions It Works*, www.modeshift.org, February 16, 2007.

<sup>29</sup> Author interview with Greg Northrup, president, West Michigan Strategic Alliance, March, 2007.

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**DISCUSSION: THE SAUGATUCK DUNES COASTAL REGION IS FOR SALE**


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The place where Lake Michigan's clear water and clean sand meet near Saugatuck—more than two miles of beach and more than 400 acres of sand and wild dunes—is the maritime gateway to two of Michigan's most beautiful coastal villages. It also is where generations of children learn to swim, working people stroll at day's end, young people marry, and families cast the ashes of their dead to the wind.

Not only is the former Denison epic in its beauty, it's also close. Close enough to reach quickly on foot, on a bike, and by car. The northern boundary of the former Denison parcel lies along the southern boundary of the 1,000-acre Saugatuck Dunes State Park, which was established in 1982. Political careers and advocacy organizations were launched to ensure the coast's conservation. Forward thinking, cooperative land use measures were established by three local governments to secure the maritime landscape and small town quality of life, as well as the abundant farmlands. The more than 400 acres closest to Saugatuck, though privately owned, were nevertheless seen as such an essential feature of the community's cultural geography that citizens mounted their own purchasing bid for the property. Additionally, it is viewed as so vital that the purchase became the *first* priority for the three jurisdictions aligned in the Tri-Community Comprehensive Plan.

In concert with the City of Saugatuck, the State of Michigan, and two important land conservancies, they raised \$38 million, though their offer was ultimately rejected.

That singular act of denial is the opening of the Saugatuck region's new narrative, a story that contains plenty to worry about.

A cash-flush buyer from Oklahoma, his fortune fortified by record energy prices, purchased the property last summer by leveraging his vast and growing wealth to navigate past legal barriers to the inner circle of leaders who managed the competing trusts of Frank and Gertrude Denison, the land's deceased owners. Soon afterwards the new owner announced plans to use the globally rare expanse of coastal fresh water dunes, wetland, and forest for new housing, though at this writing the scope of the development has not been announced.

Mr. McClendon's motivation is self-evident. A ready regional and national market exists for choice Great Lakes shoreline homes. The Saugatuck region's proximity to Chicago and Grand Rapids make it an attractive place for young professionals to purchase second homes and wealthy retirees to settle. Even as land prices and home values in other regions of Michigan are static or in decline, new housing development proceeds apace in Lake Michigan shoreline communities, including those in the Saugatuck region.

Moreover, shoreline prices in the Saugatuck region are seen by the market as entirely reasonable, if not a bargain. The Denison property cost Mr. McClendon roughly \$106,000 per acre and \$8,300 per running foot along the lake. Consider that in 2005, a developer purchased a 30-acre parcel along Lake Michigan in Casco Township with 156 feet of lake frontage for \$2.728 million, or \$17,500 a foot.

The same year, a 31-acre parcel with 132 feet of frontage on Lake Michigan in Laketown Township sold for \$1.5 million, or \$11,363 a foot.<sup>30</sup>

South of the region, in the New Buffalo area, closer to Chicago, Lake Michigan frontage sells for \$20,000 to \$22,000 a foot.<sup>31</sup>

The same bargain prices are available for buyers inland as well. Farmland is selling for \$4,000 an acre in Saugatuck and Ganges Townships. In Berrien County, closer to Chicago, farmland is selling for \$5,000 to \$5,500 an acre.<sup>32</sup>

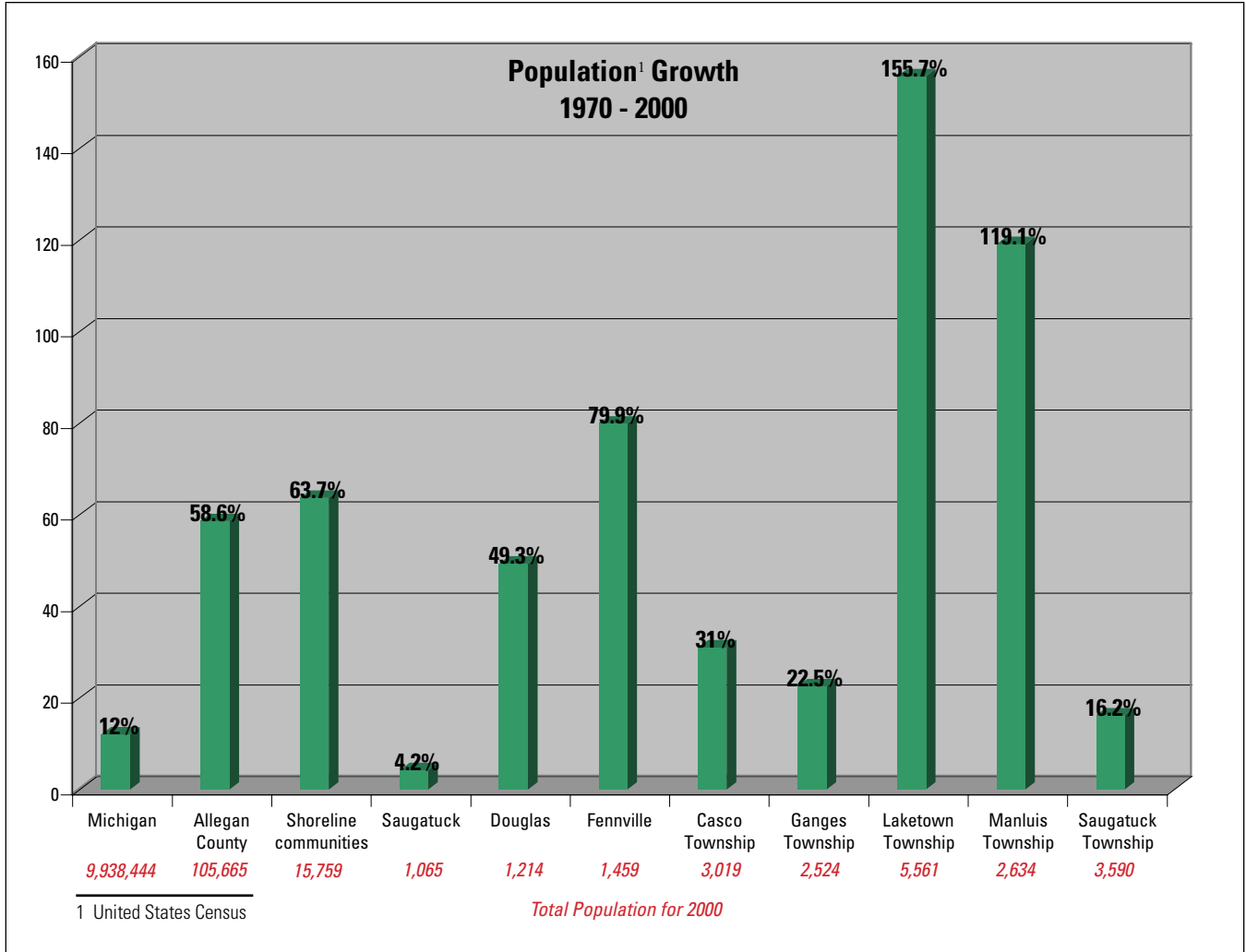
The sale of the Denison property, the real estate equivalent of a three-alarm fire, prompted residents and civic leaders of Saugatuck and several rural townships to look more closely at the market and demographic conditions that not only justified such a massive ownership change, but how those trends were affecting the security of the region's other natural and cultural assets. In effect, the Denison property sale prompted very significant questions—some new and others that have been debated

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<sup>30</sup> Comparables provided by Saugatuck Township assessor's office, March 2007.

<sup>31</sup> Author interview with Dan Coffey, realtor, New Buffalo, Michigan, March 2007.

<sup>32</sup> *ibid.*



for years—about the Saugatuck region’s ability to ensure that it remains a great place to live, visit, and do business.

If it is developed, the Denison property would immediately be viewed by developers as the sparkling buckle in the expanding belt of new housing under construction in the Saugatuck region, much like the role Bay Harbor played in expanding Petoskey’s development along the Lake Michigan shoreline and into the surrounding rural townships.

With the exception of Manlius Township, which has the best land use planning and zoning in the region, and Douglas and Saugatuck, which are close to being built out, the area is dismally unprepared to guide the new growth in any direction, particularly away from the most ecologically significant regions and farmland.

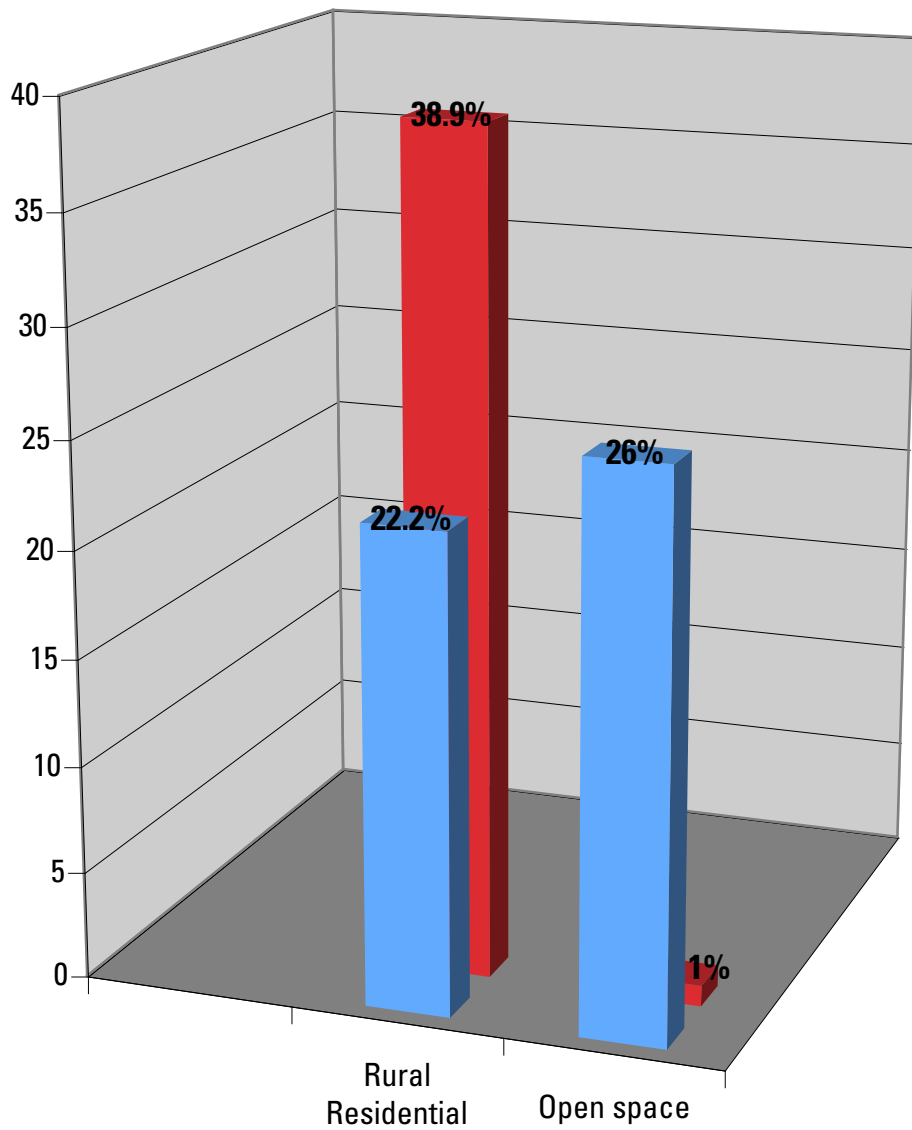
Ganges, Saugatuck Township, and Casco Township have master plans that call for managing growth to produce high quality communities rich in natural features.

Their zoning ordinances, though, will produce neither. Casco Township, which is growing by more than 50 new houses a year, recently approved a shoreline neighborhood of million dollar-plus homes built atop a huge and unsightly mound of clay mined from the Lake Michigan bluff.

The forward legions of rapid development have already arrived along the Allegan County shoreline. The sale and potential conversion of the Denison property, while dramatic in size and unnerving in potential scale, is nevertheless just another signal that much more is to come, unless proper zoning is established and enforced.

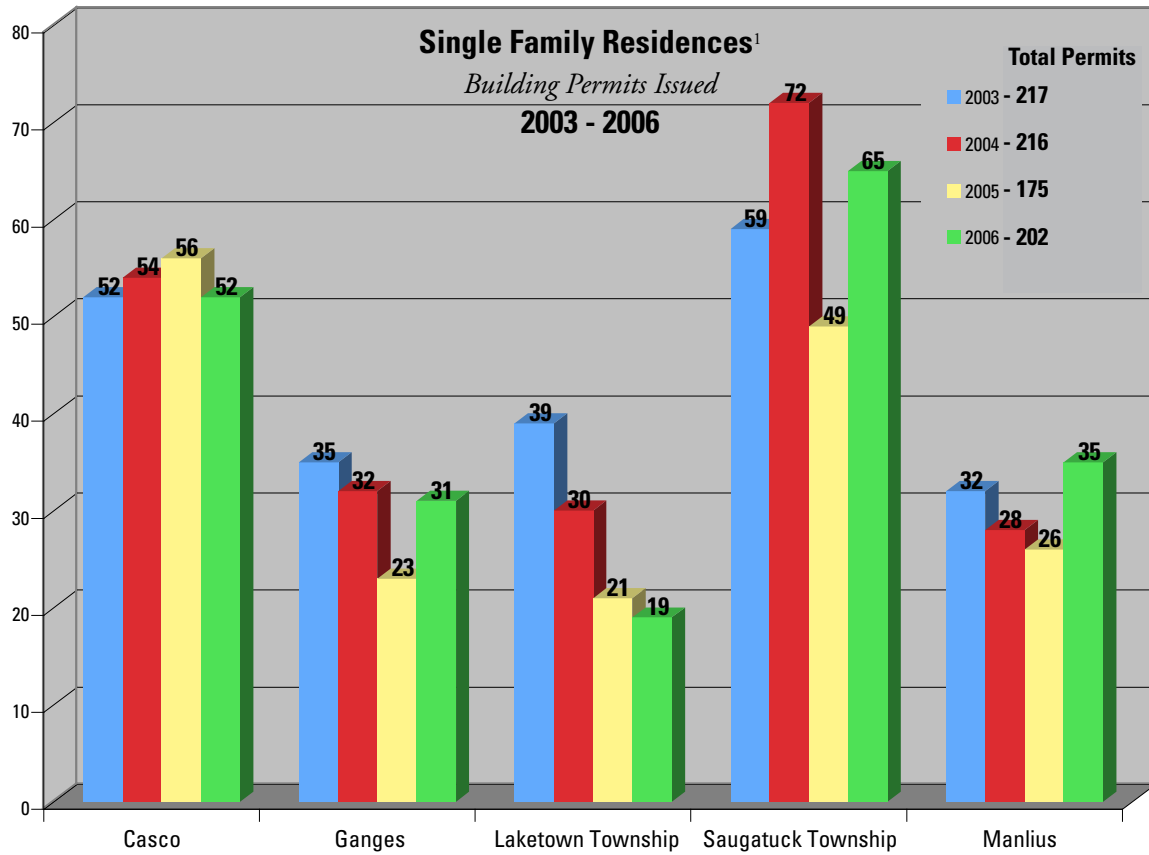
The most recent demographic, housing, and economic data shows that Saugatuck, Douglas, and four surrounding townships are attracting a steady flow of year-round residents and landowners who are building homes in the rarest and most environmentally sensitive areas—along the Great Lake, the Kalamazoo River, and on converted farmland.

### Acres Under Development



- Existing land uses shoreline region<sup>1</sup>
- Future land uses shoreline region under current zoning

<sup>1</sup> Op.cit, *Alleghen and Ottawa Counties Shoreline Communities Land Use Study*, page 38.



<sup>1</sup> Building permit data, author survey of Saugatuck Dunes coastal township building departments, March 2007.

*An analysis of building permits for this white paper found that despite the weak state and national real estate markets, the number of new homes is steadily mounting in the Saugatuck Dunes coastal region.*



Fred Landis



## Demographic trends

For more than a decade, Allegan County shoreline communities have been aware of the need to respond to rapid growth. Perhaps the best recent study of the issue was completed by the West Michigan Regional Planning Commission in September 2006.

The study was the culmination of a 12-month project to gather and assess the comprehensive land use plans and zoning in the six shoreline communities in Allegan County, and eight communities in Ottawa County. The study noted that while the population of the Allegan County coastal region was comparatively small, the number of new residents was rising steadily in many communities, and precipitously in Laketown and Saugatuck Townships.

The region's growth reflected the shift in population from southeast Michigan to west Michigan, and especially in Lake Michigan shoreline communities, which are growing two to 15 times faster than the state. The authors of the study also found inconsistencies, gaps, obsolescence, and many other inadequacies in the region's land use planning program that were a threat to the natural features and other values attracting new residents.

"Many plans are out of date. None have categories that match adjacent communities. And most do not accurately reflect community goals," said the authors. In other words, there is a significant mismatch between what the authors of the report found citizens and civic leaders say they desire for their region, and what the land use plans and zoning requirements will actually deliver.<sup>33</sup>



33 *Allegan and Ottawa Counties Shoreline Communities Land Use Study*, page two, West Michigan Regional Planning Commission, September 2006.

## Patterns of development

The two cities and four townships that comprise Allegan County's shoreline region cover 76,314 acres along Lake Michigan. A little less than a third—23,126.8 acres—are currently zoned for single family homes. Agricultural uses currently are reserved for 28,734 acres. More than 19,000 acres are currently described as "vacant open space."

There are 2,134 acres of public land.

In addition, some 6,007 acres or 26.4 percent of Manlius Township's 22,810 acres are zoned for residential purposes, almost all for single family homes. The township has reserved 8,549.1 acres or 37.5 percent for agriculture, and 8,059 acres or 35.3 percent for forestry and recreation.<sup>34</sup>

The West Michigan Regional Planning Commission study concluded that left unchanged, the combination of population growth and existing zoning could open more than 14,000 acres to new development. The study predicts that all of that development land will come from a 96 percent reduction in the amount of open space in the coastal region.<sup>35</sup>

An earlier study completed by the West Michigan Regional Planning Commission in April 2004 found that 8,603 homes existed in the four townships and two cities in the Saugatuck Dunes coastal region. Some 81 percent, or 6,945, were single family homes; and 804 were mobile homes or trailers. Almost a quarter of those homes were built from 1990 to 2000.

The authors of the West Michigan Regional Planning Commission study estimated that under current zoning, some 16,606 new homes would be built in the Saugatuck Dunes coastal region, and house more than 36,000 new residents. Under that scenario, which offers a conservative estimate, the commission predicted that the potential population of the four townships and two cities would eventually grow to 51,000, or more than three times the current number. The commission did not estimate when the number of residents would reach that level.<sup>36</sup>

34 Manlius Township master plan and zoning map, Manlius Township, Michigan.

35 *ibid*, page 28.

36 *Allegan County Shoreline Study*, page 72, West Michigan Regional Planning Commission, April 2004.

### Existing plans: glorious goals, insufficient implementation

Every jurisdiction in the Saugatuck Dunes coastal region has completed a comprehensive land use plan. The oldest of these is the plan adopted by Casco Township in 1985. The others were adopted in the late 1990s, and several have been amended, including the Tri-Community Comprehensive Plan, the land use guidance document for Saugatuck, Douglas, and Saugatuck Township, which was updated in 2005.

Every jurisdiction, with the exception of Allegan County, also adopted zoning ordinances to carry out the goals of their plans. The oldest zoning provisions are Casco Township's, which were last updated in 1986. Laketown Township updated its zoning program in 2002. Saugatuck Township passed new zoning measures last year.

According to separate assessments in 2004 and 2006 by the West Michigan Regional Planning Commission, all of the master plans call for similar outcomes. They speak to the desire to preserve rural character, conserve historic resources, protect the environment, strengthen agriculture, and provide citizens with a place they can lead productive lives. They all point to the need to provide room to grow, but to do so without jeopardizing the scenic beauty, small town assets, and distinctive quality of life afforded by the region's accessibility to natural resources, uncongested roads, and secure neighborhoods.

But both studies noted that none of the master plans and zoning ordinances, nor any of the local communities, is truly prepared to achieve these outcomes. The master plans offer broad goals. The zoning ordinances are written to circumvent nearly all of them. The townships zoning ordinances offer ample room for land owners and developers to build anything almost anywhere.

About 15 percent of Laketown Township is zoned for agriculture, restricting construction to one single family home per 20 acres. But 75 percent of the township, including all of the township's private land on and near Lake Michigan, is zoned for one home per 2.5 acres, which is a classic recipe for turning a gorgeous lake region into a new suburb.

Saugatuck Township's zoning program is just as troubling. Over 60 percent of the township, nominally zoned for what the township calls agriculture and open space, is destined to produce just the opposite outcome. The two zones, comprising more than 9,000 acres, allow for constructing one home per 2.5 acres. The township reserves just 2,207 acres for the kind of compact home development—three homes per acre—that actually would conserve farms and open space.

And none of the zoning rules are consistent across jurisdiction boundaries. Laketown Township's zone for one per 2.5 acres is bordered by Saugatuck Township's zone for three homes per acre. Manlius Township's agricultural zone for one home per 10 acres is bordered by Saugatuck Township's agricultural zone of one home per 2.5 acres. The zoning plans, in other words, were written as though the townships existed in their own world, and not as part of a real world in which ecological, cultural, historic, and economic factors functioned interdependently.

The West Michigan Regional Planning Commission noted these and other mismatches between how the land use plans and zoning ordinances actually worked—often inefficiently and ineffectively—and what citizens said they actually wanted their community to be.

The authors were gentle in their critique. "The need for improved land use planning in the shoreline communities is very apparent. Many plans are out of date. None have categories that match adjacent communities. And most do not accurately reflect current community goals."<sup>37</sup>



April Scholtz

<sup>37</sup> *Allegan and Ottawa Counties Shoreline Communities Land Use Study*, page 2, West Michigan Regional Planning Commission, September 2006.

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## CONCLUSION

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In February 2007, a group of Saugatuck area residents, several of them involved in the work to raise \$38 million to purchase the Denison property, hired the Michigan Land Use Institute to help establish the Saugatuck Dunes Coastal Alliance. The Alliance is a statewide coalition of individuals and organizations working cooperatively to protect and preserve the Saugatuck Dunes coastal region. The alliance's basic tools for achieving its goals are effective communications and dissemination, purposeful coalition building, and expert knowledge of best practices in planning, economic development, natural resource conservation, and policy making.

The Alliance's mission, developed over several months that included a public meeting, is to inspire Michigan to preserve and protect the natural geography, historical heritage, and rural character of the Saugatuck Dunes coastal region, beginning with the former Denison property. In doing so, this unsurpassed Great Lakes landscape distinguished by magnificent fresh water dunes, sustainable family farms, and inviting small towns can serve as a foundation of Michigan's competitive economy and superior quality of life.

The leaders of the Alliance envision a multi-year, multi-phase campaign. The first phase protects and preserves the natural character of the Lake Michigan coast not only in Ganges, Saugatuck, and Laketown Townships, but also in the cities of Saugatuck and Douglas, beginning with the former Denison property and adjacent open spaces.<sup>1</sup>

The next phases involve encouraging and assisting city, township, county, state, and federal governments to develop a collaborative approach to planning and zoning. That approach adheres to principles and values that were outlined in the Tri-Community Comprehensive Plan as well as in the 2003 Michigan Land Use Leadership Council report, which was produced by a highly regarded panel of state land use authorities.

The ultimate goal of the alliance is to establish the Saugatuck Dunes coastal region as a recognized leader in community development and land use practices that conserve energy, land, and natural resources; promote local, sustainable food networks through small family farms; and enhance the places where people live and do business.

The sale of the Denison property is prompting not only an urgent reassessment of the risks and benefits of growth and development in coastal Allegan County, but also a new reckoning with policies, institutions, and the region's capacity to effectively respond.

At stake is the quality of a magnificent maritime and rural landscape, and the cozy small towns and personable rural values that kinship with the land has fostered. It is these assets and values that turn the region's economic engine of tourism. Considering the facts, perspectives, and recommendations offered in this white paper, the Alliance's mission is sound and its goals are entirely achievable. Indeed, if they are not reached the Saugatuck Dunes coastal experience will be considerably diminished.

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<sup>1</sup> Saugatuck Dunes Coastal Alliance, mission statement, final draft, April 9, 2007.



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