



## CHAPTER 3 SNAPSHOT

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### HOUSING STOCK AND MARKET CHARACTERISTICS

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#### **Purpose:**

- Describes characteristics of Oakland County's housing stock and housing market, including current conditions and major changes since 1990.

#### **Content:**

- Countywide and community-based analysis of the following (for all households, as well as separately for renters and owners):
  - Housing supply
  - Housing growth
  - Type of housing
    - Single-family housing
    - Manufactured housing
    - Multifamily housing
    - Subsidized housing
  - Occupancy and ownership
  - Size of housing
  - Housing value and rent paid
  - Home sales (aggregate and trend)
    - Age and size of properties sold
    - Condos, lakefront, and farms
  - Mortgage foreclosures (aggregate and trend)
    - Volume and Dollar amount
  - Housing problems
    - Overcrowding
    - Incomplete facilities
    - Housing condition

#### **Major Findings:**

##### **Housing Units: Growth, and Type**

- ***Oakland County has the 2nd largest number of homes and largest number of new units.*** Oakland's 492,006 housing units in 2000 gave it the 2<sup>nd</sup> highest total statewide and nearly 14% higher than in 1990. The growth in the number of homes (59,322) was the largest in the state. The pace of growth in the first half of this decade is similar to that of the 90s. The county added 25,520 single-family units from 2000 through 2004.
- ***Like population, housing is spreading outward.*** The outlying parts of the county have seen tremendous growth and account for a growing share of the county's housing. The greatest growth occurred in communities forming a horseshoe-like shape around the southeastern core. Considerable growth is also found in communities closer to the northern and western edges of the county. This pattern of development continued from 2000 to 2004.
- ***Single-family structures dominate.*** Oakland County's housing stock is dominated by single-family structures (78% of all housing in 2000, up from 77% in 1990). The overwhelming majority of Oakland County's single-family units (84%) were traditional detached dwellings containing one housing unit. Many communities along the northern and western borders of the county have noticeably high percentages of single-family housing. A

handful of communities stand out as having especially high shares of multifamily structures. These include Auburn Hills (40%), Farmington (37%), Royal Oak Twp (60%), Southfield (40%), and Wixom (55%).

- ***Oakland County has more multifamily housing than most counties in the region.*** Almost 89,000 units (18% of all housing) are multifamily. In the region, only Washtenaw County had a higher share.
- ***Multifamily housing is geographically concentrated, but gaining presence in many developing communities.*** Multifamily housing is highly concentrated in the southern and older portion of the county. In Madison Heights, Royal Oak, Royal Oak Township, Southfield, Farmington, and Walled Lake at least 20 percent of all units are multifamily units. Farmington Hills, Novi, and Wixom—three of the faster growing communities in the county—also had at least 20% of their units in multifamily structures. Commerce and Independence Townships, which have also experienced high growth added a significant number of multifamily units in the 1990s. Oakland County’s multifamily units are generally located in relatively small structures (19 units or less).
- ***Condos are an important part of the housing mix.*** In 2000, nearly seven percent of single-family units were attached (i.e. condominiums/townhouses). Countywide, more than 4,600 condos and/or townhouses were added since 1990. Condos/townhouses as a share of all housing increased slightly over the decade, and forty-three communities gained condos/townhouses in the 1990s.
- ***Manufactured housing accounts for a small share of all housing, and it is concentrated in a small number of communities.*** About 4% of all housing in the county is manufactured housing (same as in 1990). Some of the communities where it is concentrated are in highly developed areas along the county’s southern border. Others are in newly developing areas of the county.
- ***Manufactured housing is initially affordable, but presents challenges over time.*** Manufactured housing developments have unique affordability advantages in the initial years of ownership and most developments in the county had few vacancies, but occupants are increasingly facing unique challenges in maintaining affordability and homeownership. Challenges are often linked to increasing lot fees and utility costs, permit approval processes, and quick depreciation in the value of the homes purchased.
- ***There is relatively little subsidized housing, and most of it is for the elderly.*** In 2005, Oakland County contained about 18,000 government-subsidized housing units (about 3% of all housing). Almost all units were in multifamily structures. Most of the subsidized units were designated for elderly use.
- ***Government-subsidized housing is highly concentrated in a small number of communities.*** Pontiac is the hub with a total of 5,161 units—about one-third of all subsidized housing in the county. Auburn Hills, Ferndale, Madison Heights, Southfield, Troy, and Waterford also had a notable share of subsidized housing. All of the 11 communities with more than 500 subsidized units are located in the southeast corner of the county.

- **Rent restrictions on many subsidized units may expire soon.** By the end of 2006, the rental restrictions are scheduled to expire on 1,928 (11%) of the existing subsidized units. Another 2,317 (13%) will see their restrictions expire by 2010. In total, restrictions on 6,757 (38% of all subsidized units) will expire by 2020. Although national experience shows that most owners/managers choose to renew their expiring subsidy contracts, the owners/managers will have the option to convert the units to market-rate.
- **Most subsidized housing in the county is small.** Most (51%) of the units in subsidized properties contain one bedroom. Large families requiring 4-bedroom dwellings are limited to where they may locate. Only Pontiac, Auburn Hills, Royal Oak Township, and Ferndale are equipped with 4-bedroom subsidized units, and they have very few overall.

### **Occupancy, Size, and Value/Rent**

- **Second highest occupancy rate in the region.** 96% of Oakland County's housing units were occupied in 2000. This rate was second only to Macomb County's rate of 97%. Vacant dwellings in the county decreased by 6% in the 1990s, and almost all vacant units were part of the active housing market (i.e. for sale or rent) in 2000.
- **Homeownership grew and is among the highest for heavily populated counties.** In 2000, the county's homeownership rate was nearly 75%—up from 73 percent in 1990. Oakland County has one of the lower homeownership rates in the region, but it has the second highest rate among the four southeastern Michigan counties with more than 100,000 housing units.
- **Homeownership is dominant in all but two communities, but several communities stand out as having high percentages of renters.** Only two communities—Royal Oak Township and Wixom—had more rental housing than owner-occupied. In Auburn Hills (49%), Farmington (36%), Farmington Hills (33%), Lake Orion (43%), Oxford Village (32%), Pontiac (47%), Rochester (36%), and Walled Lake (33%) more than 30% of households are renters. These percentages are high compared to most Oakland County communities.
- **A very large share of rental units is located in single-family homes.** 37% of all rental units in the county are located in single-family homes, as opposed to multifamily structures.
- **Homes are getting larger.** Although three-bedroom units are most common across the county, there was a 32 percent increase in the number of 4-bedroom housing units in the 1990s. 4-bedroom units as a share of all units grew from 18 percent to 21 percent (27% of owner-occupied units). This is the second highest percentage for counties in the region. Homes are also growing in terms of square feet. This is especially true in communities that have experienced significant growth in the past decade.
- **Housing value grew and is near the top in the region.** By Census estimates, median housing value grew 45% to \$181,200 in the 1990s (see affordability chapter for more detail). This increase was due both to growth in the value of existing units and the addition of many higher-priced units to the county's housing stock. Only Livingston County had a higher median housing value in the region (\$187,500). The majority (55%) of owner-occupied housing in the county was valued between \$100,000 and \$249,999. Those units that were valued at \$250,000 and above made up 27 percent of the owner-occupied housing in the

county. Only 5% of homeowners reported that their properties were worth \$50,000 or less in 2000.

- **Housing values varied considerably by community.** The lowest value (\$74,300) was in Pontiac. The highest (\$854,000) was in Bloomfield Hills. Hazel Park, Pontiac, and Royal Oak Township were the only communities where median value was less than \$100,000. The communities with the most expensive housing (median housing values greater than \$500,000) are Bloomfield Hills, Lake Angelus, and Orchard Lake Village.
- **Rental costs are high, but actually decreased in real dollars.** In inflation-adjusted dollars, median gross rent charged per month went from \$735 in 1990 to \$707 by 2000 (see affordability chapter for more detail). Rent of \$500 to \$749 was most common (about 40% of renters). However, 44% of renters paid \$750 or more in monthly rent. Rents vary considerably by community.

### **Housing Sales**

- **Sales were strong, but have decreased in recent years.** 195,458 residential property sales occurred in Oakland County from 1995 through August 2004. About 96% of these properties contained housing. Sales peaked at about 23,000 in 1998 and dropped to about 19,000 in 2003. If sales in the last third of 2004 kept pace with the first 2/3's, they would have reached a 10-year low, and the decrease from 2003 to 2004 would be the largest year-to-year decline since 1995.
- **Six communities account for more than 1/3 of sales.** Six communities had more than 10,000 sales during the period and accounted for 37% of all sales in the county. These included Waterford Twp (14,619); Royal Oak (13,588); Rochester Hills (11,480); Farmington Hills (11,443); Troy (11,361); and Southfield (10,795).
- **Some communities have surpassed county sales trends.** Most communities' sales followed a the pattern for the county as a whole. Oakland Twp was a notable exception on the positive side. It saw annual sales increases five times from 1995 to 2003, including years when countywide sales decreased. On average, sales grew by 11% annually for Oakland Twp—the highest average for any community with 500 or more residential sales. Other communities with high average annual increases include South Lyon (9%), Holly Twp (9%), Wixom (8%), Keego Harbor (7%), Holly (7%), Springfield Twp (5%), Rochester (5%), and Clawson (5%).
- **Some communities have performed worse than the county as a whole.** Bloomfield Hills' sales decreased more than countywide totals—6% annually (the largest annual decline of any community in the county). In fact, sales declined or were stagnant in all but two years for Bloomfield Hills. Other communities with relatively high average annual declines in sales included Oak Park (4%), Southfield (4%), Milford (3%), and Oxford (3%).
- **Newer homes are gaining market share.** By 2004, homes built between 2000 and 2005 accounted for 16 percent of all sales. Homes built in the 1990s accounted for a growing share of sales from 1995 until 1999 when they peaked at 18 percent. Combined, homes built in the 1990s or 2000s accounted for almost 30 percent of homes sold in the first eight

months of 2004. Homes built prior to 1990 accounted for a steadily declining percentage of sales over the decade.

- **Larger homes are gaining market share.** By 2004, the average square feet of floor space in homes sold (1,768) was 9% higher than the 1995 average. The median size in 2004 (1,536) was 5% percent higher than the 1995 median. The maximum size of homes sold increased by 51%—from 7,328 sq. ft in 1995 to 11,046 in 2004. Homes of 2,500 sq. feet or more accounted for 18% of homes sold in 2004 compared to 12% in 1995. Homes of at least 3,000 sq. ft showed the largest growth, accounting for 4% more sales (9% total) in 2004 than in 1995.
- **Condos are gaining market share.** More than 17 percent of homes sold from 1995 through 2004 were condominiums. Condominiums accounted 8% more of all sales in 2004 (22 percent) than in 1995 (14 percent). Condo sales grew faster than total sales at the beginning of the period and remained stable as total sales declined. Condos accounted for at least 50 percent of sales in four communities—Bingham Farms (63%), Walled Lake (61%), Bloomfield Hills (50%), and South Lyon (50%). They accounted for 20 to 40% of sales in 16 communities.

### **Foreclosures and Other Housing Problems**

- **The number and cost of foreclosures grew significantly.** From January 1990 through April 2005, the county saw an estimated 14,038 home mortgage foreclosures. Foreclosures increased 354%, from 468 in 1990 to 2,126 in 2004. This increase is disconcerting, but it is consistent with increases in foreclosures throughout the country and region. The median dollar amount for mortgage foreclosures rose 258%, from \$36,860 in 1990 to \$137,045 in 2004. Twenty-five percent of the foreclosures were for less than \$48,950 and 25% were for more than \$151,575.
- **Foreclosures were particularly problematic in six communities.** There were six communities whose share of foreclosures exceeded their share of sales—Ferndale, Hazel Park, Madison Heights, Oak Park, Pontiac, and Southfield. These communities also tended to have a relatively high share of home sales that were considered “affordable” for the period in question (see the Affordability chapter). Pontiac’s and Southfield’s share of all foreclosures countywide were two to three times their share of all sales. Growth in foreclosures in these communities was especially high in the last few years of the period.
- **Foreclosures are an increasing concern for middle- and upper-income communities.** Farmington Hills, Novi, Rochester Hills, Royal Oak, Troy, Commerce Twp, Highland Twp, Independence Twp, Orion Twp, Waterford Twp, West Bloomfield Twp, and White Lake Twp. all experienced notable increases in foreclosures over the last few years. This shows that concern that with foreclosures is increasingly relevant for communities with a large share of middle- and upper-income housing.
- **Overcrowding is not a major problem, but it is worst for poor renters** Overcrowding was not a major problem for residents of Oakland County in 2000. Only 2.5 percent of all households were overcrowded. The problem was more severe for renters, with nearly 4 percent of rental households being overcrowded. Overcrowding was more common for

racial/ethnic minorities than whites. Those living below the poverty line were most at-risk for overcrowding.

- ***Vast majority of homes are in good condition.*** Based upon the American Housing Survey, the physical quality of homes is high. 79% of respondents rated the physical quality of their homes a 6 or higher (on scale of 1 to 10). The most common rating was 10 (30% of households). The second most common was eight (24% of households). Only 2% of households were estimated to have experienced severe physical problems related to plumbing, heating, electrical, hallways, or upkeep during the 12 months preceding the survey. Only a small share of housing units in the county were estimated to have significant exterior problems. Less than one percent of homes lacked complete plumbing or kitchen facilities.

### **Conclusions:**

- ***Housing growth attests to the county's strengths in attracting investment.*** This conclusion proceeds from one that we drew from our population analysis regarding the county's strengths in areas that attract residents. The growing number, size, and cost of housing units shows that not only is the county attracting residents, it is attracting residents who have the ability and willingness to invest significant dollars into their move through the purchase and/or construction of relatively high cost housing. While recent stagnation in the housing market is mitigating some gains, the increase in housing value for the period analyzed in this chapter, show that the investment has paid off for many households.
- ***High and growing homeownership rates support community stability.*** Communities tend to benefit when they provide a mix of owner- and renter-occupied housing. A high percentage owner-occupied housing is usually a critical part of this mix. Homeownership promotes community stability, because homeowners want to protect their investment and they move less often than renters. The county's high homeownership rate suggests that the county will be able to maintain much of its attractiveness to residents and investment in the coming years.
- ***High quality housing stock will help the county retain existing residents and attract new ones.*** The data show that the overall quality of housing available in the county is quite high. High quality housing will help the county as it seeks to address projected declines in population growth that were outlined in the chapter on population change.
- ***Countywide there is an attractive mix of housing types. Within communities, the mix is less noticeable.*** The relatively high percentage of multifamily units and the continued significance of condominiums/ townhouses as part of the county's total housing stock shows that countywide the mix of housing types is high relative to other counties in the region. This will tend to serve the county well in attracting a variety of households. However, the data also show that many of the multifamily units, subsidized units, and even condominiums are concentrated in a minority of communities. For most communities there is only modest differentiation in the type of housing available within the community. This may inhibit some households from accessing communities where the type of housing they need or want is unavailable. It may also inhibit family members with different housing needs (e.g. grandparents and grandchildren) from living in the same community. It will become

increasingly important for the county stakeholders to address the variety of housing available within communities as the county's population ages over the next couple of decades (see population chapter).

- ***Unevenness of growth presents challenges that must be addressed.*** We drew this same conclusion from our analysis of population. It is further supported by the analysis of housing stock, which shows that housing in the developing communities is larger than existing communities and, consequently, densities are lower. While multifamily housing is compensating for this in some of the fast-growing communities, it is relatively absent in others. ***Closer attention to mixing the size and type of housing being built in newly developing communities may enable the county to avoid some negative effects*** of low-density development in outlying areas. In particular, a better mix of housing type and size in newly developing communities may help these communities avoid sharp decreases in demand for large housing that is likely to accompany the aging of the county's population (see population chapter).
- ***Efforts to improve the mix of housing in terms of cost are warranted.*** The data on housing value, subsidized housing, rent, and foreclosures presented in this chapter provide an initial glimpse into cost issues facing residents of the county. The findings from the analyses of these data complement those in the affordability chapter and suggest that efforts should be taken to improve the availability of affordable housing in the county. It is becoming increasingly difficult to find affordable housing in Oakland County, even in older communities that were developed many years ago. This limits the size of the market to which the county's housing can be sold/rented. Recent downturns in the housing market show the difficulty that many Oakland County homeowners are facing as they try to sell their homes. With projected decreases in population growth and an overall aging of the population that remains (see population chapter), these problems may escalate as demand and ability to pay decrease. Moreover, the more that middle-, moderate-, and low-income workers are priced out of Oakland's housing market, the more difficult it will be for employers to fill vacancies for such workers.
- ***Oakland County's housing market remains strong, but faces increasing challenges.*** The sales data show that the housing market in Oakland County is strong. Sales volume has been high and increased housing values have provided financial gain to many sellers. The strong market continues to attract investment. However, the significant downturn since 2000 presents challenges. When the downturn in sales is coupled with the substantial increase in foreclosures, the level of the challenges increases. While many of the challenges are dictated by the broader economic context of the region, some challenges may be inherent in the type and cost of housing available. Time will tell if the downturns reflect a short-term market adjustment or a long-term downward trend. It will be important for county stakeholders to take proactive efforts to address market challenges and ensure the long-term strength of the county's housing market and communities.