

CHAPTER 4: HOUSING AFFORDABILITY

Introduction

A critical part of this comprehensive housing needs assessment is examining the affordability of housing in Oakland County. This chapter of the report presents the findings of our affordability analysis.

Organization of the Affordability Discussion

The affordability analysis begins by discussing why housing affordability is something to be concerned about. It then summarizes the affordability findings and their implications. Section 1 follows the introduction. It discusses the number of households, both renters and owners, in Oakland County that presently face affordability problems. Many of the details behind the total numbers in Section 1 are discussed in Sections 2 and 3. Section 2 discusses homeowner affordability. Section 3 discusses affordability for renters. In addition to countywide totals, analyses by local community, age group, race, and household income are provided in each section. In Sections 2 and 3 we also include subsections that focus on the role of housing cost in determining affordability.

Oakland County's affordability figures are useful by themselves. They tell us the extent of housing cost burden in the county. Obviously high levels (e.g. 50 percent of households) or low levels (e.g. five percent of households) are relatively easy to interpret. Yet, Oakland County's numbers are not obviously high or low. So, throughout the discussion we compare the county's numbers to those of other jurisdictions to better depict the extent to which affordability is or is not a problem in the county. In most cases, we compare Oakland County's numbers to those for the 82 other counties in the state. We also include comparisons for the nine counties located in southeastern Michigan. At the beginning of our affordability discussion we also present affordability numbers for 17 counties throughout the United States that the Oakland County government has identified as comparison or benchmark counties.¹ For reasons specified in the section where the data for these counties are presented, we do not continue this comparison throughout the report.

The affordability discussion is very detailed. Each section of the discussion includes a summary section where the findings of the analysis are compiled. Readers that want to skip the detailed analysis can go directly to those summaries to understand the main findings.

¹ Socioeconomic criteria for these comparison counties include a population between 750,000 and 1,500,000; median household income of \$50,000 or more; and seven percent or fewer families in poverty.

Why is Affordability Important

Affordability may be considered important for at least three reasons—equity, economic competitiveness, and community sustainability. Although the importance of each reason varies by stakeholder group, virtually all economic groups and government officials will find at least one of these reasons to be consistent with their interests.

Equity

Equity is probably the most common justification for affordable housing. It is one reason why affordable housing is often assumed to refer to “low-income” housing, even though it relates to all income groups. Equity arguments contend that to have an equitable society, all income groups must have the opportunity to exercise their free choice of where they want to live. When communities exclude or limit housing affordable to certain income groups—most often, low-income groups—they are preventing the members of that group from exercising their free choice and, hence, preventing the realization of an equitable society.

The inequity related to housing choice can be viewed as unacceptable by itself. More commonly it is viewed as undesirable because of the impact that limited housing choice has on low-income groups. When low-income households can afford to live in a very limited number of communities, those communities tend to have high concentrations of poverty. Consequently, they usually present few opportunities for economic or social growth. The result is that families living in low-income households tend to have generations of family members who are caught in an unending cycle of poverty. The disastrous effect of such results for the low-income families is obvious. To avoid such conditions, low-income households must often occupy housing that is unaffordable. The economic drain that high housing costs place on these households drastically limits their opportunities to save and work their way out of poverty.

Economic Competitiveness

Those who argue for affordable housing on the basis of economic competition contend that affordable housing is essential to the economic vitality of a community. There are two common threads to this argument. The first contends that if housing is considered unaffordable for workers, employers will be less likely to locate their operations in that community. The second contends that as housing costs grow, residents have less disposable income to spend and, hence, businesses designed to serve residents will go out of business or move to another community. Also, residents may move to communities where housing is more affordable and the community’s housing market may suffer. Under each of these scenarios, residents, businesses, and governmental officials have a vested interest in ensuring housing is affordable.

The argument that employers want affordable housing for workers is based on two assumptions. The first is that employers want their employees to be able to live relatively close to their place of employment. Residential proximity helps decrease the potential for late arrivals and absenteeism due to problems with transportation (e.g. traffic congestion, bad weather, car problems, etc.). Residential proximity can also improve employee morale and productivity by

reducing the amount of time employees spend in traffic. Employees are more likely to live near their work if the housing is affordable. The second assumption is that workers facing high housing costs will demand higher wages. This will increase the labor costs for employers. Even if a company is able to replace a worker who leaves a company because of wages that are insufficient to accommodate housing costs, the company incurs costs for replacing the former employee (e.g. recruitment costs, administrative paperwork costs, etc.). Thus, companies seeking to avoid the negative impacts of high housing costs will seek locations with relatively low housing costs. This can impact initial location decisions, as well as decisions to relocate.

“Surveys of business executives typically suggest that housing and living costs are often instrumental in their location decision” (Schill, 2004). Empirical studies firmly linking the two factors are lacking, but the logic of the argument is solid. Indeed, the growth in employer-assisted housing initiatives (i.e. programs where employers provide subsidies and other benefits to reduce the cost of housing to workers) during the boon period of the late 90s suggests housing cost is a real concern for businesses. Anecdotal examples of businesses moving to locations where cost of living is lower further support this contention.

Certainly, the relevance of the economic competitiveness rationale will vary by industry, region, and wage level of workers, but there is reason to believe this rationale impacts a range of income levels. For example, there is growing evidence of great imbalance between the location of jobs for lower-skill/lower-wage workers and the places these workers live. This results in equity issues for these workers, but it also means that many businesses in middle- and upper-income communities have difficulty filling lower-paying service positions in businesses that serve the middle- and upper-income residents.

There is also growing concern in many communities regarding the availability of “workforce housing.” This term typically refers to housing for teachers, police officers, firefighters, and other public servants who provide essential services to communities, but earn relatively moderate incomes compared to many private sector employees. A lack of “workforce housing” can lead to worker shortages in these positions. Although the public sector employers of this workforce cannot move to a location with less costly housing, an inability to hire high quality personnel to fill these critical public service positions can diminish service quality and force the public sector to pay higher wages, which can lead to tax increases. Both results can deter businesses from locating in a community. Proponents of workforce housing also tend to argue that having these workers live in the communities they serve increases their commitment to, and understanding of, the community which inevitably leads to improved service.

Again, the logic would seem to apply well to private companies hiring middle-income workers too. Though this group would be able to afford more housing than the two lower skilled laborers or public sector employees, excessive housing costs will drive these workers to move or demand higher wages as well.

The second rationale (i.e. less disposable income decreases business growth) has also not been tested sufficiently to determine its validity. Still, the logic behind it is uncomplicated and certainly plausible. Admittedly, a counter-argument would be that if housing costs are high only people with higher incomes will live there and, thus, businesses in these communities will grow.

While this argument is also plausible, at best, it suggests that the situation is different for current residents versus future residents, and it rests on the assumption that higher income families will not have more attractive communities into which they can move.

Community Sustainability

Community sustainability refers to a set of arguments that contend that a lack of affordable housing ultimately makes communities unsustainable over the long-term. In many ways, this category combines the cumulative effect of the factors outlined above with additional considerations that further impact community sustainability. For example, we could assume that if a lack of affordable housing led to business disinvestments, tax revenue would decrease and the attractiveness of the community would decrease (due to a lack of jobs or increased tax burden on residents). Hence, the community as it existed before employers left would no longer be sustainable. We could then add in the notion that high housing costs and/or job losses from companies that leave could lead to increased mortgage and tax foreclosures in the community. Without an ample supply of new residents to buy the foreclosed properties homes would sit empty longer and possibly become abandoned. This would lead to blighting influences on the community that would further impact sustainability.

Another argument that falls in this category contends that a range of housing affordability is essential for providing family members the opportunity to live near one another. Enabling families to do this helps to improve community sustainability in two ways. First, it makes the community more attractive to families. Second, it helps ensure a continuing supply of new residents to occupy housing in the community as people age and move from one home to another. For example, if housing costs in a community are high, children will often have to move outside of the community where they were raised and their parents live in order to find affordable housing. On the other end of the age continuum, elderly residents might be forced to move from a community where they spent most of their lives or where their children live. This can increase anxiety for all family members and diminish quality of life for the elderly.

A third argument that falls in this category contends that if a range of housing affordability is not available in a community, then companies in that community will have to bring in employees from many different communities. This will increase traffic in and out of the community, which will cause traffic congestion, environmental degradation, and lower quality of life. This will cause residents to move out of the area and decrease the attractiveness of the community to new in-movers. The end result is that the community is not sustainable.

A fourth argument related to community sustainability is that communities are most desirable and sustainable when they are home to people from a variety of income groups. Income mix can breed understanding and appreciation of diversity, thereby increasing the cohesion of the community. Moreover, communities with housing that serves a mix of income groups are impacted less by economic or lifestyle swings that significantly impact one income group more than another.

Findings on Affordability for Both Owners and Renters

Serious levels of affordability problems exist in Oakland County in both absolute and relative terms. In 2000, almost 103,000 households (22% of all households) faced affordability problems. *Affordability problems have increased since 1990* in terms of both number of households and percentage of all households. Affordability is more problematic for people moving into the county recently than for those who have been in the county for some time. *It is becoming increasingly difficult for people moving into the county to find affordable housing.*

Although affordability problems are spread across age groups, ***Oakland County's elderly households face affordability problems much more frequently than younger households.*** Twenty-nine percent of all elderly households pay more than 30 percent of their income on housing (cost burden)—the second highest rate in the state. Fourteen percent pay more than 50 percent of their income on housing (severe cost burden)—the highest rate in the state. Some communities in the county have especially high levels of affordability problems for elderly residents.

Cost burden is far more prevalent among Black households in the county than White or Asian households. Hispanic households face burden more often than non-Hispanic households. These differences by racial/ethnic group are likely due two factors. The first is the tendency of Black and Hispanic households to have lower incomes than other groups. The second is the fact that Black and Hispanic households have tended to move into the county more recently than other racial/ethnic groups. Thus, they likely face much higher housing costs upon moving to the county than many of the white households and/or non-Hispanic households who had lived in the county for longer periods.

Affordability problems impact all income groups in the county. For almost every income group, affordability problems are more common in Oakland County than in almost every other county in the region. Affordability problems are especially prevalent among households at or below low-income, but a considerable number of middle-income families also face affordability problems. Affordability problems would be even worse for low- or moderate-income households if there were more of them living in the county. However, their presence is lower than we might expect, because there is such a small supply of housing that would be affordable to them.

Housing cost is an increasingly important determinant of housing affordability for all households. Housing has become considerably more expensive in the county over the past decade, and it is becoming increasingly difficult for both lower-income and middle-income households to find affordable housing in the county. For lower-income households affordable housing tends to be highly concentrated in a small number of communities.

The extent of many of the affordability concerns outlined above varies noticeably by communities. ***Some communities have far greater problems than others;*** however, there is no clear spatial pattern of problems within the county.

Findings on Homeowner Affordability

Because Oakland County is predominantly a homeowner community, the findings for overall affordability problems tend to reflect the affordability problems of owners. With less than one-fifth of Oakland County homeowners facing cost burden, there is no absolute crisis of homeowner affordability in the county; yet, when compared to other counties in the state, homeowner affordability is a concern. Affordability problems are more prevalent for homeowners in Oakland County than for homeowners in most other counties throughout the state and region. Nineteen percent of all owners (66,118 owners) face cost burden. Seven percent of owners (23,583 owners) face severe cost burden. The presence of cost burden has increased slightly since 1990 and varies significantly by CVT with no obvious spatial pattern of problems evident.

Elderly owners face especially high levels of cost burden. They are substantially over-represented among owner households with cost burden. Although the elderly account for only 15 percent of all owner households, they account for 24 percent of owner households with cost burden. Also, the proportion of elderly owners who have cost burden (22 percent) is higher than in most of the region. Elderly cost burden is far more significant in some communities than others. While there is a general trend of lower elderly cost burden in the southeastern portion of the county, location of the community within the county is not a clear predictor of the extent of elderly cost burden.

Although cost burden is more prevalent among both Asian and Black owners than it is among White owners, Black owners clearly stand out as having significantly greater affordability problems.

The analysis also shows that affordability problems impact homeowners in all income groups. For every income group, affordability problems for homeowners in Oakland County are more common than in at least seven of the other counties in the region. For several income groups the county's rate is the highest in the region. Affordability problems are especially prevalent among households at or below low-income, especially the lowest income levels. However, a considerable number of middle-income homeowners—more than in any other county in the region—also face affordability problems.

The cost of owner housing is becoming an increasingly important determinant of affordability and is likely to grow if interest rates continue to rise. Owner housing is becoming more expensive for all income levels. Even middle-income households find it increasingly difficult to purchase homes in Oakland County at an affordable price.² Homeowner housing affordable to middle- and lower-income groups is highly concentrated in a small number of communities. Five communities accounted for 61 percent of all home sales affordable to

² It is likely that recent downturns in the housing market throughout southeast Michigan that are not reflected in our sales data through 2004 have diminished the cost effect somewhat. However, it is also likely that incomes have diminished in some cases, which would offset any declines in housing cost. Our data through 2004 show that as of 2004 average prices had not declined significantly. The foreclosure data show that affordability problems have continued through 2005. In fact, a slower housing market makes it difficult for those who bought unaffordable housing at the peak of the market to sell it at a price that enables them to recoup what they owe. The increasing importance of housing price overall is probably not negated by the recent downturns.

extremely low-income households from 1995 through 2004. These same communities accounted for 53 percent of all sales affordable to very low-income families, 42 percent of sales affordable to low-income families, and more than one-third of sales affordable to families earning the median income. Sales price is growing in importance for all households, but it hits lower-income households especially hard. Most low-income households would have difficulty finding affordable homeowner housing in Oakland County, and those difficulties have grown in recent years as the supply of low- or moderate-cost housing is shrinking. In fact, the growing impact of housing price suggests that affordability for current residents of the county is much better than it will be for future in-movers.³

All of the findings for homeowner affordability vary considerably by CVT, and there is no obvious spatial pattern to homeowner affordability in the county.

Findings on Renter Affordability

Cost burden is more prevalent among renters than owners, though the proportion of renters facing cost burden (31%) is generally lower in Oakland County than in other counties in the region and many counties throughout the state.

As with homeowners, renter affordability is particularly problematic among the elderly. Although they account for a smaller portion of renters in Oakland County than in other counties, the elderly are significantly over-represented among renters with cost burden (31% of renters w/burden vs. 19% of all renters). The prevalence of cost burden among elderly renters is high in both absolute (51% of all elderly renters—11,414 households) and relative terms (higher than all but one other county in the region). The same is true for severe cost burden, which impacts 26% (5,969 households) of all elderly renters. After the elderly, renter cost burden is most common among 15 to 24 year olds. While the proportion of these renters (41%) is high and of concern, this group has significant potential to earn its way out of cost burden through income growth. Affordability problems for the oldest and youngest renters vary considerably by CVT.

Renter affordability is generally consistent across most racial/ethnic groups, though it is far less prevalent among Asian renters than it is for other groups.

Renter affordability impacts most income groups. Extremely low-income renters living in Oakland County face lower or comparable costs to their counterparts in other counties. For all groups earning very low-incomes or higher the opposite is true. Renters in these income groups face noticeably higher costs than their counterparts in other counties. Renters earning less than \$35,000 have the greatest problems with affordability. This is especially true for renters earning \$10,000 to \$20,000. Yet, more so than in most counties in the region, renters earning \$35,000 to \$50,000 also have considerable problems with affordability.

³ The research team recognizes that increased housing price has benefits that must be weighed against the negative affordability implications. Increased tax base for communities and increased assets/wealth for existing homeowners who acquired the homes at relatively lower costs are primary among these benefits. We did not assess the potential impact of these benefits, as it was beyond the scope of the study.

It is likely that extremely low-income renters fare better in Oakland County than elsewhere in the region, because there are far fewer of them and many of them receive government housing assistance. Extremely low-income renters looking to move to Oakland County would likely find it much harder to secure affordable rental housing than extremely low-income renters who already live in the county.

While both cost of housing (i.e. rent and utilities) and level of income determine affordability, high housing costs appear to be a more salient determinant of renter affordability in Oakland County than other parts of the region. All findings on renter affordability vary by CVT.

Implications of Findings

Oakland County's current residents are generally not facing an affordability crisis like those in poorer communities, such as Detroit, or extremely hot housing markets, such as San Francisco. Still, many people in the county face affordability problems, and the prevalence of affordability problems in the county is higher than in many parts of the state and most of the region.

How do the county's affordability problems impact its ability to achieve the three goals of affordable housing—equity, economic competitiveness, and community sustainability—that we reviewed at the beginning of the chapter? The county falls shortest in terms of achieving the goal of equity. Put simply, it is very difficult for people earning low-incomes to access housing in the county. This is one reason why such a small percentage of the county's population is composed of low- or moderate-income households. The housing that is affordable to lower-income households is highly concentrated in a small number of communities. This makes it very difficult for low-income households to take advantage of new opportunities in high growth areas in the county.

There are also growing concerns related to age equity, as the elderly face affordability problems more frequently than other age groups. Affordability problems for the elderly may significantly affect their ability to live out the rest of their lives in Oakland County. Due to both equity concerns and the reality that the elderly will account for a growing share of the county's population over the next couple of decades, it is important to ensure that ample affordable housing options for the elderly exist.

The impacts on economic competitiveness and community sustainability are less obvious. The county is still thriving economically and fiscally relative to many other counties. Its housing market is strong, and its quality of life is considered quite high by many in the region. Housing affordability is probably having its biggest impact on low-skilled, service-sector jobs for which the pay is insufficient to support renting or purchasing a house in the county. Yet, the relatively high level of affordability problems among middle-income households suggests the impact might extend further.

The economic data presented in Chapter Two suggest that in spite of recent downturns, the county accounts for a growing share of the state's jobs. Worsening affordability may cause this to change. As suggested elsewhere in this report, the county is losing some of its population

to other parts of the region. The data presented in this chapter of the report suggest that affordability may be a growing factor behind this. As people have moved, many have continued to work in the county and commuting into the county has increased. Those residents who remain and face affordability problems have less disposable income to spend on businesses in the county. Finally, the continued concentration of housing (both government subsidized and non-subsidized) affordable to low-income families in a small number of communities increases the risk that the communities where the housing is located will become areas of concentrated poverty. Combined, these factors diminish quality of life, threaten community sustainability, and can cause employers to move out of the county.

Finally, Oakland County has increased its racial and ethnic diversity more than in previous decades. Yet, affordability problems are more prevalent for Black and Hispanic households than White households. The county's ability to continue to diversity will be partially dependent upon affordability. This gives special importance to ensuring that housing is affordable.

Oakland County has a unique opportunity to address affordability before it significantly impacts the viability of the county as a destination of choice in southeastern Michigan. Actions by government, nonprofit, and private sector stakeholders to reduce affordability problems are warranted. Since housing cost, rather than income, seems to be the more prominent factor impacting affordability in the county, actions to improve the supply of affordable housing by providing new affordable units or make the existing housing cost less would seem to be the priority for those actions. The county and its local governments have historically demonstrated a proactive approach to ensuring that their communities are attractive to residents and businesses. Timely, proactive attention to housing affordability by the government, nonprofit, and private sectors could ease the housing cost burden faced by many residents and help the county ensure its long-term sustainability as a community of choice for businesses and residents. We detail several options for addressing affordability in the recommendations chapter of this report.

SECTION 1: Housing Affordability for All Existing Households

In this section of the report we present the findings on the affordability of all housing—owner and rental units—in Oakland County. After discussing affordability for all households we examine affordability problems by age group and race/ethnicity. We conclude our discussion by looking at affordability by income.

Affordability can be defined in many different ways, but the standard for most government-supported housing programs is that housing is considered affordable when households spend no more than 30 percent of their monthly income on housing. For homeowners, this includes mortgage, mortgage insurance, property taxes, hazard insurance, and utilities, excluding phone. For renters, this includes rent and utilities, excluding phone. Households that spend more than 30 percent of their income on housing are described as facing cost burdens. Households that spend more than 50 percent of their income on housing are described as facing severe cost burdens.

Overall Affordability for Existing Residents

Slightly more than one-fifth of Oakland County's households (22%) faced cost burdens in 2000. This equates to about 103,000 households. Almost nine percent of households (approx. 40,500 households) faced severe cost burdens.⁴ Exactly comparable numbers for households facing cost burden in 1990 are not readily available. However, similar figures from the 1990 census suggest that the percentage of households with cost burden has increased slightly since 1990.⁵

Comparison to Other Counties. When we compare cost burden statistics for the 17 comparison counties identified by the Oakland County government we find that the prevalence of cost burden was lower in only two counties—Macomb County, MI and Fairfax County, VA.⁶ In many cases, cost burden in the comparison counties exceeded cost burden in Oakland County by ten percentage points or more. These positive findings must be viewed with caution. In all but three of the comparison counties the median housing price was at least 75 percent higher than in Oakland County. In several counties it was more than double. As such, we would expect

⁴ The cost burden numbers reported here and in most other portions of this report were obtained from a special tabulation of data from the 2000 U.S. Census, known as the Comprehensive Housing Affordability Strategy (CHAS) dataset. The raw data were downloaded from the website of HUD's Office of Policy Development and Research (www.huduser.org/datasets) in the spring of 2005. Tables F5A-F5D served as the primary source of data. In some parts of this report (as noted in subsequent footnotes) we use Census 2000 SF3 data for affordability estimates.

⁵ Our 2000 figures include all households. CHAS cost burden data that are readily available for 1990 exclude households earning more than 95% of median income. The comparison figures used here are from the 1990 and 2000 U.S. Census SF3 files.

⁶ The 17 comparison counties include Bergen County, NJ; Baltimore County, MD; Contra Costa County, CA; DuPage County, IL; Fairfax County, VA; Fairfield County, CT; Hennepin County, MN; Honolulu County, HI; Macomb County, MI; Middlesex County, MA; Montgomery County, MD; Nassau County, NY; Prince George's County, MD; St. Louis County, MD; Suffolk County, NY; Ventura County, CA; and Westchester County, NY.

each of these counties to have substantially higher levels of cost burden. Because the housing markets in these seventeen communities are so different than the market in southeast Michigan, comparisons between Oakland County and these other communities are not especially helpful for examining affordability issues in the county. Thus, for the balance of the affordability discussion we limit our comparisons to other counties in Michigan and/or southeastern Michigan.

Oakland County’s percentages for cost burden are equal to statewide figures for all of Michigan. Oakland County has the 20th highest percentage of households with cost burden out of all 83 counties in the state. The county’s high ranking also holds true when compared to other counties in the region (Table 4.1.). Oakland County has the fourth highest percentage of households with cost burden out of the nine counties in the region.⁷ Two of the counties with higher percentages—Wayne and Washtenaw—have significantly higher percentages (25% and 27%, respectively). The percentage in the third county—Genesee—is less than one percent higher than Oakland’s. With the exception of St. Clair County, the cost burden percentages in the remaining counties are about two percent or more lower than the percentage in Oakland County.

Oakland County fares better in statewide comparisons when looking exclusively at severe cost burden. It ranks 29th in the state. However, the findings for comparisons to counties in the region are similar to those for overall cost burden.

Table 4.1. Oakland County Cost Burdens Compared to Other Counties in Region

County	Percent of H-Holds		Number of H-Holds	
	30% or more of income	50% or more of income	30% or more of income	50% or more of income
Genesee County	22%	10%	38,197	17,332
Lapeer County	20%	7%	6,256	2,114
Livingston County	19%	7%	10,731	3,667
Macomb County	20%	8%	60,287	23,485
Monroe County	19%	8%	10,274	4,165
Oakland County	22%	9%	102,802	40,588
St. Clair County	22%	9%	13,502	5,487
Washtenaw County	27%	12%	33,286	15,058
Wayne County	25%	12%	190,896	91,538

Source: CHAS Datasets

Comparisons Within Oakland County. The percentage of households facing cost or severe cost burden varies considerably across communities within the county (Table 4.2.). The percentage of households facing any cost burden ranges from a low of 11 percent in Holly Township and Northville to 30 percent or more in Orchard Lake, Pontiac, Southfield, and Royal Oak Township⁸. Variation for severe cost burden is less. Almost half of the communities have between four and seven percent of their households facing severe cost burdens. Yet, there are

⁷ The nine counties included in the regional comparison are the seven in the SEMCOG region—Livingston, Macomb, Monroe, Oakland, St. Clair, Wayne, and Washtenaw—plus Genesee and Lapeer Counties, which share a northern border with Oakland County.

⁸ The zero values for Southfield Township are excluded as outliers—insufficient households to be of relevance.

still significant differences between communities with low percentages and those with high. In twenty percent of the communities more than ten percent of the population was experiencing severe cost burden in 2000. While only four percent of households in Holly Township had severe cost burden, 19 percent of those in Royal Oak Township faced this problem.

Table 4.2. Oakland County Households with Cost Burdens (Renters and Owners)⁹

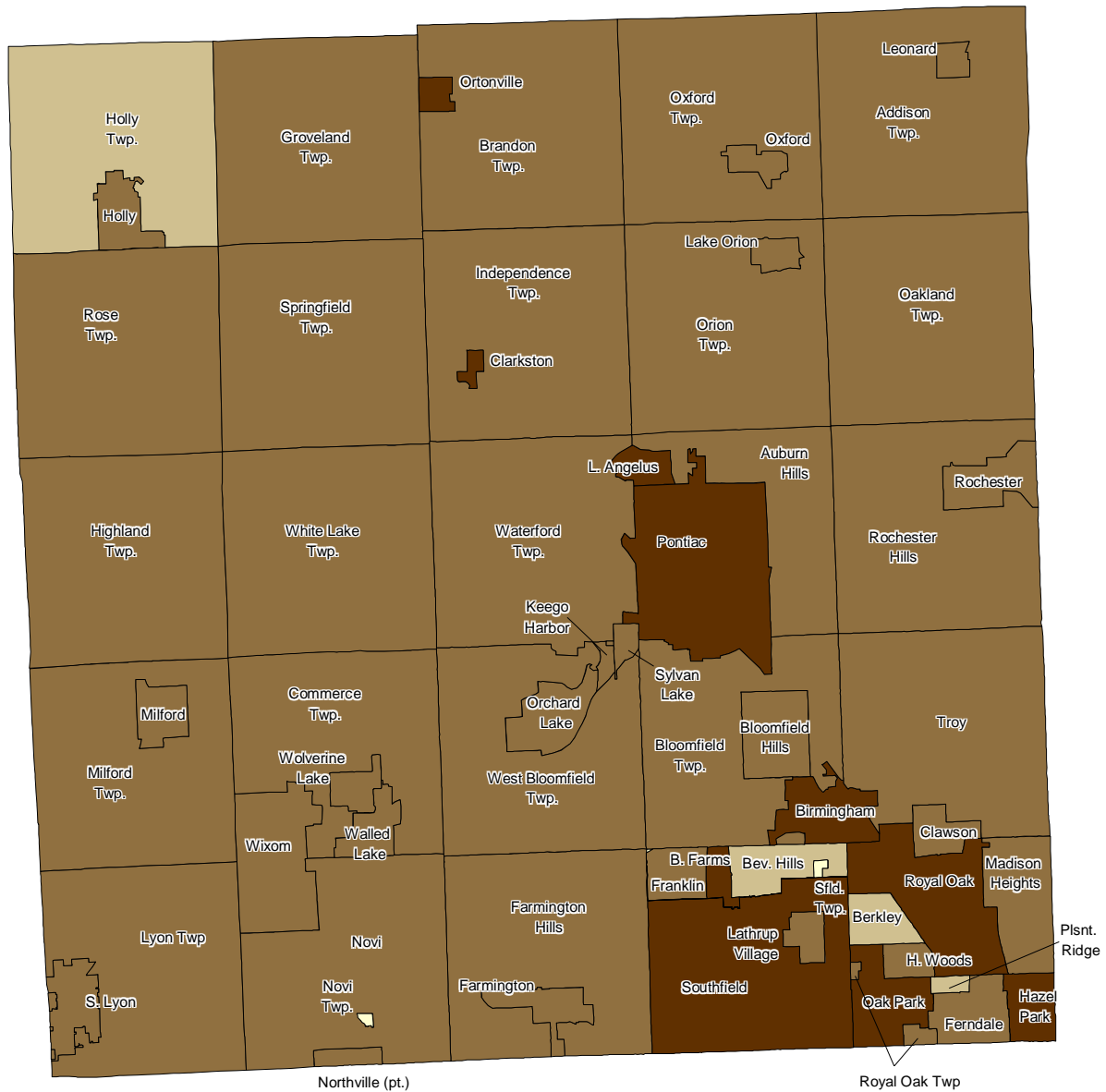
Community	Households (Percent)		Households (Number)		Community	Households (Percent)		Households (Number)	
	30% or more	50% or more	30% or more	50% or more		30% or more	50% or more	30% or more	50% or more
Addison Twp	23%	7%	466	144	Milford Village	24%	9%	586	222
Auburn Hills	24%	10%	1,920	795	Northville (Part)	11%	7%	146	92
Berkley	15%	5%	1,019	311	Novi	18%	7%	3,448	1,277
Beverly Hills Village	15%	5%	622	187	Novi Twp	29%	0%	20	-
Bingham Farms Village	26%	13%	123	64	Oakland Twp	22%	8%	953	365
Birmingham	23%	10%	2,091	924	Oak Park	27%	11%	2,965	1,164
Bloomfield Hills	18%	9%	261	141	Orchard Lake	31%	9%	231	71
Bloomfield Twp	21%	9%	3,515	1,576	Orion Twp	19%	7%	2,085	740
Brandon Twp	20%	5%	892	238	Ortonville	25%	10%	145	58
Clarkston	27%	13%	130	60	Oxford Twp	17%	5%	747	232
Clawson	19%	6%	1,030	319	Oxford Village	19%	6%	263	86
Commerce Twp	19%	7%	2,040	718	Pleasant Ridge	12%	5%	129	52
Farmington	22%	9%	1,058	418	Pontiac	32%	15%	7,864	3,737
Farmington Hills	23%	9%	7,613	3,164	Rochester	24%	8%	1,114	352
Ferndale	20%	8%	2,001	748	Rochester Hills	19%	8%	5,096	1,976
Franklin Village	25%	9%	261	96	Rose Twp	18%	7%	394	155
Groveland Twp	21%	6%	432	136	Royal Oak	19%	7%	5,340	1,987
Hazel Park	24%	11%	1,766	831	Royal Oak Twp	38%	19%	940	460
Highland Twp	20%	6%	1,383	418	South Lyon	24%	8%	1,042	339
Holly Twp	11%	4%	144	52	Southfield	30%	13%	10,130	4,550
Holly Village	22%	10%	529	237	Southfield Twp	0%	0%	-	-
Huntington Woods	16%	8%	374	192	Springfield Twp	18%	6%	813	291
Independence Twp	18%	6%	2,132	737	Sylvan Lake	15%	5%	123	44
Keego Harbor	21%	8%	244	89	Troy	17%	7%	5,205	1,973
Lake Angelus	25%	14%	36	20	Walled Lake	24%	7%	767	229
Lake Orion Village	23%	9%	269	101	Waterford Twp	20%	8%	5,830	2,285
Lathrup Village	21%	7%	330	108	West Bloomfield Twp	23%	9%	5,490	2,110
Leonard Village	21%	8%	32	12	White Lake Twp	19%	6%	1,923	651
Lyon Twp	20%	6%	784	227	Wixom	17%	6%	1,025	332
Madison Heights	23%	8%	3,045	1,128	Wolverine Lake Village	17%	6%	278	95
Milford Twp	20%	6%	617	198	Oakland County	22%	9%	102,683	40,508

Data Source: Comprehensive Housing Affordability Strategy (CHAS) 2000 dataset (summary levels 050, 060, and 155) (Tables F5A-F5D).

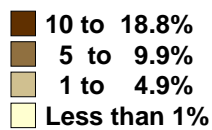
When we view the spatial distribution of cost (Map 4.1) and severe cost (Map 4.2) burden, we see that affordability problems tend to be most prevalent in the southeastern quadrant of the county (including Pontiac). These are the communities that tend to be oldest and the most heavily and densely populated. This spatial concentration is more evident for severe cost burden.

⁹ Because of special rounding rules used in creating CHAS files, there are differences between the total for Oakland County and the sum of the totals for local communities within the county. These differences are larger than one would typically expect to result from rounding. However, they do not significantly impact the findings of the analysis.

Map 4.2. Percent of Households Facing Severe Cost Burdens (Renter and Owner)



Percent Hhlds. with Severe Cost Burden (Owner & Renter)



Source: 2000 CHAS data

Summary—Overall Affordability. We can assess affordability in terms of the number of households with cost burden or the percentage of households with cost burden. In terms of sheer numbers, Oakland County has a lot of households (103,000) with affordability problems. This is the second highest total of any county in the state. But this is to be expected since it is the second most populated county in the state.

In terms of percentage of households, the county's 22 percent of households with cost burden ranks moderately well compared to all other counties. It is the 20th highest ranking, but highly populated urban counties typically rank higher than other counties statewide. Unfortunately, the proportion of Oakland County households with affordability problems has increased slightly since 1990. The regional ranking is not as strong. Only two counties in the region—Washtenaw and Wayne—have a significantly higher percentage of households with cost burden. Yet, the percentages for the other counties are not overwhelmingly lower than Oakland County's. Almost nine percent of households (approx. 40,500 households) faced severe cost burdens. The county's rankings for severe cost burden are similar to those for cost burden.

Affordability concerns vary by CVT. Some communities have few affordability problems; others have a lot. Problems with affordability tend to be highest in the southeastern portion of the county—the oldest and most densely populated part of the county.

The bottom line is that while Oakland County is not facing an affordability crisis it has serious levels of affordability problems among its households in both absolute and relative terms, and these problems have become more common since 1990.

Affordability by Age Group

In addition to knowing the aggregate level of affordability problems, it is useful to examine whether or not the problems are especially relevant for particular segments of the population. In the remainder of this section we segment the affordability numbers by age group, race/ethnicity, and income group. After presenting the base numbers of people in each group that are experiencing cost or severe cost burden, we use three methods to examine the extent of problems for each group further (see Box 4.1). **Method 1** considers the extent to which households in a particular group (e.g. the elderly) account for all households with cost or severe cost burden. **Method 2** compares the percentage calculated in Method 1 (e.g. # of elderly households with cost burden / total # of households with cost burden) to the group as a share of the total population (e.g. total elderly households / total households in county). Any differences show the extent to which the group is over- or under-represented in the cost burden numbers. For example, if householders 45 to 54 years of age account for approximately 35 percent of all households in the county we would expect them to account for about 35 percent of all households with cost burden, all other things being equal. If they actually account for 45 percent of households with burden, then they bear a larger than expected share of overall burden. **Method 3** considers how prevalent affordability problems are within the group by calculating the number of people in the group with cost/severe cost burden as a percentage of all people in the group (e.g. # of elderly households with cost burden / total # of elderly households). Even if a group is not over-represented among households with affordability problems, problems still might be quite common in that group.

Box 4.1 – Methods of Examining Affordability Problems by Group

Method 1

What share of all households with affordability problems are members of this group?

Example:

$$\frac{\# \text{ of elderly households w/cost burden}}{\# \text{ of all households w/cost burden}}$$

Method 2

Is the group under- or over-represented among households with affordability problems compared to the group's share of all households in the community?

Example:

$$\% \text{ calculated in Method 1} - \frac{\# \text{ of elderly households}}{\# \text{ of all households}}$$

Method 3

How prevalent are affordability problems within the group?

Example:

$$\frac{\# \text{ of elderly households w/cost burden}}{\# \text{ of elderly households}}$$

We begin our examination of affordability by age group by looking at elderly households—1 to 2 person households where the head of household is 62 or older. We then examine affordability for younger households.

Affordability Among the Elderly

Comparison to Other Counties. Method 1. Twenty-six percent of the households in Oakland County with cost burden are elderly households (Table 4.3). This is the same as the statewide percentage. The elderly account for a considerably smaller proportion of households with cost burden in Oakland County than they do in other counties throughout the state and region. The findings are less positive for severe cost burden, where elderly account for 31 percent of households, one of the highest percentages in the region. Only Macomb, Monroe, and St. Clair Counties have higher percentages. Of these, only Macomb County is more than one percentage point higher. The four remaining counties have percentages that are from one to eighteen points lower than Oakland's.

Table 4.3. Cost Burden for Elderly Households—Comparing Counties in the Region (Method 1)

County	Elderly H-Holds as % of H-Holds w/Burden		Number of Elderly H-Holds	
	30% or more of income	50% or more of income	30% or more of income	50% or more of income
Genesee County	23%	22%	8,724	3,791
Lapeer County	25%	24%	1,543	501
Livingston County	23%	30%	2,489	1,088
Macomb County	33%	34%	19,809	8,083
Monroe County	30%	32%	3,097	1,337
Oakland County	26%	31%	27,085	12,748
St. Clair County	32%	31%	4,306	1,679
Washtenaw County	15%	13%	4,974	1,969
Wayne County	28%	25%	52,719	22,508

Source: CHAS Datasets

Method 2. Thus, in Oakland County elderly account for a smaller proportion of households with burden than in much of the region and state. However, one reason for the county’s positive ranking is that it has fewer elderly households than most counties in the state. Oakland County has the 8th lowest percentage of elderly households in the state and the 4th lowest in the region. When we compare the proportion of elderly households with cost burden to elderly households as a proportion of all households in the county, we find a significant difference. While elderly households account for 26 percent of households with burden, they account for only 20 percent of all households in the county. This suggests that elderly households have more difficulty with affordability than younger households do.

Method 3. Of the approximately 94,000 elderly households in the county, 29 percent pay more than 30 percent of their income on housing (Table 4.4.). This is the second highest percentage of any county in the state. Only Wayne County has a higher percentage, and its percentage is only one point higher. In fairness to the county, this problem is prevalent across the region. Eight of the twelve counties with the highest percentages of elderly with cost burden are within the region, and their percentages are from three points to less than one point lower than Oakland’s. Genesee County, with 24 percent of its elderly facing cost burden is the only county in the region to place outside of the top 12 in the state.

Findings are similar for severe cost burden. With 14 percent of its elderly households paying more than 50 percent of their income on housing, Oakland has the highest ranking of all counties in the state. Again, seven of the other counties in the region are in the top twelve and they differ from Oakland’s total by no more than three percent.

Table 4.4. Percent of Elderly Households w/Cost Burden—Comparing Counties in the Region (Method 3)

County	Elderly H-Holds w/Burden as % of Elderly H-Holds	
	30% or more of income	50% or more of income
Genesee County	24%	11%
Lapeer County	26%	9%
Livingston County	28%	12%
Macomb County	26%	11%
Monroe County	26%	11%
Oakland County	29%	14%
St. Clair County	29%	11%
Washtenaw County	26%	10%
Wayne County	30%	13%

Source: CHAS Datasets

Comparisons Within Oakland County. Method 1. The elderly account for far more households with cost burden in some communities than others. They account for as little as ten percent of households with burden in Addison, Northville, and Wixom and as much as 52 percent in Farmington. In at least half of the communities, elderly accounted for 22 percent or less of households with burden. However, in 18 communities the proportion is 30 percent or more. Three communities—Farmington, Novi Twp, and Clarkston—have percentages of 40 or more. Variation for severe cost burden was even greater.

Method 2. As we would expect from our findings for the county as a whole, the elderly are over-represented among households with cost burden in most CVTs (72 percent of CVTs) (Table 4.5.). The extent to which they are over-represented varies substantially. In 27 communities, the elderly account for five percent more of households with burden than total households. In eleven communities the difference is ten percent or more. The greatest difference (20 percent) is in Farmington. As Map 4.3 shows, there is no obvious spatial pattern for the extent to which the elderly are over-represented among households with cost burden.

Table 4.5. Difference Between Elderly as a Percent of Households w/Cost Burden and Elderly as Percent of All Households by CVT (Method 2)*

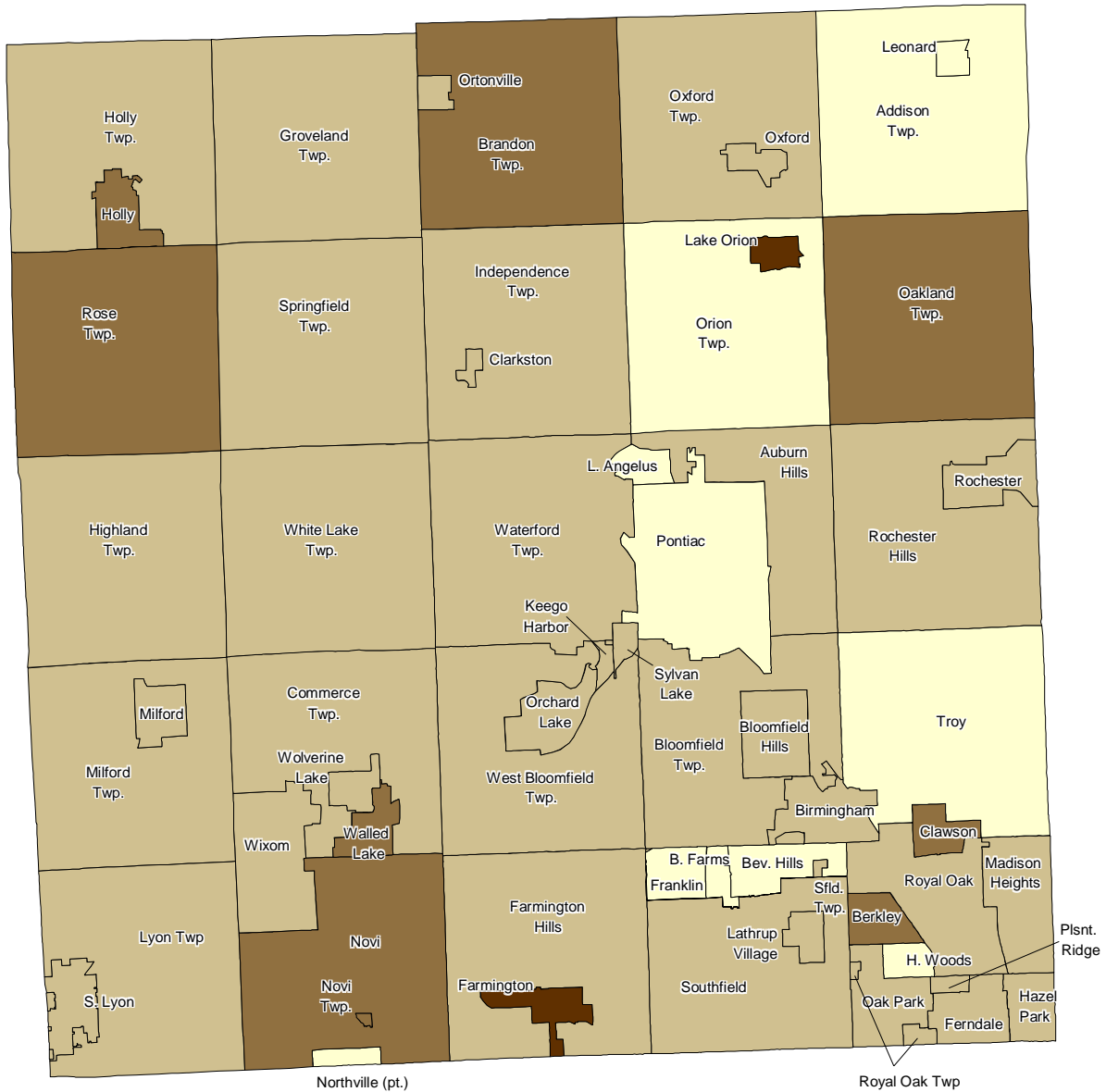
Community	Difference	Community	Difference
Addison Twp	-6%	Milford Village	1%
Auburn Hills	5%	Northville (Part)	-12%
Berkley	10%	Novi	10%
Beverly Hills Village	-2%	Novi Twp	11%
Bingham Farms Village	-10%	Oakland Twp	11%
Birmingham	0%	Oak Park	0%
Bloomfield Hills	0%	Orchard Lake	3%
Bloomfield Twp	4%	Orion Twp	-6%
Brandon Twp	11%	Ortonville	5%
Clarkston	7%	Oxford Twp	3%
Clawson	13%	Oxford Village	2%
Commerce Twp	4%	Pleasant Ridge	3%
Farmington	20%	Pontiac	-7%
Farmington Hills	8%	Rochester	2%
Ferndale	6%	Rochester Hills	9%
Franklin Village	-2%	Rose Twp	11%
Groveland Twp	3%	Royal Oak	9%
Hazel Park	1%	Royal Oak Twp	2%
Highland Twp	3%	South Lyon	6%
Holly Twp	2%	Southfield	0%
Holly Village	13%	Southfield Twp	9%
Huntington Woods	-1%	Springfield Twp	0%
Independence Twp	7%	Sylvan Lake	5%
Keego Harbor	4%	Troy	-3%
Lake Angelus	-8%	Walled Lake	13%
Lake Orion Village	16%	Waterford Twp	8%
Lathrup Village	0%	West Bloomfield Twp	3%
Leonard Village	-6%	White Lake Twp	4%
Lyon Twp	6%	Wixom	6%
Madison Heights	9%	Wolverine Lake Village	0%
Milford Twp	5%	Oakland County	3%

Data Source: Comprehensive Housing Affordability Strategy (CHAS) 2000 dataset
(summary levels 050, 060, and 155) (Tables F5A-F5D).

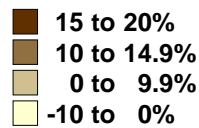
* Positive number indicates elderly are over-represented among burdened households.

Method 3. When we examine elderly households with cost burden as a proportion of all elderly households the findings are similar. Variation among CVTs is high and those CVTs where the elderly are over-represented among households with burden also tend to have a large share of all elderly households facing cost burden. There is some concentration of high percentages of elderly households with burden along the southern edge of the county (Map 4.4).

Map 4.3. Difference Between Elderly as Percent of Households w/Cost Burden and Elderly as Percent of All Households by CVT (Method 2)*



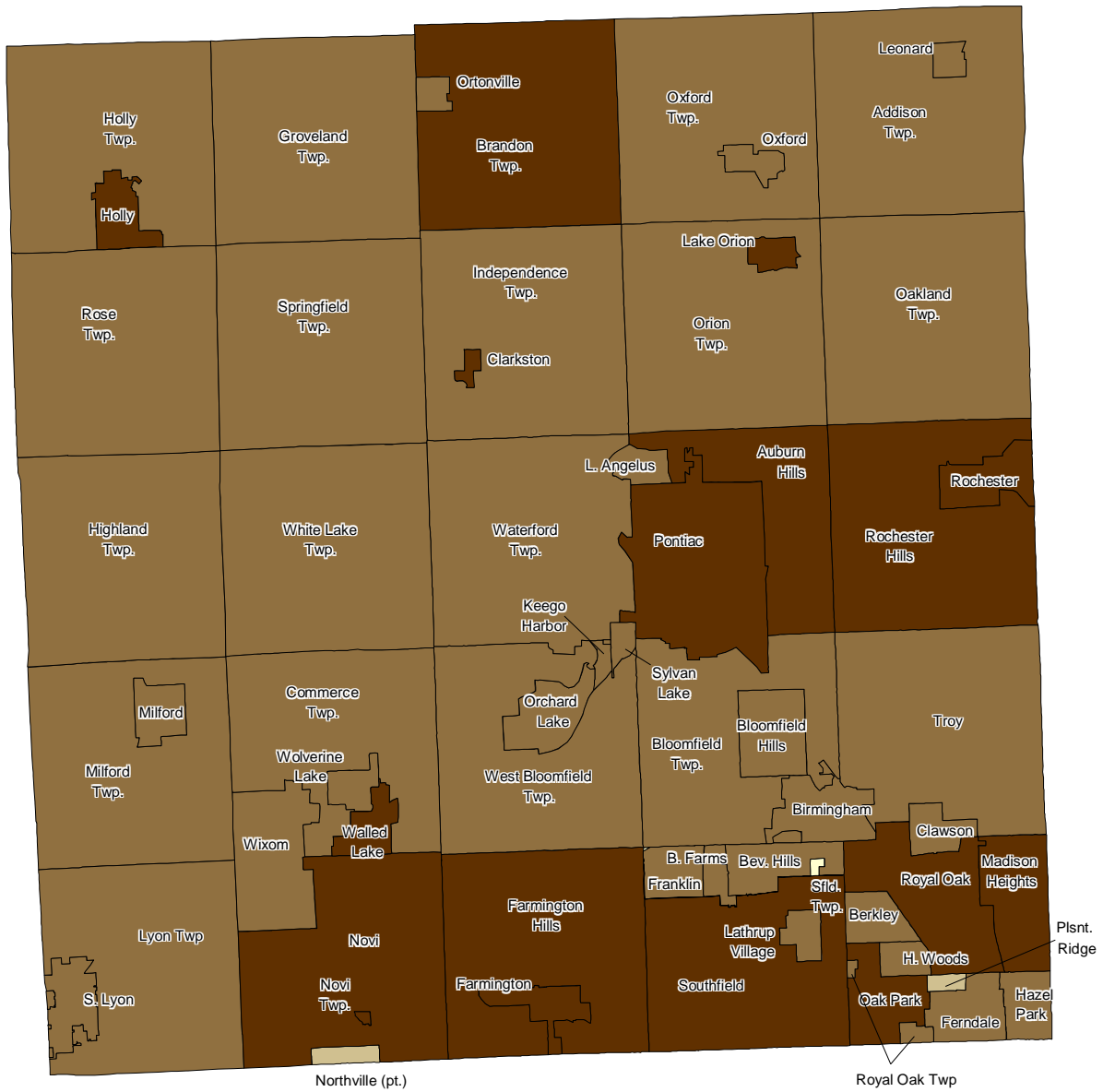
Difference in Percent Elderly



Source: 2000 CHAS data

* Positive number indicates elderly are over-represented among burdened households.

Map 4.4. Elderly w/Cost Burden as Percent of All Elderly Households (Method 3)



Pct. of Elderly Hhlds. with Cost Burden (Owner & Renter)

- 30 to 58.1%
- 20 to 29.9%
- 1 to 9.9%
- Less than 1%

Source: 2000 CHAS data

Affordability Among Non-Elderly Households

Method 1. For non-elderly households, cost burden is most common among 35 to 44 year-olds, who account for about 24 percent of all households with cost burden.¹⁰ Cost burden is split about evenly between non-elderly households that are older or younger than the 35 to 44 age group. Both age groups on either side (e.g. 25 to 34 and 45 to 54 year olds) account for 18 percent of all households with cost burdens. Fifty-five to 64 year olds account for 12 percent, and 15 to 24 year olds account for only six percent.

Method 2. If we compare these figures to each age group as a proportion of all households in the County, we see that 35 to 44 year-olds account for exactly the share of burden that we might expect. We also find that the youngest households (15 to 24 year olds) account for about three percent more of households with burden than we would expect, while 45 to 54 year old households account for about four percent less than we would expect. This finding is not especially surprising, since younger households tend to earn less and are more often renters than older households. This makes them more prone to housing cost increases than owners whose monthly payments are more stable across years. Finally, younger households who own their homes are likely to have purchased their homes more recently than older households. Thus, their costs would tend to reflect property cost increases to which older homeowners have not been subjected. Still, the difference between the two proportions of young households with cost burden may warrant further attention.

Comparisons Within Oakland County. **Method 1.** When we look at the age of householders with burden by CVT, we find greater variation than suggested by the countywide numbers. Most communities still find the largest grouping of households with cost burden in the 35 to 44 year-old category, but concentrations in some age groups are considerably higher than was evident at the county level. The most common difference was to have higher concentrations of burden in the 35 to 44 or 45 to 54 year old group. Most of the communities where these higher concentrations were found have relatively more expensive homeowner housing than other parts of the county. Since these age groups are the most likely to be homeowners, we speculate that these higher concentrations are the result of previous homeowners buying-up into relatively expensive homes.

Method 2. When we compare the breakout of households by age group to the breakout of households experiencing cost burden by age group we mostly find similarity. In other words, in most CVTs the two figures are comparable, which suggests that the age breakout of households with burden is what we would expect given how many households in each age group live in the community. There are some exceptions, but no clear pattern is evident.

Method 3. As a final way of examining affordability among younger households we examined how many households within each age group were experiencing cost burden. Again,

¹⁰ Since CHAS data, which were used to calculate cost burden in other sections of this report do not break out cost for non-elderly households, the cost figures reported here are gleaned from the 2000 Census SF3 file. These data include a slightly fewer households than CHAS (e.g. households living on extremely large lots are excluded). Also, rather than reporting costs greater than 30% of income, they report costs as 30% or more of income. Both of these data differences would tend to inflate cost burden figures. However, the differences are not significant and do not impact the conclusions drawn from the data.

we found consistency. Cost burden tended to be highest among the youngest households, decreased as you moved to the middle age groups, and increased when you got to older households. In communities where a relatively high share of younger households faced cost burden a relatively high share of older households also faced cost burden. To the extent that differences were found, they tended to be in outlying portions of the county.

Summary—Overall Affordability by Age Group. Oakland County’s elderly households face affordability problems more frequently than their counterparts in almost all other counties in the state. The elderly are significantly over-represented among households with cost burden and severe cost burden, and the percentage of elderly households in Oakland County that have affordability problems is the second highest in the state and region. While affordability among the elderly is a concern countywide, it is much more problematic in some communities than others, particularly along the county’s southern border. Problems of affordability among non-elderly households are not as common, but tend to be more prevalent in communities with relatively expensive owner housing.

Affordability by Race/Ethnicity

Method 3.¹¹ The prevalence of cost burden differs significantly by race of householder (Table 4.6).¹² The proportion of black households that have cost burden is 10 percentage points higher than the proportion of white or Asian households. Hispanic households (which may be white, black, or some other race) also tend to experience cost burden more than non-Hispanic households.

Table 4.6. Percentage of Households w/Burden by Racial/Ethnic Group (Method 3)

	Percent		Number	
	30% or more	50% or more	30% or more	50% or more
White	22%	8%	80,089	29,944
Black	32%	14%	13,950	5,996
Asian	21%	7%	3,245	1,146
Hispanic	29%	13%	2,306	980

Source: U.S. Census 2000 (SF3) Tables HCT47A, B, D, H and HCT39A, B, D, H

These differences by racial/ethnic group are likely due to two factors. The first is the tendency of Black and Hispanic households to have lower incomes than other groups. The second is the fact that Black and Hispanic households have tended to move into the county more recently than other racial/ethnic groups. Thus, they likely face much higher housing costs upon

¹¹ Because the percentage of Oakland County’s population that is Black, Asian, or Hispanic is relatively small, we found the Method 1 and Method 2 analysis of affordability problems by racial/ethnic group to be uninformative and unnecessary. We focus exclusively on Method 3.

¹² CHAS data, the source of most of the affordability numbers in this report, do not readily breakout affordability by racial/ethnic group. Thus, the data reported here are drawn from the 2000 Census SF3 file. The data slightly inflate the number of household facing cost burden, because they include households paying 30% of their income in housing. Technically, cost burden only applies to households paying more than 30% of their income in housing. We limit our analysis to White, Black, Asian, and Hispanic households, because of those groups reported in the SF3 files, they have the largest populations in the county.

moving to the county than many of the white households and/or non-Hispanic households who have lived in the county for longer periods.

Affordability by Income Group¹³

The following analysis considers the prevalence of cost burden for four income groups as defined by the U.S. Housing Act—extremely low-income (30% or less of HUD-Adjusted Area Median Family Income (HAMFI)), very low-income (30.1 to 50% of HAMFI), low-income (50.1 to 80% of HAMFI), and above low-income (more than 80% of HAMFI).¹⁴

Method 1. Table 4.7 shows how the households with burden in Oakland County (and surrounding counties) are distributed among these four income groups. It shows that slightly more than 70 percent of all households with cost burden in the county earn a low-income or less. The most prominent group is households with extremely low-incomes, which accounts for 25 percent of households with burden. Given the nature of affordability, we would expect such findings. In fact, the county compares pretty well with other counties in the state in this regard. It ranks 75th in the state for the proportion of households with cost burden that have extremely low-incomes. For very low-income and low-income households, it ranks 79th and 30th. Similarly, Oakland County fares well compared to counties in the region, with rankings of 8th, 6th, and 4th for these income categories. In other words, Oakland County households with cost burden tend to earn higher incomes than in most Michigan counties. In fact, Oakland County’s proportion of households with burden that earn above low-income (28%) is third highest in the state and second highest in the region.

Table 4.7. Percentage of Households w/Burden by Income Group (Method 1)

County	Extremely Low-Inc H-Holds as % of H-Holds w/Burden		Very Low-Inc H-Holds as % of H-Holds w/Burden		Low-Inc H-Holds as % of H-Holds w/Burden		Above Low-Income H-Holds as % of H-Holds w/Burden	
	30% or more	50% or more	30% or more	50% or more	30% or more	50% or more	30% or more	50% or more
Genesee County	42%	73%	27%	16%	18%	8%	13%	3%
Lapeer County	28%	55%	22%	23%	27%	16%	23%	5%
Livingston County	24%	50%	21%	27%	25%	17%	31%	7%
Macomb County	33%	62%	26%	23%	24%	11%	17%	4%
Monroe County	38%	69%	23%	19%	22%	8%	16%	5%
Oakland County	25%	51%	23%	25%	23%	15%	28%	9%
St. Clair County	38%	66%	25%	21%	22%	10%	16%	3%
Washtenaw County	40%	70%	24%	17%	18%	8%	18%	5%
Wayne County	51%	77%	23%	15%	16%	6%	10%	2%

Source: CHAS Datasets

¹³ To simplify the presentation we have placed our CVT-level analysis of affordability by income group in the sections that discuss renter and owner affordability separately rather than including it in this section on affordability for all households.

¹⁴ HUD-Adjusted Median Family Income (HAMFI) is calculated by HUD based on a variety of factors, including metropolitan area median family income, household size, and ratios of housing costs to income (in areas with considerably high or low ratios). The FY04 HAMFI was \$66,800. The FY04 income limits for a 4-person family were \$20,950 (extremely low-inc.); \$34,950 (very low-inc.); and \$55,900 (low-income).

We can divide the broad income groups listed above into more refined income categories to better understand the specific income levels for which affordability problems are greatest (Table 4.8).¹⁵ Most (63%) of the lower-income households facing cost burden earn between \$10,000 and \$35,000. This is similar to what we find in other counties within the region. Where Oakland County differs from most of the surrounding counties is that more of its lower-income households earn between \$35,000 and \$50,000 and fewer of them earn less than \$10,000.

For households earning more than low-income, we find that households earning \$50,000 to \$75,000 account for the largest share of households with cost burden. This is consistent with other counties in the region. However, it is important to note that the number of households earning \$50,000 to \$75,000 that face cost burden (almost 13,000) is 50 percent higher than the number in any other county in the region. Moreover, most of these households actually pay 35% or more of their income in housing. For this income group, the percentages facing cost burden may hide the affordability problems they face. Because so many of the county’s residents fall into this income category a large number of households with affordability problems can lead to relatively small percentages. The extent to which government intervention is necessary to address affordability for this group is open to debate. What is clear is that affordability is an issue for middle-income households in the county as well as lower-income households.

Far more of Oakland County’s above low-income households with cost burden earn \$75,000 or more than in other counties. This suggests that the affordability issues faced by households earning more than low-income may be caused more by household choice (i.e. households with relatively high incomes choosing to live in relatively expensive housing) than not. As such, resolution of affordability issues for above low-income households might be best left to market forces.

Table 4.8. Breakout of Cost Burden by Income Level within Income Group (Method 1)

County	Low-Income and Below				Above Low-Income		
	< \$10,000	\$10,000 - 19,999	\$20,000 - 34,999	\$35,000 - 49,999	\$50,000 - 74,999	\$75,000 - 99,999	\$100,000 or more
Genesee County	34%	37%	21%	8%	77%	19%	3%
Lapeer County	20%	29%	33%	19%	88%	9%	3%
Livingston County	13%	24%	33%	30%	72%	17%	12%
Macomb County	21%	31%	32%	16%	78%	16%	6%
Monroe County	27%	29%	29%	15%	82%	15%	3%
Oakland County	19%	29%	34%	19%	59%	24%	17%
St. Clair County	28%	30%	27%	15%	85%	11%	4%
Washtenaw County	24%	31%	30%	14%	61%	24%	15%
Wayne County	35%	33%	24%	9%	72%	18%	10%

Source: 2000 Census SF3 File

¹⁵ For reasons discussed in footnote 12, the figures in this table rely on 2000 Census SF3 file data, rather than the CHAS datasets.

Method 3.¹⁶ One of the reasons the county fares so well in terms of how many households with cost burden earn low-incomes, is that it has fewer households at or below low-income than other counties in Michigan. In fact, it has the second lowest percentage of low- and very low-income households, and the seventh lowest percentage of extremely low-income households. So, even if almost all of the households earning low-incomes or less faced cost burden, they might still make up a small share of all households with burden. We must examine how many households in each income category are experiencing cost burden to determine if Oakland County’s households face considerably different costs than those in other counties (Table 4.9). In doing so, we find that a substantial majority of households in the extremely low- and very low-income groups face cost burdens. Compared to other counties, Oakland County’s rates are quite high. The proportion is quite lower for low-income households, but the county still ranks very high in this category compared to other counties. These findings indicate that lower-income households face noticeably higher costs in Oakland County than other counties in the state and region.

Table 4.9. Percentage of Households w/in Each Income Group that Faces Cost Burden (Method 3)

County	Households w/Cost Burden as % of All H-Holds in Income Group		Oakland County's Cost Burden Rank (compared to highest %)	
	30% or more of income	50% or more of income	State	Region
Extremely Low-Income	74%	59%	12th	4 th
Very Low-Income	64%	28%	1st	1 st
Low-Income	36%	9%	2nd	2 nd
Above Low-Income	9%	1%	4 th	1 st

Source: CHAS Datasets

These numbers also confirm our prior conclusion that higher-income households face more affordability problems in Oakland County than other counties. Although the absolute percentage of Oakland County households who earn more than low-income that face cost burdens is small relative to other income groups (9%), it is the fourth highest rate in the state and the highest rate in the region. This indicates that households above low-income in Oakland County also face higher costs than their counterparts in other counties.

We can examine more refined breakouts of income groups to understand the specific income ranges within low-income and above low-income groups where cost burden is most prevalent (Table 4.10). We find that Oakland County households in almost every income range face higher housing costs than their counterparts in other counties in the region. Only two other counties—Livingston County and Washtenaw County—have percentages that are consistently near or above Oakland County’s.

¹⁶ Because of the nature of affordability, we would expect low-income households to be over-represented among households with cost burden when compared to their share of the total population. Thus, Method 2 would not be informative. We focus on Method 1 and Method 3 for examining affordability by income group.

Table 4.10. Percentage of Households within Each Income Group That Faces Cost Burden—Refined Income Levels (Method 3)

County	Low-Income and Below				Above Low-Income		
	< \$10,000	\$10,000 - 19,999	\$20,000 - 34,999	\$35,000 - 49,999	\$50,000 - 74,999	\$75,000 - 99,999	\$100,000 or more
Genesee County	77%	63%	24%	11%	5%	2%	0%
Lapeer County	72%	54%	36%	19%	10%	2%	1%
Livingston County	72%	67%	47%	35%	17%	5%	2%
Macomb County	71%	60%	35%	18%	9%	3%	1%
Monroe County	71%	52%	32%	18%	8%	2%	0%
Oakland County	73%	72%	47%	26%	14%	8%	3%
St. Clair County	76%	55%	32%	18%	8%	2%	1%
Washtenaw County	72%	79%	46%	25%	12%	7%	3%
Wayne County	70%	63%	31%	14%	6%	3%	1%

Source: 2000 U.S. Census SF3 File

Summary—Overall Affordability by Income. Where affordability problems exist in the county, they impact all income groups. Almost all income groups in Oakland County face higher costs than their counterparts in almost every other county in the region. The exception is households earning less than \$10,000. This is because the county has so few households that earn such a low income. Affordability problems are especially prevalent among households at or below low-income, but a considerable number of middle-income families also face affordability problems.

Summary of Overall Affordability for Existing Residents

While Oakland County’s current residents are generally not facing an affordability crisis like those in poorer communities like Detroit or extremely hot housing markets like San Francisco, serious levels of affordability problems exist in both absolute and relative terms. Almost 103,000 households (22% of all households) face affordability problems. Affordability problems have increased since 1990 in terms of both number of households and percentage of all households.

Affordability problems are especially pertinent for Oakland County’s elderly households, which face affordability problems more frequently than younger households. Some communities in the county have especially high levels of affordability problems for elderly residents.

Cost burden is far more prevalent among black households in the county than White or Asian households. Hispanic households face burden more often than non-Hispanic households. These differences by racial/ethnic group are likely due to two factors. The first is the tendency of Black and Hispanic households to have lower incomes than other groups. The second is the fact that Black and Hispanic households have tended to move into the county more recently than other racial/ethnic groups. Thus, they likely face much higher housing costs upon moving to the county than many of the white households and/or non-Hispanic households who had lived in the county for longer periods.

Affordability problems impact all income groups in the county. For almost all income groups, cost burden is more common in Oakland County than in most other counties in the region. Affordability problems are especially prevalent among households at or below low-income, but a considerable number of middle-income families also face affordability problems. In fact, cost burden among households earning \$50,000 or more is more common in Oakland County than anywhere else in the region.

SECTION 2: Homeowner Affordability

This section of the affordability discussion focuses on affordability for homeowners. Similar to the preceding section, it details the extent of cost burden overall and by age group, race/ethnicity, and income. It then delves deeper into the factors influencing affordability by examining the costs for current homeowners, as well as the price of homes sold in the county from 1995 through 2004. We analyze the impact of sales price for all households, as well as specific income groups. The sales price analysis is made possible by a unique dataset provided by the county and local governments. In addition to enabling us to assess the impact of housing cost on current owners, the sales price analysis enables us to present some initial findings on the trends in affordability over the past decade and how changes in price may impact affordability for future homeowners.

Because Oakland County is predominantly a homeowner community, the findings for overall affordability problems tend to reflect the affordability problems of owners. With less than one-fifth of Oakland County homeowners facing cost burden, there is no absolute crisis of homeowner affordability in the county; yet, when compared to other counties in the state, homeowner affordability is a concern. Affordability problems are more prevalent for homeowners in Oakland County than for homeowners in most other counties throughout the state and region. Nineteen percent of all owners (66,118 owners) face cost burden. The presence of problems has increased slightly since 1990 and varies significantly by CVT with no obvious spatial pattern of problems evident.

In terms of age group, homeowner affordability is most problematic among elderly households. They are substantially over-represented among owner households with cost burden, and the proportion of elderly owners who have burden is higher than in most of the region. Elderly cost burden is far more significant in some communities than others. While there is a general trend of lower elderly cost burden in the southeastern portion of the county, location of the community within the county is not a clear predictor of the extent of elderly cost burden.

Affordability problems among non-elderly households are about what we would expect, given how many younger households live in the county. Cost burden is especially problematic for households from 15 to 24 years old, but this group represents only one percent of all owners. No other findings on cost burden among younger households are noteworthy.

Although cost burden is more prevalent among both Asian and Black owners than it is among White owners, Black owners clearly stand out as having significantly greater affordability problems.

Affordability problems impact all income groups. In every income group, more people in Oakland County face cost burdens than in at least seven of the other counties in the region. For several income groups the county's rate is the highest in the region. Affordability problems are especially prevalent among households at or below low-income, especially the lowest income levels. However, a considerable number of middle-income families—more than in any other county in the region—also face affordability problems.

Housing cost (versus the income of the homeowner) is growing substantially in importance as the predominant factor driving affordability problems, and will continue to grow in importance if interest rates continue to rise. Based upon cost to existing homeowners, a substantial portion of owner units in Oakland County would be considered affordable to households earning a relatively modest income (\$40,000). However, the county's share of owner units that are affordable at modest income levels is lower than most counties in the region. Moreover, actual sales prices and costs to owners who have a mortgage, suggest that the cost of owner housing is becoming an increasingly salient determinant of affordability. Owner housing is becoming more expensive for all income levels. Even middle-income households find it increasingly difficult to purchase homes in Oakland County at an affordable price. Sales price is growing in importance for all households, but it hits lower-income households especially hard. Most low-income households would have difficulty finding affordable homeowner housing in Oakland County, and those difficulties have grown in recent years as the supply of low- or moderate-cost housing is shrinking.

The affordable owner housing that does exist is concentrated in a small number of communities. Five communities accounted for 61 percent of all home sales affordable to extremely low-income households from 1995 through 2004. These same communities accounted for 53 percent of all sales affordable to very low-income families, 42 percent of sales affordable to low-income families, and more than one-third of sales affordable to families earning the median income.

Housing price is clearly a more important influence on owner affordability in some communities than others. Housing affordable to middle and lower-income groups is concentrated in a small number of communities. In several communities, there is simply very little, if any, owner housing that would be affordable to modest income levels. In other communities the supply of such housing is significant. However, in most communities price is even more significant of a factor than suggested by the countywide totals.

Overall Affordability for Existing Homeowners

Comparison to Other Counties. The share of renters that face cost burden (31 percent) is greater than the share of homeowners who face cost burden (19 percent). However, since the ownership rate in the county is so high (75% owner occupancy), the number of homeowners with burden (66,118) greatly exceeds the number of renters (36,684). The county's percentage of owners with cost burden is only three percentage points lower than the highest percentage in the state. Oakland County's homeowner cost burden rate is second highest in the region, less than one percentage point below Wayne County's rate of 20 percent (Table 4.11). Seven percent of owners (23,583 households) face severe cost burdens. The statewide and regional rankings for the county on severe cost burden are 26th and 2nd, respectively. Census SF3 data suggest that the extent of cost burden among Oakland County homeowners has increased slightly since 1990.

Table 4.11. Owner Households with Cost Burden by County

County	% Owner H-Holds w/Burden		Number of Owner H-Holds w/Burden	
	30% or more	50% or more	30% or more	50% or more
Genesee County	0.17	0.07	21,434	8,472
Lapeer County	0.19	0.06	5,024	1,535
Livingston County	0.18	0.06	8,654	2,685
Macomb County	0.17	0.06	40,766	14,507
Monroe County	0.16	0.06	7,039	2,595
Oakland County	0.19	0.07	66,118	23,583
St. Clair County	0.19	0.07	9,192	3,315
Washtenaw County	0.19	0.06	13,865	4,637
Wayne County	0.20	0.08	99,965	42,072

Source: CHAS Datasets

Comparison Within Oakland County. Homeowner cost burden varies significantly by community, from a low of 10 percent in Northville to a high of 31 percent in Orchard Lake (Table 4.12). There is no obvious spatial pattern to the extent of homeowner burden. CVTs with high percentages are found in the southeastern core, as well as the northern and western edges of the county. The same is true for CVTs with low percentages.

Summary—Owner Affordability. Oakland County has one of the highest levels of affordability problems among homeowners in the state and region; nineteen percent of all owners face cost burden; seven percent face severe cost burden. The presence of problems has increased slightly since 1990. The extent of homeowner affordability problems varies significantly by CVT with no obvious spatial pattern of problems evident.

Table 4.12. Homeowner Households with Cost Burden by CVT

Community	Percent of Households		Number of Households		Community	Percent of Households		Number of Households	
	30% or more	50% or more	30% or more	50% or more		30% or more	50% or more	30% or more	50% or more
Addison Twp	22%	7%	416	134	Milford Village	21%	5%	371	88
Auburn Hills	22%	9%	897	360	Northville (Part)	10%	7%	117	78
Berkley	14%	4%	773	228	Novi	16%	5%	2,190	697
Beverly Hills Village	14%	4%	540	163	Novi Twp	29%	0%	20	-
Bingham Farms Village	25%	14%	115	64	Oakland Twp	22%	9%	943	365
Birmingham	20%	7%	1,385	505	Oak Park	22%	8%	1,861	679
Bloomfield Hills	19%	10%	261	141	Orchard Lake	31%	10%	227	71
Bloomfield Twp	20%	9%	3,019	1,366	Orion Twp	17%	6%	1,629	524
Brandon Twp	19%	5%	815	201	Ortonville	17%	7%	67	26
Clarkston	18%	7%	54	20	Oxford Twp	17%	5%	670	208
Clawson	17%	5%	713	203	Oxford Village	16%	5%	149	44
Commerce Twp	18%	6%	1,820	615	Pleasant Ridge	12%	4%	121	44
Farmington	14%	5%	427	163	Pontiac	26%	11%	3,288	1,397
Farmington Hills	19%	7%	4,188	1,641	Rochester	20%	5%	605	138
Ferndale	18%	6%	1,273	430	Rochester Hills	16%	6%	3,428	1,182
Franklin Village	24%	9%	247	92	Rose Twp	17%	7%	354	145
Groveland Twp	21%	6%	422	126	Royal Oak	15%	5%	3,119	1,075
Hazel Park	19%	8%	1,033	424	Royal Oak Twp	21%	9%	94	40
Highland Twp	19%	5%	1,224	326	South Lyon	22%	7%	710	235
Holly Twp	11%	4%	134	42	Southfield	26%	10%	4,695	1,831
Holly Village	18%	6%	320	112	Southfield Twp	0%	0%	-	-
Huntington Woods	16%	8%	364	182	Springfield Twp	17%	6%	699	251
Independence Twp	16%	5%	1,620	532	Sylvan Lake	12%	4%	89	32
Keego Harbor	21%	6%	169	52	Troy	15%	5%	3,535	1,236
Lake Angelus	27%	15%	36	20	Walled Lake	20%	5%	432	104
Lake Orion Village	18%	9%	123	59	Waterford Twp	17%	6%	3,715	1,291
Lathrup Village	20%	7%	322	108	West Bloomfield Twp	23%	8%	4,576	1,618
Leonard Village	20%	6%	28	8	White Lake Twp	18%	6%	1,696	559
Lyon Twp	21%	6%	750	223	Wixom	15%	4%	386	98
Madison Heights	19%	6%	1,766	563	Wolverine Lake Village	14%	4%	204	65
Milford Twp	20%	7%	587	198	Oakland County	19%	7%	66,118	23,583

Data Source: Comprehensive Housing Affordability Strategy (CHAS) 2000 dataset (summary levels 050, 060, and 155) (Tables F5A-F5D).

Owner Affordability by Age Group

Comparison to Other Counties. Our findings on affordability for elderly homeowners are similar to those for all elderly households. The county compares favorably with other counties in the state (4th lowest) and region (3rd lowest percentage) when we look at elderly households as a share of all households with cost burden (**Method 1**). However, this is mainly because Oakland County has comparatively fewer elderly households. In reality, the elderly are significantly over-represented among owner households with cost burden. While only 15 percent of all owner households are elderly, the elderly account for 24 percent of all owner households with cost burden (**Method 2**). The proportion of elderly owners who face burden (22 percent) is the thirteenth highest in the state and fifth highest in the region (**Method 3**). Oakland County has the second highest percentage of elderly owners with cost burden in the region, though there is little differentiation among the counties for this statistic.

Table 4.13. Elderly Homeowners as a Percent of All Owners with Cost Burden (Method 1)

County	% of Elderly Owners w/Burden		Number of Elderly Owners w/Burden	
	30% or more	50% or more	30% or more	50% or more
Genesee County	20%	8%	5,798	2,494
Lapeer County	22%	6%	1,067	314
Livingston County	24%	9%	1,841	719
Macomb County	21%	8%	13,021	4,737
Monroe County	20%	9%	1,972	839
Oakland County	22%	9%	15,571	6,779
St. Clair County	24%	9%	2,946	1,118
Washtenaw County	21%	8%	3,023	1,152
Wayne County	24%	10%	31,824	13,275

Source: CHAS Datasets

The findings for non-elderly owners are also similar to those for non-elderly households overall. There are few differences between the percentage of non-elderly owners that fall into each age group and the percentage of owners with cost burden who fall into each age bracket (**Method 2**). The only difference greater than two percentages points is for 45 to 54 year olds. This group accounts for three percent more of owners with cost burden than we would expect, given their share of all owner households.

Method 3. The proportion of owners within each age group that have cost burden is generally consistent for all ages 25 and older. The prevalence of cost burden is lowest among 45 to 54 year olds (17 percent) and 55 to 64 year olds (18 percent). The four other age groups 25 years of age or older all have values of 20 to 22 percent. The 15 to 24 year old age group deviates significantly from all others. Forty-one percent of owners in this age group are experiencing cost burden. While this percentage is quite large, this group only accounts for one percent of all Oakland County homeowners.

Comparison Within Oakland County. Method 3. The affordability problems of elderly owners are much more pronounced in some communities than others (Table 4.14). In eighteen communities, more than one-quarter of elderly owners face cost burdens. More than 30 percent of elderly owners face burdens in seven communities. In three communities—Lake Orion (66%), Brandon Twp (43%), and Novi Twp (40%)—40 percent or more of elderly owners face cost burdens. On the other hand, 15 percent or fewer elderly owners face cost burdens in 11 communities, while five communities have percentages lower than 10. Elderly cost burden is generally less prevalent in the communities in the southeastern portion of the county than elsewhere, but the pattern is not universal. For example, Addison Twp, Leonard, and Ortonville, all of which are located on the northern fringe of the county, have some of the lowest percentages of elderly with cost burden.

Table 4.14. Percent of Elderly Owners with Cost Burden by CVT (Method 3)

Community	Percent of Elderly Owners		Number of Elderly Owners		Community	Percent of Elderly Owners		Number of Elderly Owners	
	30% or more	50% or more	30% or more	50% or more		30% or more	50% or more	30% or more	50% or more
Addison Twp	15%	8%	44	24	Milford Village	16%	5%	50	16
Auburn Hills	30%	16%	219	115	Northville (Part)	2%	0%	4	-
Berkley	14%	7%	155	73	Novi	24%	10%	490	200
Beverly Hills Village	13%	6%	141	68	Novi Twp	40%	0%	8	-
Bingham Farms Village	19%	13%	34	24	Oakland Twp	27%	12%	165	75
Birmingham	18%	9%	315	167	Oak Park	23%	9%	438	171
Bloomfield Hills	18%	12%	87	60	Orchard Lake	21%	8%	31	12
Bloomfield Twp	22%	10%	1,025	458	Orion Twp	23%	9%	269	104
Brandon Twp	43%	14%	180	59	Ortonville	9%	0%	4	-
Clarkston	26%	9%	24	8	Oxford Twp	17%	9%	95	50
Clawson	23%	7%	252	79	Oxford Village	14%	4%	16	4
Commerce Twp	24%	8%	329	118	Pleasant Ridge	8%	4%	18	8
Farmington	20%	9%	173	75	Pontiac	28%	13%	716	330
Farmington Hills	20%	9%	1,004	464	Rochester	32%	10%	179	55
Ferndale	23%	12%	340	173	Rochester Hills	22%	11%	842	424
Franklin Village	23%	11%	69	32	Rose Twp	20%	12%	64	40
Groveland Twp	25%	11%	66	29	Royal Oak	19%	8%	1,022	413
Hazel Park	16%	5%	172	55	Royal Oak Twp	24%	18%	40	30
Highland Twp	24%	13%	214	115	South Lyon	25%	7%	225	65
Holly Twp	13%	6%	25	12	Southfield	30%	13%	1,303	564
Holly Village	26%	3%	96	12	Southfield Twp	0%	0%	-	-
Huntington Woods	16%	10%	81	53	Springfield Twp	27%	17%	123	78
Independence Twp	22%	12%	319	175	Sylvan Lake	11%	9%	20	16
Keego Harbor	30%	16%	41	22	Troy	17%	8%	713	343
Lake Angelus	21%	14%	12	8	Walled Lake	27%	6%	134	30
Lake Orion Village	66%	43%	29	19	Waterford Twp	17%	7%	745	297
Lathrup Village	21%	8%	55	20	West Bloomfield Twp	21%	9%	999	425
Leonard Village	9%	9%	4	4	White Lake Twp	26%	11%	392	170
Lyon Twp	28%	6%	153	33	Wixom	7%	3%	32	14
Madison Heights	22%	9%	478	194	Wolverine Lake Village	19%	3%	55	10
Milford Twp	28%	5%	110	20	Oakland County	22%	9%	15,571	6,779

Data Source: Comprehensive Housing Affordability Strategy (CHAS) 2000 dataset (summary levels 050, 060, and 155) (Tables F5A-F5D).

Summary—Owner Affordability by Age Group. In terms of age group, homeowner affordability is most problematic among elderly households. They are substantially over-represented among owner households with cost burden, and the proportion of elderly owners who have burden is higher than in most of the region. Elderly cost burden is far more significant in some communities than others. While there is a general trend of lower prevalence of elderly cost burden in the southeastern portion of the county, location of the community within the county is not a clear predictor of the extent of elderly cost burden.

Younger households account for the share of cost burden that we would expect, given how many younger households live in the county. Cost burden is especially problematic for households from 15 to 24 years old, but this group represents only one percent of all owners. No other findings on cost burden among younger households are noteworthy.

Owner Affordability by Race/Ethnicity

Method 3. Of the racial/ethnic groups included in our affordability analysis, affordability problems are greatest among Black households (Table 4.15).¹⁷ Nine percent more of Black households face cost burden than do White households. Asian households also have a higher prevalence of burden than White households, but the difference is not as great. Whereas Hispanics had a noticeably higher prevalence of burden for all households, they do not appear to face as many problems when we look exclusively at homeowners.

Table 4.15. Percentage of Owners w/Burden by Racial/Ethnic Group (Method 3)

	Percent		Number	
	30% or more	50% or more	30% or more	50% or more
White	19%	6%	52,277	17,566
Black	28%	10%	6,259	2,323
Asian	23%	8%	1,944	649
Hispanic	21%	9%	887	353

Source: U.S. Census 2000 (SF3) Tables HCT47A, B, D, H

Owner Affordability by Income Group

Method 1. Table 4.16 shows how the owner households with cost burden in Oakland County (and surrounding counties) are distributed among four income groups—extremely low-, very low-, low-, and above low-income. It shows that about 60 percent of all households with cost burden in the county earn a low-income or less. The county compares well with other counties in the state in this regard. It has the 3rd lowest ranking in the state for the proportion of households with cost burden that have extremely low-incomes. For very low-income and low-income households, it also ranks well.

Looking at more refined income categories (Table 4.17) we find that most of the lower-income owners (64%) facing cost burden, earn between \$20,000 and \$50,000. This is similar to what we find in other counties within the region. As in other counties most owners with cost burden earning above low-income earn between \$50,000 and \$75,000. However, compared to the other counties, far more of Oakland County’s above low-income owners with cost burden earn \$75,000 or more. This supports our previous conclusion that affordability issues faced by households earning more than low-income may be caused more by household choice (i.e. households with relatively high incomes choosing to live in relatively expensive housing) than not. As such, resolution of affordability issues for above low-income households might be best left to market forces.

¹⁷ CHAS data, the source of most of the affordability numbers in this report, do not readily breakout affordability by racial/ethnic group. Thus, the data reported here are drawn from the 2000 Census SF3 file. The data slightly inflate the number of household facing cost burden, because they include households paying 30% of their income in housing. Technically, cost burden only applies to households paying more than 30% of their income in housing. We limit our analysis to White, Black, Asian, and Hispanic households, because of those groups reported in the SF3 files, they have the largest populations in the county.

Table 4.16. Percentage of Owner Households w/Burden by Income Group (Method 1)

County	Extremely Low-Inc Owners as % of Owners w/Burden		Very Low-Inc Owners as % of Owners w/Burden		Low-Inc Owners as % of Owners w/Burden		Above Low-Income Owners as % of Owners w/Burden	
	30% or more	50% or more	30% or more	50% or more	30% or more	50% or more	30% or more	50% or more
Genesee County	30%	58%	23%	22%	25%	15%	22%	6%
Lapeer County	20%	43%	21%	28%	31%	21%	28%	7%
Livingston County	19%	41%	17%	29%	27%	21%	37%	9%
Macomb County	26%	52%	21%	27%	28%	15%	25%	6%
Monroe County	28%	57%	20%	24%	28%	12%	24%	7%
Oakland County	18%	40%	18%	25%	24%	20%	40%	15%
St. Clair County	27%	50%	21%	29%	29%	16%	23%	5%
Washtenaw County	20%	44%	15%	21%	26%	20%	39%	15%
Wayne County	38%	63%	22%	22%	23%	11%	17%	4%

Source: CHAS Datasets

Table 4.17. Breakout of Owner Cost Burden by Income Level within Income Group (Method 1)

County	Low-Income and Below				Above Low-Income		
	< \$10,000	\$10,000 - 19,999	\$20,000 - 34,999	\$35,000 - 49,999	\$50,000 - 74,999	\$75,000 - 99,999	\$100,000 or more
Genesee County	25%	30%	30%	15%	77%	19%	3%
Lapeer County	12%	21%	40%	26%	88%	9%	3%
Livingston County	10%	18%	33%	39%	71%	17%	12%
Macomb County	16%	24%	35%	24%	78%	16%	6%
Monroe County	20%	19%	35%	26%	82%	15%	3%
Oakland County	14%	23%	34%	30%	58%	24%	18%
St. Clair County	19%	20%	35%	25%	85%	11%	4%
Washtenaw County	12%	19%	33%	36%	60%	24%	16%
Wayne County	25%	27%	31%	17%	71%	18%	11%

Source: 2000 U.S. Census SF3 File

However, it is important to note that almost 12,000 owners earning \$50,000 to \$75,000 face cost burden. This is 33 percent more than in any other county. Moreover, most of the owners that fall into this category actually pay 35% or more of their income in housing. Because so many of the county’s residents fall into this income category a large number of households with affordability problems can lead to relatively small percentages. Clearly, affordability is an issue for middle-income owners in the county as well as lower-income owners.

Method 3. The primary reason that lower-income groups account for such a comparatively low percentage of all owners with burden is that the county has very few lower-income owners compared to other counties in the state. When we examine how many households in each income category are experiencing cost burden (Table 4.18), the findings are similar to those for overall affordability. A substantial majority of extremely low-income owners face cost burdens. A majority of low-income owners face burden. Compared to other counties, Oakland County’s rates are quite high. The proportion is quite lower for low-income households, but the county still ranks high in this category compared to other counties. Although the county has the

third highest ranking in this category, it is only about one percentage point lower than the top ranked county. These findings indicate that lower-income households face noticeably higher costs in Oakland County than other counties in the state and region.

Table 4.18. Percentage of Households w/in Each Income Group that Faces Cost Burden (Method 3)

Income Group	Owners w/Cost Burden as % of All Owners in Income Group		Oakland County's Cost Burden Rank (compared to highest %)	
	30% or more of income	50% or more of income	State	Region
Extremely Low-Income	79%	62%	1 st	1 st
Very Low-Income	56%	28%	1 ST	1 st
Low-Income	38%	11%	3 rd	3 rd
Above Low-Income	10%	1%	4 th	1 st

Source: CHAS Datasets

Oakland County’s proportion of owners with burden that earn above low-income (40%) is the highest in the state and region. The absolute percentage of Oakland County owners who earn more than low-income and face cost burdens is small relative to other income groups. Still, it is the 4th highest rate in the state and the highest rate in the region. This indicates that households earning more than low-income in Oakland County also face higher costs than their counterparts in most other counties.

Looking at more refined income categories, (Table 4.19) we find that for every income range, cost burden is more prevalent for homeowners in Oakland County than in all, or almost all, other counties in the region. Only two counties—Livingston and Washtenaw—have percentages that are consistently near or above Oakland County’s.

Table 4.19. Percentage of Owners within Each Income Group That Face Cost Burden—Refined Income Levels (Method 3)

County	Low-Income and Below				Above Low-Income		
	< \$10,000	\$10,000 - 19,999	\$20,000 - 34,999	\$35,000 - 49,999	\$50,000 - 74,999	\$75,000 - 99,999	\$100,000 or more
Genesee County	78%	52%	27%	14%	6%	2%	0%
Lapeer County	75%	49%	42%	24%	11%	2%	1%
Livingston County	71%	62%	48%	40%	18%	5%	2%
Macomb County	74%	50%	35%	23%	10%	3%	1%
Monroe County	75%	37%	34%	22%	9%	2%	0%
Oakland County	79%	63%	45%	34%	18%	9%	4%
St. Clair County	78%	40%	37%	23%	10%	2%	1%
Washtenaw County	73%	63%	44%	36%	17%	8%	3%
Wayne County	71%	54%	34%	19%	8%	3%	2%

Source: 2000 Census SF3 File

Summary—Owner Affordability by Income. Affordability problems for owners in Oakland County reflect those for all households. Affordability problems impact all income groups. In every income group, more people in Oakland County face cost burdens than in at least seven of the other counties in the region. For several income groups the county's rate is the highest in the region. Affordability problems are especially prevalent among households at or below low-income, especially the lowest income levels. However, a considerable number of middle-income families—more than in any other county in the region—also face affordability problems.

A Closer Look at Housing Cost: Monthly Costs for Current Homeowners

Housing affordability is dependent upon both household income and the cost of housing. In some communities one factor is clearly more dominant than the other. For example, in Detroit, low incomes are more dominant than housing cost. We can determine this by the large number of homes that are affordable at relatively low income levels, as well as the fact that lower-income households account for a substantial majority of households with cost burdens. In contrast, in communities like San Francisco where the housing market is hot and incomes are high, housing cost tends to be a more prominent factor in affordability. The fact that affordability problems in Oakland County cut across all income groups suggests that housing cost is a more prominent factor in the county's affordability puzzle, but we need to look more directly at cost to increase our confidence in this conclusion.

We looked at two sources of owner housing cost data—monthly housing cost estimates from the 2000 U.S. Census and the actual price of homes sold in Oakland County from 1995 through 2004—to assess the impact of housing cost more directly. Each source examines a slightly different aspect of housing cost and each has its limitations. Together, they provide a robust analysis of housing cost.

The 2000 U.S. Census (Summary File 3, Questions H98.1 thru H98.32) provides a direct estimate of monthly housing costs for current homeowners in Oakland County. These costs include payments for mortgages, hazard insurance, real estate taxes, utilities, heating fuels, and condo fees, as reported by existing homeowners.

Costs for All Homeowners. Table 4.20 displays the monthly costs paid by homeowners in Oakland County. An estimated 42 percent of Oakland County's homeowners pay less than \$1,000 per month in housing costs. In comparison, 59 percent of all households in the tri-county area (i.e. Wayne, Oakland, and Macomb County) cost this much or less. Using HUD's affordability guidelines that limit the cost of housing to 30 percent of income, we would determine that households earning \$40,000 annually could afford 42 percent of Oakland County's homeowner units. This income level is equivalent to 60 percent of the 2004 median income for a four-person family—an income that would be considered between low- and very-low income, using HUD's definitions. Thus, looking solely at the costs for all current owners, we would conclude that a substantial portion of Oakland County's homeowner housing would be considered affordable to households earning relatively low-incomes.

However, we must remember that Oakland County's concerns with affordability are greater when we compare Oakland County to other counties than when we consider the county in isolation. Of the nine counties in the region, only Livingston County has a smaller percentage of homes that currently cost less than \$1,000 per month. St. Clair County's percentage is equal to Oakland's. Percentages in the six other counties exceed Oakland's by an average of 24 points. The smallest difference is 18. Thus, based on cost to current owners, Oakland County has a much smaller percentage of housing considered affordable to households earning \$40,000 than many counties in the region. These findings suggest that housing price is a more predominant affordability factor for current owners in Oakland County than it is for owners in other parts of the region.

Within the county, housing cost is clearly more important in some communities than others (Table 4.20). Some communities, such as Bingham Farms, Bloomfield Hills, Bloomfield Twp, Franklin, Lathrup Village, and Novi, have a much smaller percentage of homeowners paying less than \$1,000 per month. In these communities, housing price would be a more dominant influence on housing affordability. In other communities, such as Auburn Hills, Berkley, Clawson, and Madison Heights, where far more households pay less than \$1,000 per month, the opposite would be true.

Unfortunately, data on costs to current owners ignores two critical factors that impact affordability. First, it includes both homeowners who have a mortgage and those who do not. While this is appropriate for examining costs of current owners, it underestimates the impact of housing price on those who have purchased their homes more recently. Second, it does not consider the relationship between costs and income that is reflected in the cost burden statistics. In other words, homeowners with low monthly costs may not have proportionately lower incomes. Conversely, homeowners with high costs may have relatively low incomes.

To address the first constraint, we analyzed monthly costs for only homeowners who currently have a mortgage. The remainder of this subsection provides this analysis. We also addressed this constraint by examining the actual sales price of homes sold in the county. Our analysis of actual sales prices is found in the next subsection of the report.

Table 4.20. Monthly Housing Cost For Oakland County Homeowners

	Less Than \$500	Less Than \$600	Less Than \$700	Less Than \$800	Less Than \$900	Less Than \$1000	\$1000 or More
Income for which cost is affordable	\$ 20,000	\$ 24,000	\$ 28,000	\$ 32,000	\$ 36,000	\$ 40,000	Varies
Oakland County	17%	22%	26%	31%	37%	42%	58%
Addison Twp	18%	22%	23%	26%	30%	35%	65%
Auburn Hills	22%	25%	30%	36%	43%	52%	48%
Berkley	25%	28%	34%	40%	49%	58%	42%
Beverly Hills Village	12%	19%	24%	29%	32%	35%	65%
Bingham Farms Village	2%	5%	8%	12%	16%	25%	75%
Birmingham	11%	14%	18%	22%	26%	31%	69%
Bloomfield Hills	5%	6%	8%	10%	11%	15%	85%
Bloomfield Twp	7%	12%	17%	20%	24%	27%	73%
Brandon Twp	12%	16%	17%	21%	25%	31%	69%
Clarkston	22%	28%	28%	31%	37%	41%	59%
Clawson	29%	34%	37%	43%	50%	61%	39%
Commerce Twp	14%	17%	19%	23%	28%	33%	67%
Farmington	19%	26%	31%	35%	40%	45%	55%
Farmington Hills	11%	17%	22%	26%	30%	34%	66%
Ferndale	27%	33%	41%	51%	62%	70%	30%
Franklin Village	7%	12%	16%	19%	21%	23%	77%
Groveland Twp	17%	20%	22%	25%	29%	35%	65%
Hazel Park	34%	44%	58%	70%	80%	88%	12%
Highland Twp	17%	20%	25%	30%	35%	39%	61%
Holly Twp	18%	22%	27%	33%	38%	50%	50%
Holly Village	20%	23%	31%	36%	47%	56%	44%
Huntington Woods	18%	23%	26%	29%	33%	36%	64%
Independence Twp	15%	18%	21%	24%	27%	32%	68%
Keego Harbor	26%	31%	36%	49%	53%	64%	36%
Lake Angelus	5%	9%	11%	14%	18%	24%	76%
Lake Orion Village	7%	11%	14%	24%	32%	36%	64%
Lathrup Village	9%	12%	14%	17%	21%	27%	73%
Leonard Village	30%	40%	40%	48%	58%	64%	36%
Lyon Twp	14%	18%	19%	23%	27%	34%	66%
Madison Heights	32%	38%	46%	54%	62%	71%	29%
Milford Twp	13%	17%	22%	24%	27%	29%	71%
Milford Village	18%	24%	28%	33%	40%	46%	54%
Northville (Part)	9%	18%	22%	25%	29%	33%	67%
Novi	9%	12%	15%	19%	23%	28%	72%
Novi Twp	16%	23%	33%	33%	38%	41%	59%
Oakland Twp	10%	12%	14%	16%	19%	22%	78%
Oak Park	25%	30%	35%	45%	53%	63%	37%
Orchard Lake	5%	7%	9%	10%	11%	15%	85%
Orion Twp	12%	15%	18%	22%	26%	32%	68%
Ortonville	16%	18%	20%	23%	32%	40%	60%
Oxford Twp	13%	15%	17%	21%	26%	32%	68%
Oxford Village	19%	24%	27%	29%	33%	37%	63%
Pleasant Ridge	15%	20%	22%	28%	34%	38%	62%
Pontiac	33%	40%	53%	63%	74%	81%	19%
Rochester	12%	14%	18%	20%	22%	25%	75%
Rochester Hills	13%	17%	19%	22%	26%	32%	68%
Rose Twp	22%	27%	28%	32%	40%	46%	54%
Royal Oak	29%	33%	37%	43%	50%	57%	43%
Royal Oak Twp	48%	63%	73%	75%	83%	91%	9%
South Lyon	16%	20%	25%	28%	35%	43%	57%
Southfield	14%	19%	24%	29%	35%	40%	60%
Southfield Twp	0%	50%	50%	50%	50%	50%	50%
Springfield Twp	13%	16%	20%	25%	31%	37%	63%
Sylvan Lake	16%	22%	26%	29%	36%	41%	59%
Troy	17%	21%	25%	29%	32%	37%	63%
Walled Lake	20%	25%	28%	35%	48%	57%	43%
Waterford Twp	22%	25%	30%	36%	43%	51%	49%
West Bloomfield Twp	9%	12%	16%	21%	25%	28%	72%
White Lake Twp	17%	20%	22%	27%	31%	37%	63%
Wixom	14%	17%	19%	21%	25%	29%	71%
Wolverine Lake Village	15%	18%	25%	28%	37%	46%	54%

Source: 2000 U.S. Census SF3 File

Costs for Homeowners with a Mortgage. Table 4.21 displays the monthly costs paid by homeowners in Oakland County who have a mortgage. As expected, homeowners with mortgages pay considerably more in monthly housing costs than those without a mortgage. Consequently, housing price is a more important factor for affordability for this group.

Only 28 percent of homes with a mortgage would be affordable for households earning \$40,000 annually. This is far less than the 42 percent reported for all homeowners. An income of \$50,000 or more would be required to afford more than 40 percent of the homes with mortgages. While higher, this income level equals only 75 percent of the median income in 2004. Thus, it would be considered low-income using HUD's definitions. In fact, \$60,000, the income required to afford 61 percent of homes with a mortgage is still slightly less than the 2004 median income for the metro area.

When we compare costs for Oakland County owners with a mortgage to owners with a mortgage in other counties we again find that only two counties—Livingston and St. Clair—have comparable or lower percentages of homes costing \$1,000 or less. The average difference between the remaining six counties and Oakland is 24 percentage points.

These numbers suggest a more complicated picture. They confirm that housing cost is more predominant in Oakland County than in most other counties in the region. They also indicate that housing price is more of a factor for people who have purchased their homes relatively recently than those who purchased some time ago and now own their homes outright.

These numbers also complicate the conclusions by CVT. For example, in some communities (e.g. Bloomfield Hills) where a large percentage of homeowners with mortgages pay more than \$2,000 per month, we find that costs are higher than suggested by the data for all homeowners. However, in some communities that had a large number of all homeowners paying more than \$1,000 per month, we find that many of them are paying between \$1,000 and \$1,500 monthly. While these are still substantial costs, they lie at the low end of the range of possible costs greater than \$1,000. Overall, the CVT numbers confirm that the role of housing price in determining affordability varies considerably by community. In some communities housing price would be a predominant factor; in others, it would not.

Summary—Impact of Housing Cost Based on Monthly Owner Costs. While housing cost (versus the income of the homeowner) is not clearly the dominant determinant of affordability for existing homeowners, its importance is growing. Based upon cost to existing homeowners, a substantial portion of owner units in Oakland County would be considered affordable to households earning a relatively modest income (\$40,000). However, the county's share of owner units that are affordable at modest income levels is lower than most counties in the region. Moreover, costs to owners who have a mortgage, indicate that the cost of owner housing is becoming an increasingly important determinant of affordability. As with most other findings, the impact of housing cost varies by CVT.

Table 4.21. Monthly Housing Cost for County Homeowners with a Mortgage

	Less Than \$800	Less Than \$1000	Less Than \$1250	Less Than \$1500	Less Than \$2000	Less Than \$2500	\$2500 or More
Income for which cost is affordable	\$ 32,000	\$ 40,000	\$ 50,000	\$ 60,000	\$ 80,000	\$ 100,000	Varies
Oakland County	14%	28%	46%	61%	81%	90%	10%
Addison Twp	8%	20%	38%	53%	75%	85%	15%
Auburn Hills	21%	41%	58%	75%	91%	95%	5%
Berkley	23%	45%	73%	93%	99%	100%	0%
Beverly Hills Village	5%	11%	23%	39%	70%	86%	14%
Bingham Farms Village	0%	1%	4%	9%	33%	54%	46%
Birmingham	5%	14%	26%	39%	60%	72%	28%
Bloomfield Hills	0%	1%	6%	10%	17%	27%	73%
Bloomfield Twp	3%	7%	16%	26%	47%	65%	35%
Brandon Twp	9%	20%	43%	65%	89%	97%	3%
Clarkston	7%	17%	41%	49%	79%	92%	8%
Clawson	22%	46%	72%	90%	98%	100%	0%
Commerce Twp	9%	21%	39%	54%	81%	92%	8%
Farmington	11%	25%	46%	65%	87%	96%	4%
Farmington Hills	8%	17%	31%	45%	72%	88%	12%
Ferndale	36%	61%	85%	94%	98%	100%	0%
Franklin Village	4%	5%	11%	21%	31%	48%	52%
Groveland Twp	7%	20%	41%	64%	87%	96%	4%
Hazel Park	61%	84%	94%	97%	100%	100%	0%
Highland Twp	17%	28%	50%	71%	87%	94%	6%
Holly Twp	16%	37%	67%	81%	95%	100%	0%
Holly Village	25%	49%	75%	86%	98%	100%	0%
Huntington Woods	6%	13%	28%	50%	74%	87%	13%
Independence Twp	9%	19%	38%	57%	80%	91%	9%
Keego Harbor	26%	48%	73%	85%	96%	96%	4%
Lake Angelus	0%	4%	6%	10%	30%	38%	62%
Lake Orion Village	17%	30%	54%	66%	89%	92%	8%
Lathrup Village	3%	14%	30%	54%	83%	96%	4%
Leonard Village	24%	47%	88%	93%	97%	100%	0%
Lyon Twp	8%	21%	38%	55%	82%	93%	7%
Madison Heights	36%	59%	85%	94%	99%	100%	0%
Milford Twp	8%	15%	29%	40%	70%	86%	14%
Milford Village	17%	32%	53%	66%	89%	95%	5%
Northville (Part)	9%	17%	30%	49%	74%	85%	15%
Novi	8%	18%	30%	47%	70%	87%	13%
Novi Twp	9%	19%	30%	38%	60%	77%	23%
Oakland Twp	3%	9%	22%	33%	57%	71%	29%
Oak Park	28%	51%	75%	88%	98%	100%	0%
Orchard Lake	1%	4%	7%	13%	32%	42%	58%
Orion Twp	11%	22%	40%	58%	82%	93%	7%
Ortonville	8%	28%	54%	73%	96%	99%	1%
Oxford Twp	8%	21%	43%	62%	89%	96%	4%
Oxford Village	11%	19%	39%	60%	81%	91%	9%
Pleasant Ridge	11%	21%	43%	55%	81%	93%	7%
Pontiac	50%	73%	85%	93%	98%	99%	1%
Rochester	6%	12%	23%	39%	66%	80%	20%
Rochester Hills	8%	19%	33%	51%	79%	91%	9%
Rose Twp	13%	31%	59%	76%	96%	99%	1%
Royal Oak	20%	40%	65%	82%	96%	98%	2%
Royal Oak Twp	56%	82%	95%	95%	100%	100%	0%
South Lyon	11%	30%	48%	64%	88%	99%	1%
Southfield	11%	25%	46%	64%	88%	97%	3%
Southfield Twp	0%	0%	0%	0%	0%	0%	100%
Springfield Twp	14%	26%	44%	62%	83%	94%	6%
Sylvan Lake	13%	28%	48%	71%	89%	96%	4%
Troy	9%	19%	35%	51%	78%	90%	10%
Walled Lake	17%	46%	69%	84%	97%	98%	2%
Waterford Twp	18%	37%	62%	79%	93%	98%	2%
West Bloomfield Twp	5%	12%	23%	37%	62%	76%	24%
White Lake Twp	12%	24%	44%	64%	89%	96%	4%
Wixom	6%	16%	30%	52%	83%	95%	5%
Wolverine Lake Village	16%	36%	59%	77%	89%	94%	6%

Source: 2000 U.S. Census SF3 File

Again, it is important to understand that while the data for homeowners with mortgages enables us to hone our analysis of housing cost; they do not enable us to determine the timeframe of the purchase. Some homeowners with mortgages may have bought their home 30 years ago. Others may have bought it within the past year. The costs would be quite different for these two scenarios. Moreover, the mortgage in question might be refinance loan that reflects only a small portion of the cost incurred when purchasing the home today. Next, we turn to a dataset that enables us to focus on recent market activity—actual sales price data from 1995 through 2004.

A Closer Look at Housing Cost: Purchase Price of Homes

In this section we examine the impact of sales price on affordability in two ways. First, we look at actual sales prices as they relate to all income groups. Next, we focus on sales prices as they relate to extremely low-, very low-, low, and median income groups. The analyses enable us to determine the extent to which costs are growing or declining in importance.¹⁸ The raw sales price data were provided by the Equalization Division of Oakland County's Department of Management and Budget. The research team manipulated the data to produce the following analysis.

Costs Based Upon Actual Sales Price—All Income Groups

In this subsection we use three sales price breakpoints—25 percent, 50 percent, and 75 percent—to analyze the cost of homeowner housing. These breakpoints should be interpreted as follows:¹⁹

1. 25% price breakpoint—25% of all homes were sold for this price or less;
2. 50% price breakpoint—50% of all homes were sold for this price or less; and
3. 75% price breakpoint—75% of all homes were sold for this price or less.

We first present the dollar figures for each breakpoint. We then determine the income required to afford homes at those prices. The higher the income at each breakpoint, the more critical housing price is in determining affordability. We provide the analysis for the county as a whole and by CVT. We also examine annual data to assess trends in the cost of housing.

From January 1995 through August 2004, 25 percent of all homes sold in the county cost \$125,752 or less.²⁰ Fifty percent cost \$175,100 or less. Seventy-five percent of homes cost \$253,000 or less. Table 4.22 displays the income for which this purchase price would be considered affordable. The estimates are based on average 2004 average tax rates for the county, a 30-year mortgage, the average national interest rate for mortgages in 2004, a PMI escrow of 1 percent (for 5% or 10% down), a hazard insurance escrow of .4 percent, monthly utility costs of \$150, and varying assumptions about the amount of the downpayment.

¹⁸ In this section, we use “median” income group, rather than “above low-income” as used in previous sections. This enables us to focus on a specific income level in the exact middle of all incomes earned in the region.

¹⁹ The method used to compile the data on housing prices is explained in Appendix A.

²⁰ The sales prices reported in this section have all been adjusted to 2004 dollars.

Table 4.22. Incomes Required for Purchasing Homes at 25%, 50%, and 75% Breakpoints

Break Point	Sales Price	Affordable Income (5% down)	Affordable Income (10% down)	Affordable Income (20% down)
25% of sales	\$125,752	\$46,479	\$44,773	\$41,360
50% of sales	\$175,100	\$62,363	\$60,000	\$55,235
75% of sales	\$253,000	\$87,438	\$84,005	\$77,140

Source: Oakland County Department of Management and Budget—Equalization Division

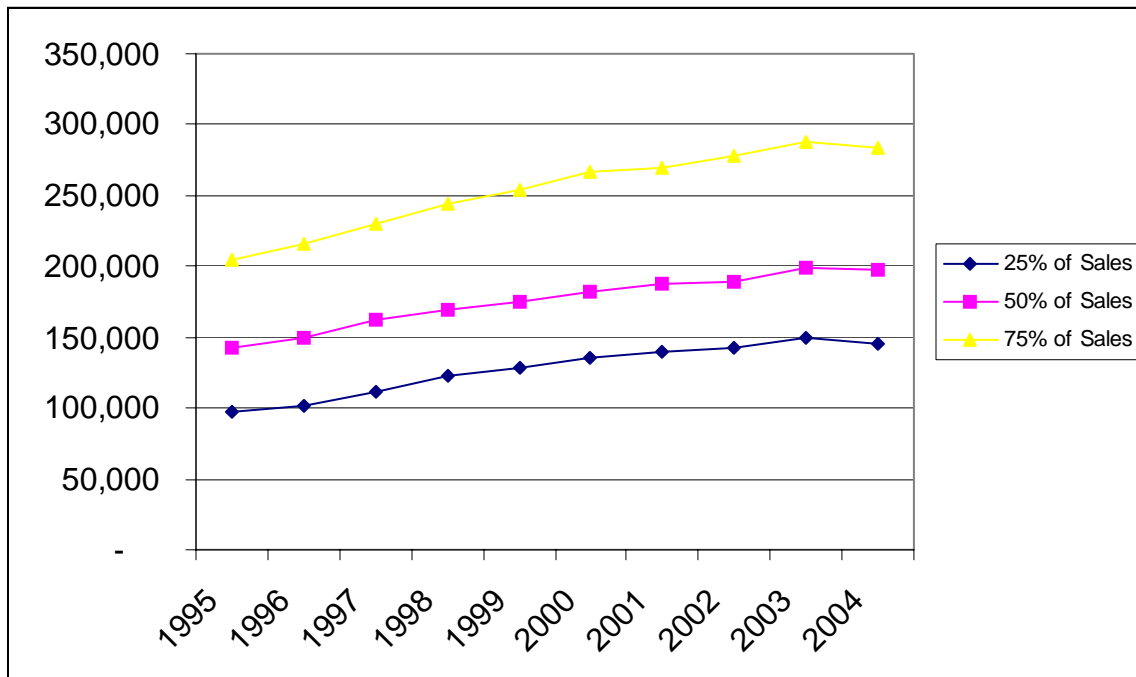
Using the 10 percent downpayment assumption, we see that one-quarter of the homes sold during the period were affordable to households earning slightly less than \$45,000.²¹ This amounts to 74 percent of the average median income for the metro area from 1995 to 2004—an amount that would be considered low-income. Households earning \$60,000 or more—the average median income for the period—could have afforded at least 50 percent of all homes sold.

Let us compare these figures to those presented for current costs for existing homeowners with a mortgage. The previous figures on monthly cost suggested that a household earning \$40,000 could afford about 28 percent of homes. An income of \$50,000 would be required to afford 46 percent of homes. An income of \$80,000 would enable a household to afford 81 percent of homes. The figures generated from the sales prices analysis are higher than, though fairly consistent with, these numbers on the low and high ends, but they diverge noticeably in the middle. In each case, the Census data on monthly cost for homeowners with a mortgage indicate that housing is more affordable than the sales price figures suggest. This is not surprising given that monthly housing cost figures would reflect prices paid before 1995, as well as those paid after and that for many of the homes purchased the downpayment would have been greater than 10 percent. Since prices increase over time we would expect a dataset that reflects more recent sales (i.e. the sales price dataset) to lead to higher cost estimates.

An analysis of changes in actual prices over time shows that prices have steadily grown over the period (Figure 4.1). The annual average increase in median price was four percent after adjusting for inflation (about a 38 percent total increase from 1995 to 2004). Thus, over time, housing has become more expensive in the county.

²¹ We focus on the 10% downpayment findings (the middle-of-the-road assumption) to simplify the presentation.

Figure 4.1. Sales Price Breakpoints by Year (1995 – 2004)*



Source: Oakland County Department of Management and Budget—Equalization Division

* All prices are reported in 2004 dollars

So, what conclusions can be drawn from the sales price data? Basically, the numbers strengthen conclusions drawn from the monthly housing cost data for homeowners with mortgages. Housing price has become increasingly important in determining affordability in Oakland County. As sales prices have risen significantly in the past decade, they have caused affordability problems for a growing number of households.

Table 4.23 displays the 25%, 50%, and 75% sales price breakpoints for each community within Oakland County. It shows that in most communities price is even more significant of a factor than suggested by the countywide totals. In 69 percent of Oakland County communities (42 communities) the 25 percent sales price break point was higher than the countywide breakpoint. The average difference in these communities was 47 percent. In other words, in these 42 communities the income required to afford 25 percent of the homes sold was substantially higher than suggested by the countywide totals. In 59 percent of communities (36 communities), the 50 percent break point price exceeded the countywide price by an average of 49 percent. The county’s 75 percent break point price was exceeded by an average of 48 percent in 49 percent of the communities (30 communities). It is true that many communities had lower break point prices than the county, but they were fewer in number and the average difference was much smaller.

Table 4.23. Sales Price Breakpoints by CVT (1995 – 2004)

Community	25% of Sales Breakpoint	50% of Sales Breakpoint	75% of Sales Breakpoint	Community	25% of Sales Breakpoint	50% of Sales Breakpoint	75% of Sales Breakpoint
Addison Twp	140,475	230,050	304,152	Milford Village	136,419	164,790	222,570
Auburn Hills	104,922	139,650	176,000	Northville (Part)	179,840	216,000	294,073
Berkley	127,600	150,150	173,800	Novi	157,590	221,960	312,445
Beverly Hills Village	211,100	265,500	350,300	Novi Twp	283,828	327,000	383,875
Bingham Farms Village	325,500	377,300	426,900	Oakland Twp	195,725	275,995	420,170
Birmingham	170,500	244,288	409,500	Oak Park	89,286	115,000	141,240
Bloomfield Hills	241,913	521,710	858,328	Orchard Lake	266,680	441,000	686,400
Bloomfield Twp	215,265	302,500	435,518	Orion Twp	135,700	194,700	278,250
Brandon Twp	133,007	189,000	250,335	Ortonville	120,820	157,936	195,367
Clarkston	185,000	222,300	302,388	Oxford Twp	107,535	178,540	235,819
Clawson	126,888	147,965	167,954	Oxford Village	130,500	175,150	225,694
Commerce Twp	153,010	206,000	285,200	Pleasant Ridge	161,076	206,500	283,630
Farmington	137,400	175,037	209,050	Pontiac	55,000	75,402	99,504
Farmington Hills	171,200	234,980	301,275	Rochester	118,000	178,090	289,175
Ferndale	82,493	107,350	139,700	Rochester Hills	165,850	233,690	300,440
Franklin Village	266,200	379,900	528,000	Rose Twp	118,420	173,340	226,600
Groveland Twp	165,880	214,000	276,850	Royal Oak	131,440	159,300	189,000
Hazel Park	63,058	79,180	96,600	Royal Oak Twp	32,740	60,500	82,624
Highland Twp	142,328	180,400	232,000	South Lyon	127,125	172,840	218,580
Holly Twp	107,400	165,200	200,850	Southfield	115,720	153,300	189,250
Holly Village	98,515	123,497	147,440	Southfield Twp	648,000	761,875	875,750
Huntington Woods	211,755	253,110	302,138	Springfield Twp	139,100	197,200	274,715
Independence Twp	151,280	205,550	282,000	Sylvan Lake	155,150	181,500	218,245
Keego Harbor	84,969	109,040	137,143	Troy	173,896	222,560	289,425
Lake Orion Village	126,000	159,323	201,848	Walled Lake	106,086	131,840	165,308
Lathrup Village	167,808	193,620	224,580	Waterford Twp	116,277	148,050	182,400
Leonard Village	93,375	120,440	177,225	West Bloomfield Twp	193,496	257,910	337,291
Lyon Twp	165,000	204,600	259,900	White Lake Twp	144,343	188,490	254,040
Madison Heights	92,684	117,600	141,250	Wixom	180,460	217,120	259,450
Milford Twp	182,698	261,620	335,510	Wolverine Lake Village	143,845	167,375	206,080

Source: Oakland County Department of Management and Budget—Equalization Division

Costs Based Upon Actual Sales Price—Specific Income Groups

We delved deeper into the sales price data to determine exactly how many of the homes sold in the county would have been affordable to specific income groups at the time of sale. Specifically, we examined affordability for households that are considered extremely low-income, very low-income, low-income, and median-income. The first three groups are of primary importance to HUD when examining affordability. The last group addresses affordability for what can be considered a middle-income family.

Our basic process was to gather the income limits for a family of four in each income group using data obtained through HUD’s Office of Policy Development and Research (www.huduser.org), determine the maximum home price in each community that would be considered affordable to each income limit, and compare this price to the actual sales price of

each home sold.²² If the actual price was less than or equal to the affordable price, the home was considered affordable. If it was higher, it was not considered affordable to that income group. We followed this procedure using three different assumptions regarding downpayment—5 percent, 10 percent, and 20 percent. To simplify the discussion we only discuss the findings for the 10 percent downpayment assumption. Results for the five percent and 20 percent assumptions are provided in Appendix B.

The data (Table 4.24) show that very few homes sold during the period were affordable to extremely low-income households. Very low-income households also faced considerable difficulty finding affordable homes in the county. With access to less than 30 percent of homes sold from 1995 to 2004 low-income households would have also found it difficult to afford a home in Oakland County. Conditions are much better for median-income families, but optimism must be cautioned. The numbers indicate that more than half of the homes sold during the period would have been unaffordable to a family earning the middle-income for the region.

The data also show that housing has generally become less affordable over time for all income groups. From 1995 to 2000 the proportion of homes sold that were available to each income group decreased significantly. As the market slowed, homes became more affordable, but trends since 2002 suggest that the share of sales that are affordable is once again dropping.

An examination of affordable sales by CVT makes the constraints posed by sales price more obvious. Affordable home sales are highly concentrated in a small number of communities. For example, five communities—Pontiac, Waterford, Hazel Park, Oak Park, and Ferndale—accounted for 61 percent of all homes that were affordable to extremely low-income families. These same communities accounted for 53 percent of all home sales affordable to very low-income families, 42 percent of all sales affordable to low-income families, and 34 percent of all sales affordable to families earning a median income. If we add Southfield to this list, the percentages grow to 64, 57, 49, and 40, respectively. Adding Madison Heights and Royal Oak brings the percentages to 67, 64, 61, and 55, respectively. Thus, eight communities account for about half to two-thirds of the affordable sales, depending upon the income group.

These numbers provide further detail to the story presented thus far. They show how problematic housing prices are for families earning low-income or less. They shed new light on difficulties that middle-income families would face trying to purchase homes in the county. They also show that homes affordable to families earning median income or less are highly concentrated in a small number of communities within the county. Thus, the numbers lend additional support to arguments that housing price is a very important factor impacting affordability in Oakland County.

²² We used actual tax rates for each community and the prevailing average annual mortgage interest rates for the year of sale, to obtain a precise estimate of affordability. For more details on the procedure used to determine maximum price affordable see Appendix A.

Table 4.24. Percentage of Home Sales Affordable by Income Group (1995 – 2004)

Year of Sale	% Homes Sold at Prices Affordable To			
	Extremely Low-Income	Very Low-Income	Low-Income	Median-Income
1995	2%	12%	35%	50%
1996	2%	11%	31%	46%
1997	2%	9%	28%	44%
1998	2%	10%	29%	48%
1999	2%	9%	26%	46%
2000	1%	7%	22%	40%
2001	2%	7%	24%	45%
2002	1%	8%	27%	50%
2003	1%	7%	28%	44%
2004	2%	9%	27%	43%
1995-2004	2%	9%	28%	46%

Source: Author’s manipulation of data from Oakland County’s Equalization Division

Summary—Impact of Housing Costs Based on Actual Sales Price. Sales price data strengthen conclusions drawn from the monthly housing cost data for homeowners with mortgages. In other words, housing price has become increasingly important in determining affordability in Oakland County. As sales prices have risen significantly in the past decade, they have caused affordability problems for a growing number of households. Even middle-income households find it increasingly difficult to purchase homes in Oakland County at an affordable price. If interest rates continue to rise, the impact of housing price will become even greater.

Sales price is growing in importance for all households, but it hits lower-income households especially hard. Most low-income households would have difficulty finding affordable homeowner housing in Oakland County, and those difficulties have grown in recent years as the supply of low- or moderate-cost housing is shrinking. Housing price is clearly a more important influence on owner affordability in some communities than others. Housing affordable to middle and lower-income groups is concentrated in a small number of communities. In several communities, there is simply very little, if any, owner housing that would be affordable to modest income levels. In other communities the supply of such housing is significant. However, in most communities price is even more significant of a factor than suggested by the countywide totals.

SECTION 3: Renter Affordability

This section of the report focuses on renter affordability. It shows that cost burden is more prevalent among renters than owners, though proportion of renters facing cost burden (31%) is generally lower in Oakland County than in other counties in the region and many counties throughout the state. Renter cost burden varies significantly within the county. Although there is no obvious spatial pattern of renter burden within the county, the proportion of renters with cost burden tends to increase as the number of renters in a community increases.

Although elderly households account for a smaller portion of renters in Oakland County than in other counties, they are significantly over-represented among renters with cost burden (31% of renters w/burden vs. 19% of all renters). The prevalence of cost burden among elderly renters is high in both absolute (51% of all elderly renters—11,414 households) and relative terms (higher than all but one other county in the region).

After the elderly, renter cost burden is most common among 15 to 24 year olds. While the proportion of these renters (41%) is high and of concern, this group has significant potential to earn its way out of cost burden through income growth. Affordability problems for the oldest and youngest renters vary considerably by CVT.

Renter affordability is generally consistent across most racial/ethnic groups, though it is far less prevalent among Asian renters than it is for other groups.

Renter affordability impacts most income groups. Extremely low-income renters living in Oakland County face lower or comparable costs to their counterparts in other counties. For all groups earning very low-incomes or higher the opposite is true. Renters in these income groups face noticeably higher costs than their counterparts in other counties. Renters earning less than \$35,000 have the greatest problems with affordability. This is especially true for renters earning \$10,000 to \$20,000. Yet, more so than in most counties in the region, renters earning \$35,000 to \$50,000 also have considerable problems with affordability.

It is likely that extremely low-income renters fare better in Oakland County than elsewhere in the region, because there are far fewer of them and many of them receive government housing assistance. Extremely low-income renters looking to move to Oakland County would find it much harder to secure affordable rental housing than extremely low-income renters who already live in the county.

While both cost of housing (i.e. rent and utilities) and level of income determine affordability, high housing costs appear to be a more salient determinant of renter affordability in Oakland County than other parts of the region.

Overall Affordability for Existing Renters

Comparison to Other Counties. While more Oakland County homeowners (66,118) than renters (36,684) face cost burden, cost burden is much more prevalent among renters—31 percent of renters face cost burden—than owners (19 percent) (Table 4.25). The proportion of renters with cost burden is considerably lower in Oakland County than in many counties in the state and region. Renter cost burden is more prevalent in thirty-two counties statewide and six counties in the region. Fourteen percent of all renters countywide face severe cost burden. The county’s rankings statewide (34th) and regionally (7th) are virtually identical to those for overall burden.

Table 4.25. Cost Burden Among Renter Households—Counties in Region

County	% Renter H-Holds w/Burden		Number of Renter H-Holds w/Burden	
	30% or more	50% or more	30% or more	50% or more
Genesee County	37%	20%	16,763	8,860
Lapeer County	27%	13%	1,232	579
Livingston County	32%	15%	2,077	982
Macomb County	30%	14%	19,521	8,978
Monroe County	32%	15%	3,235	1,570
Oakland County	31%	14%	36,684	17,005
St. Clair County	34%	17%	4,310	2,172
Washtenaw County	39%	21%	19,421	10,421
Wayne County	35%	19%	90,931	49,466

Source: CHAS Datasets

Comparisons Within Oakland County. There is great variation in the proportion of renters with cost burden by community (Table 4.26). More than 40 percent of renters face cost burden in eight communities—Brandon Twp, Clarkston, Franklin, Lathrup Village, Oak Park, Ortonville, Pontiac, and Royal Oak Twp. In six communities—Bloomfield Hills, Lake Angelus, Lyon Twp, Oakland Twp, and Pleasant Ridge—15 percent or less of renters face cost burden.²³ In most communities, 25 to 35 percent of renters face cost burdens.

There is no obvious spatial pattern of renter burden in the county. Communities with high levels of renter burden are found at the outer edge of the county, the center, and the southeastern core. The same is true with low levels of burden. There is some correlation between the number of renters and the prevalence of burden. Renter cost burden tends to be more prevalent in communities with a large number of renters than in those with very few renters.

²³ Some communities have zero values for this statistic, because they don’t have any renters identified in census data. These communities are not included here.

Table 4.26. % Renters with Cost Burden by CVT

Community	Percent of Households		Number of Households		Community	Percent of Households		Number of Households	
	30% or more	50% or more	30% or more	50% or more		30% or more	50% or more	30% or more	50% or more
Addison Twp	32%	6%	50	10	Milford Village	35%	22%	215	134
Auburn Hills	26%	11%	1,023	435	Northville (Part)	31%	15%	29	14
Berkley	27%	9%	246	83	Novi	23%	11%	1,258	580
Beverly Hills Village	27%	8%	82	24	Novi Twp	0%	0%	-	-
Bingham Farms Village	31%	0%	8	-	Oakland Twp	15%	0%	10	-
Birmingham	32%	19%	706	419	Oak Park	40%	18%	1,104	485
Bloomfield Hills	0%	0%	-	-	Orchard Lake	22%	0%	4	-
Bloomfield Twp	31%	13%	496	210	Orion Twp	26%	12%	456	216
Brandon Twp	46%	22%	77	37	Ortonville	43%	18%	78	32
Clarkston	41%	22%	76	40	Oxford Twp	20%	6%	77	24
Clawson	23%	9%	317	116	Oxford Village	26%	10%	114	42
Commerce Twp	31%	14%	220	103	Pleasant Ridge	13%	13%	8	8
Farmington	37%	15%	631	255	Pontiac	40%	20%	4,576	2,340
Farmington Hills	31%	14%	3,425	1,523	Rochester	30%	13%	509	214
Ferndale	26%	11%	728	318	Rochester Hills	31%	15%	1,668	794
Franklin Village	44%	13%	14	4	Rose Twp	31%	8%	40	10
Groveland Twp	9%	9%	10	10	Royal Oak	26%	11%	2,221	912
Hazel Park	38%	21%	733	407	Royal Oak Twp	42%	21%	846	420
Highland Twp	33%	19%	159	92	South Lyon	31%	10%	332	104
Holly Twp	8%	8%	10	10	Southfield	35%	17%	5,435	2,719
Holly Village	34%	21%	209	125	Southfield Twp	0%	0%	-	-
Huntington Woods	16%	16%	10	10	Springfield Twp	29%	10%	114	40
Independence Twp	27%	11%	512	205	Sylvan Lake	31%	11%	34	12
Keego Harbor	21%	10%	75	37	Troy	25%	11%	1,670	737
Lake Angelus	0%	0%	-	-	Walled Lake	31%	12%	335	125
Lake Orion Village	30%	9%	146	42	Waterford Twp	30%	14%	2,115	994
Lathrup Village	50%	0%	8	-	West Bloomfield Twp	30%	16%	914	492
Leonard Village	25%	25%	4	4	White Lake Twp	28%	12%	227	92
Lyon Twp	11%	1%	34	4	Wixom	19%	7%	639	234
Madison Heights	32%	14%	1,279	565	Wolverine Lake Village	35%	14%	74	30
Milford Twp	23%	0%	30	-	Oakland County	31%	14%	36,684	17,005

Data Source: Comprehensive Housing Affordability Strategy (CHAS) 2000 dataset (summary levels 050, 060, and 155) (Tables F5C-F5D).

Summary—Renter Affordability. Thirty-one percent of renters face burdens. Cost burden is more prevalent among renters than owners. The proportion of renters facing cost burden is generally lower in Oakland County than in other counties in the region and many counties throughout the state. Within Oakland County, renter cost burden is far more prevalent in some communities than others. Although there is no obvious spatial pattern of renter burden within the county, the proportion of renters with cost burden tends to increase as the number of renters in a community increases.

Renter Affordability by Age Group

Next, we examine renter affordability by age group. We first focus on elderly renters. Then, we discuss affordability among non-elderly renters. We use the same three methods as used in previous sections for examining affordability problems by age group (see Box 4.1).

Comparison to Other Counties. Method 1. Elderly households account for a little less than one-third (31%) of renter households with cost burden and a little more than one-third of renters with severe cost burden. The elderly account for a smaller percentage of renters with burden in Oakland County than in most counties in the region (6th highest percentage) and many

in the state (23rd highest percentage). The comparison is not as favorable for severe cost burden where Oakland County has the 9th highest rate in the state and third highest rate in the region.

Method 2. A primary reason that the elderly account for a relatively smaller share of renters with burden is that the elderly account for a smaller share of all renter households in Oakland County than most other counties in the state. When we compare the elderly as a share of renters with cost burden to the elderly as a share of all renters, we find a big difference. The elderly account for only 19 percent of all renters in Oakland County, but 31 percent of renters with cost burdens. Thus, the elderly are significantly over-represented among renters with burden.

Method 3. When we look at the proportion of all elderly renters that face cost burden, the problem for elderly renters seems more acute (Table 4.27). More than half of all elderly renters in the county face cost burden. This is the second highest proportion in the state and region. Only Livingston County has a higher ranking. Severe cost burden is also common among elderly renters. More than one quarter of elderly renters face severe cost burdens. Here, the county has the third highest rate in the state and second highest in the region. To be fair, cost burden among elderly renters is prevalent throughout the metro region. All counties have at least 46 percent of their elderly renters facing cost burdens. Still, the problem is worse in Oakland County than most other counties in the region.

Table 4.27. % of Elderly Renter Households with Cost Burden (Method 3)

County	% of Elderly Owners w/Burden		Number of Elderly Owners w/Burden	
	30% or more	50% or more	30% or more	50% or more
Genesee County	46%	2%	2,926	1,297
Lapeer County	46%	18%	476	187
Livingston County	56%	32%	648	369
Macomb County	48%	24%	6,788	3,346
Monroe County	48%	21%	1,125	498
Oakland County	51%	26%	11,514	5,969
St. Clair County	49%	2%	1,360	561
Washtenaw County	46%	19%	1,951	817
Wayne County	48%	21%	20,895	9,233

Non-elderly households account for a large share of renters with cost burden. Fifty-three percent of renters with burden are younger than 45 (**Method 1**). . Thirty-five percent are younger than 35. These findings are expected since younger households account for more renters than older households do. Generally, these age groups’ shares of renters with burden are comparable to their share of all renter households (**Method 2**). If anything, younger renters are slightly under-represented among renters with burden. This is due to the over-representation of elderly renters mentioned above.

When we look at how many renters in each non-elderly age group face cost burden (**Method 3**) we find that problems are most common among renters younger than 25. Forty-one percent of all renters in this age group face cost burdens. The percentages drop substantially for renters 25 or older. Twenty-five to twenty-seven percent of renters in the 25 to 34, 35 to 44,

and 45 to 54 year-old categories face cost burden. The percentages increase once we move to the older age groups, as expected given the numbers previously presented for elderly renters. The prevalence of cost burden among the youngest group of renters is not surprising, since they tend to earn less money than older renters. While 41 percent is a high proportion of renters facing cost burden, this age group tends to be able to earn its way out of affordability problems (through income growth) more easily than older age groups whose members may be closer to their maximum earning potential.

Comparisons Within Oakland County. **Method 3.** Cost burden for elderly renters varies considerably by CVT (Table 4.28). Whereas 100 percent of elderly renters face burdens in Leonard and Northville, no elderly renters face cost burden in several communities. In 21 communities, fifty percent or more of elderly renters face cost burden. The percentage is at least 60 percent in seven communities. Five communities have percentages of 75 or higher. On the other end, less than one-quarter of elderly renters face cost burden in fifteen communities that have elderly renters.

Table 4.28. Percent of Elderly Renter Households with Cost Burden by CVT (Method 3)

Community	Percent of Elderly Renters		Number of Elderly Renters		Community	Percent of Elderly Renters		Number of Elderly Renters	
	30% or more	50% or more	30% or more	50% or more		30% or more	50% or more	30% or more	50% or more
Addison Twp	0%	0%	-	-	Milford Village	54%	34%	64	40
Auburn Hills	36%	10%	155	45	Northville (Part)	100%	100%	4	4
Berkley	52%	8%	158	24	Novi	56%	41%	325	240
Beverly Hills Village	29%	14%	40	20	Novi Twp	0%	0%	-	-
Bingham Farms Village	33%	0%	4	-	Oakland Twp	0%	0%	-	-
Birmingham	51%	39%	185	141	Oak Park	79%	18%	597	136
Bloomfield Hills	0%	0%	-	-	Orchard Lake	-	-	-	-
Bloomfield Twp	50%	38%	142	108	Orion Twp	86%	36%	60	25
Brandon Twp	-	-	-	-	Ortonville	56%	33%	20	12
Clarkston	78%	44%	28	16	Oxford Twp	41%	4%	46	4
Clawson	45%	13%	148	44	Oxford Village	46%	8%	22	4
Commerce Twp	53%	31%	34	20	Pleasant Ridge	0%	0%	-	-
Farmington	60%	31%	373	193	Pontiac	48%	17%	784	271
Farmington Hills	52%	30%	1,304	765	Rochester	51%	29%	105	60
Ferndale	43%	25%	163	95	Rochester Hills	56%	27%	702	342
Franklin Village	0%	0%	-	-	Rose Twp	33%	33%	10	10
Groveland Twp	-	-	-	-	Royal Oak	41%	15%	571	211
Hazel Park	47%	27%	228	128	Royal Oak Twp	59%	28%	322	153
Highland Twp	31%	13%	44	18	South Lyon	26%	22%	29	25
Holly Twp	-	-	-	-	Southfield	56%	39%	2,017	1,392
Holly Village	47%	19%	100	40	Southfield Twp	-	-	-	-
Huntington Woods	0%	0%	-	-	Springfield Twp	0%	0%	-	-
Independence Twp	60%	23%	125	48	Sylvan Lake	25%	25%	4	4
Keego Harbor	0%	0%	-	-	Troy	41%	20%	640	315
Lake Angelus	-	-	-	-	Walled Lake	42%	22%	105	55
Lake Orion Village	48%	24%	48	24	Waterford Twp	45%	28%	578	353
Lathrup Village	-	-	-	-	West Bloomfield Twp	61%	36%	530	315
Leonard Village	100%	100%	4	4	White Lake Twp	64%	14%	18	4
Lyon Twp	22%	22%	4	4	Wixom	49%	26%	65	35
Madison Heights	49%	17%	530	180	Wolverine Lake Village	29%	0%	8	-
Milford Twp	0%	0%	-	-	Oakland County	51%	26%	11,514	5,969

Data Source: Comprehensive Housing Affordability Strategy (CHAS) 2000 dataset (summary levels 050, 060, and 155) (Tables F5C-F5D).

Cost burden levels among non-elderly renters also vary by CVT (Table 4.29).²⁴ In most cases, the proportion of non-elderly renters with burden is comparable to the proportion of non-elderly renters overall. In a small number of communities—Orchard Lake, Franklin Village, Huntington Woods, Oakland Twp, and Pleasant Ridge—renters 25 to 34 account for a far higher share than we would expect given their representation among all renters. However, none of these communities have a large number of renters overall; thus, this does not appear to be a significant concern. In a number of other communities this age group is under-represented among renters with burden. However, this condition is generally offset by a comparable over-representation of renters 35 to 44.

Summary—Renter Affordability by Age Group. Although elderly households account for a smaller portion of renters in Oakland County than in other counties, they are significantly over-represented among renters with cost burden—31 percent of renters with burden vs. 19 percent of all renters. The prevalence of cost burden among elderly renters is high in both absolute (51 percent of all elderly renters—11,414 households) and relative terms (higher than all but one other county in the region).

After the elderly, renter cost burden is most common among 15 to 24 year olds. While the proportion of these renters (41%) is high and of concern, this group has significant potential to earn its way out of cost burden through income growth. Affordability problems for the oldest and youngest renters vary considerably by CVT.

²⁴ Many of the extremely high percentages found in the table result from a very small number of renters overall that fall into that age group for that community.

Table 4.29. Percent of Renters in Age Group that Have Cost Burden by CVT (Method 3)

Community	15 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 & older
Addison Twp	53%	51%	36%	0%	0%	0%	0%
Auburn Hills	50%	21%	18%	29%	28%	23%	56%
Berkley	22%	18%	31%	44%	14%	33%	50%
Beverly Hills Village	0%	18%	38%	15%	0%	19%	44%
Bingham Farms Village	0%	0%	43%	0%	0%	50%	0%
Birmingham	56%	21%	35%	35%	23%	0%	73%
Bloomfield Hills	0%	0%	0%	0%	0%	0%	0%
Bloomfield Twp	51%	18%	35%	18%	33%	48%	59%
Brandon Twp	33%	39%	68%	100%	100%	0%	0%
Clarkston	27%	36%	18%	26%	77%	57%	88%
Clawson	36%	18%	15%	28%	28%	21%	53%
Commerce Twp	44%	42%	25%	27%	13%	65%	63%
Farmington	21%	12%	16%	25%	51%	61%	72%
Farmington Hills	41%	21%	22%	27%	27%	45%	61%
Ferndale	38%	21%	23%	33%	31%	44%	57%
Franklin Village	0%	100%	0%	53%	0%	0%	0%
Groveland Twp	100%	0%	0%	0%	0%	0%	0%
Hazel Park	46%	37%	44%	28%	32%	42%	48%
Highland Twp	61%	16%	17%	53%	47%	19%	38%
Holly Twp	0%	0%	10%	0%	100%	0%	0%
Holly Village	35%	19%	45%	33%	72%	19%	40%
Huntington Woods	0%	39%	0%	0%	0%	0%	0%
Independence Twp	41%	22%	21%	9%	29%	47%	85%
Keego Harbor	17%	16%	34%	24%	41%	0%	0%
Lake Angelus	0%	0%	0%	0%	0%	0%	0%
Lake Orion Village	51%	27%	19%	33%	22%	71%	21%
Lathrup Village	0%	0%	0%	36%	0%	100%	0%
Leonard Village	0%	0%	0%	0%	0%	0%	100%
Lyon Twp	0%	19%	21%	0%	0%	0%	0%
Madison Heights	49%	24%	30%	29%	54%	43%	44%
Milford Twp	0%	0%	72%	45%	0%	0%	0%
Milford Village	38%	40%	41%	28%	25%	25%	72%
Northville (Part)	0%	63%	47%	47%	100%	100%	0%
Novi	27%	18%	21%	23%	28%	47%	65%
Novi Twp	0%	0%	0%	0%	0%	0%	0%
Oakland Twp	0%	38%	0%	35%	0%	0%	0%
Oak Park	53%	37%	35%	23%	35%	64%	78%
Orchard Lake	0%	0%	100%	0%	0%	0%	0%
Orion Twp	35%	21%	28%	15%	11%	45%	82%
Ortonville	40%	50%	24%	9%	47%	82%	76%
Oxford Twp	0%	20%	21%	0%	14%	0%	57%
Oxford Village	57%	9%	27%	31%	0%	40%	61%
Pleasant Ridge	0%	55%	0%	0%	100%	0%	0%
Pontiac	49%	45%	43%	32%	41%	34%	53%
Rochester	38%	26%	33%	20%	52%	39%	59%
Rochester Hills	47%	21%	25%	24%	23%	41%	64%
Rose Twp	0%	43%	33%	0%	0%	100%	0%
Royal Oak	41%	20%	28%	32%	28%	40%	39%
Royal Oak Twp	54%	42%	40%	31%	43%	45%	59%
South Lyon	56%	34%	25%	27%	13%	18%	37%
Southfield	49%	28%	22%	23%	36%	52%	68%
Southfield Twp	0%	0%	0%	0%	0%	0%	0%
Springfield Twp	35%	41%	20%	35%	0%	0%	0%
Sylvan Lake	29%	44%	29%	24%	0%	36%	0%
Troy	26%	18%	25%	23%	25%	25%	58%
Walled Lake	32%	32%	4%	55%	53%	47%	45%
Waterford Twp	41%	21%	28%	29%	36%	26%	62%
West Bloomfield Twp	8%	21%	21%	13%	29%	49%	67%
White Lake Twp	25%	33%	32%	20%	35%	0%	0%
Wixom	23%	18%	22%	18%	30%	47%	84%
Wolverine Lake Village	65%	36%	67%	26%	47%	0%	0%
Oakland County	41%	25%	27%	26%	33%	41%	59%

Source: 2000 U.S. Census SF3 File

Rental Affordability by Race/Ethnicity

Method 3. When looking at affordability by racial/ethnic group, we find that renter cost burden is more consistent across racial/ethnic groups than cost burden for owner or all households (Table 4.30). The prevalence of renter cost burden is roughly comparable among White, Black, and Hispanic renters, though Hispanic renters face a higher level of burden. Asian renters have a substantially lower prevalence of renter cost burden than other groups.

Table 4.30. Percentage of Renters w/Burden by Racial/Ethnic Group (Method 3)

	Percent		Number	
	30% or more	50% or more	30% or more	50% or more
White	33%	15%	27,812	12,378
Black	35%	17%	7,691	3,673
Asian	19%	7%	1,301	497
Hispanic	39%	17%	1,419	627

Source: U.S. Census 2000 (SF3) Tables HCT39A, B, D, H

Rental Affordability by Income

Comparison to Other Counties. Method 1. Table 4.31 shows how the renters with cost burden in Oakland County and surrounding counties are distributed among four income groups—extremely low-, very low-, low-, and above low-income. It shows that about 94 percent of all renters with cost burden in the county earn a low-income or less. Oakland County compares well with other counties in the state in this regard. It has the 5th lowest ranking in the state for the proportion of households with cost burden that have extremely low-incomes and the lowest ranking for the region. For very low-income households, it also ranks well. The findings are reversed when we look at low-income and above low-income renters. Compared to other counties, a much larger share of Oakland County’s renters with cost burden fall into these income groups. The primary reason for these results is that Oakland County has fewer lower-income renters than most other counties. Thus, we would expect these groups to account for a substantially smaller portion of renters with burden than in other counties.

Table 4.31. Breakout of Renter Households with Cost Burden by Income Group (Method 1)

County	Extremely Low-Inc Owners as % of Owners w/Burden		Very Low-Inc Owners as % of Owners w/Burden		Low-Inc Owners as % of Owners w/Burden		Above Low-Inc Owners as % of Owners w/Burden	
	30% or more	50% or more	30% or more	50% or more	30% or more	50% or more	30% or more	50% or more
Genesee County	58%	87%	33%	11%	9%	1%	1%	0%
Lapeer County	61%	88%	28%	9%	11%	3%	0%	0%
Livingston County	43%	73%	37%	20%	14%	5%	5%	3%
Macomb County	47%	79%	36%	16%	15%	3%	2%	1%
Monroe County	60%	88%	30%	11%	9%	1%	0%	0%
Oakland County	39%	66%	33%	26%	22%	7%	6%	1%
St. Clair County	62%	90%	32%	8%	6%	1%	0%	0%
Washtenaw County	54%	82%	31%	15%	13%	3%	3%	1%
Wayne County	67%	89%	24%	9%	8%	2%	1%	0%

Source: CHAS Datasets

Looking at more refined income categories (Table 4.32) we find that most of the lower-income renters (60%) facing cost burden, earn less than \$20,000. Livingston County is the only county in the region with a smaller share of renters with cost burden earning this much or less. Again, this is because Oakland County has relatively few renter households that earn such a low income.

Findings are similar for above low-income households. Most of the above low-income renters with cost burden fall in the low end of the income range –seventy-three percent of those with burden earn between \$50,000 and \$75,000. However, 24 percent earn between \$75,000 and \$100,000. This is much more than in most counties. Three percent earn more than \$100,000—more than in any other county.

Table 4.32. Breakout of Renter Cost Burden by Income Level within Income Group (Method 1)

County	Low-Income and Below				Above Low-Income		
	< \$10,000	\$10,000 - 19,999	\$20,000 - 34,999	\$35,000 - 49,999	\$50,000 - 74,999	\$75,000 - 99,999	\$100,000 or more
Genesee County	43%	44%	12%	1%	88%	13%	0%
Lapeer County	37%	45%	16%	2%	100%	0%	0%
Livingston County	20%	36%	34%	9%	100%	0%	0%
Macomb County	29%	41%	28%	3%	91%	9%	0%
Monroe County	36%	43%	21%	1%	100%	0%	0%
Oakland County	25%	35%	34%	6%	73%	24%	3%
St. Clair County	41%	42%	17%	1%	0%	0%	0%
Washtenaw County	29%	36%	29%	6%	73%	25%	2%
Wayne County	43%	38%	17%	2%	94%	5%	2%

Source: 2000 U.S. Census SF3 File

Method 3. When we examine how many households in each income category are experiencing cost burden (e.g. % of low-income renters experiencing cost burden), we find that a substantial majority of extremely low-income and very low-income renters face cost burden (Table 4.33). Conditions improve considerably for low-income renters, one-third of whom face cost burden.

Once they find housing, extremely low-income renters seem to fare about as well in Oakland County as they do in other counties throughout the region. In half of the counties, cost burden is more prevalent among extremely low-income renters. In half the counties, it is less prevalent, but by less than one percentage point.

For all other income groups, cost burden is more common in Oakland County than in most of the region and state. Very low- and low-income renters face cost burden more often in Oakland County than any other county in the state. In fact, the share of renters in these groups who face cost burden is at least eight to nine percentage points higher than elsewhere in the region. For above low-income renters cost burden is far less common (only 4 percent of all renters in this income group). Still, the county has the fourth highest prevalence of cost burden in the state and the second highest in the region for this group.

It is likely that the extremely low-income renters face fewer affordability problems, because they are targeted for government housing assistance. In fact, the number of extremely low-income renters in the county is quite low, which suggests most renters in this group can only access housing in the county if subsidies are provided.

Table 4.33. Percentage of Renters w/in Each Income Group that Faces Cost Burden (Method 3)

Income Group	Renters w/Cost Burden as % of All Renters in Income Group		Oakland County's Cost Burden Rank (compared to highest %)	
	30% or more of income	50% or more of income	State	Region
Extremely Low-Income	71%	56%	25 th	5 th
Very Low-Income	74%	27%	1 ST	1 st
Low-Income	33%	5%	1 ST	1 ST
Above Low-Income	4%	0%	4 th	2 nd

Source: CHAS Datasets

Looking at prevalence of cost burden with more refined income categories, we find that for all income groups, except those earning less than \$10,000, Oakland County has one of the highest levels of cost burden in the region. Cost burden is most common among renters that earn between \$10,000 and \$20,000. Eighty percent of all renters in this category face cost burden. Almost half (48%) of renters earning from \$20,000 to \$35,000 face burden. The proportion drops considerably once we get above \$35,000 (Table 4.34).

Table 4.34. Percentage of Renters within Each Income Group with Cost Burden—Refined Income Levels (Method 3)

County	Low-Income and Below				Above Low-Income		
	< \$10,000	\$10,000 - 19,999	\$20,000 - 34,999	\$35,000 - 49,999	\$50,000 - 74,999	\$75,000 - 99,999	\$100,000 or more
Genesee County	77%	72%	20%	2%	1%	0%	0%
Lapeer County	69%	60%	19%	3%	0%	0%	0%
Livingston County	73%	74%	45%	16%	6%	0%	0%
Macomb County	69%	74%	34%	5%	1%	0%	0%
Monroe County	69%	68%	29%	2%	0%	0%	0%
Oakland County	69%	80%	48%	12%	4%	3%	0%
St. Clair County	75%	71%	24%	2%	0%	0%	0%
Washtenaw County	72%	83%	47%	14%	3%	3%	0%
Wayne County	69%	71%	28%	5%	1%	0%	0%

Source: 2000 U.S. Census SF3 File

Summary—Renter Affordability by Income. Extremely low-income renters living in Oakland County face affordability problems less, or as, often as their counterparts in other counties. For all groups earning very low-incomes or higher the opposite is true. Renters in these income groups face noticeably higher costs than their counterparts in other counties. Renters earning less than \$35,000 have the greatest problems with affordability. This is especially true for renters earning \$10,000 to \$20,000. Yet, more so than in most counties in the region, renters earning \$35,000 to \$50,000 also have considerable problems with affordability.

It is likely that extremely low-income renters fare better in Oakland County than elsewhere in the region, because there are far fewer of them and many of them receive government housing assistance. Extremely low-income renters looking to move to Oakland County would likely find it much harder to finding affordable rental housing than extremely low-income renters who already live in the county.

A Closer Look at Housing Cost: Monthly Costs for Renters

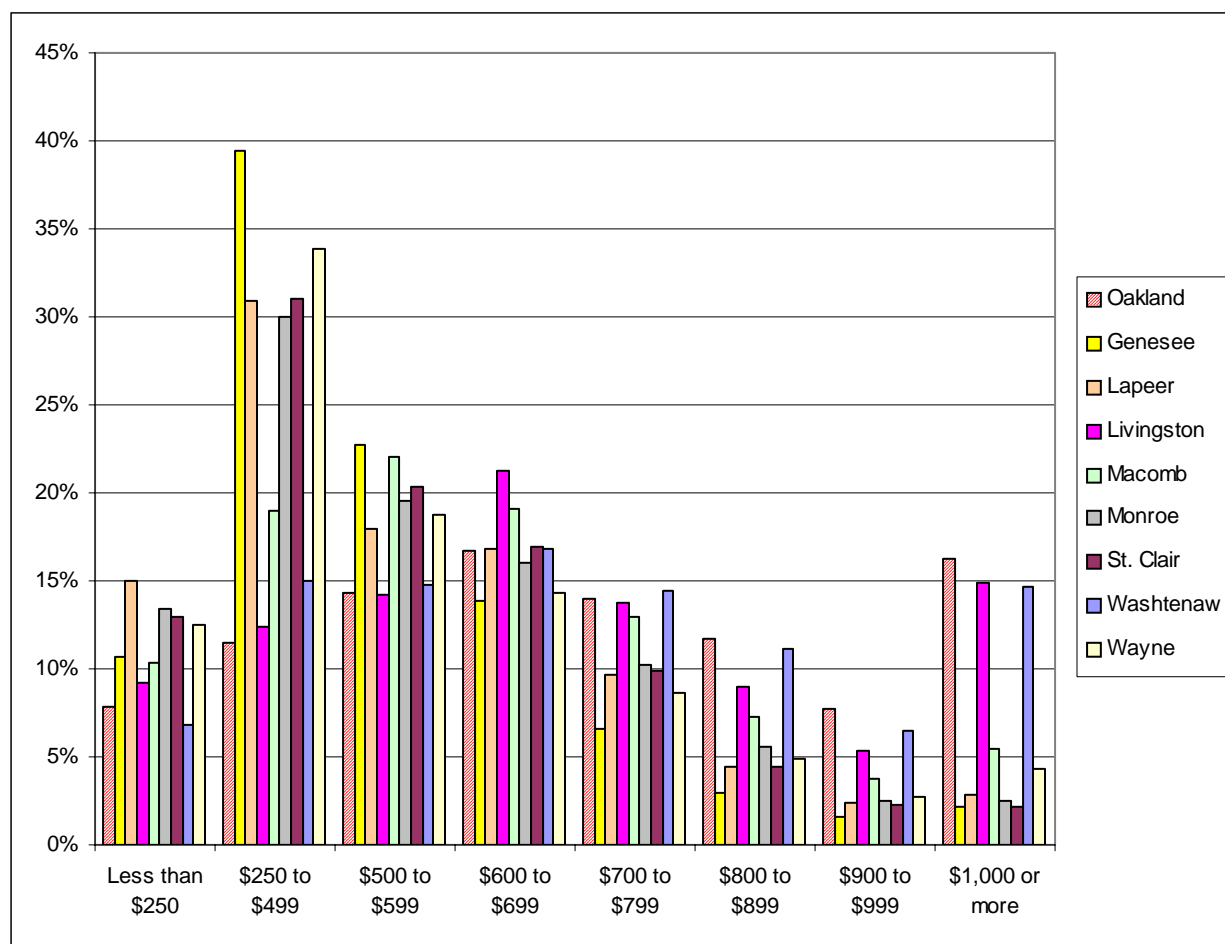
The prevalence of cost burden among renters in the above low-income groups, as well as the upper income range of the lower-income groups, suggests that rental housing cost is a more salient determinant of cost burden in Oakland County than in other parts of the region. An examination of monthly housing cost of renters also supports this conclusion.

Figure 4.2 shows the distribution of rental units by monthly cost (rent plus utilities), based on 2000 census data. It shows that Oakland County has a greater share of its units costing at least \$700 per month than any other county in the region. In fact, 50 percent of its rental units cost this much. Washtenaw and Livingston Counties have the next largest percentage of units in this range—47 and 43 percent, respectively. No other counties in the region have more than 30 percent of their units falling into this category. So, while households earning about \$24,000 to \$28,000 could afford to rent about 70 to 85 percent of rental units in most counties in the region, they could only afford 50 percent of rental units in Oakland County.

Focusing on federally-defined income groups makes the challenge of rental unit cost more daunting. In FY 1999, the maximum income that a 1-person family could earn and still be considered very low-income by HUD was \$21,200.²⁵ At this income, a family could afford a unit costing \$530 per month. To be consistent with census data, we examine units costing \$499 or less per month, a cost considered to be affordable to households earning just \$20,000 per year. Only 19 percent of all renter-occupied units countywide have a gross rent (i.e. rent plus utilities) of \$499 or less per month. In most other counties, 30 to 50 percent of the units cost this much or less.

²⁵ The FY1999 income limit is used, because income data in the 2000 census are reported for 1999. The 1-person income limit is used, because this was the most common renter household size in Oakland County in 2000 accounting for 48 percent of all renter households.

Figure 4.2. Renter-Occupied Units by Gross Rent



Source: 2000 U.S. Census SF3 File

We can look more directly at the match between the supply of rental units by price and the number of renter households by income to identify specific gaps in rental housing supply by price (Table 4.35). Oakland County has a clear shortage of units (about 7,800) renting for \$374 or less. These units serve an extremely low-income population—households earning less than \$15,000 annually. The shortage is so great that it overwhelms the surplus of units costing between \$375 and \$499, as renters unable to find lower cost units seek units in this higher price range. At this price, there is a cumulative shortage of about 5,800 units for households earning less than \$20,000.²⁶ Thus, extremely low-income renters must seek even higher price units.²⁷ These surplus / deficit estimates assume that each renter household occupies a unit that falls within its affordable cost range if one is available. However, we know that many households

²⁶ The data do not allow us to determine the specific effect of rental subsidies on affordability or rental unit surplus/deficit. Some census respondents that receive subsidies may include their rental subsidies as part of their incomes; others may not. Some respondents may report only the rent they pay after the subsidy; others may report the full rent asked (their payment, plus the subsidy). Regardless, the shortage of units at the low-end of the rental cost scale suggests the need for rental subsidies to make rental units more affordable is high.

²⁷ The cutoff for extremely low-income for a 4-person family for the time period of these census figures was \$18,150. Thus, a portion of the group earning less than \$20,000 would be considered very-low, rather than extremely low-, income.

occupy units that cost less than they could afford. Thus, the shortage of units at the low cost range is greater than these estimates suggest. This is why the number of extremely low- and very low-income renters with cost or severe cost burden is much higher than the total unit deficit. It is important to note that while the rent cost at which we find this deficit is very low, the data reported earlier show that other counties in the region have a much greater share of their rental units in this low range than Oakland County.

Table 4.35. Estimate of Rental Unit Surplus / Deficit by Income Group / Cost²⁸

Household Incomes Range: Low	Household Incomes Range: High	RenterHolds in Income Range*	Rental Rate Range: Low	Rental Rate Range: High	Occupied Rental Units Within Range*	Vacant Rental Units Within Range**	Surplus / (Deficit) for Rental Rate	Cumulative Surplus/ (Deficit)
\$ -	\$ 9,999	13,377	\$ -	\$ 249	9,253	308	(3,816)	(3,816)
10,000	14,999	8,437	250	374	4,139	325	(3,974)	(7,790)
15,000	19,999	8,223	375	499	9,477	721	1,975	(5,815)
20,000	24,999	9,387	500	624	21,973	1,418	14,003	8,188
25,000	29,999	8,509	625	749	23,587	1,417	16,495	24,683
30,000	34,999	8,509	750	874	18,117	1,150	10,758	35,440
35,000	39,999	6,933	875	999	12,602	783	6,451	41,891
40,000	44,999	6,933	1,000	1,124	5,392	287	(1,254)	40,637
45,000	49,999	6,933	1,125	1,249	5,392	287	(1,254)	39,383
50,000	59,999	9,134	1,250	1,499	3,857	229	(5,048)	34,335
60,000	74,999	13,700	1,500	1,874	2,121	146	(11,434)	22,902
75,000	> 75,000	18,590	1,875	> 1,875	2,435	305	(15,851)	7,051
Total		118,663			118,342	7,372		

* Difference between total renter households and total occupied rental units due to census estimation procedures.

** Totals based on "rent-asked", which may or may not include utilities. 88% of rental agreements for occupied units included rent.

Source: 2000 U.S. Census SF3 File

Summary—Impact of Housing Cost Based on Monthly Renter Cost. Oakland County’s rental units tend to cost more than rental units in other counties throughout the region. This has created a shortage of about 7,800 renting for \$374 or less and a cumulative shortage of about 5,800 units for households earning less than \$20,000. This suggests that housing cost is a more salient determinant of rental affordability in Oakland County than in other parts of the region.

²⁸ The methodology for creating this table is similar to that used for the Quality of Life Housing Subcommittee’s Housing Matrix. See Chapter 11 for a discussion of differences between the tables, including an explanation of why we do not estimate the shortage/surplus of homeowner units.