

## **CHAPTER 9: CURRENT AND PROJECTED HOUSING NEEDS**

### **Introduction**

Throughout this report we have presented a range of data on housing needs. Here, we compile the numerical needs data into a single chapter. The purpose is to provide a single point for accessing much of the more critical quantitative data presented in many different chapters. Because of data limitations, the primary focus is on existing needs that can be quantified. However, where possible, we project quantitative needs data for future years or provide a qualitative discussion of how present needs are likely to change in the future. Recommendations for addressing the needs identified in this chapter can be found in the recommendations chapter.

#### **Chapter Overview**

The chapter begins with data on the overall need for housing through 2030. From there, it presents needs data pertaining specifically to affordability. Next, it presents data on the needs of groups that are considered to have special needs related to housing. Each of the needs identified in this chapter is discussed in greater depth in preceding chapters.

### **Overall Housing Need**

Our presentation of overall housing need compares estimates of the number of households through 2030 to the number of housing units that currently exist in the county (see Chapter Seven for further detail). We also briefly discuss the capacity of the existing land in the county to accommodate the anticipated need. We also break out the need presentation by tenure of units.

The data used to estimate housing demand (i.e. number of households) comes from SEMCOG's 2030 Regional Development Forecast (RDF). This forecast estimates the number of households by community at five-year intervals through 2030 and serves as the basis for long range regional planning. The forecasts use the latest information from Census 2000; jobs data from the state employment agency; and updates on land availability, planned land use, development projects in the pipeline, and future sewer capacity plans obtained from local officials. The data are integrated into computer models to create final projections.

It is important to understand that the population and household projections provided by SEMCOG are not guaranteed to happen. Countless factors will impact actual population changes over the coming 30 years, many of which we cannot anticipate. These projects are simply logically-based estimates of what is likely to happen with population.

Oakland County is projected to gain more than 109,000 households from 2000 through 2030. Most CVTs within the county are expected to share in that growth. The City of Novi and Lyon Twp are poised for the greatest growth in households, about 19,000 and 15,000

respectively. The next greatest estimated growth is about one-third of these totals—almost 6,000 households in Rochester Hills. Orion and Oxford Twps round out the list of communities projected to have 5000 or more additional households by 2030. Three communities—Commerce Twp, Wixom, and Pontiac—all expect growth of about 4,200 to 4,900 units. West Bloomfield, Farmington Hills, Springfield Twp, Oakland Twp, and Independence Twp all expect growth in the 3,000s. White Lake Twp, Waterford Twp, Southfield, Troy, Highland Twp, Brandon Twp, South Lyon, and Auburn Hills are estimated to gain from 2,200 to 2,900 households by 2030. Although there are certainly exceptions, the general ranking of communities by estimated growth is similar from 2010 to 2030.

**Table 9.1. Estimated Household Growth and Housing Units Needed by Decade**

	<b>2003</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>
Estimated Households	472,699	506,941	540,706	568,405
Additional Housing Units Needed		34,242	33,765	27,699

Source: Author’s manipulation of data from SEMCOG Regional Development Forecast and Oakland County’s Equalization Division

Table 9.1 shows the expected number of households and the number of additional housing units that will be necessary to accommodate this growth by decade. From a countywide perspective, there are no obvious challenges to accommodating this housing growth. From 1990 to 2000, the county gained 59,322 homes, far more than it will have to add in any decade through 2030. Moreover, under current and planned land use, the county has ample land capacity to provide the new housing units to accommodate this growth. However, complications arise when we look at the numbers by community. A dozen communities are projected to have insufficient housing capacity to accommodate estimated growth (Map 9.1). Six of those communities—Lyon Township, Novi, Orion Township, South Lyon, West Bloomfield, and Wixom—are projected to account for 47% of the county’s total household growth through 2030. A shortage of over 26,000 units (24 percent of the county’s projected household growth) is projected for these six communities. Of course, much can happen between now and 2030. Looking to the more immediate future, we see that nine of the twelve communities projected to have insufficient housing capacity in 2030 will actually begin to have insufficient capacity as soon as 2010.

There is some mismatch between the spatial location of expected growth and housing capacity and critical infrastructure—roads, water, and sewers. Yet, surplus capacity is projected in several communities that have more extensive infrastructure in place. Substantial investment in infrastructure will be necessary to accommodate projected growth. The needed investment could be reduced if policies could be adopted to stimulate a greater portion of the expected growth in communities where this surplus housing capacity and existing infrastructure are present. Changes in zoning/land use and complementary measures to encourage denser development and/or development in communities with surplus capacity and existing infrastructure appear necessary to avoid these shortages.

If the county wants to maintain the current homeownership rate (75 percent), as well as the current percentage of homes that are single-family (82 percent), 25 percent of the new units would need to be rental and 18 percent would need to be multifamily (Table 9.2). While the

distribution between owners and renters is something the government has little control over, local governments do have control over multifamily developments through zoning and other land use regulations. On the whole, there is ample land zoned/planned for multifamily units to accommodate the development necessary to maintain current ratios. However, data presented subsequently suggest that the share of housing that is multifamily will need to increase to better accommodate special needs populations and overall affordability. Moreover, there are several communities that have minimal land zoned/planned for multifamily use.

**Table 9.2. Additional Renter and Multifamily Units Needed to Maintain Current Ratios**

	2010	2020	2030
<b>Total Units</b>	34,242	33,765	27,699
Renter	8,561	8,441	6,925
Owner	25,682	25,324	20,774
Multifamily	6,164	6,077	4,986

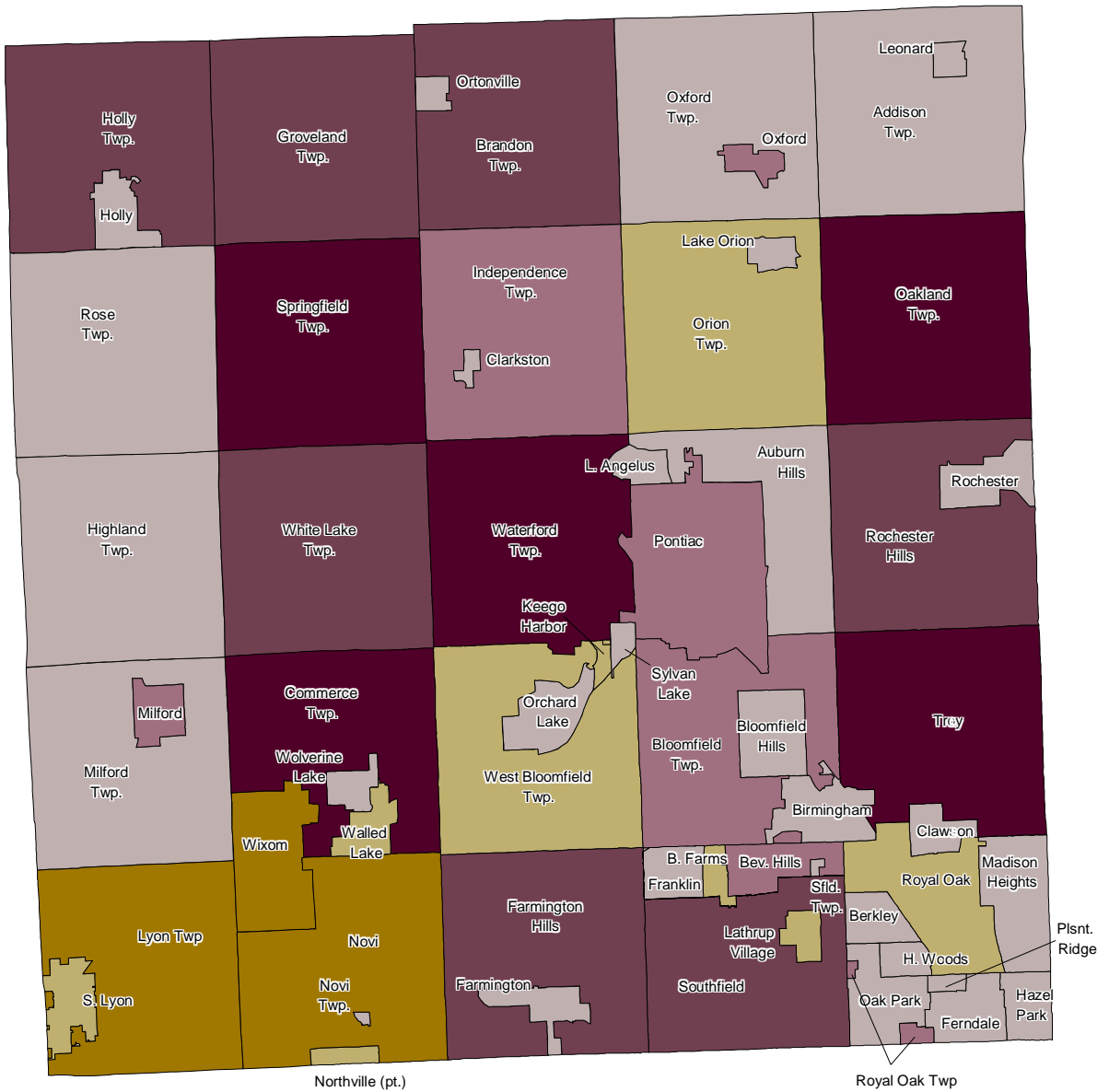
Source: Author's manipulation of SEMCOG data.

## Affordable Housing Needs

The overall household growth and capacity estimates have mixed implications for affordability. The capacity estimates provide no direct measure of affordability. We cannot determine from the raw numbers whether the land planned for new housing will be filled by high-, moderate-, or low-cost housing. The surplus/deficit estimates suggest that overall affordability will be better with the countywide surplus than without it, but many of the high growth areas face housing capacity deficits that will place upward pressures on housing price. The infrastructure needs suggest that construction and expansion of infrastructure in many growth areas will also place upward pressures on housing prices and property taxes. Again, alterations in planned land use in areas with projected deficits, complementary policies to stimulate growth in areas with housing capacity surpluses and existing infrastructure, and policies to improve affordability for populations that are most vulnerable deserve consideration by policymakers.

Although we cannot estimate future affordability needs directly, we can examine the existing affordability needs using special tabulations of Census 2000 data provided by the U.S. Department of Housing and Urban Development through their CHAS datasets (see Chapter Four for additional detail). As of 2000 (most recent year of data available) more than one-fifth of Oakland County's households (22%) faced cost burdens (i.e. paid more than 30% of income on housing). This equates to about 103,000 households. Almost nine percent of households (approx. 40,500 households) faced severe cost burdens (i.e. paid more than 50% of income on housing). Thus, somewhere between 40,500 and 103,000 of existing households could be considered to have immediate housing needs related to affordability. We refine this estimate in the next section. The totals vary considerably by community (Table 9.3), but there is a clear concentration of those with severe cost burden in Pontiac and the southeastern corner of the county (Map 9.2).

Map 9.1. Estimated Housing Capacity Surplus / Deficit by CVT 2030



**Estimated Housing Capacity  
Surplus or Deficit for 2030**

- Surplus 3,000 or Greater
- Surplus 2,000 to 2,999
- Surplus 1,000 to 1,999
- Surplus to 999
- Deficit to 3,500
- Deficit Greater than 3,500

Sources: Oakland County Planning, SEMCOG 2030 RDF,  
Census 2000, WSU CUS

**Table 9.3. Oakland County Households with Cost or Severe Cost Burdens by CVT**

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
Ferdale	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).

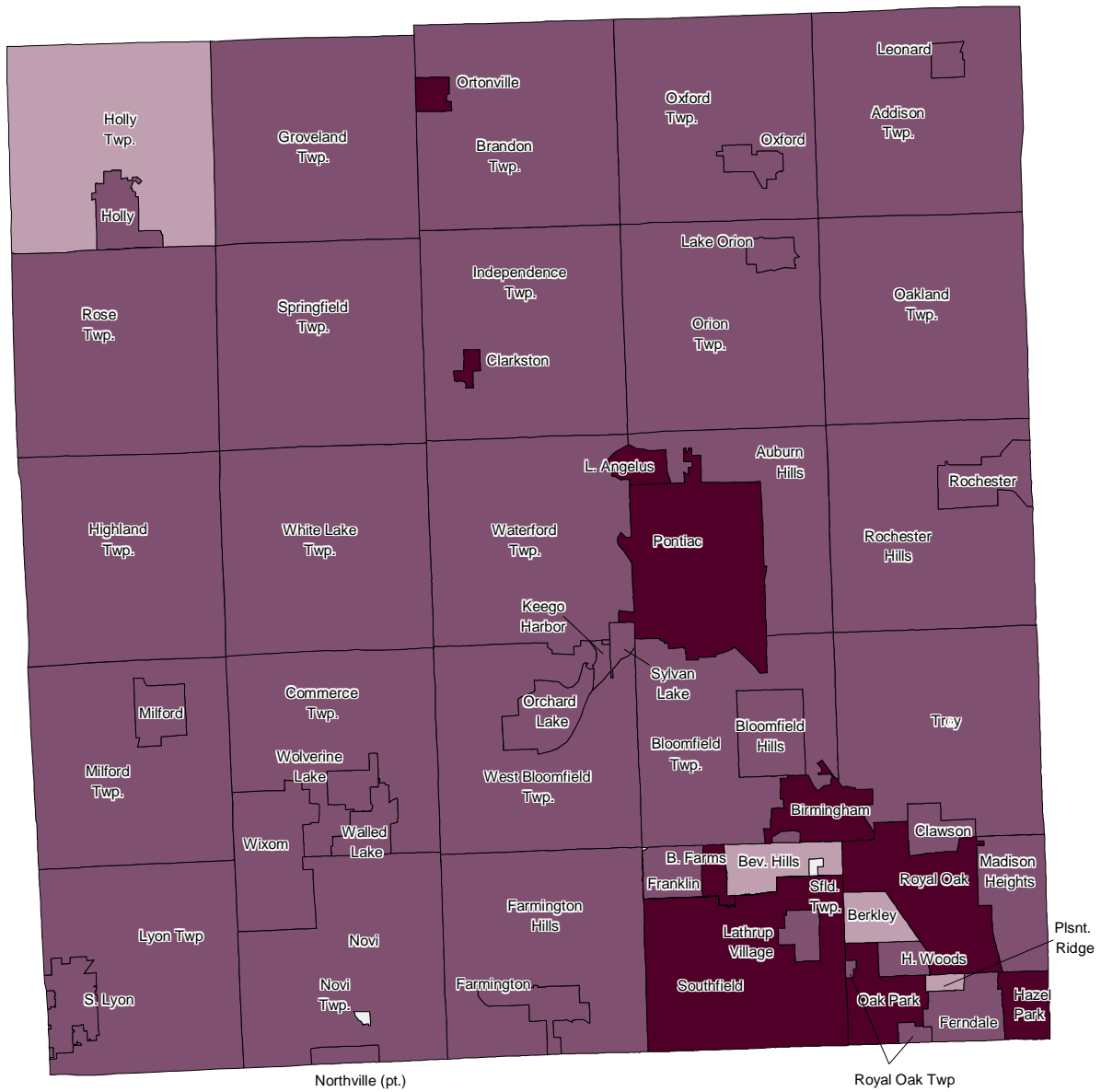
### **Affordable Needs by Income Group**

Whether or not they incur extra housing costs by choice, some households facing cost burden have sufficient incomes to bear the extra cost. These households are typically not considered to have immediate housing needs related to affordability (we discuss implications regarding housing costs for higher income levels later in this section).

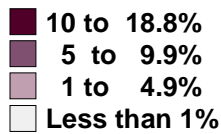
The following analysis considers the prevalence of cost burden among four income groups as defined by the U.S. Housing Act—extremely low-income (30% or less of HUD-Adjusted Area Median Family Income (HAMFI)), very low-income (30.1 to 50% of HAMFI), low-income (50.1 to 80% of HAMFI), and above low-income (more than 80% of HAMFI).<sup>1</sup>

<sup>1</sup> HUD-Adjusted Median Family Income (HAMFI) is calculated annually by HUD using a variety of variables, 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).

**Map 9.2. % Households Facing Severe Cost Burdens (Renter and Owner)**



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



Source: 2000 CHAS data

About 72 percent of all households with cost burden in the county (about 72,900 households) earn a low-income or less. About forty-eight percent (almost 50,000 households) earn very low-incomes or less. The most prominent group is households with extremely low-incomes, which accounts for 25 percent of households with burden (roughly 26,000 households). More than half of the households with severe cost burden earn extremely low-incomes (about 20,900 households).

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 9.4).<sup>2</sup> For households at or below low-income, we find that most (63%) of those facing cost burden, earn between \$10,000 and \$35,000. In terms of those households whose incomes are above low-income, it is important to note that almost 13,000 households earning \$50,000 to \$75,000 pay 30% or more of their income in housing. This is 50% higher than the number in any other county. Moreover, most of the households that fall into this category actually pay 35% or more of their income on housing.<sup>3</sup> For this income group, the percentages facing cost burden may lead to underestimates of 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.

Clearly, affordability needs in the county are greatest among very low-income and extremely low-income households. Interestingly, though, households earning more than low-income also have high affordability needs relative to their counterparts in other counties. 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.

**Table 9.4. Breakout of Cost Burden by Income Level within Income Group**

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%
<b>Oakland County</b>	<b>19%</b>	<b>29%</b>	<b>34%</b>	<b>19%</b>	<b>59%</b>	<b>24%</b>	<b>17%</b>
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 U.S. Census SF3 File

We can combine the data presented above to create a more refined estimate of existing households with needs related to affordability (Table 9.5). Because severe cost burden presents the most immediate housing need, it is appropriate to consider the number of households in this situation as the base for estimating the minimum number of households facing immediate

<sup>2</sup> Ibid.

<sup>3</sup> Census data do not provide a comparable distribution of severe cost burden by income.

affordability needs. We can further refine this number by focusing only on those households with low-incomes or less (71 percent of all households with cost burden and 91 percent of all households with severe cost burden). Thus, in Oakland County, a minimum of 36,935 existing households have immediate affordability needs. Of these households, 20,903 (those with extremely low-incomes have the most urgent need). If we expand our definition of immediate affordability need to include all households earning a low-income or less that pay more than 30% of their income on housing (i.e. basic cost burden) the number of households with immediate affordability needs rises to 73,503, with 26,215 households facing the most urgent need.

**Table 9.5. Refined Estimate of Housing Needs Related to Affordability**

Income Category	Severe Cost Burden	Cost Burden
	40,588	102,802
<b>Low-Income or Less</b>	<b>36,935</b>	<b>73,503</b>
<b>Extremely Low-Income</b>	20,903	26,215
<b>Very Low-Income</b>	10,147	23,644
<b>Low-Income</b>	5,885	23,644
<b>Above Low-Income</b>	3,653	29,299

Severe Cost Burden = More than 50% of Income  
 Cost Burden = More than 30% of Income

	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
Number of Households with Cost Burden	13,892	21,169	24,697	13,745	17,315	6,944	5,039

Source: CHAS and 2000 U.S. Census (SF3 File)

**Affordability Needs of Renters vs. Owners**

Because there are so many more owner households than renter households, most of the households facing cost burden are owners. A total of 66,118 homeowner households face cost burden compared to 36,684 renter households. Seven percent of owners (23,583 households) face severe cost burden. While the percentage of renters facing severe cost burden is twice as large (14%), the total number of households is much lower (17,005).

Using the same rationale presented above, we can estimate how many households with immediate affordability needs are owners and how many are renters (Table 9.6). The data show that 46 percent (16,835) of the existing households with immediate affordability needs are renters, while 54 percent (20,046) are owners (if based only on severe cost burden). However, more of those with the most urgent needs (i.e. extremely low-income households) are renters (11,223) than owners (9,433). Under the broader definition of immediate need (cost burden), 34,483 (46%) are renters and 39,671 (54%) are owners. More renters have urgent needs (14,307) than owners (11,901).

**Table 9.6. Refined Estimate of Housing Needs Related to Affordability (Renter v. Owner)**

Income Category	Renters		Owners	
	Severe Cost Burden	Cost Burden	Severe Cost Burden	Cost Burden
	17,005	36,684	23,583	66,118
<b>Low-Income or Less</b>	<b>16,835</b>	<b>34,483</b>	<b>20,046</b>	<b>39,671</b>
<b>Extremely Low-Income</b>	11,223	14,307	9,433	11,901
<b>Very Low-Income</b>	4,421	12,106	5,896	11,901
<b>Low-Income</b>	1,190	8,070	4,717	15,868
<b>Above Low-Income</b>	170	2,201	3,537	26,447

Source: CHAS Datasets

### **Housing Cost as a Determinant of Affordability for Existing and New Residents**

The numbers presented above for affordability needs cover only the needs of existing residents. It is important to remember that housing costs faced by people attempting to move into the county may be quite different from those that already live there. This is certainly true in Oakland County where the market grew considerably during the 1990s. Next, we present some indicators of the extent to which the needs of recent or potential in-movers may vary from residents who have lived in the county for a number of years. The data show that housing costs are growing and becoming increasingly important as a determinant of affordability problems.

From January 1995 through August 2004, 25 percent of all homes sold in the county cost \$125,752 or less.<sup>4</sup> Fifty percent cost \$175,100 or less. Seventy-five percent of homes cost \$253,000 or less. Table 9.7 displays the income for which this purchase price would be considered affordable with varying assumptions about the amount of the downpayment.<sup>5</sup>

**Table 9.7. 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

<sup>4</sup> The sales prices reported in this section have all been adjusted to 2004 dollars.

<sup>5</sup> 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, the escrow assumptions used for previous estimates, monthly utility costs of \$150, and varying assumptions about the amount of the downpayment. Affordability assumes that no more than 30% of monthly income is spent on housing costs.

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.<sup>6</sup> 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.

When we compare this actual sales data for homes purchased from 1995 to 2004 to the costs incurred by existing homeowners with a mortgage (includes homeowners who purchased homes prior to 1995), the results are generally comparable at the 25<sup>th</sup> and 75<sup>th</sup> percentiles. However, in the middle price ranges the data suggest that housing purchased in the past decade is noticeably less affordable than that purchased prior to 1995. Overall, housing prices in the county rose an average of four percent annually after adjusting for inflation.

In most communities price is even more significant of a factor than suggested by the countywide totals. In 42 of the county's 61 communities the income required to afford 25% of the homes sold was substantially higher (47 percent higher on average) than suggested by the countywide totals. The 50% break point price exceeded the countywide price by an average of 49 percent. The county's 75% break point price was exceeded by an average of 48 percent in 30 communities.

As a final indicator of the growing impact of owner housing costs on need we examine the percentage of all homes sold from 1995 through 2004 that were affordable to various income groups (Table 9.8). The figures are based upon the costs at the time of sale and the income limits in effect for each income group at the time of sale. 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 affordable 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

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<sup>6</sup> We focus on the 10% downpayment findings (the middle-of-the-road assumption) to simplify the presentation.

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 one-half to two-thirds of the affordable sales, depending upon the income group.

**Table 9.8. Percentage of Home Sales Affordable to Different Income Groups (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 the Oakland County Department of Management and Budget—Equalization Division

So, what do these figures tell us about projected need? First, they suggest that the need to take actions to ensure affordability for future in-movers is greater than the cost-burden data for existing residents suggests. Second, they suggest that lowering housing costs is a more critical target for improving affordability in Oakland County than increasing incomes.

Rental data show the role that cost plays in affordability for Oakland renters. We can look at the match between the supply of rental units by price and the number of rental households by income to identify specific gaps in rental housing supply by price (Table 9.9). 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.<sup>7</sup> Thus, extremely low-income renters must seek even higher price units.<sup>8</sup> These surplus / deficit

<sup>7</sup> 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.

<sup>8</sup> 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.

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 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, other counties in the region have a much greater share of their rental units in this low range than Oakland County. For example, while only 19 percent of Oakland County’s occupied rental units cost \$499 or less. The share in most other counties is between 30 and 50 percent.

**Table 9.9. Estimate of Rental Unit Surplus / Deficit by Income Group / Cost<sup>9</sup>**

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

## Special Housing Needs

### Elderly

Currently, the elderly account for a relatively modest share (11%) of Oakland County’s total population. However, a large share of the elderly face housing affordability problems. While the elderly account for only 20 percent of all households in the county, they account for 26 percent of households facing cost burden and 31% of households with severe cost burden. In total, 29 percent of elderly households (27,085) face cost burden and 14 percent (12,748) face severe cost burdens. Only Wayne County has a higher percentage of elderly facing cost burden. No Michigan county has a higher percentage of elderly facing severe cost burden.

<sup>9</sup> The methodology for creating this table is similar to that used for the Oakland County Business Roundtable Quality of Life Housing Subcommittee’s Housing Matrix. Because the relationship among housing value, housing cost, and owner income is far less direct in the owner-occupied housing market than the rental market, we do not produce a similar surplus/deficit by income estimate for owner-occupied housing.

Findings are similar for both elderly owners and renters, though there are more elderly owners with problems than renters. While only 15 percent of all owner households are elderly, the elderly account for 24 percent of all owner households with cost burden. Twenty-two percent of owners (15,571 households) face cost burden. Nine percent (6,779) face severe cost burden. Although the elderly only account for 19 percent of renters in the county, they account for 31% of renters with cost burden. A total of 51% of elderly renters (11,514 households) face cost burden. Twenty-six percent of elderly renters (5,969 households) face severe cost burden.

Keeping with our approach for all households, we would estimate the minimum number of elderly households with immediate housing needs to be 12,748 (i.e. total facing severe cost burden). Almost 6,800 of these households are owners and almost 6,000 are renters. A broader definition of immediate need (all elderly with cost burden) pushes the estimate to 27,085 elderly households. These households are included in the affordability need numbers for all households reported in the previous section.

These need numbers might appear quite modest when we consider what the level of need will be in the coming decades. The elderly population is expected to explode over the next three decades growing by 104% and accounting for about 21% of the county's population by 2030 (Table 9.10).

**Table 9.10. Oakland County's Estimated Elderly Population, 1990 – 2030**

Year	Total	65 years+	% of Total
1990	1,083,592	117,709	10.9%
2000	1,194,157	134,959	11.3%
2005	1,225,336	139,748	11.4%
2010	1,254,380	154,395	12.3%
2015	1,281,557	179,966	14.0%
2020	1,299,528	213,555	16.4%
2025	1,318,551	248,592	18.9%
2030	1,333,573	275,469	20.7%

Source: SEMCOG

We have no conclusive way to estimate the incomes of this growing elderly population. Certainly a good portion of the elderly will have greater income and wealth than the current elderly. However, medical costs and longer life spans may erode this wealth more so than in the past. Inevitably, a considerable share of this population will have modest incomes and need low-cost housing.

Data limitations and general uncertainty about the future prevent a conclusive determination of how the elderly will live over the next few decades. However, we can use the 2000 data on the elderly along with some simple assumptions to create baseline estimates of what would happen if current characteristics prevailed. Table 9.11 shows the estimated number of elderly households (does not include elderly in group quarters) by decade, assuming that the living arrangements for the elderly in 2000 hold constant over the next three decades.

**Table 9.11. Oakland County’s Estimated Elderly Population, 1990 – 2030**

Estimated Elderly Households by Decade			
2000	2010	2020	2030
93,397	95,863	132,596	171,038

Source: Authors’ manipulation of SEMCOG and Census data.

Single-person elderly households would grow by 23,294 households (58%) from 2000 to 2020. By 2030, the total would grow another 18,324 to 81,528—104 percent more single-person elderly households than existed in 2000. The elderly living in group quarters would grow by 2662 through 2020 and another 2,786 by 2030, reaching a total of 12,396. Clearly, these changes would call for considerable changes in the housing options available to the elderly. Most of the remaining elderly population would live with their spouses.

Among special needs groups, the elderly are the best-served by government-subsidized housing. Still, the supply is inadequate to meet the current demand, let alone the growth in demand that is likely to occur. MSHDA data on housing units with project-based subsidies indicates that at least 7,862 units in subsidized housing developments are set-aside for elderly residents in Oakland County.<sup>10</sup> Many of the developments where these units are located would also have supportive services available for residents. These units are heavily concentrated in the southeastern quadrant of the county. In fact, two communities—Troy and Pontiac—account for one-third of these units.

While the future demand for subsidized units for the elderly is uncertain, we can project that the total number of units would need to grow by 42% (about 3,300 units) in order to serve the same percentage of all elderly households (8.4 percent) in 2020 that this housing currently serves. It would need to grow by another 3,200 units from 2020 to 2030 to keep pace with the growth in elderly households over the decade.

A traditional means of housing the elderly who are no longer able to live independently has been nursing homes. According to the state’s Bureau of Health Services, Oakland County has almost 4,800 long-term nursing home beds. By far, most of these would be used by elderly, disabled residents. The number of nursing home beds would also need to grow to keep pace with demand.

Given the current level of affordability problems among the elderly, the special housing needs and preferences of the elderly, the shortage of housing alternatives for the elderly, and the sheer growth in the elderly population, significant changes in the county’s housing stock and elderly services will need to take place in order for the county to accommodate this growing population. These changes must seek to increase the supply of both traditional elderly housing and new, alternative housing arrangements to serve this increasingly diverse population and

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<sup>10</sup> We use the term “at least,” because some of the subsidized developments listed in the MSHDA database do not have information on unit type for all of the units included in the development. We also note that some of the units included in the unit count are market-rate (i.e. not subsidized) units. The overwhelming majority of units in this count are subsidized.

enable it to age in place. Support services to enhance the quality of life for those elderly who choose to remain in their existing housing will also need to be enhanced. The county should also consider how the county’s housing market will be impacted as many elderly homeowners decide to sell their homes for smaller, more manageable units.

## **Disabled**

The growth in the elderly population will increase the need for housing and support services for persons with physical or mental disabilities in two ways. First, as the population of the county ages, the disabilities among that population will grow. Second, more and more children with disabilities that currently live with their parents or other relatives will need to find alternative housing. These two trends will compound the pressures that already exist for housing for persons with disabilities.

In 2000, 50,673 people 65 years of age or older (38 percent of all people in this age group) reported having disabilities. While it is impossible to determine precisely how many of these people have disabilities that necessitate special housing or support services, a conservative estimate would include all those with a self-care disability and a disability that inhibits their ability to go outside the home. A total of 18,262 of the elderly (14 percent of all elderly, 36 percent of all elderly with disabilities) fit this description. This is a very conservative estimate, however, because it does not include any of the elderly who report only a physical disability, mental disability, or hearing/vision disability. An alternative estimate would include only those with physical or mental disabilities. Unfortunately, the census data do not enable us to calculate this number accurately.

If we assumed that the 2000 elderly disability percentages hold constant for the next few decades, the number of elderly disabled would grow to about 58,000 by 2010; 80,000 by 2020; and 103,000 by 2030 (Table 9.12). Using the conservative estimate of how many of these people would have special housing needs, we would project that totals would be 21,000 in 2010; 29,000 in 2020; and 37,000 in 2030.

**Table 9.12. Estimated Change in the Number of Elderly with Disabilities**

Category	2000	2010	%Change from 2000	2020	%Change from 2000	2030	%Change from 2000
People 65 or older	134,959	154,395	14%	213,555	58%	275,469	104%
People 65 or older with disability	50,673	57,970	14%	80,183	58%	103,430	104%
People 65 or older with self-care & go-outside-the-home disability	18,262	20,892	14%	28,897	58%	37,275	104%

Source: Author's manipulation of SEMCOG and Census data

In 2000, almost 97,000 people from 21 to 64 years of age reported disabilities. For this group, we would add “employment disability” to our conservative estimate of which disabilities are associated with special housing needs. Such a disability would likely result in a need for financial subsidies to make housing affordable. The result is an estimated 53,100 disabled 21 to 64 year olds with special housing needs. Presently, most of this population lives with parents or

other family members. We have no estimate of how many non-elderly people will be disabled in future decades.

About 7,300 16 to 20 year olds and 9,700 5 to 15 year olds reported disabilities in 2000. The immediate implication for special housing needs is modest, because most are minors who would live with their parents or other caregiver. Support services would likely be necessary for some.

When we look at the housing units or tenant-subsidies that are set-aside specifically for people with disabilities, we find the supply to be grossly short of the need. If we assume that 10% of all subsidized units (except for public housing which is not set-aside for the disabled) and 5% of all nursing home beds were set-aside for people with disabilities (both admittedly over-optimistic assumptions), we would find that almost 1,500 units were set-aside for the disabled. Both the disabled population and unit counts are very rough estimates, but the conclusion seems clear—the subsidies to enable the disabled to live in affordable housing fall substantially short of need.

### **Other Special Needs Populations**

*Persons with HIV/AIDS.* The housing needs of the other special needs populations are less obvious because their numbers are lower and their population may also fall into one of the other special needs categories. However, each group face challenges in the existing housing market. Though small relative to the total population, persons with HIV/AIDS are more common in Oakland County than all other counties in the state, but Wayne. As of April 1, 2005, Oakland County had an estimated 1,740 persons living with HIV/AIDS.<sup>11</sup> This population faces special challenges related to discrimination, medical regimens, and support services. Currently, this population is not directly served by housing developed specifically to serve its needs, though some support services are available and people with HIV/AIDS can qualify for disabled and low-income subsidized housing.

*Homeless.* According to Oakland County's 2005 Continuum of Care Application Summary, in January 2005, there was an estimated minimum of 1,293 homeless people in the county. While the point-in-time survey method used to derive this total was sound, the difficulties in identifying homeless individuals make it likely that the total number of homeless people is at least slightly higher. In total, as of early 2005, agencies serving the homeless in Oakland County had almost 950 beds in emergency shelters, transitional housing, or permanent supportive housing available to serve the homeless. The need for housing and support services for the homeless population outstrips the available supply. In fact, the 2005 CoC Application Summary reports that from May 2004 through May 2005, emergency shelters were over capacity and turning people away an average of 103 days during the year. They were over 90 percent capacity during the rest of the year. Transitional and permanent supportive housing slots remain 100% leased with people on waiting lists.

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<sup>11</sup> Data pulled from the April 1, 2005 Quarterly HIV/AIDS Analysis available from the Michigan Department of Community Health's website, [http://www.michigan.gov/mdch/0,1607,7-132-2944\\_5320\\_5331-35962--,00.html](http://www.michigan.gov/mdch/0,1607,7-132-2944_5320_5331-35962--,00.html), last accessed 2/27/2006.

*Large Families.* Oakland County had just over 43,000 households<sup>12</sup> that contained 5 or more persons in 2000. The housing problem related to large families is one of affordability. There is no overall shortage of housing to accommodate large families in Oakland County. However, most of it is for homeowners. As we found with homeowner housing overall, the cost of the housing is relatively high and the result is that more large owner families face cost burden in Oakland County than statewide. The more critical issue is affordability of rental units for large families. Again, there is no shortage of rental units, but they tend to be expensive. To the extent that a shortage of units exists, it appears to be in the subsidized segment of the market where only about 1,200 units have three bedrooms. They are heavily concentrated, with most of them located in Pontiac and Auburn Hills. Only 133 units in subsidized developments have four bedrooms. Seventy-seven of these are located in Pontiac. The rest were in Auburn Hills, Royal Oak Twp, and Ferndale.

## **Conclusions**

There is a high level of existing housing needs that are unmet in the county, particularly needs related to affordable housing for low-income families and special needs populations (especially people with disabilities). The level of need is expected to grow substantially in the future, especially needs related to elderly households and persons with disabilities. The county is also projected to face housing capacity deficits in communities that are expected to account for a large portion of the county's total household growth over the next few decades.

It is unlikely that the housing market will take care of all these needs on its own. Actions will be necessary from public, private, and nonprofit stakeholders to alleviate both existing and future housing needs if Oakland County is to retain its status as a residential destination of choice in Michigan. If not addressed, these needs could pose considerable problems for future growth in the county.

To address existing and projected housing needs, county stakeholders must pay special attention to the following:

- Adjusting zoning and planned land use in high growth communities and enacting complementary measures to encourage development in areas with existing infrastructure and surplus housing capacity. This can help the county avoid projected capacity deficits and avoid excessive infrastructure and other costs to accommodate housing growth.
- Increasing the availability of affordable housing in growing communities. Cost is a growing determinant of housing affordability in the county, and to the extent that housing is available for those with the greatest need, it is highly concentrated in a few communities. Very little housing for lower-income groups is available in the portions of the county experiencing high growth. Absent a concentrated effort, it is unlikely that the market will provide the affordable housing needed in these areas for lower-income groups.

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<sup>12</sup> Of these households, 42,783 were families, while 410 were non-family households (source: Census 2000, Table PCT17).

- Increasing the availability of supply of both traditional elderly housing and new, alternative housing arrangements to serve the growing and increasingly diverse elderly population and enable it to age in place. Support services to enhance the quality of life for those elderly who choose to remain in their existing housing will also need to be enhanced. The county should also consider how the county's housing market will be impacted as many elderly homeowners decide to sell their homes for smaller, more manageable units.
- Increasing the availability of affordable housing for persons with disabilities and ensuring that such housing is available throughout the county, not concentrated in a few communities.