

RISING TIDE COMMUNITY HOUSING DATA

River Rouge, MI

This collection of data is meant to be completed by local stakeholders. It should be used as a basis for further discussions about the community's housing stock.

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7/5/2016



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DIRECTIONS

The data for the assessment come from two sources. The first is the Census Bureau; its website for pulling data (factfinder.census.gov) is free to use, and has pre-formatted reports that have been used to generate the charts and statistics on the following pages.

The charts in this document show the Census data graphically. There is space under each chart to jot down notes on basic patterns. Comparisons between the place and county are instructive in pointing out major differences in composition, while some of the charts focus attention on specific categories; for example, seniors in the area. Brief prompts are given to help analyze the patterns that may be present. Identifying these patterns and differences can help to focus on possible voids or surpluses in the local housing market, and give ideas as to what types of housing might be prioritized.

The other source of housing information this assessment uses is local knowledge derived from interviews with a wide variety of local stakeholders. These include local government officials and staff, employers, realtors, property managers and others. Interviews are more open-ended and will fill in much of the context behind the numbers given by the Census. Also, stakeholders often have access to more current information than the Census does, and can highlight new trends.

Local source information includes both discrete data points as well as open-ended responses. There are spaces in this document for both types of input. If any other stakeholders are brought in to the process, just insert more space for their answers. More than one respondent for each type of stakeholder is optimal.

Housing Markets = Supply + Demand

Housing, like any good, is distributed on the basis of supply and demand. Supply refers to the number of houses in an area, and their characteristics. Demand describes the consumers of housing—households—and their characteristics. Interactions between supply and demand lead to the pricing of housing and related issues, such as affordability of the stock in general.

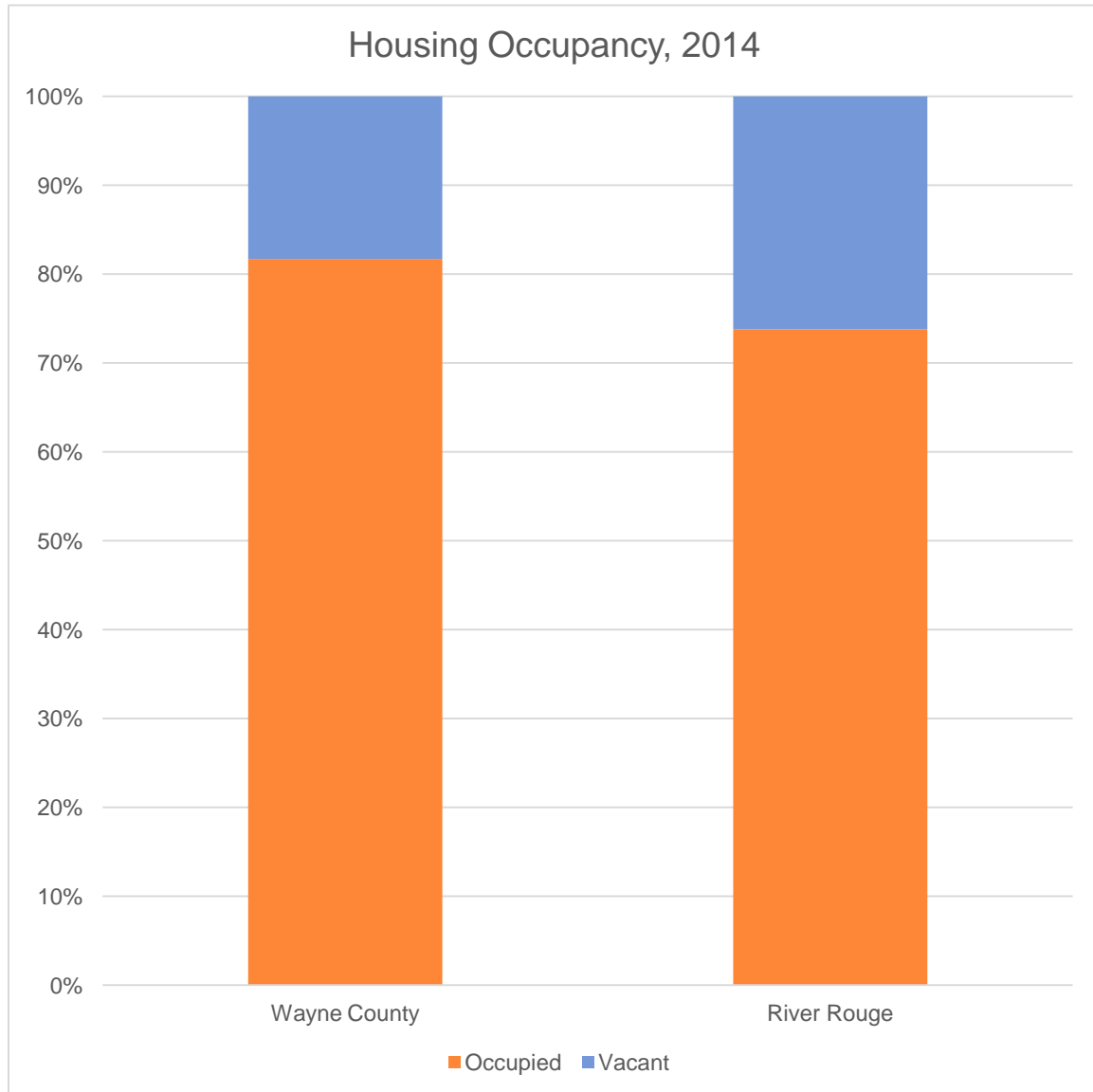
The supply/demand framework is a good one to use to organize looking at housing issues in an area. This template looks at supply issues first, then demand considerations. Finally, pricing and affordability are reviewed.

Supply = Number of houses in an area

How many housing units?

In 2014, the city of River Rouge had 3,833 housing units. At the same time, Wayne County had 817,106. The city's homeowner vacancy rate that year was 4.8%, and its rental vacancy rate was 8.8%. The county's vacancy rates were 3.1% and 8.9%, respectively.

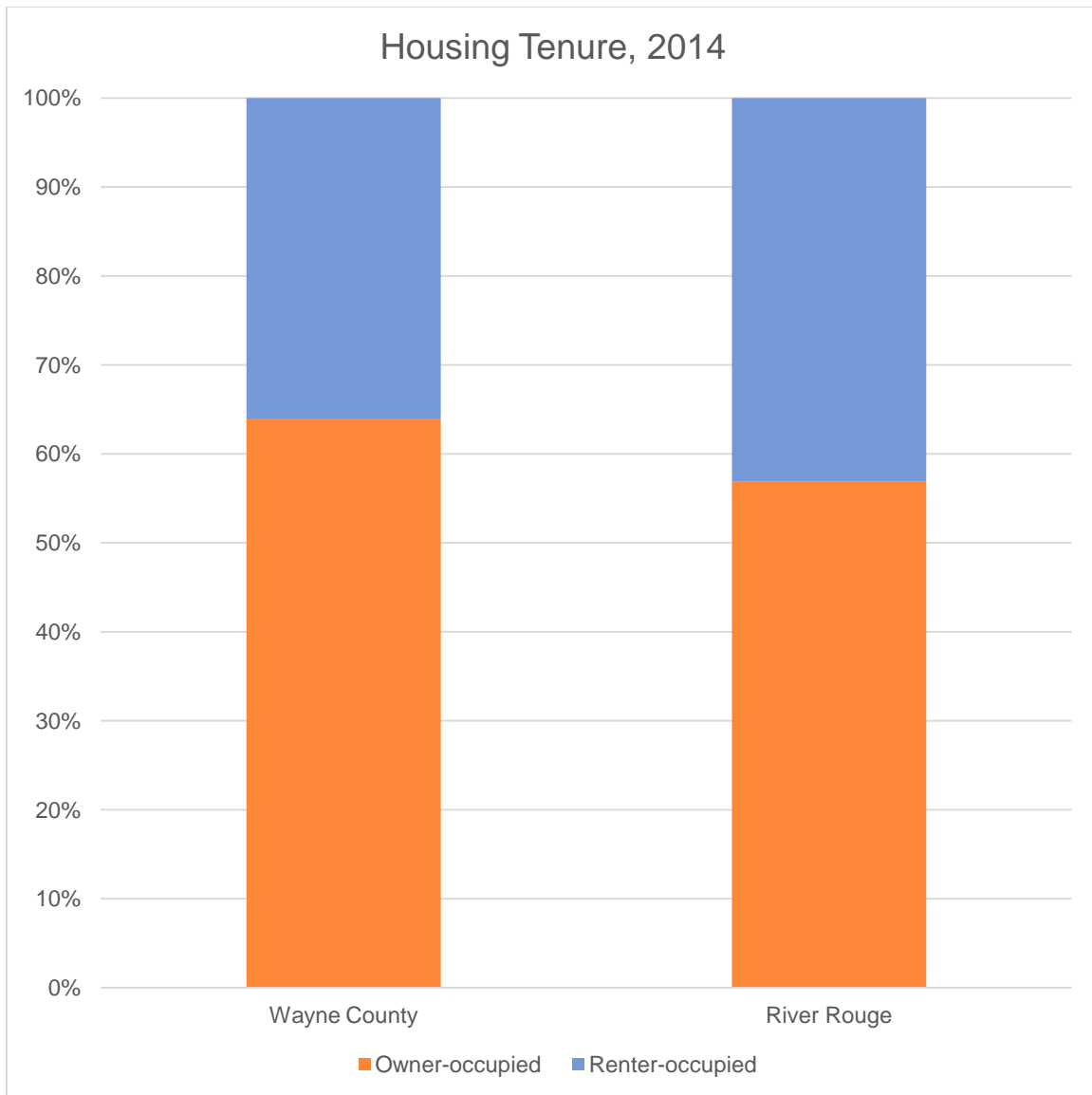
Are they occupied or vacant?



- Which jurisdiction has higher housing occupancy? The reflected occupancy rates for River Rouge are not accurate in the written portion but the graph appears to be correct. Pursuant to information from SEMCOG, our vacancy rate in River Rouge is 22%.

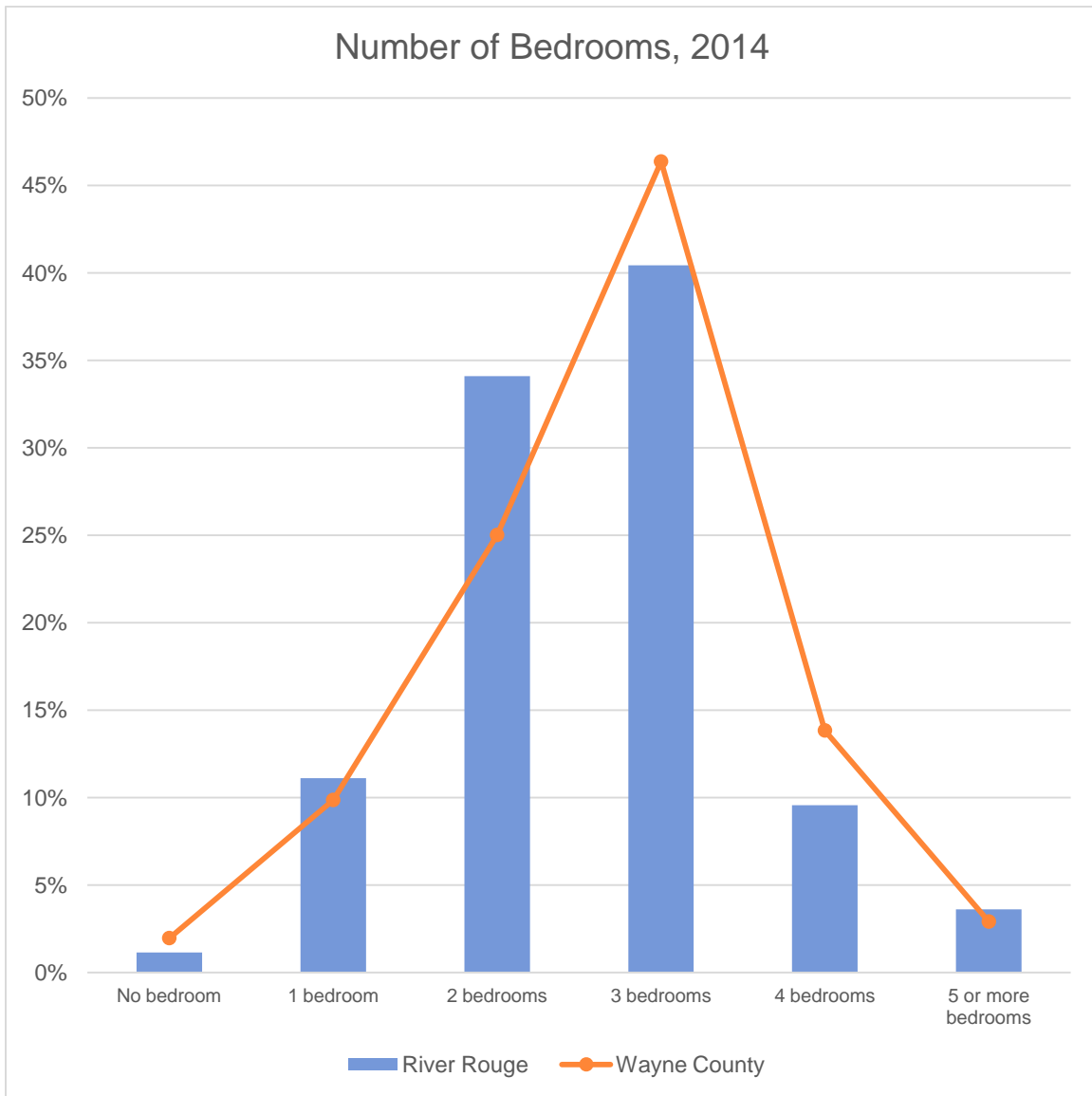
- What are some reasons for this difference? Our demographics reflect that our entire city is considered low/moderate income. There are no census tracts within River Rouge that are not distressed. Thus, our housing was highly impacted by the recent recession and arguably, the prior inaccurate assessments. Our assessed values were only recently reduced to more accurately reflect the value of our housing stock. As a result, we had a very high rate of tax foreclosures, in addition to bank mortgage foreclosures.

Tenure choices: How many are rentals vs. for sale?



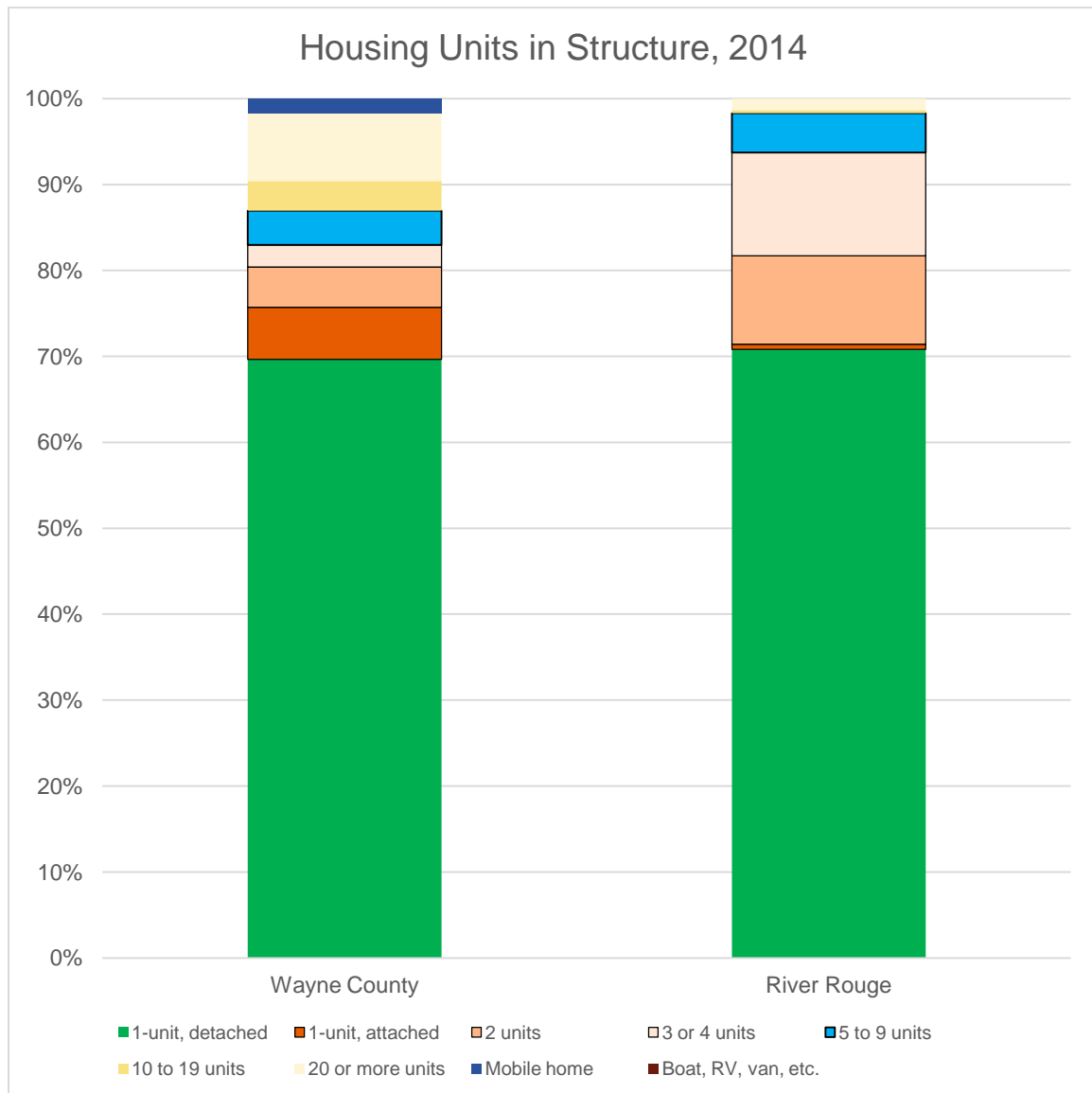
- Which area has a higher proportion of rentals? River Rouge has more rentals in part due to tax foreclosures and distressed sales. We have had investors buy blocks of homes in the tax foreclosure sale. Many potential homeowners are not able to afford the deposit to bid on homes at the Wayne County auction or have the ability to bid electronically; thus, more homes are sold to investors rather than homeowners.

How big are they (number of bedrooms)?



- Does the community have a larger or smaller housing stock (on average, in terms of number of bedrooms) than the county? River Rouge has more two bedroom homes and less three bedrooms. Many of our larger were originally multi-family dwellings. Some have been converted to single family homes.

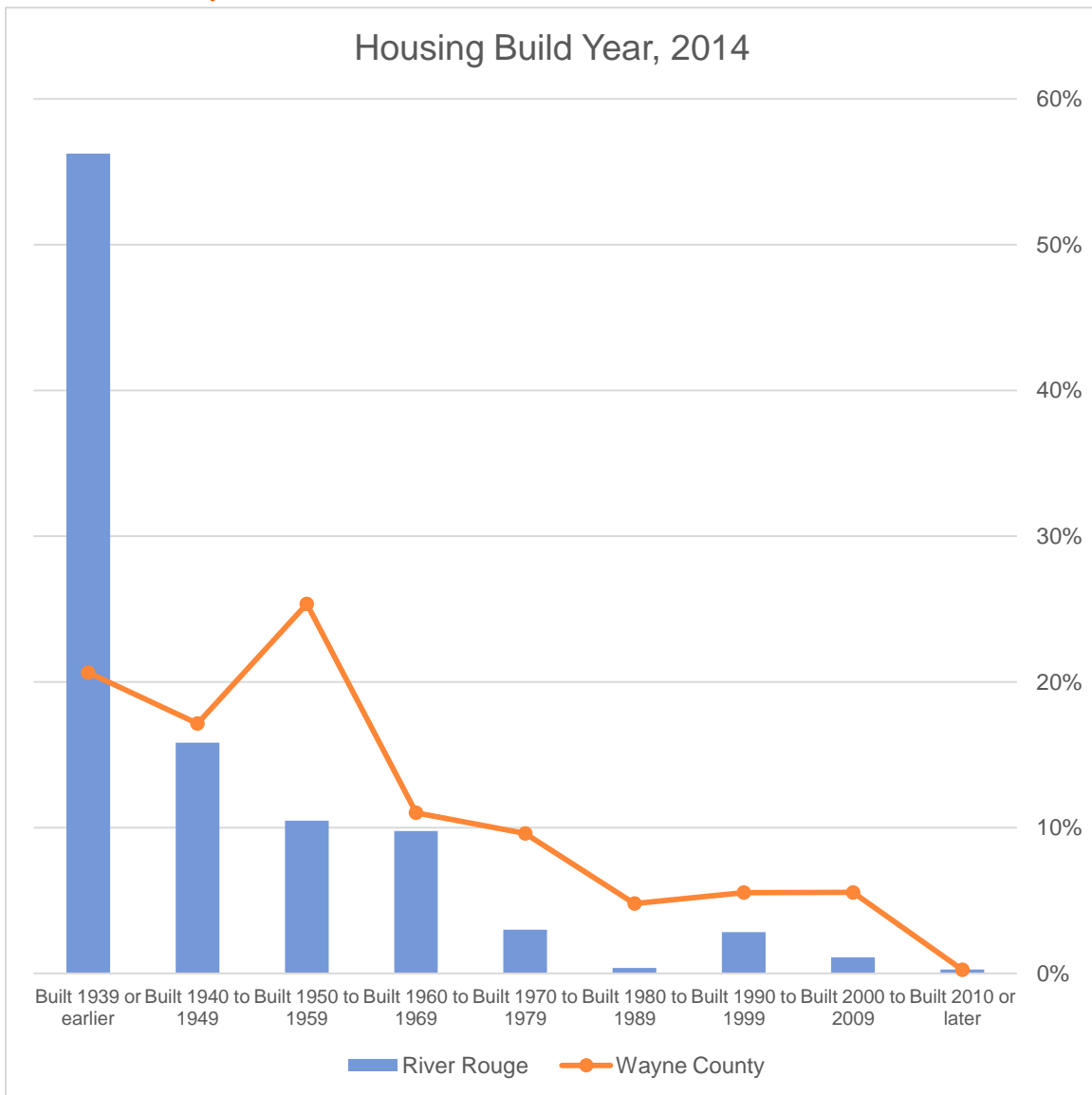
What do they look like (single-family detached, multifamily attached, mobile homes, etc.)?



- How does the community’s housing differ from the county’s in terms of structure type? River Rouge does not have any large rental facilities; River Rouge has a few multi-unit apartments, but most dwellings are either single to four family dwellings.
- How might the existing stock in the community effect who moves in? We do not have any “loft” type housing or housing units that might attract a younger demographic and have not had any recent “infill” housing.

Also, many of our houses that become available for sale are distressed sales. As a result, most houses need extensive repairs and renovation, which limits the ability of senior citizens or low income individuals to occupy the available housing stock.

How old are they?

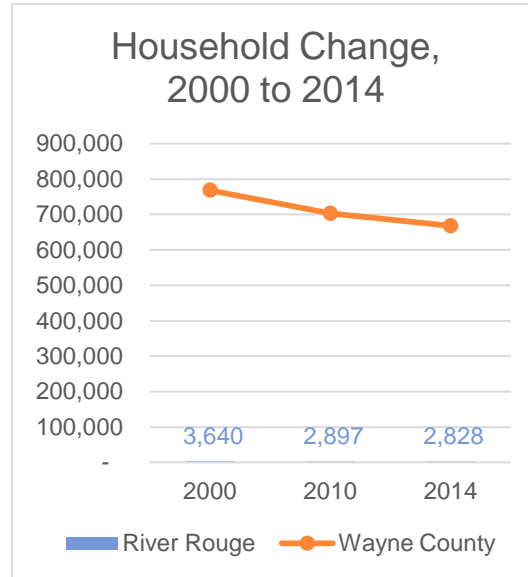
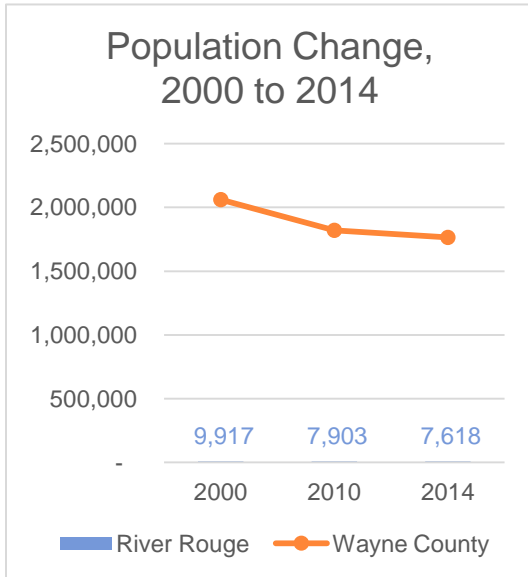


- What are the major differences in the age of the housing stock between the community and the county? River Rouge housing stock is clearly older.
- What might some effects of this age distribution be on people moving in? As stated, many of the houses will need updating and repairs/renovations. Thus, seniors and low income individuals will be adversely impacted.

Demand = Households looking for housing

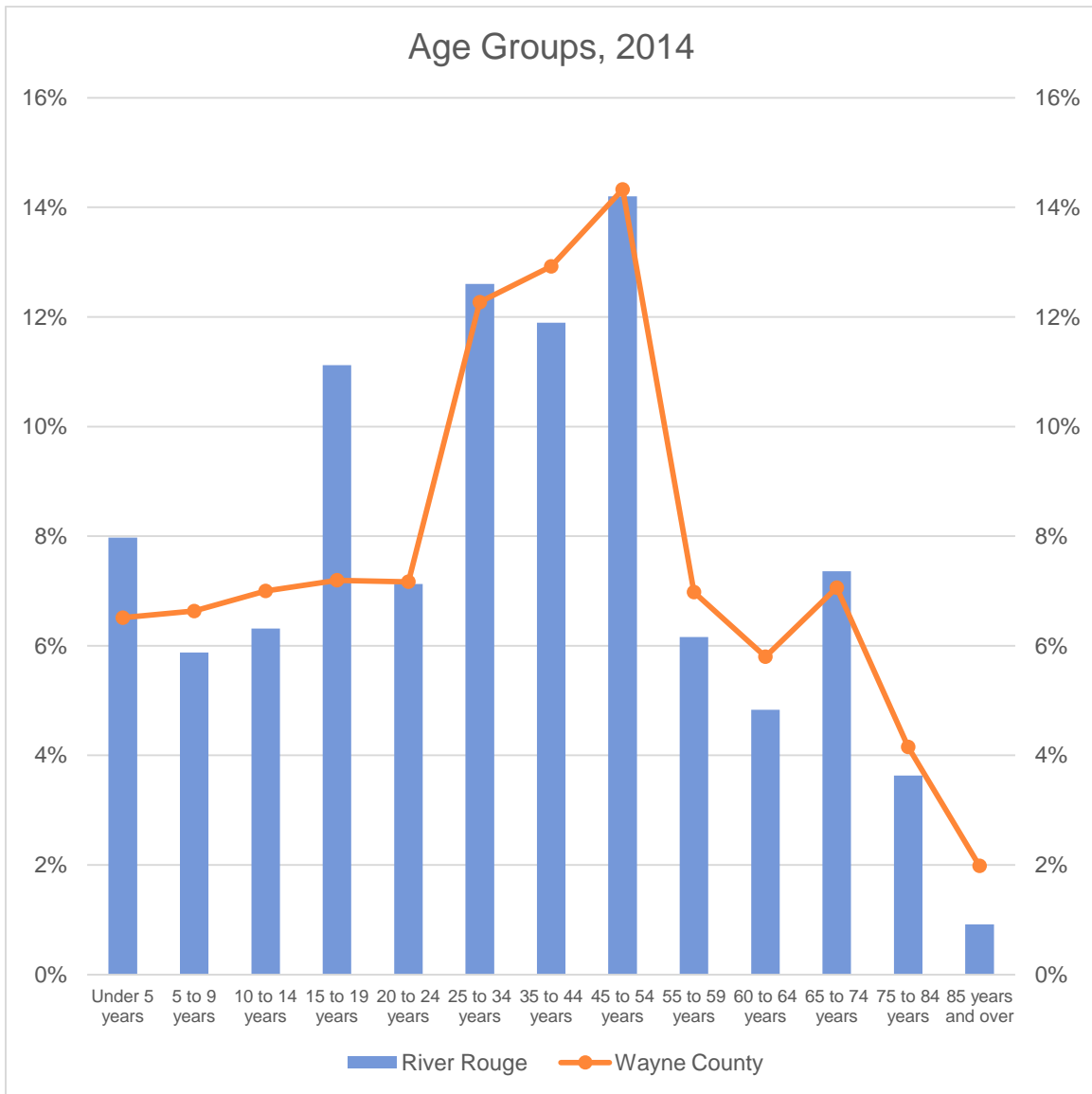
How have the population and household counts changed in the community?

In 2014, the community had a population of 7618 persons, and 2828 households. On average, community households have 2.69 persons per household. This compares to the county's 1764804 persons and 667553 households. County households have an average of 2.64 persons per household.



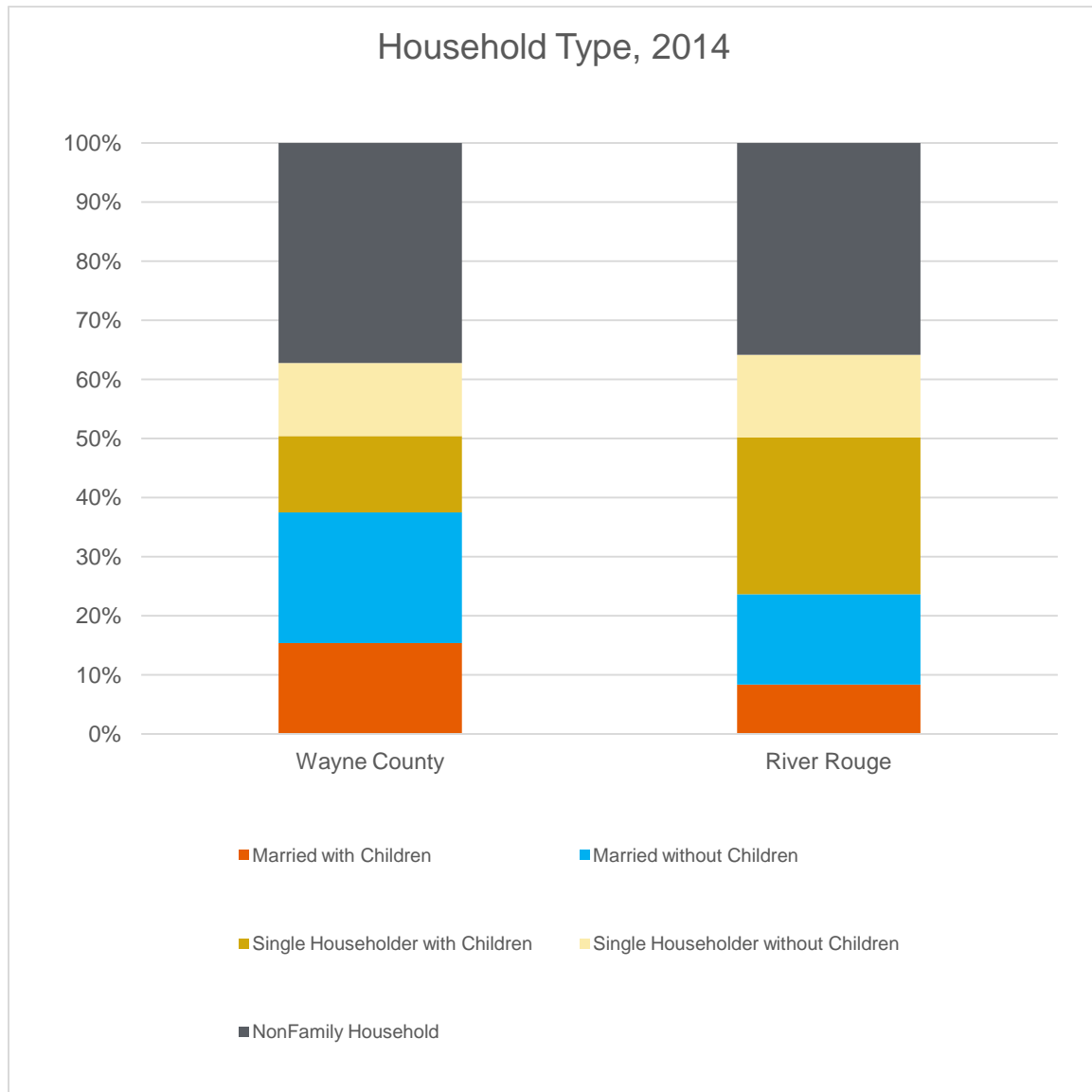
- How are the patterns in both population and household change since 2000 similar in both the county and community? How are they different? Both have lost population in a similar fashion.

How old are the members of the household (life cycle factors)?



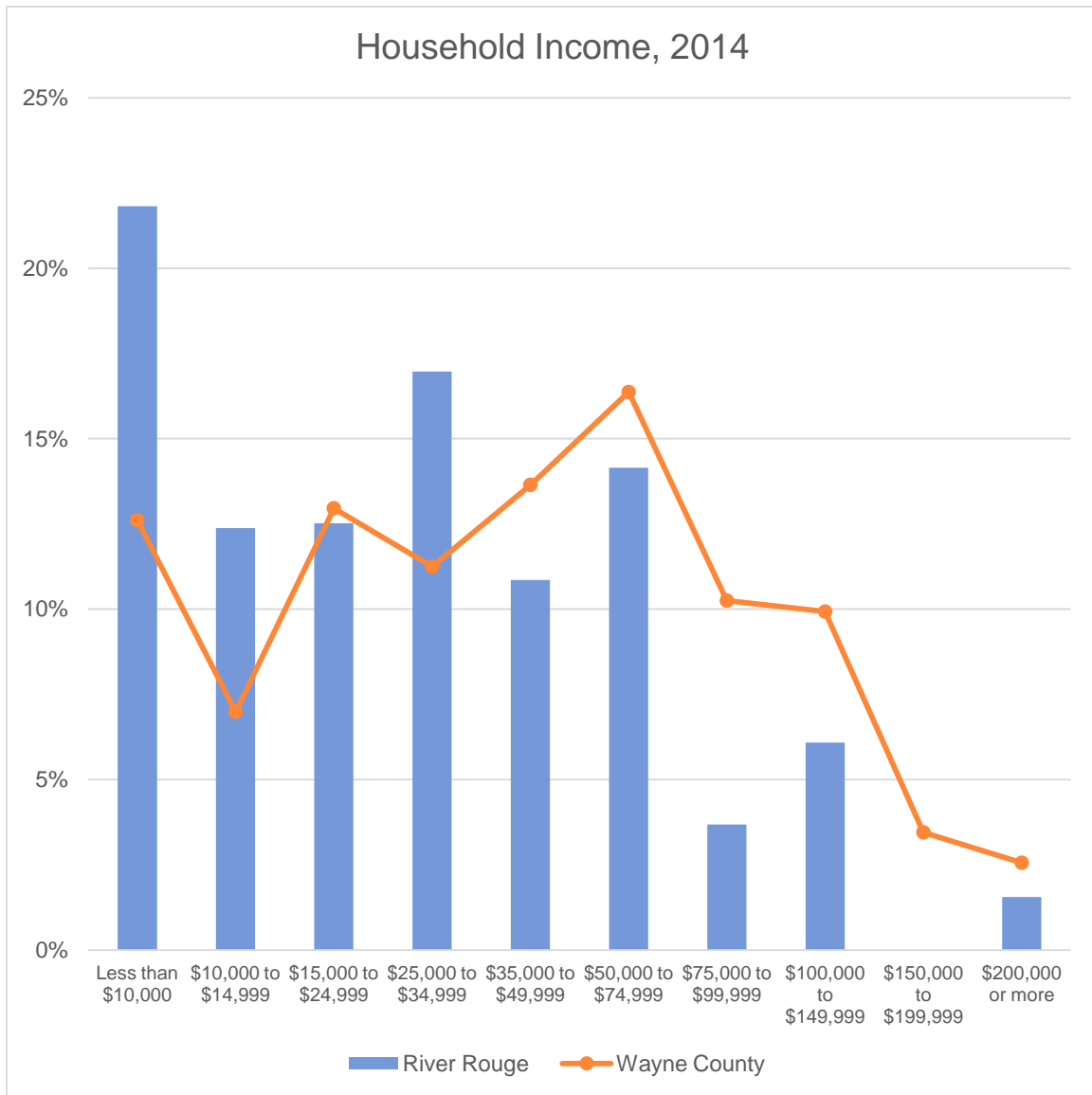
- In general, which age groups are the largest in the community—those under 20, between 20 and 44, between 45 and 64, or 65 and over? Our occupancy is strongest in the 20-44 range and runs similar to the 45-64 range. Our younger and older population declined, particularly the younger.
- How does the community’s age distribution compare with the county’s? We have more under five years old and significantly more 15-19 year olds; we have less over 85 years of age. The rest of the age groups appear quite consistent with Wayne County.

What types of households predominate in the community?



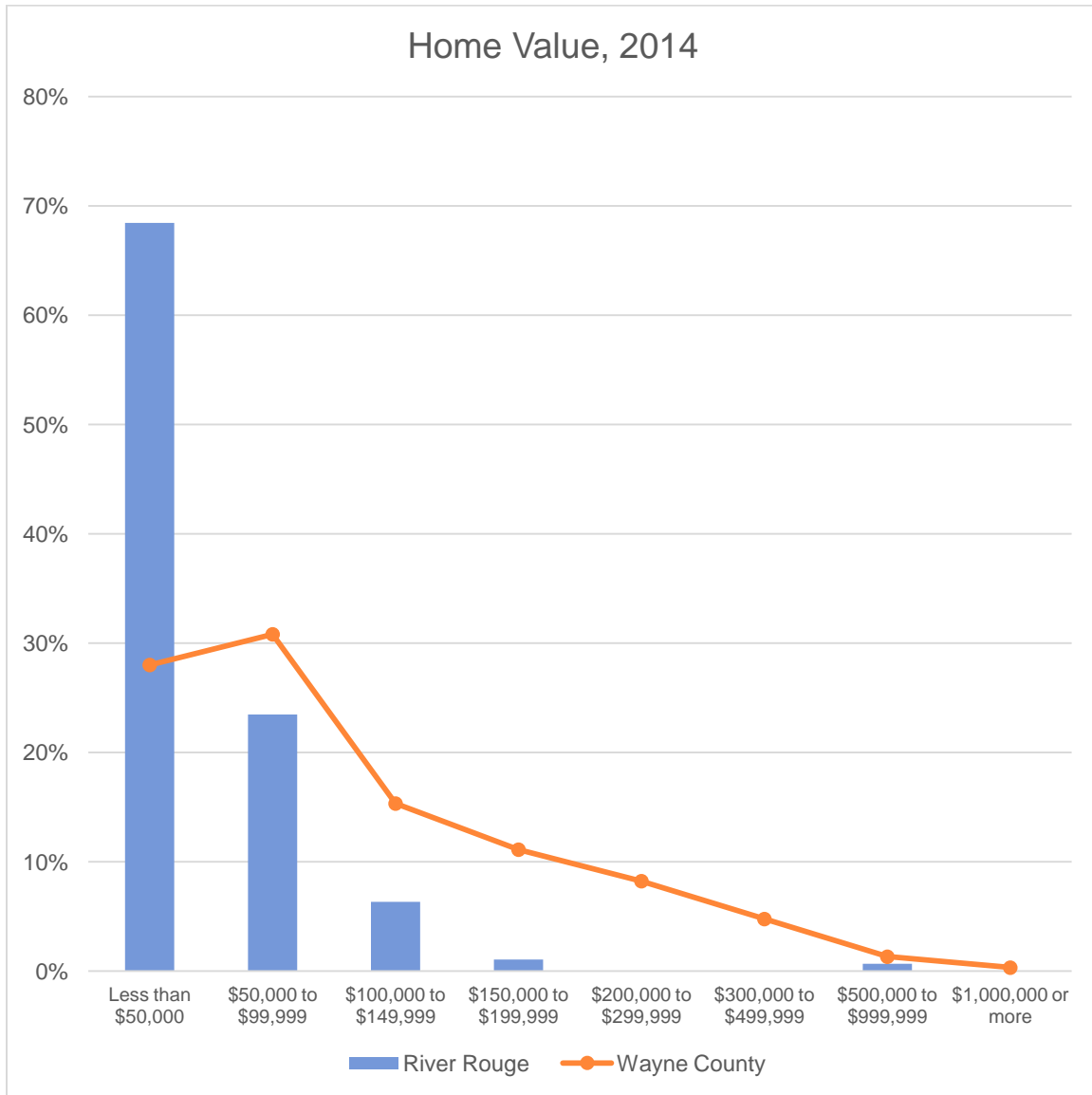
- How do household types differ between the two geographies? We have significantly more single households with children and less married with children and married without children.
- What types of households are most common in the community? Non family households.

How much income do households have to spend for housing?

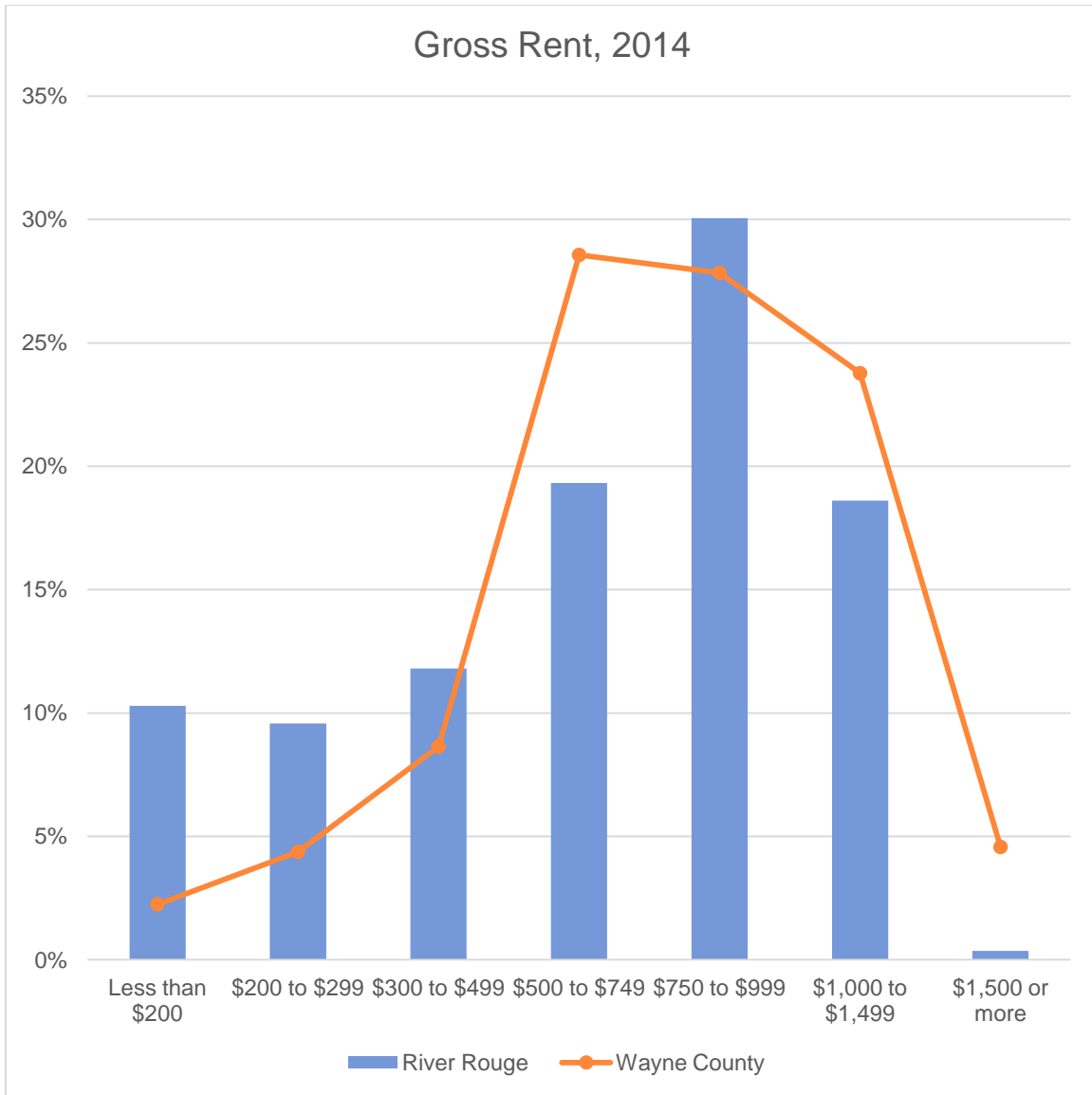


- How does household income differ between the community and the county? Our income levels are lower.
- Which income ranges are more common in the community? Under \$10,000.00.
- What effect does the income distribution have on housing demand locally? Most sales in River Rouge must be cash sales due to the nature of the sale (distressed/foreclosure) and the inability to have an appraisal high enough to obtain a mortgage. Thus, the low income levels in the community leads to more rentals and less owner/occupied dwellings.

Market Dynamics = Pricing of homes



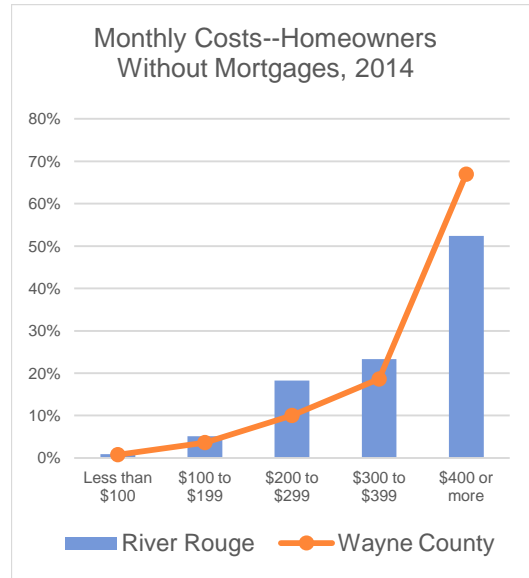
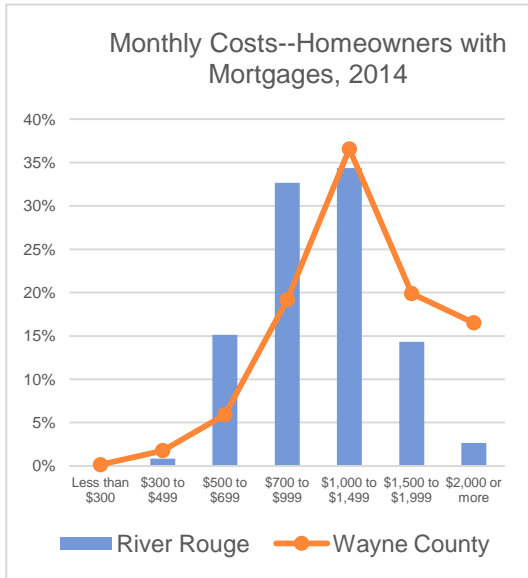
- What is the range of home values in the community? Nearly all our homes are valued under \$50,000.00. A few houses may have valued higher, but the statistics may be affected by a few fraudulent transactions prior to the mortgage crisis.



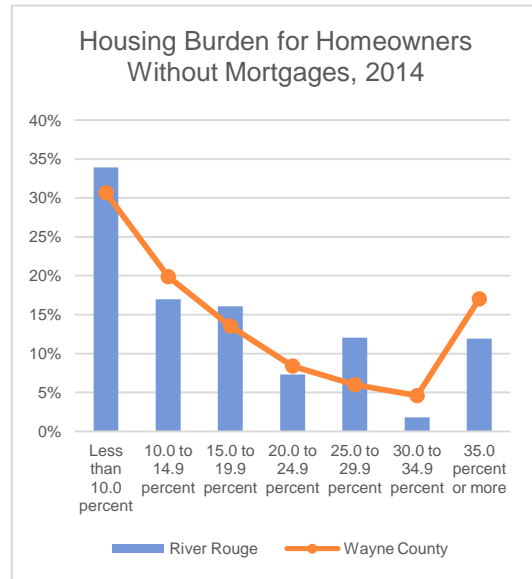
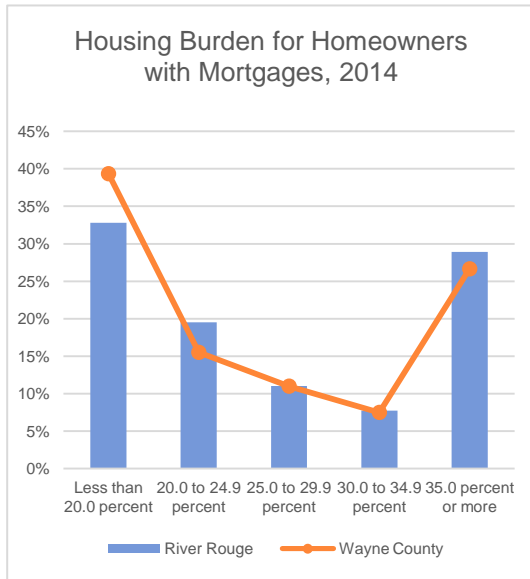
- What is the range of gross rents in the community? Most rentals in River Rouge are houses; thus the most significant range is \$750-999.

Housing Market issues

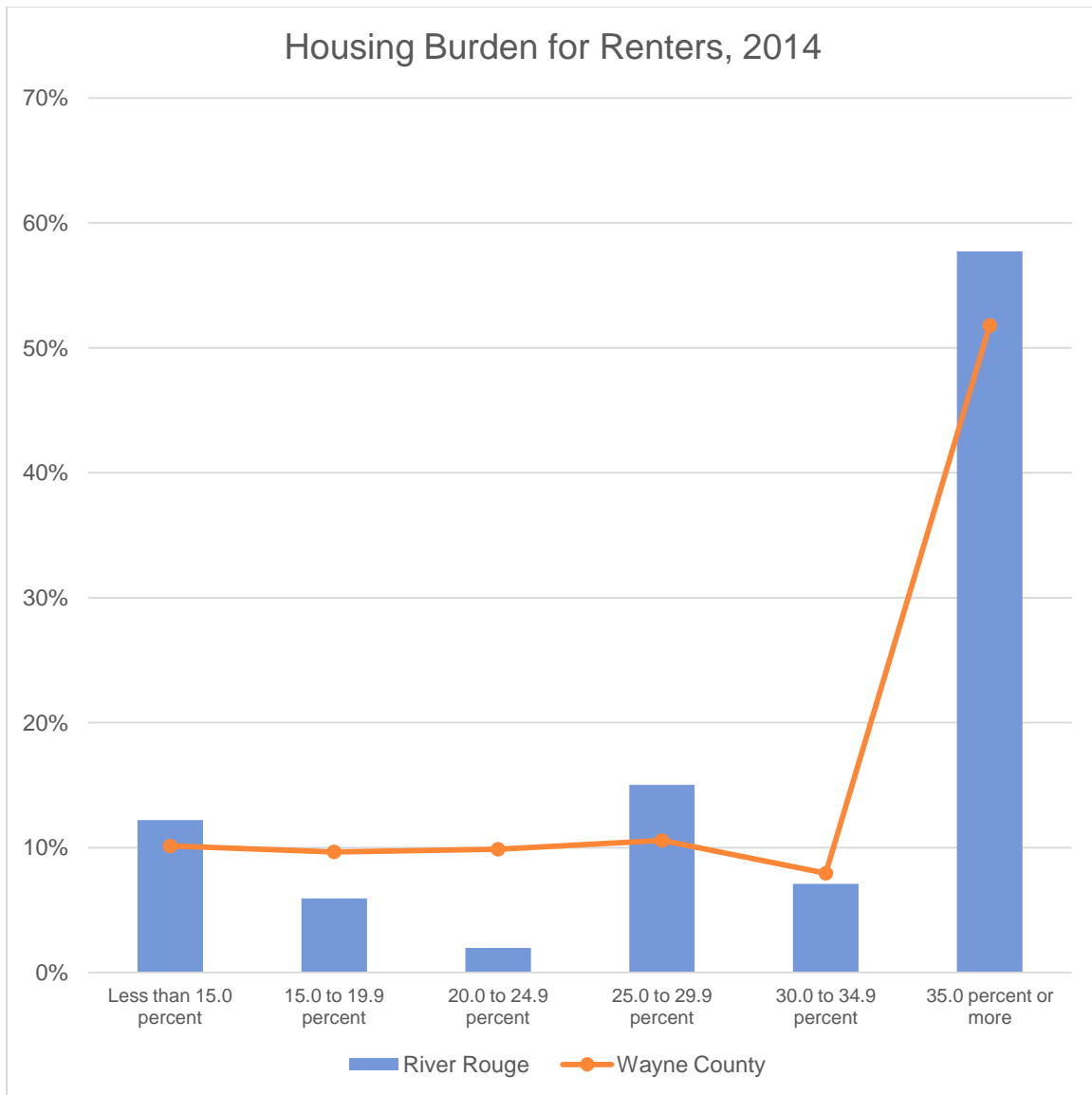
Owner Costs



- What is the difference in owner-occupied housing costs between the county and the community? The costs in River Rouge are higher than the County; likely due to our millage rate, which results in higher taxes and our assessed value being inflated until recently.



- Approximately what percentage of the community’s owner households are paying more than 30% of their income on housing costs? With mortgages, approximately 35%. Without mortgages, approximately 14%.
- How does this differ from the county’s overburden profile? With mortgages, the County is slightly less overburdened; without mortgages, River Rouge is less overburdened.



- How does the level of overburden among renters in the community compare with the county? River Rouge is a bit more overburdened than the County.
- How serious is the issue of renter overburden in the community? It results in more evictions and less stability in the neighborhood.

Interviews

Data Points:

Local Building Trends (building inspectors, developers):

Number of building permits approved over last five years by type and value

Per Census, no building permits for privately-owned residential construction have been given out in River Rouge. Between 2011 and 2015, the county have averaged about 1,050 units per year, at \$196,700 per unit.

Value of new residential construction per square foot

Per Paul Stoddard, values are in the \$125-\$150 range, dependent upon quality of finishes.

Number of residential properties for sale (Realtors, or others in industry):

Value of properties for sale and sold

Per Zillow, 34 homes are for sale in River Rouge currently—31 by agent, and 3 by owner. There are another 134 which could go on sale, comprised mostly of foreclosures or pending foreclosures. Sales price averages \$28 per square foot on a sample of the 203 homes that were recently sold.

Days on market

No indication

Structure types (mostly single family homes, duplex or attached condo interest, etc.)

No indication, seem to be mostly single family homes

Difference between asking and sales price

No indication, but a large number of sales seem to be either from land bank or other distressed buyer situation.

Prevalence of cash sales vs. mortgages

No indication, but many of the sales prices (not included in the sample) were \$1.

Rents (Local rental managers or landlords):

Current rental rates

Per Zillow, apartments rent at between \$590 and \$650 per month, mainly two bedroom listings. Houses are more expensive by a couple of hundred dollars.

Other questions for Realtors:

General market trends, market voids, popular amenities/building types

Questions for Downtown Development Authority, Business Development or Planning staff:

New ventures, downtown rents, trends, pipeline considerations, building inspections

Not Available; River Rouge has a rental program; however, compliance is deficient.

Questions for Local landlords:

General trends, market voids

Not Available

Questions for Local Builders:

Trends in building type or amenities; pricing trends, cost trends

Not Available

Questions for Local Major Employers:

Views on local housing stock, opportunities for employees to live closer to work.

Not Available

Market Voids

- Is there a housing type that seems to be lacking in the community?

Loft or non-traditional housing that would attract younger individuals. We don't have any designated Veterans housing. Our subsidized housing is typically fully occupied. Our public housing units are outdated and not particularly appealing.

- Are there popular amenities or features that are lacking in area housing?

Newer housing is lacking; energy efficient appliances. Parking is clearly an issue. Many homes lack garages or driveways.

- Pipeline issues: How many units are planned for the next few years? What are they like?

We are currently hoping to have some infill housing. We are exploring smaller single family units and some non-traditional multi-family units. Wayne Metropolitan Agency has discussed the construction of a loft apartment development using the plans that were used to complete the "Lincoln Park Lofts".

- What amenities are most attractive to households in the market?

Jobs, public transportation, parks, shopping, vibrant downtown, restaurants, safety and public amenities.