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**DEPARTMENT OF HOUSING
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The

**CURRENT
HOUSING
MARKET
SITUATION-
DETROIT,
MICHIGAN**

as of January 1, 1974

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D.C. 20411
September 1974

THE CURRENT HOUSING MARKET SITUATION
DETROIT, MICHIGAN, AS OF JANUARY 1, 1974

Foreword

This current housing situation report has been prepared for the assistance and guidance of the Department of Housing and Urban Development in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and other concerned with local housing problems and trends. The report does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division of the Detroit office under the direction of John Terranella, Area Economist, on the basis of information available on the "as of" date from both local and national sources. Subsequent market developments may, of course, occasion modifications in the conclusions of this report.

The prospective demand estimates suggested in the report are based upon an evaluation of the factors available on the "as of" date. They should not be construed as forecasts of building activity, but rather as estimates of the prospective housing production which would maintain a reasonable balance in demand-supply relationship under conditions for the "as of" date.

Department of Housing and Urban Development
Economic and Market Analysis Division
Detroit Area Office

THE CURRENT HOUSING MARKET SITUATION
DETROIT, MICHIGAN
AS OF JANUARY 1, 1974

For this analysis the Detroit, Michigan Housing Market Area (HMA) is defined as Wayne, Oakland and Macomb counties. The population of the HMA was estimated to be about 4,357,700 at the beginning of 1974.

Economy of the Area

Total nonagricultural wage and salary employment, in the Detroit HMA, averaged 1,585,500 in 1973, a peak level, and 4.2 percent above the 1972 average. Unemployment was equal to 6.3 percent of the total labor force in 1973, down from the 7.8 percent average of 1972 and lower than in any year since 1969. Several layoffs had been announced by the automobile industry prior to the end of 1973 but these anticipated layoffs were not expected to affect employment until January 1974.

The Detroit economy is dominated by the production of primary metals, fabricated metals, nonelectrical machinery and transportation equipment. Respective shares of total wage and salary employment vary cyclically, with transportation equipment averaging around 15 percent of total wage and salary employment or about 250,000 employees in 1973.

Since 1970, the Detroit industrial mix has changed very little although the relative share of the manufacturing sector has increased slightly. Little diversification has been evident; the relative importance of transportation equipment employment as a share of the durable goods total has increased over the past three years. Employment in nondurable goods industries changed very slightly.

When employment data is disaggregated by counties a few trends become discernible. During the period 1971 through 1973 all three counties experienced growth in wage and salary employment with Oakland county showing the largest percentage gain with 11.2 percent. Oakland county has also experienced the most rapid rate of growth in non-manufacturing employment with 14 percent or 21,000 persons since 1970. In terms of respective shares of employment the distribution of jobs between the three counties is changing slowly. In 1971 Wayne county had 1,027,100 wage and salary employment or 69.3 percent of the three county total. By 1973 this had declined to 68.3 percent. This did not represent a decline in employment in Wayne County, rather it reflected the more rapid growth of Macomb and Oakland counties. In 1973 Oakland county had 19.6 percent and Macomb county has 12.1 percent of total wage and salary employment.

Anticipating future employment levels in Detroit is difficult at this time due to many exogenous variables. Unemployment is expected to jump sharply in the first quarter of 1974. Transition from large car production to small car production is typically slow and may not be feasible in many older local plants as in newer plants outside the Detroit area. It is not believed that the current short-run demand for small cars completely reflects a permanent preference change. It is expected that demand for larger cars will increase substantially when fuel availability increases and particularly if larger cars are made more efficient. It is doubtful, however, that consumer preferences will return entirely to reflect preembargo demand.

Income

The median income in the Detroit HMA at the beginning of 1974 was estimated at about \$15,000 for all families and \$11,200 for renter households, excluding single individuals. Median income in 1969 was \$12,117 and \$8,650 for all families and renter households respectively. For distributions of families by income, disaggregated by county, see table II .

DEMOGRAPHIC FACTORS

Population

As of January 1974 the population of the Detroit HMA was estimated to be about 4,357,700. The population of the counties of Macomb, Oakland and Wayne were estimated at 686,000, 1,005,000 and 2,666,700 respectively. The population of the City of Detroit was estimated at 1,418,600 and Wayne county exclusive of Detroit was estimated to be 1,248,100.

It was estimated that the three county HMA had been gaining population since 1970 at an annual rate of 41,100 persons, compared with the 43,757 annual increase between 1960 and 1970. Of the three counties, Oakland county has been growing the most rapidly since 1970 at a rate of 25,900 persons annually. This represents a substantial change from the 1960-1970 period when Macomb county had the most rapid growth

Population growth in the HMA will slow to 36,300 persons annually over the next two years. Even though Oakland county population growth is expected to slow to about 23,000 annually, it still should maintain its position as the most rapidly growing county; (see table III).

Since 1970, total population growth in the Detroit HMA has been greater than the net natural increase, (births minus deaths) suggesting a slight net in-migration. On county levels both Oakland and Macomb counties experienced net in-migration while Wayne county experienced a net out-migration. In recent years resident births have declined significantly which is resulting in smaller households. In 1970 the net natural increase was about 45,700 for the HMA, compared with about 30,700 in 1972, a 32 percent drop in two years.

Households

From 1970 through 1973, the number of households increased in the Detroit HMA at an annual rate of about 22,350 from 1,266,585 in 1970 to 1,350,500 in 1974. Between 1960 and 1970 the number of households had increased at an annual rate of 18,593 from 1,080,649 in 1960 to 1,266,585 in 1970. The increase in the rate of household formation in the HMA was mostly the result of a substantial increase in the population in age group 20-29, where new household formation is greatest. For the City of Detroit it was estimated that there were 482,200 households as of January 1974. This represented a loss of 4,150 households annually since April 1970.

Household growth over the forecast period 1974 to 1976 is expected to increase at a rate of 26,250 annually or by 1.9 percent. The increase is not enough, however, to prevent a decline in the rate of population growth in the three counties due to declining household size.

HOUSING MARKET FACTORS

Housing Inventory Components

As of January 1974, the housing inventory of the Detroit HMA was estimated to contain 1,414,500 housing units, an increase of about 92,200 since 1970, or an annual increase of about 24,600. The increase

consisted of 108,900 new housing units less 24,500 demolitions and a 7,800 net gain in mobile homes.

In 1970, owner-and renter-occupied units as percentages of the occupied inventory were 72.1 percent and 27.9 percent respectively. By 1974 it was estimated that these distributions had changed to 71.5 percent for owner-occupied and 28.5 percent for renter-occupied units. Condominium occupancy is included in the owner-occupied sector and may have slowed the increase in renter occupancy. Of the three counties, Macomb county has the highest percentage of owner-occupied dwellings with 80.9 percent; and Wayne County is estimated to have the largest percentage of renter-occupied dwellings with 32.8 percent. For a more detailed breakdown, refer to table IV.

The absolute number of vacant units increased during the 1970 to 1973 period. However, the overall vacancy rate hardly changed from 1970, as the housing market started to tighten up during mid-1973 following the building boom of 1971 and 1972.

Most all of the increase in vacant sales housing is accounted for by condominium activity. All of the increase in vacant rental housing is found in Wayne county, while the increase in "other vacant housing"^{a/} can be accounted for by abandonments and defaults in single-family housing, again mostly in Wayne county.

The estimated vacancy rates in the housing market area as of 1-1-74 are 1.0% and 7.7% for sales housing and rental housing, respectively. Both Oakland and Macomb counties showed a decline in the rental vacancy rate since 1970, reflecting both rapid growth and excessive condominium activity. A moderate loosening of the rental market was indicated in suburban Wayne county. (see table IV).

Residential Building Activity

From 1970 to January 1974, building permits were issued authorizing 118,222 housing units. Of this total, 67,462 units were non-subsidized (57%) either single-family or condominium-type housing. Subsidized housing, including Section 235/236, public housing, etc., accounted for

^{a/} "other vacant" defined as seasonal units, units rented or sold and awaiting occupancy, vacant dilapidated units and units held off the market.

16% of total authorizations in the three county Detroit Metropolitan area. Tables V and VI show the statistical data on residential building activity by county and housing-structure type.

Following the 1969-70 recession and mortgage credit scarcity, residential building activity started to gain momentum in the 2d quarter of 1970. Because of the depressed first quarter, permits authorized totalled only 22,908 for the year. The force of the upsurge was felt most significantly in 1971 with permits totalling a record 36,283 units. All three counties participated in the 1970-71 expansion, although Oakland county's rate of increase was by far the most dramatic.

The year 1972 brought a decline in building authorizations for the Detroit area, 30,615 units. The decline reflected a slow down in subsidized housing, a shift to condominium sharply reducing rental construction, and some increase in vacancy levels. The decline in 1972 was shared by all three counties.

Total building authorizations continued to decline through 1973, but that decrease was confined to Wayne County while both Oakland and Macomb Counties showed gains largely sustained by increased authorizations for new rental construction. Single-family activity declined in all counties, reflecting increasing mortgage credit costs and the large unsold inventory early in the year.

As of January 1974, an estimated total of 16,850 units were under construction in the Detroit housing market area. Both single-family and rental units under construction appeared below dangerous levels but the 4,000 units of condominium housing under construction is judged as too high in relation to recent absorption experience. (see table V).

Condominium Market

As has been pointed out recently in a number of local publications, the condominium sector of the housing market has been growing. However, in terms of units authorized, it seems reasonable to state that the market is overbuilt and has been since mid-1973.

Condominiums have accounted for a greater share of the market in each successive year since 1970. In 1970 only 3% of nonsubsidized multifamily activity was authorized as condominium, but the proportion increased to 35% in 1973 (not including existing apartments converted to condominiums). From the available data and field surveys, it is

estimated that 14,206 units were authorized as condominium during the 1970-73 period. About 55% of these units are located in Oakland county. However, not all authorizations have been committed as condominium and some have been converted back to rental or have been terminated.

A survey of condominium developments conducted prior to the changed mortgage market conditions last summer indicated market absorption in the range to 60% - 70% of units available. In the second half of 1973 a tightened mortgage market and increasing uncertainty about the local economy probably reduced sales even more, particularly for units priced above \$40,000.

A degree of market imbalance does vary by location within the Detroit housing market area. Condominium sales in Macomb county, in terms of annual absorption rate, appears the highest. The softest area is Oakland county, where a substantial number of units designated as condominium are under construction. Wayne county may attain some balance this year after substantial building in 1972.

The reasons for the overbuilt market are varied. No doubt some builders simply overestimated the depth of demand after a few initial successes. This is especially true in a market where single-family homeownership remains a strong household objective. However, publicity about construction and management problems also inhibits potential buyers. Finally, it is new product in this area and resale experience is thin, which slows down buyer enthusiasm.

The analysis of last year's activity suggested a market of about 3,000 units annually. A review of various economic-demographic factors indicates a slowly rising annual demand estimate is warranted, but probably not greater than 3,500 units.

One aspect of overbuilding the condominium market is the diversion of housing supply from the rental market. A more prudent analysis of the market would have led some developers to continue building rental projects to meet the increasing demand of young households. Financially, it may be very difficult to convert condominium developments back to rental.

Rental Market

The nonsubsidized rental market in the Detroit HMA is generally strong. The renter vacancy rate is about 7.7%. However, in Oakland and Macomb

counties the rate is below 6%. (The city of Detroit is discussed later in this report). Demand is currently strong because of the high rate of growth among households under 30, diversion of resources to condominiums, and increased prices of sales housing.

Since 1970 building permits authorized totaled 38,211 nonsubsidized units for the rental market. Macomb county accounted for 21%, Oakland 35%, and Wayne county 44%. In contrast to Oakland and Macomb, Wayne county showed a moderate increase in rental vacancy rate during the 1970-73 period.

Two rental submarkets appear soft relative to the rental market of the Detroit area. The first is the conventional apartments in the "downriver" Wayne county area; second, is the higher-priced hi-rise developments. It is difficult to determine the degree of market softness in these areas with precision but caution is warranted.

Most of the new apartments being built throughout the HMA remain the ordinary garden apartment, but townhouses are increasing steadily as a proportion of the total market. Typical rents for new rental units in 1973 were as follows:

Efficiency	\$160-\$180
1BR unit	185-200
2BR unit	195-230
3BR unit	250-300

Hi-rise development since 1970 has been relatively confined geographically but there are indications that such projects will increase as we move toward 1980. An increasing number of professional and technical occupations, smaller households, etc., should buoy demand for the higher priced hi-rise projects.

Luxury townhouse developments and apartments more often fall in the \$275 to \$375 range, depending on the type of structure and location.

For example, 3BR apartments in northwest suburbs within a planned community may get \$275 - \$300. In Macomb county 3BR townhouses go for \$290 - \$325. Typically, hi-rise apartment projects are renting for \$25 - \$40 per month more than other projects.

There are an estimated 7,300 rental (nonsubsidized) units under construction in the Detroit HMA. Almost half, about 3,600 units, are located in Oakland county with Macomb and Wayne counties accounting for

1,960 and 1,760 units, respectively. Substantial building activity continues in "downriver" Wayne, Canton Township, Waterford Township, Avon Township, and the Sterling Heights Clinton Township areas.

Single-family Housing-Nonsubsidized

Residential building authorizations for single-family construction likely to be financed with nonsubsidized mortgages totaled 46,316 units, about 39% of the total residential construction authorized during the 1970 to 1973 period. The peak year for the nonsubsidized single-family market was 1971, when authorizations reached approximately 13,500; the 1973 figure of 10,820 is only slightly above that for 1970. Higher prices and mortgages costs are partly responsible for the decline but there is a steady shift toward multifamily housing in evidence.

There is some variation in the rate of single-family building between the counties. Single-family building activity grew by 10% and 9% in Oakland and Macomb counties, respectively, but only by 5% in Wayne county. In absolute terms, Oakland county led both Macomb and Wayne by a substantial amount (see table V), accounting for 43% of all nonsubsidized single-family authorizations.

A survey of new single-family homes shows the median sales price of homes completed in the Detroit HMA in 1973 was about \$34,900, slightly less in Macomb and Wayne counties but in Oakland county it was close to \$43,000. Neither Oakland nor Macomb county showed non-subsidized homes for under \$25,000; however, surveyed developments in Wayne county indicated about 5% of 1973 sold for \$25,000. The data also showed 66% of new homes priced above \$50,000 were built in Oakland county.

The decline in new single-family authorizations is boosting the existing house market, despite higher interest rates and tighter lending policies. A limited survey of sales of existing homes during 1973 indicated the following average prices:

<u>Market Area</u>	<u>Macomb</u>	<u>Oakland</u>	<u>Wayne</u>	<u>Detroit</u>
\$27,300	\$27,500	\$39,850	\$27,900	\$20,400

These prices are not adjusted for quality, amenities or size. However, the available statistics suggest an annual average price increase of 6.0% since 1970. Continued sharp increases in the prices of new homes should sustain the prices of existing homes, particularly for families of modest incomes.

Next year's mortgages market appears quite uncertain despite early announcements about adequate funding.

During the first six months of 1973, mortgages interest rates were in the 7.5% to 8.5% range, with a typical conventional loan carrying 8% for a new home and 8.25% for an existing home. By June, the interest-rate range moved to 7.75 - 8.75, reaching 9% -10% by October. By the end of the year, rates dropped to 8 to 9.5 percent range (more typically 8.75). In January of this year, lending policies loosened up and mortgage money started to become more readily available.

Consequently, the mortgage market appeared more amiable to prospective homeowners. Indications were that Savings and Loans are experiencing higher savings levels while the government's tandem plan was expended to subsidize interest rates on new moderate income multifamily construction. Resulting response in residential construction has not been evident.

Surveys conducted for the end of the first quarter of 1974 indicate mortgage rates may be increasing with some tightening in money availability. Although opinions vary, finance people are quite concerned over recent increases in the prime rate and bond yeilds, which could divert funds out of the mortgage market.

Recent interest-rate developments show rates typically at 8 3/4% for a 90% loan, which is up one-quarter from March.

With a high federal budget and increasing demand for captial goods financing, it is difficult to see the mortgage market getting much better during the rest of 1974.

DEMAND FOR NEW MULTIFAMILY CONSTRUCTION -CITY OF DETROIT

As indicated in an earlier section of this report, the current estimate of households in the City of Detroit is 482,200, down from 497,750 in early 1970. The decrease is shared by both renters and homeowners.

Despite the decline in household numbers since 1970, it is likely that there is a demand for new rental construction at market rate in the city. The rental vacancy rate, as reported in the 1970 census and in other "official" reports, is misleading. The census showed a rental vacancy rate of 9% for the City of Detroit. However, a substantial proportion of the bacant units are found in the so-called

"inner-city". Rental vacancy rates in northwest Detroit were less than 3%; in west Detroit less than 5%; and along the northern perimeter and northeast the rates ranged from 1.7% to 4.0%.

The vacancy rate data suggest that where viable neighborhoods are perceived, demand for rental units is strong. Naturally, vacancy rates are only one indicator of rental market conditions.

A review of the relationship between renter household incomes and their rent suggests a latent demand for new rental housing. We believe that renter households may be paying less than they can afford due to lack of availability of new housing stock; some of this latent demand spills over to suburban markets and some into the sales housing sector.

Finally, recent experience at several rental developments over the past few years revealed evidence of demand for new construction at market rates. Several Section 236 assisted projects attracted a relatively large number of households with incomes sufficient to pay the market rates.

A projection of renter households by income to 1974 indicates that although the number of renter households has declined, the number that can afford rental housing from \$200 per month has increased substantially. Since the supply of rental housing has not kept pace with the increase in this group, it would appear that another demand component is present, i.e. potential upgrading reflecting increasing income.

A quantitative summary of the above discussion focuses on new construction required to meet demand based on income and rent paying ability, and increasing the competitive inventory. The latter would replace available units currently below code, in poor locations, or otherwise not marketable.

The following table shows the estimate of annual demand for new rental construction distributed by rent. The estimate is derived from projected changes in renter households by income class and expected rent-income ratios.

Estimated Annual Demand New Rental Housing
City of Detroit, 1974- 76

<u>Rent</u>	<u>OBR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>Total</u>
Under -\$180	50				50
\$180 - 210	20	200			220
210 - 240		100	170		270
240 - 300		60	160	90	310
300 & above		20	100	30	150
	<u>70</u>	<u>380</u>	<u>430</u>	<u>120</u>	<u>1,000</u>

The above estimates of demand assume good locations, adequate public services, and current mortgage market and cost conditions. Further, since a substantial proportion of moves are generated by the location of employment, the above estimates assume that employment within the city at least remains stable.

During the next several years the supply of new rental housing will be increased through projects sponsored by the Michigan State Housing Development Authority (MSHDA), Ford's Renaissance Center on the City's riverfront, and private developments with HUD mortgage insurance. MSHDA activity in the city constitutes the largest single development process. However, a substantial proportion of new housing sponsored by MSHDA will carry Section 236 subsidy.

As of February of this year, MSHDA activity in the City of Detroit is as follows:

	<u>Section 236</u>	<u>Other</u>
Completed	78 units	114 units
Started	251 units	137 units
Commitment	293 units	95 units
Processing	584 units	324 units
	<u>1,206</u>	<u>670</u>

Residential real estate developments, other than MSHDA, currently total about 400 units, all designated for the downtown area.

DEMAND FOR NONSUBSIDIZED HOUSING DETROIT HMA

Quantitative Demand

An average annual demand for 33,600 new nonsubsidized housing units is anticipated for the two year period ending January 1976.

The major factors generating this demand are projected increases in households, demolition losses, shifts in tenure and the current levels of new construction. A good balance in the housing market would be achieved if the annual demand is as follows:

	HMA	MACOMB	OAKLAND	WAYNE	DETROIT	REMAINDER OF WAYNE
Total Units	<u>33,600</u>	<u>8,000</u>	<u>13,400</u>	<u>12,200</u>	<u>1,000</u>	<u>11,200</u>
Nonsubsidized single-family	15,400	3,900	6,750	4,750	0	4,750
Nonsubsidized rental	12,800	2,900	3,900	6,000	1,000	5,000
Condominiums	3,400	900	1,600	900	0	900
Mobile homes	2,000	300	1,150	550	0	550

The projected demand for new nonsubsidized single and renter occupied units is above production levels of recent years, reflecting an overall higher rate of anticipated household growth. The demand for new condominiums is less than the levels of the most recent years, so as to allow for the absorption of surplus units.

Condominiums

Distributions of demand for condominiums by price classes are shown below:

	<u>Condominiums Qualitative Demand</u>			
	HMA	MACOMB	OAKLAND	WAYNE
\$ 0-25,000	<u>650</u>	<u>200</u>	<u>250</u>	<u>200</u>
25-29,999	1,160	310	550	300
30-34,999	900	200	400	300
35-39,999	190	50	100	40
40-44,999	180	50	100	30
45-49,999	180	50	100	30
50-54,999	100	20	80	0
55-Over	<u>40</u>	<u>20</u>	<u>20</u>	<u>0</u>
Total	3,400	900	1,600	900

Multifamily

The 12,800 nonsubsidized apartment units would be best absorbed if they were in the following bedroom size breakdown and rental ranges:

Estimated Annual Demand for
Nonsubsidized Multifamily Rental Housing
Detroit, Michigan, HMA
January 1974 - January 1976

<u>County Location</u>	<u>Total</u>	<u>OBR</u>	<u>BEDROOM SIZE</u>		
			<u>1BR</u>	<u>2BR</u>	<u>3BR</u>
HMA	12,800	900	4,740	5,630	1,530
Macomb	2,900	210	1,010	1,300	380
Oakland	3,900	230	1,440	1,800	430
Wayne a/	6,000	460	2,290	2,530	720
Detroit	1,000	70	380	430	120
Remainder	5,000	300	1,800	2,300	600

Rents

HMA	12,800	900	4,740	5,630	1,530
\$160 - 169					
170 - 179		500			
180 - 189		300			
190 - 199		100			
200 - 209			2,500		
210 - 219			1,000		
220 - 229			500		
230 - 239			340		
240 - 249			200	3,800	
250 - 259			100	1,000	
260 - 269			100	400	
270 - 279				150	
280 - 289				150	800
290 - 299				130	530
300 - over					200

a/ Subtotals under Wayne county are not additive.

Qualitative

Single-Family Houses

The annual demand for 15,400 new nonsubsidized single-family homes is expected to approximate the sales price distribution indicated in the following table. The qualitative single-family estimates are based upon such factors as current family income, recent sales experience, and units under construction.

Estimated Annual Demand
For Nonsubsidized Single-Family Sales Housing
Detroit, Michigan, HMA
January 1974 - January 1976

	<u>HMA</u>	<u>MACOMB</u>	<u>OAKLAND</u>	<u>WAYNE</u>
\$ 0-25,000	1,540	390	670	470
25-29,999	1,540	390	670	470
30-34,999	2,620	660	1,150	810
35-39,999	2,460	630	1,080	760
40-44,999	2,160	550	950	670
45-49,999	1,850	470	810	570
50-54,000	2,000	500	880	620
55-Over	1,230	310	540	380
Total	15,400	3,900	6,750	4,750
Mobile homes	2,000	300	1,150	550

MARKET POTENTIAL FOR SUBSIDIZED HOUSING

The total market potential for federally assisted housing is the sum of the potentials for Section 236 assistance and public housing/rent supplement assistance. The estimates are based on current regular income limits for these programs, 25% rent income ratio, and estimates of families living under inadequate housing conditions.

Another consideration is the supply of subsidized housing completed and/or in development since 1970. During the 1970 to 1974 period, 16,969 new units were authorized under Section 235 and 236; of these 6,940 were financed under Section 235 for homeownership; of the 10,029 new units authorized under Section 236, 2,393 will be designed for elderly households.

During the same 1970 to 1974 period, 1,554 units were completed under the old 221-BMIR program (3% interest rate). The public housing program has produced less than 1,000 units since 1970, largely due to low levels of funding.

As of the beginning of this year, there were about 2,200 units of subsidized housing under construction, most of it being Section 236 assisted.

The number of units funded since 1970 is nearly equal to the number of renter households living in inadequate housing (eligible for Section 235/236) at the time of the 1970 census. However, relatively large concentrations of Section 235/236 housing built in a small number of communities have created some imbalances in market absorption. With public housing under-funded, too much reliance is placed on the Section 236 program to deal with housing problems facing families of low-incomes, i.e. incomes below that required to pay the basic rent (subsidized to 1% interest-rate) in a Section 236 program.

At the time of writing this report the moratorium on subsidized housing continues. However, several new projects have been funded via the HUD Area Office and the Michigan State Housing Authority. Thus, 1975 will see some additional Section 236 assisted housing on the market.

Table VI, at the end of this report, shows yearly and geographic distributions of subsidized housing during the 1970 - 73 period.

In the event additional funds become available, it is estimated that annual market potential for subsidized housing is about 1,300 units for families using regular income limits under Section 236. There is also an annual occupancy potential for about 1,750 units of Section 236 rental housing for elderly couples and individuals. Annual occupancy potentials for low rent public housing are estimated at 3,500 for families and 2,100 units for the elderly. (see table VII for all occupancy potentials).

TABLE I
LABOR FORCE COMPONENTS
DETROIT, MICHIGAN LABOR MARKET AREA
1970 - 1973 ANNUAL AVERAGES IN THOUSANDS

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
<u>Total Labor Force</u>	<u>1760.1</u>	<u>1754.2</u>	<u>1785.6</u>	<u>1827.6</u>
Agricultural Employment	5.2	5.0	4.7	4.7
Nonfarm Labor Force	1754.9	1749.2	1780.9	1822.9
Unemployment	116.8	142.7	139.6	115.5
Percent	6.6%	8.1%	7.8%	6.3%
Workers involved in Labor Mgt Disputes	13.0	2.4	0.7	3.2
<u>Nonfarm Employment</u>	<u>1625.1</u>	<u>1604.1</u>	<u>1640.6</u>	<u>1704.2</u>
Wage & Salary	1502.4	1482.7	1521.5	1585.5
Other <u>a/</u>	122.5	121.4	119.1	118.7
<u>Manufacturing Industries</u>	<u>554.9</u>	<u>536.3</u>	<u>546.0</u>	<u>583.0</u>
Durable Goods	466.0	449.6	458.0	493.0
Nondurable Goods	88.9	86.7	88.0	89.7
<u>Nonmanufacturing</u>	<u>735.3</u>	<u>732.5</u>	<u>757.6</u>	<u>784.8</u>
Government	212.1	213.9	217.9	217.7

NOTE: Summations may not equal totals due to rounding
SOURCE: Michigan Employment Security Commission

a/ Self-employed (including domestic)

TABLE II

PERCENTAGE DISTRIBUTION OF ALL FAMILIES & RENTER HOUSEHOLDS BY GROSS INCOME
DETROIT, MICHIGAN HOUSING MARKET AREA
JANUARY 1974

<u>ANNUAL INCOME</u>	<u>HMA</u>		<u>MACOMB</u>		<u>OAKLAND</u>		<u>WAYNE</u>		<u>DETROIT</u>	
	All Families	Renter Hhlds <u>a/</u>	All Fam.	Renter Hhlds <u>a/</u>	All Fam.	Renter Hhlds <u>a/</u>	All Fam.	Renter Hhlds <u>a/</u>	All Fam.	Renter Hhlds
Under \$4,000	6.5	15.5	2.5	7.0	3.0	8.0	8.0	11.0	11.0	20.5
\$4,000 - 4,999	3.0	4.5	1.5	2.5	1.5	2.0	2.0	4.0	3.5	5.5
5,000 - 5,999	2.5	4.0	2.0	2.5	1.5	2.0	2.5	10.0	3.5	6.0
6,000 - 6,999	2.0	4.0	2.0	3.0	2.0	3.0	2.5	5.5	4.0	5.0
7,000 - 7,999	3.0	5.0	2.5	4.5	2.5	4.0	3.0	5.5	3.0	5.0
8,000 - 8,999	2.5	5.0	2.5	5.5	2.5	4.0	3.0	5.5	4.5	5.0
9,000 - 9,999	3.5	5.5	3.0	6.0	3.0	5.0	3.0	5.5	4.5	7.0
10,000 - 11,999	7.0	11.5	8.0	12.0	7.0	9.0	10.0	13.0	12.0	13.0
12,000 - 14,999	16.0	13.0	17.0	21.0	11.5	16.0	17.0	14.0	15.0	13.0
15,000 - 19,999	21.0	16.0	27.0	16.5	24.5	19.0	21.0	9.0	19.0	16.0
20,000 - 24,999	10.0	7.0	13.0	10.5	15.0	12.5	12.0	10.0	7.0	2.0
25,000 - 29,999	8.0	4.0	12.0	7.0	8.0	7.5	7.0	6.0	7.0	
30,000 - 34,999	8.0	3.0	4.0		6.5	3.5	6.0		4.0	2.0
35,000 - 49,999	4.0	1.5	2.0	2.0	7.5	4.0	2.0	1.0	1.5	
50,000 - Over	3.0	.5	1.0		4.0	.5	1.0		.5	
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Median	\$15,800	\$11,200	\$16,500	\$13,000	\$18,000	\$14,400	\$14,800	\$10,400	\$12,600	\$9,200

a/ Excludes one person renter

TABLE III
DEMOGRAPHIC TRENDS
DETROIT, MICHIGAN, HOUSING MARKET AREA
1970 - 1976

	APRIL 1970	JAN 1974	JAN 1976	ANNUAL AVERAGE CHANGE			
				APRIL 1970		JAN 1974	
				JAN 1974 % <u>a/</u>		Jan 1976	% <u>a/</u>
<u>POPULATION</u>							
<u>HMA Total</u>	<u>4,203,548</u>	<u>4,357,700</u>	<u>4,430,300</u>	<u>41,100</u>	1.0	<u>36,300</u>	0.8
Macomb County	625,309	686,000	713,800	16,200	2.5	13,900	2.0
Oakland "	907,871	1,005,000	1,051,000	25,900	2.7	23,000	2.2
<u>Wayne County</u>	2,670,368	2,666,700	2,665,500	-1,000	0.0	- 600	-0.1
(Detroit)	(1,513,601)	(1,418,600)	(1,368,000)	(±25,300)	(-1.7)	(-25,300)	(-1.8)
(Remainder of Cty)	(1,156,767)	(1,248,100)	(1,297,500)	(24,300)	(2.1)	(24,700)	(1.9)
<u>HOUSEHOLDS</u>							
<u>HMA Total</u>	<u>1,266,585</u>	<u>1,350,500</u>	<u>1,403,000</u>	<u>22,350</u>	1.7	<u>26,250</u>	1.9
Macomb County	171,578	196,200	210,500	6,550	3.6	7,150	3.5
Oakland "	264,566	304,000	329,000	10,500	3.8	12,500	3.9
<u>Wayne County</u>	830,441	850,300	863,500	5,300	0.7	6,600	0.8
(Detroit)	(497,753)	(482,200)	(474,400)	(-4,150)	(-0.9)	(-3,900)	(-.8)
(Remainder of Cty)	(332,688)	(368,100)	(389,100)	(9,450)	(2.7)	(10,500)	(2.8)

a/ Derived through the use of a formula designed to calculate the percentage rate of change on a compound basis.

SOURCE: 1960 and 1970 Censuses of Population and Housing, 1974 and 1976 estimated by Housing Market Analyst.

TABLE IV

DETROIT, MICHIGAN, HOUSING MARKET AREA
APRIL 1970 - JANUARY 1, 1974

<u>Tenure & Vacancy</u>	<u>HMA</u>	<u>Macomb</u>	<u>Oakland</u>	<u>Wayne</u>	<u>Detroit</u>	<u>Remainder of Cty</u>
<u>April 1970</u>						
<u>Total Housing Supply</u>	<u>1,322,300</u>	<u>176,491</u>	<u>275,652</u>	<u>870,157</u>	<u>529,185</u>	<u>340,972</u>
Occupied Hsg Units	1,266,585	171,578	264,566	830,441	497,753	332,688
Owner occupied	913,267	142,601	207,135	563,531	298,624	264,907
Percent	72.1	83.1	78.3	67.9	60.0	79.6
Renter Occupied	353,318	28,977	57,431	266,910	199,129	67,781
Percent	27.9	16.9	21.7	32.1	40.1	20.4
<u>Vacant Housing Units</u>	<u>55,715</u>	<u>4,913</u>	<u>11,086</u>	<u>39,716</u>	<u>31,432</u>	<u>8,284</u>
Available	38,842	3,316	5,165	30,361	24,815	5,546
For Sale	8,752	1,017	1,467	6,268	4,598	1,670
Homeowner Vacancy Rate	0.9	0.7	0.7	1.1	1.5	0.6
For Rent	30,090	2,299	3,698	24,093	20,217	3,876
Renter Vacancy Rate	7.8	7.4	6.1	8.3	9.2	5.4
Other Vacant a/	16,873	1,597	5,921	9,355	6,617	2,738
<u>January 1, 1974</u>						
<u>Total Housing Supply</u>	<u>1,414,500</u>	<u>201,000</u>	<u>316,900</u>	<u>896,600</u>	<u>515,700</u>	<u>380,900</u>
Occupied Hsg Supply	1,350,500	196,200	304,000	850,300	482,200	368,100
Owner occupied	965,400	158,800	235,000	571,600	288,600	283,000
Percent	71.5	80.9	77.3	67.2	59.8	76.9
Renter occupied	385,100	37,400	69,000	278,700	193,600	85,100
Percent	28.5	19.1	22.7	32.8	40.2	23.1
<u>Vacant Housing Units</u>	<u>64,000</u>	<u>4,800</u>	<u>12,900</u>	<u>46,300</u>	<u>33,500</u>	<u>12,800</u>
Available	41,200	3,000	5,900	32,300	23,500	8,800
For Sale	9,300	1,000	1,900	6,400	4,400	2,000
Homeowner Vacancy Rate	1.0	0.6	0.8	1.1	1.5	0.7
For Rent	31,900	2,000	4,000	25,900	19,100	6,800
Renter Vacancy Rate	7.7	5.1	5.5	8.5	9.0	7.4
Other Vacant v/	22,800	1,800	7,000	14,000	10,000	4,000

NOTE: Condominiums incl. in owner occupied. a/ Includes seasonal units, units rented or sold and awaiting occupancy,
 SOURCE: 1970 Census of Hsg. 1974 estimated by vacant dilapidated units and units held off the market.
 Housing Market Analyst.

TABLE V

BUILDING ACTIVITY AUTHORIZED
DETROIT HMA
JANUARY 1970 - DECEMBER 1973

	1970	1971	1972	1973	Total	Units under Construction <u>a/</u>
HMA	22,908	36,283	30,615	28,416	118,222	16,850
Nonsubsidized single-family	10,314	13,470	11,712	10,820	46,316	3,370
Nonsubsidized rental	6,720	13,610	8,569	9,322	38,221	7,307
Condominiums	234	2,500	6,419	5,053	14,206	4,000
Subsidized	5,640	6,703	3,915	3,221	19,479	2,173
MACOMB	4,955	7,496	6,964	7,624	27,039	4,510
Nonsubsidized single-family	2,382	3,634	3,587	3,228	12,831	1,060
Nonsubsidized rental	1,715	2,480	1,190	2,735	8,120	1,964
Condominiums	149	454	1,415	1,034	3,052	900
Subsidized	709	928	772	627	3,036	586
OAKLAND	6,750	14,747	10,617	12,049	44,163	7,600
Nonsubsidized single-family	3,925	6,493	5,117	4,607	20,142	1,330
Nonsubsidized rental	1,977	5,821	1,790	3,864	13,452	3,579
Condominiums	85	1,373	3,008	3,276	7,742	2,600
Subsidized	763	1,060	702	302	2,827	91
WAYNE	11,203	14,040	13,034	8,743	47,020	4,740
Nonsubsidized single-family	4,007	3,343	3,008	2,985	13,343	980
Nonsubsidized rental	3,028	5,309	5,589	2,723	16,649	1,764
Condominiums	0	673	1,996	743	3,412	500
Subsidized	4,168	4,715	2,441	2,292	13,616	1,496
DETROIT	1,649	1,685	2,155	1,019	6,508	840
Single-family owner	828	788	379	61	2,056	10
Multifamily renter	821	897	1,776	958	4,452	830
Condominiums	0	0	0	0	0	0
REMAINDER OF WAYNE	9,554	12,355	10,879	7,724	40,512	3,900
Single-family owner	4,155	4,981	3,731	3,366	16,233	970
Multifamily renter	5,399	6,701	5,152	3,615	20,867	2,430
Condominiums	0	673	1,996	743	3,412	500

SOURCE: Estimated by Housing Market Analyst from public reports of units authorized by type of structure.

a/ Included in total permits.

TABLE VI
NEW SUBSIDIZED HOUSING UNITS AUTHORIZED
DETROIT, HMA
JANUARY 1970 - DECEMBER 1973

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>Total</u>	<u>Units under Construction</u>
HMA	5,640	6,703	3,915	3,221	19,479	2,173
Section 235	1,290	3,218	1,658	774 <u>a/</u>	6,940	-
Section 236 family	2,981	1,855	1,867	933	7,636	1,001
Section 236 elderly	277	1,029	238	849	2,393	786
Section 221 BMIR	1,092	390	72	-	1,554	-
Public Housing	-	211	80	665	956	386
MACOMB	709	928	772	627	3,036	586
Section 235	189	375	266	121	951	-
Section 236 family	232	393	506	206	1,337	586
Section 236 elderly	108	160	-	300	568	-
Section 221 BMIR	180	-	-	-	180	-
Public Housing	-	-	-	-	-	-
OAKLAND	763	1,060	702	302	2,827	91
Section 235	125	417	370	211	1,123	-
Section 236 family	541	246	260	91	1,138	91
Section 236 elderly	-	397	-	-	397	-
Section 221 BMIR	97	-	72	-	169	-
Public Housing	-	-	-	-	-	-
WAYNE	4,168	4,715	2,441	2,292	13,616	1,496
Section 235	976	2,426	1,022	442	4,866	-
Section 236 family	2,208	1,216	1,101	636	5,161	324
Section 236 elderly	169	472	238	549	1,428	786
Section 221 BMIR	815	390	-	-	1,205	-
Public Housing	-	211 <u>c/</u>	80	665	956	386

a/ January to October 1973.

b/ Excludes 2,567 Rehabilitated units.

c/ Excludes 80 units of public housing located in 236 complexes.

Excludes 213 units authorized in 1969 but completed in 1971.

TABLE VII

ANNUAL OCCUPANCY POTENTIAL FOR SUBSIDIZED RENTAL HOUSING
DETROIT, MICHIGAN HMA
JANUARY 1974 - JANUARY 1976

<u>MARKET POTENTIALS</u>	<u>HMA</u>	<u>MACOMB</u>	<u>OAKLAND</u>	<u>WAYNE</u>	<u>(DETROIT)</u>
<u>Low-Rent Public Housing</u>					
<u>Families</u>					
1 Bedroom	1,280	180	300	800	400
2 Bedrooms	1,450	200	350	900	600
3 Bedrooms	320	50	70	200	175
4 Bedrooms	450	50	100	300	250
	<u>3,500</u>	<u>480</u>	<u>820</u>	<u>2,200</u>	<u>1,425</u>
<u>Elderly</u>					
0 Bedroom	1,350	100	250	1,000	550
1 Bedroom	<u>750</u>	<u>100</u>	<u>150</u>	<u>500</u>	<u>350</u>
	2,100	200	400	1,500	900
<u>Section 236 Potentials</u>					
<u>Families</u>					
1 Bedroom	400	80	120	200	100
2 Bedrooms	500	100	150	250	150
3 Bedrooms	250	50	50	150	75
4 Bedrooms	<u>150</u>	<u>30</u>	<u>30</u>	<u>90</u>	<u>55</u>
	1,300	260	350	690	380
<u>Elderly</u>					
0 Bedroom	850	150	200	500	300
1 Bedroom	<u>900</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>250</u>
	1,750	350	500	900	550