Northville DDA Economic Development Committee

Thursday, June 27, 2019 – 8:00 am
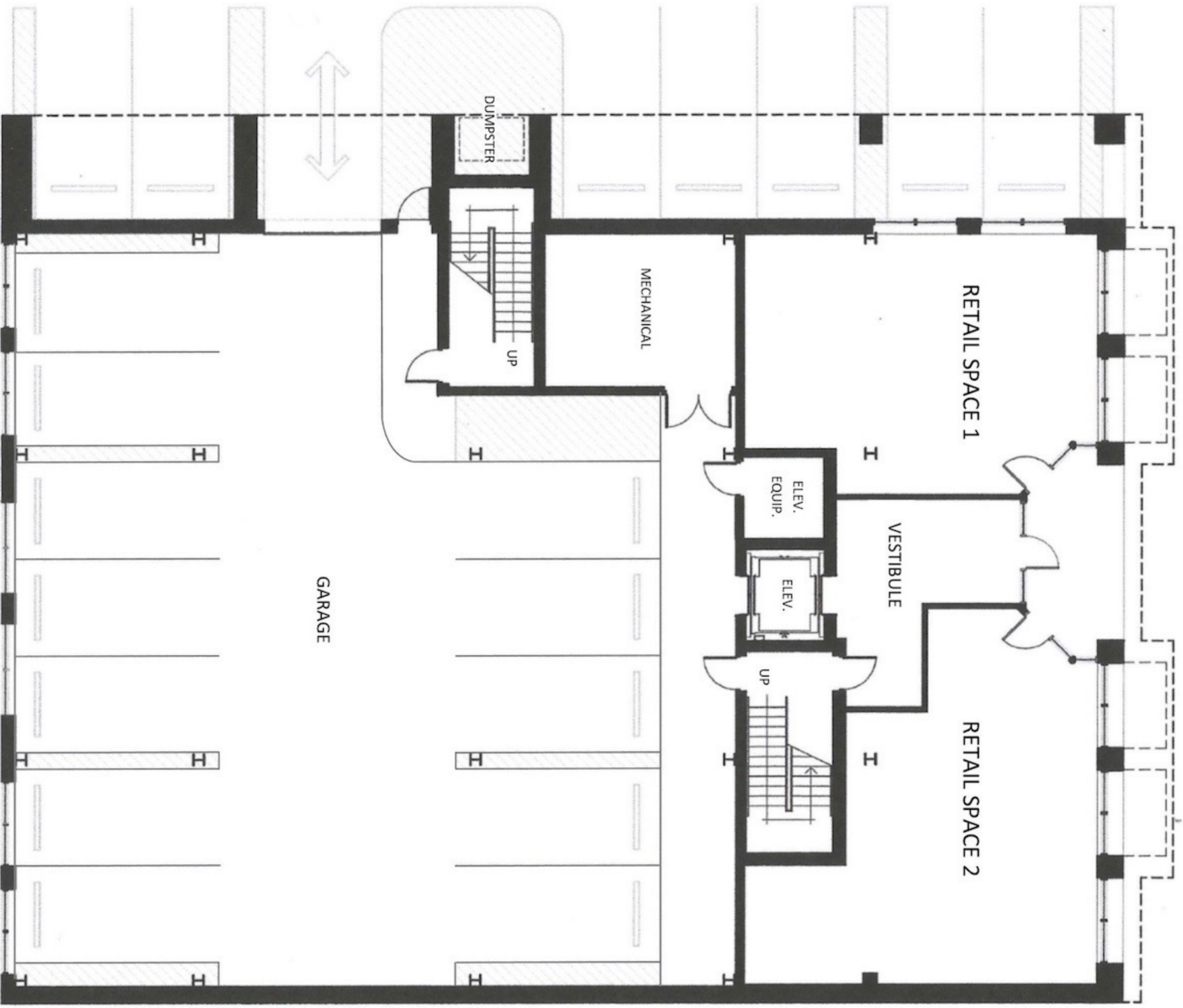
Meeting Room A – City Hall
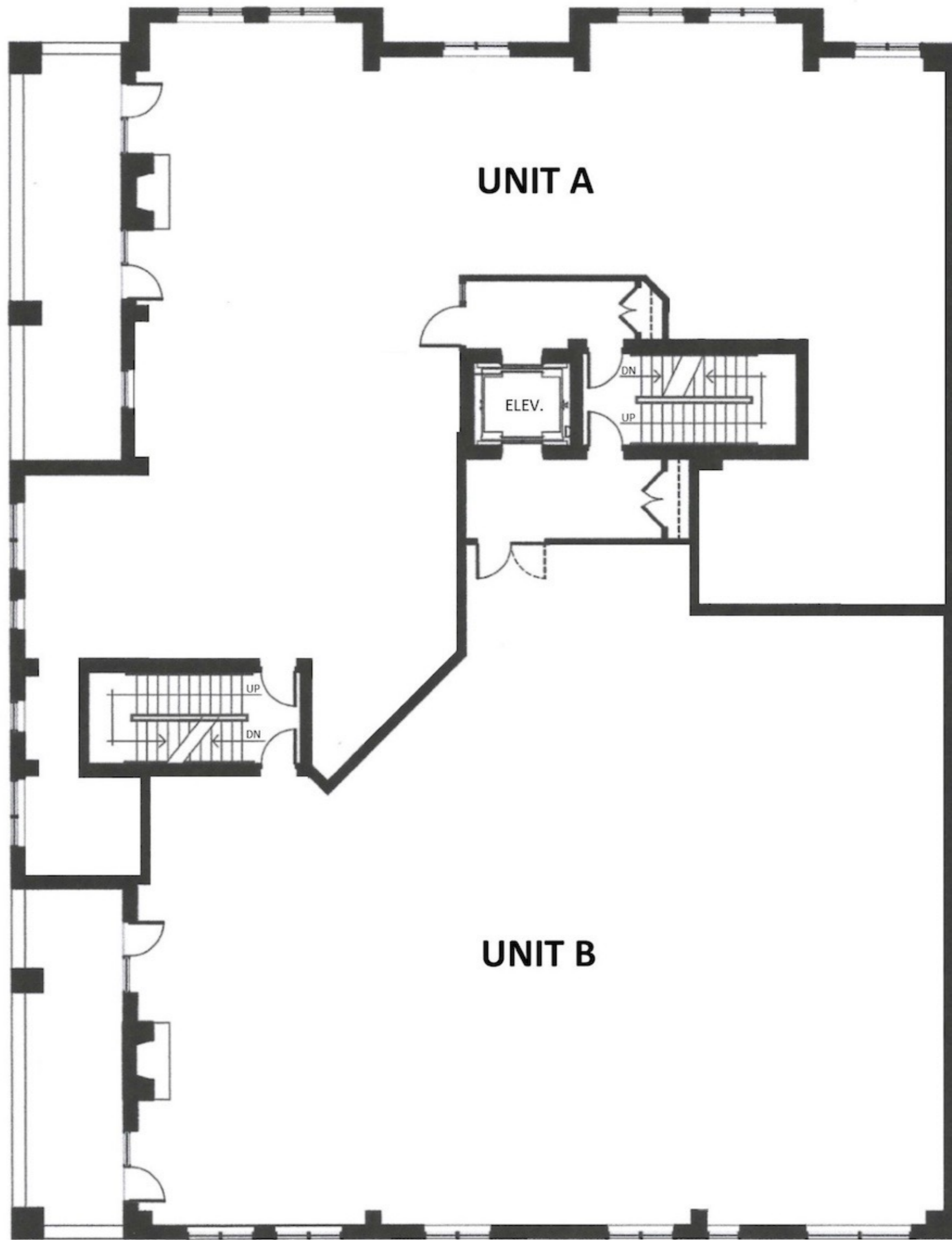
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Meeting Agenda

1. Project Updates
   A. Northville Downs
   B. Foundry Flask
   C. Delano (Attachment 1.C)
   D. 156 N. Center Street

2. Traffic Mitigation - How to proceed

3. Review of Residential Market Study (Attachment 3)

4. Next Meeting

DUMPSTER

UP

MECHANICAL

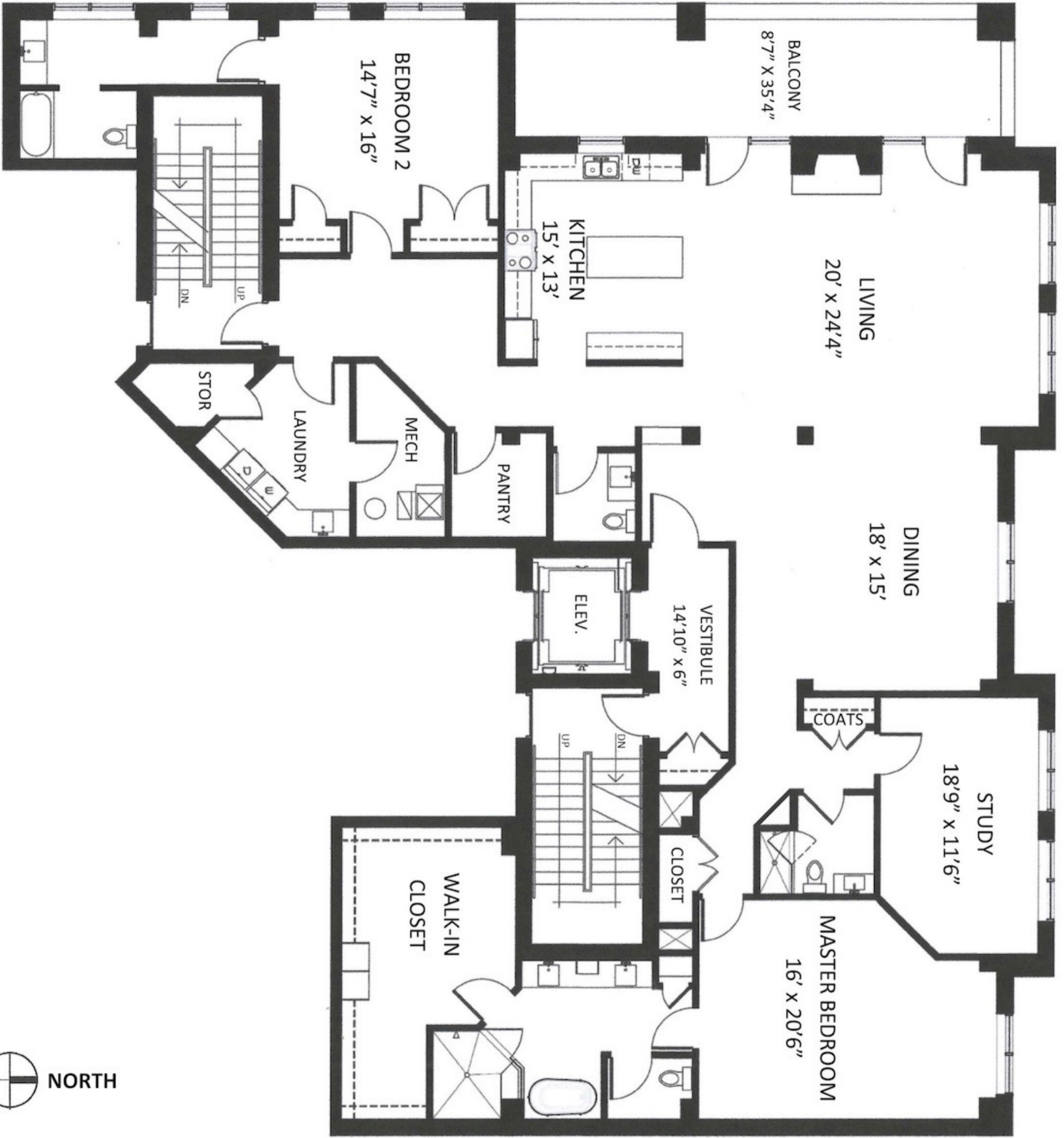GARAGE

ELEV. EQUIP.

ELEV.

VESTIBULE

UP

RETAIL SPACE 1

RETAIL SPACE 2

CADY STREET

UNIT A

ELEV.

DN
UP

UP
DN

UNIT B

NORTH

BALCONY
8'7" X 35'4"

BEDROOM 2
14'7" x 16"

KITCHEN
15' x 13'

LIVING
20' x 24'4"

STOR

LAUNDRY

MECH

PANTRY

DINING
18' x 15'

ELEV.

VESTIBULE
14'10" x 6"

COATS

STUDY
18'9" x 11'6"

CLOSET

WALK-IN
CLOSET

UP

DN

MASTER BEDROOM
16' x 20'6"

NORTH

NORTH

ELEV.

DN

UP

VESTIBULE
17' x 7'

COATS

STOR

GALLERY

MECH

LAUNDRY

WALK-IN
CLOSET

STOR

UP

DN

CLO

OPT SHELVES/CABS

PANTRY

KITCHEN
17'8" x 15'4"

STUDY
13' x 15'

STOR

BALCONY
8'7" X 29'4"

LIVING
20' x 30'

CLOSET

MASTER BEDROOM
15'8" x 22'2"
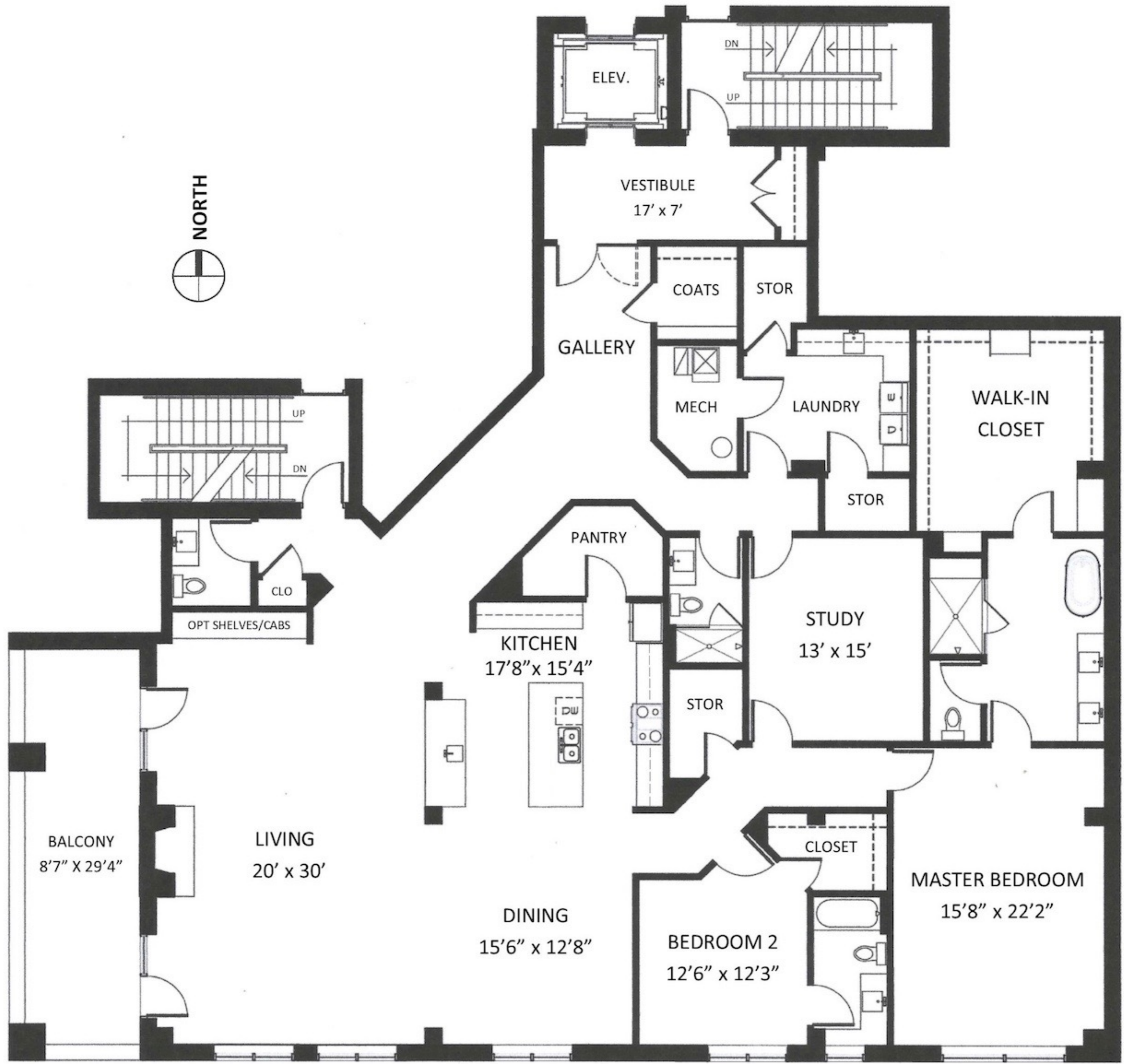
DINING
15'6" x 12'8"

BEDROOM 2
12'6" x 12'3"

RESIDENTIAL

Target Market Analysis

The City of Northville, MI

2016

Prepared by:

LandUseUSA

In Collaboration with:

Beckett&Raeder

Prepared for:

The City of Northville, Michigan

Detroit Metro Prosperity Region 10

City of Northville Michigan

Historically Distinctive

Methodology Endorsed by:

The State of Michigan | MSHDA and MEDC

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Executive Summary

The City of Northville has undertaken the development of a new Strategic Plan for its Downtown, and the initiative is supported through the collaborative efforts of the Downtown Development Authority, Planning Commission, and City Council. The city has retained Beckett & Raeder (www.bria2.com) to prepare the plan, who in turn has invited LandUseUSA to conduct a market study as part of the process. The objective of this study is to identify and measure the market potential for Missing Middle Housing throughout the city; and to guide the downtown plan.

This document presents the findings and recommendations from the residential study, and follows a Target Market Analysis approach that has been endorsed by the Michigan State Housing Development Authority. The work approach and statewide TMA initiatives are also supported by the Michigan Economic Development Corporation, its Community Development division, and its Redevelopment Ready Communities program. However, this study it has been entirely funded by the City of Northville, and has not been funded by a matching grant from the state.

This Executive Summary highlights the results for the City of Northville, with comparisons to neighboring places within Wayne, Oakland, and Livingston Counties. It is followed by a more complete explanation of the market potential for attached units under conservative (minimum) and aggressive (maximum) scenarios, with a focus on the City of Northville. Results are based on internal migration into and within the city; movership rates by tenure and lifestyle cluster; and housing preferences among target market households.

Maximum Market Potential – Based on the model results for an aggressive scenario, there is a maximum annual market potential for up to 50 attached units throughout the City of Northville, plus 129 detached houses (for a total of 179 units). The market potential for 50 attached units includes 4 units among duplexes (which may include subdivided houses); and 46 units among other formats like townhouses, row houses, lofts, flats, multiplexes, and midrise buildings.

Northville's near-term market potential for attached units is low and the city is caught in a paradoxical situation that will require proactive strategies for growth. Specifically, the city has relatively few choices among attached units, so is not intercepting migrating households that have a propensity to choose attached formats. However, it is important to acknowledge that migrating households would indeed choose attached housing units in Northville *if* more choices are developed and made available.

Northville is a desirable and attractive community for migrating households seeking a diverse range of housing formats, and for both owners and renters. However, developers have been mainly focused on building new owner-occupied, detached houses. There is now a profound need to diversify with reinvestment into and near the downtown; and with more variety that appeals to singles (of all ages) seeking socially connected and vibrant places like Downtown Northville.

Given the limited choices among attached housing units in Northville, migrating households are instead finding alternatives in neighboring places, including the City of Novi to the north, and Northville Township to the west, south, and east. Again, there is need for Northville to intercept more of these households, which can only be done by building Missing Middle Housing formats. New formats should span a variety of sizes and prices that appeal to diverse target markets.

<u>Summary Table A</u>
Annual Market Potential – Attached and Detached Units
Renters and Owners – Aggressive (Maximum) Scenario
The City of Northville and Nearby Places – 2016

Annual Market Potential Aggressive Scenario	Detached Houses	Attached		Total Potential
		Duplex Triplex	Larger Formats	
The City of Northville	129	4	46	179
The City of Novi	1,342	344	3,112	4,798
Northville Township	669	81	799	1,549
The City of Plymouth	205	39	341	585
Plymouth Township	618	77	486	1,181
Four Nearby Places	2,834	541	4,738	8,113
Format as a Share of Total				
The City of Northville	72%	2%	26%	100%
Four Nearby Places	35%	7%	58%	100%

A combination of strategies can be applied to help re-balance the market and add more choices among attached units and Missing Middle Housing formats for the City of Northville. First, the city should contact property owners, developers, investors, and lenders to communicate their interest in collaborating on new projects that would add townhouses, row houses, and flats or lofts above street front retail. This can be partly accomplished through outreach, including media articles, flyers, open houses, charrettes, and other public meetings.

City goals and objectives for adding Missing Middle Housing formats should also be clearly conveyed in the Downtown Strategic Plan, City-wide Master Plan, Zoning Ordinance, and other planning tools. Any new projects, developments, and mixed-use projects should be well-advertised throughout a large geographic area that includes Northville's municipal neighbors and competitive region.

Missing Middle Typologies – Throughout the Detroit Metro Region (i.e., Michigan Prosperity Region 10), each of its three counties and places is unique with varying degrees of market potential across a range of building sizes and formats. Results of the analysis are intended to help city leaders and developers focus on Missing Middle Housing choices (see www.MissingMiddleHousing.com for building typologies), and particularly fourplexes; townhouses and row houses; stacked flats arranged around courtyards; and lofts above street-front retail.

Implementation Strategies – Depending on the unique attributes and size of each place, a variety of strategies can be used to introduce new housing formats.

> Missing Middle Housing Formats – Recommended Strategies
> 1. Remodels to any upper level apartments above street-front retail, as needed. Improvements to ensure that upper level space is filled by the highest and best use.
> 2. Conversions among any high-quality, vacant buildings (such as warehouses, schools, etc.) into new flats and lofts.
> 3. New-builds among townhouses and row houses, particularly in infill locations along the Middle Rouge River and urban neighborhoods surrounding the downtown. Note: Public access to the river should be preserved.
> 4. New-builds with flats and lofts in mixed-use projects, with horizontal (upward) expansions above existing buildings that have frontage along Main, Center, and Cady Streets.
> 5. New-builds among detached houses arranged around cottage courtyards, and particularly within established urban neighborhoods.
> 6. The addition of accessory dwelling units like flats above garages, expansions to existing houses with attached or detached cottages, or other carriage-style formats.

Lifestyle Clusters and Target Markets – The magnitude of market potential among new housing formats is based on a study of 71 household lifestyle clusters across the nation, including 16 target markets that are most likely to choose attached units among new housing formats in the downtowns and urban places. Again, the target markets have been selected based on their propensity to choose b) attached building formats rather than detached houses; and a) urban places over relatively more suburban and rural settings.

Within any group of households sharing similar lifestyles, there are variances in their preferences across building sizes and formats. For example, 52% of the "Bohemian Grooves" households, but only 11% of the "Digital Dependent" households will choose attached housing formats. Both groups are among top target markets for the Detroit Metro Region.

In general, moderate-income renters tend to have higher movership rates, are more likely to live in compact urban places, and are more likely to choose attached units. However, there are many exceptions and better-income households and owners are also showing renewed interest in attached products.

Across the nation, single householders now represent the majority (albeit by a narrow margin). Singles may include young householders deferring marriage; mature adults that have chosen not to marry; mature adults who are starting over; and those who have lost a spouse and are downsizing. Households comprised of unrelated members; and multi-generational households are also gaining in shares. These diverse householders span all ages, incomes, and tenures; and many are seeking urban alternatives to detached houses.

As shown in the following Summary Table B, 88% of Northville's annual market potential for attached units will be generated by Upscale Target Markets. In comparison, only 12% will be generated by Moderate Target Markets. These results indicate a need for more attached units that are right-sized (i.e., smaller than conventional apartments), attainably priced, and marketed to the moderate target markets. Many of the moderate targets will also fill jobs in the service, retail, and related industry sectors, including independent merchants, artisans, and entrepreneurs.

None of the market potential will be generated by other households that are already most prevalent in the market. Households in this later group tend to be settled and are less inclined to choose attached formats – when they move at all.

Summary Table B
Annual Market Potential – Attached Units Only
Renters and Owners – Aggressive Scenario
The City of Northville and Nearby Places – 2016

Renters and Owners Aggressive Scenario Attached Units Only	Upscale Target Markets	Moderate Target Markets	Other Prevalent Clusters	All 71 Lifestyle Clusters
The City of Northville	44	6	.	50
Share of City's Total	88%	12%	0%	100%
The City of Novi	2,529	645	282	3,456
Share of City's Total	73%	19%	8%	100%
Northville Township	682	125	73	880
Share of Township's Total	78%	14%	8%	100%
The City of Plymouth	295	61	24	380
Share of City's Total	78%	16%	6%	100%
Plymouth Township	390	159	14	563
Share of Township's Total	69%	28%	2%	100%

Report Outline

This narrative accompanies the Market Strategy Report with results of a Residential Target Market Analysis (TMA) for the City of Northville and a few nearby jurisdictions for comparison purposes. The outline and structure of this report are intentionally replicated for each target market analysis across the State of Michigan. This leverages work economies, helps keep the reports succinct, and enables easy comparisons between counties and places.

Results of the TMA and study are presented by lifestyle cluster (71 clusters across the nation), and target markets (8 upscale and 8 moderate), scenario (conservative and aggressive), tenure (renter and owner), building format (detached and missing middle housing), place (city, village, and census designated place), price point (rent and value), and unit sizes (square feet). These topics are also shown in the following list and supported by attachments with tables and exhibits that detail the quantitative results.

Variable	General Description
Target Markets	Upscale and Moderate
Lifestyle Clusters	71 Total and Most Prevalent
Scenario	Conservative and Aggressive
Tenure	Renter and Owner Occupied
Building Sizes	Number of Units per Building
Building Formats	Missing Middle Housing, Attached and Detached
Places	Cities, Villages, Townships, and Census Designated Places
Prices	Monthly Rents, Rent per Square Foot
Unit Sizes	Total Square Feet per Unit

This Market Strategy Report also includes a series of attached exhibits in <u>Section A</u> through <u>Section H</u>, with an outline provided in the following <u>Table 1</u>.

<div align="center">

<u>Table 1</u>
TMA Market Strategy Report – Outline
The City of Northville – Detroit Metro Prosperity Region 10

</div>

The Market Strategy Report		Geography
Narrative	Market Strategy Report	The City of Northville
Section A	Maps and Aerials	Counties and Places
Section B	Summary Tables and Charts	The City of Northville
Section C	Conservative Scenario	The City of Northville
Section D	Aggressive Scenario	The City of Northville
Section E	Aggressive Scenario	Other Nearby Places
Section F1	Contract Rents	Counties and Places
Section F2	Home Values	Counties and Places
Section G	Existing Households	Counties and Places
Section H	Market Assessment	Counties and Places

This Market Strategy Report is designed to focus on data results from the target market analysis. It does not include detailed explanations of the analytic methodology and approach, determination of the target markets, derivation of migration and movership rates, Missing Middle Housing typologies, or related terminology. Each of those topics is fully explained in the Methods Book, which is part of the Regional Workbook.

The Regional Workbook includes the following: a) advisory report of recommended next-steps, b) methods book with terminology and work approach; c) target market profiles, and d) real estate analysis of existing housing choices, which includes forecasts for new-builds and conversions. An outline is provided in the following <u>Table 2</u>.

<u>Table 2</u>
TMA Regional Workbook – Outline
The City of Northville – Detroit Metro Prosperity Region 10

The Regional Workbook

Narrative   The Advisory Report
Narrative   The Methods Book

Target Market Profiles

Section J   Formats by Target Market
Section K   Building Typologies
Section L   Lifestyle Profiles | Charts
Section M   Lifestyle Profiles | Narrative

The Regional Workbook (including the Methods Book) is more than a supporting and companion document to this Market Strategy Report. Rather, it is essential for an accurate interpretation of the target market analysis and results, and should be carefully reviewed by every reader and interested stakeholder.

The Target Markets

To complete the market potential, 8 upscale and 8 moderate target markets were selected based on their propensity to a) migrate throughout the State of Michigan; b) choose a place in Wayne, Oakland, and Livingston Counties; and c) choose attached housing formats in small and large urban places. Only a few of the target markets are migrating into and within the City of Northville, and namely the Wired for Success upscale target market.

The following <u>Table 3</u> provides an overview of the target market inclinations for attached units, renter tenure, and average movership rate. Detailed profiles are included in <u>Section B</u> attached to this report and in the Regional Workbook.

Table 3
Preferences of Upscale and Moderate Target Markets
The City of Northville and Nearby Places – Year 2016

Group	Targets in Northville	Share in Attached Units	Renters as a Share of Total	Average Movership Rate
Upscale	G24 Status Seeking Singles	13%	30%	17%
Upscale	K37 Wired for Success	76%	80%	40%
Moderate	Q65 Senior Discounts	100%	71%	13%

Group	Targets in Nearby Places	Share in Attached Units	Renters as a Share of Total	Average Movership Rate
Upscale	E19 Full Pockets Empty Nest	33%	22%	8%
Upscale	K40 Bohemian Groove	52%	91%	17%
Upscale	O50 Full Steam Ahead	100%	98%	54%
Upscale	O51 Digital Dependents	11%	34%	36%
Upscale	O52 Urban Ambition	48%	95%	34%
Upscale	O54 Striving Single Scene	98%	96%	50%
Moderate	O55 Family Troopers	64%	99%	40%
Moderate	R66 Dare to Dream	37%	98%	26%

Upscale Target Markets Living in Northville

G24   Status Seeking Singles – Tending to live in yuppie enclaves and inner-rings of larger cities. However, they are also scattered in other transient areas and typically own new houses and townhouses. Although they may be owners of well-appointed units, they are far from settled, and most will move within three years. Head of householder's age: 73% are 45 years or less, including 40% who are between 36 and 45 years.

K37   Wired for Success – About 80% of these households rent apartments in buildings that tend to be relatively new and that have at least 10 units. They are found in small cities that offer good-paying tech jobs and leisure-intensive lifestyles. These are upwardly mobile households, so they are highly transient. Head of householder's age: 60% are 45 year or less, including 34% who are between 36 and 45 years.

Moderate Target Markets Living in Northville

Q65   Senior Discounts – Seniors living throughout the country and particularly in metro communities, big cities, and inner-ring suburbs. They tend to live in large multiplexes geared for seniors, and prefer that security over living on their own. Many of them reside in independent and assisted living facilities. Head of householder's age: 98% are over 51 years, including 84% who are over 66 years.

Upscale Target Markets Living in Nearby Places

E19   Full Pockets, Empty Nests – These households are found in some of the nation's most popular recreational playgrounds, including sprawling cities of all sizes. Housing formats vary from beachfront bungalows to hillside townhouses and older mansion-style houses. Many of the neighborhoods are sought-after addresses where the residents don't want to leave. However, an above-average share will also choose a second vacation home. Head of householder's age: 78% are 51 year or more, including 54% who are between 51 and 65 years.

K40   Bohemian Groove – Nearly eighty percent are renting units in low-rise multiplexes, garden apartments, and row houses of varying vintage. They are scattered across the nation and tend to live unassuming lifestyles in unassuming neighborhoods. Just in case they get the urge to move on, they don't like to accumulate possessions - including houses. Head of householder's age: 48% are between 51 and 65 years.

O50   Full Steam Ahead – Vertical lifestyles with 97% living in rental apartments, including garden-style complexes with at least 50 units in the building. These are young residents in second-tier cities, living in buildings that were built over recent decades to accommodate fast-growing economies in technology and communications industries. Today, their apartments are still magnets for transient singles who are drawn to good paying jobs. Head of householder's age: 67% are 45 years or less, including 42% who are between 36 and 45 years.

O51   Digital Dependents – Widely scattered across the country, these households are found in a mix of urban and second-tier cities, and usually in transient neighborhoods. Many have purchased a house, townhouse, flat, or loft as soon as they could; and a high percent are first-time homeowners. Two-thirds are child-free; they are independent and upwardly mobile; and over two-thirds will move within the next three years. Head of householder's age: 90% are 19 to 35 years.

O52   Urban Ambition – Living in dense neighborhoods surrounding the downtowns, most in rental units that include older houses and low-rise multiplexes built before 1960. While their peers may have chosen the suburbs or newer apartments in better neighborhoods, Urban Ambitions like renting in the downtown neighborhoods. Head of householder's age: 71% are 45 years or less; and 38% are 35 years or less.

O54   Striving Single Scene – Young, unattached singles living in city apartments across the country, usually in relatively large cities and close to the urban action. They are living in compact apartments and older low-rise and mid-rise buildings that were built between 1960 and 1990 – some of which are beginning to decline. These are diverse households and most hope that they are just passing through on the way to better jobs and larger flats or lofts. Head of householder's age: 53% are 35 years or younger.

Moderate Target Markets Living in Nearby Places

O55   Family Troopers – Families living in small cities and villages, and many have jobs linked to national and state security, or to the military. In some markets they may even be living in barracks or older duplexes, ranches, and low-rise multiplexes located near military bases, airports, and water ports. They are among the most transient populations in the nation and may have routine deployments and reassignments – so renting makes smart sense. Head of householder's age: 85% are 35 years or younger.

P61   Humble Beginnings – Child-rearing families located in large and second-tier cities, including downscale industrial areas. They are more likely than any other group to be renters, and tend to live in crowded, garden-style apartment complexes and mobile home parks that were built between 1960 and 1990. Head of householder's age: 83% are between 36 and 50 years.

R66   Dare to Dream – Young households scattered in mid-sized cities across the country, particularly in the Midwest, and within older transient city neighborhoods. They are sharing crowded attached units to make ends meet; and in buildings built before 1925 that offer few amenities. Some are growing families living in older ranch-style houses and duplexes. Head of householder's age: 71% are younger than 45 years, and 32% are younger than 30 years.

Prevalent Lifestyle Clusters

While upscale and moderate target markets represent most of the annual market potential for the City of Northville, the model also measures the potential among other prevalent lifestyle clusters. The most prevalent lifestyle clusters for the county are documented in Section G attached to this report, with details for four counties, Northville, and each of four nearby places.

The most prevalent lifestyle clusters in Northville include Aging of Aquarius, Platinum Prosperity, Picture Perfect Families, Silver Sophisticates, American Royalty, Reaping Rewards, Couples with Clout, and Settled in Suburbia. Although they are living in the city in large numbers, they are all inclined to prefer detached houses and do not generate any market potential for attached units.

[Note: This report does not include a Table 4.]

Conservative Scenario

The TMA model for the City of Northville has been conducted for two scenarios, including a conservative (minimum) and aggressive (maximum) scenario. The conservative scenario is based on in-migration into the county and each of its local places, and is unadjusted for out-migration. It does not include households that are already living in and moving within the city.

Results of the conservative scenario for the city are presented among the three exhibits in Section C attached to this report, with a focus on county totals. Exhibit C.1 is a summary table showing the annual market potential for all 71 lifestyle clusters, the 8 upscale target markets, and the 8 moderate target markets. The 71 lifestyle clusters include all existing households currently living in the city, whether they are prevalent or represent a small share of the total.

Under the conservative scenario, Northville has an annual market potential for at least 29 attached units (i.e., excluding detached houses), across a range of building sizes and formats. Of these 29 attached units, 25 (86%) will be occupied by households among the upscale target markets, and only 4 (14%) will be occupied by moderate target market households.

None of the units will be occupied by other lifestyle clusters that are most prevalent in the city. The city's most prevalent households tend to be settled and are more likely to choose detached houses - if they move at all.

Exhibit C.2 and Exhibit C.3 show more detailed data results, with owners at the top of the table and renters at the bottom of the table. Also shown are the detailed results for each of the upscale target markets (Exhibit C.2) and moderate target markets (Exhibit C.3).

Under the conservative scenario and based on in-migration into the City of Northville, most of the market potential (76%) for attached rental units will be generated by the Wired for Success upscale target market. A few units will also be supported by the Senior Discounts moderate target market.

Aggressive Scenario

The aggressive scenario represents a maximum or not-to-exceed threshold based on current migration patterns within and into the City of Northville, and unadjusted for out-migration. It also assumes that every household moving into and within the county would prefer to trade-up into a refurbished or new unit, rather than occupy a unit that needs improvements.

Attached Section D of this report includes a series of tables that detail the market potential under the aggressive (maximum) scenario. The following Table 5 provides a summary and comparison between the aggressive and conservative scenarios, with a focus on attached units only. In general, Northville's annual market potential under the aggressive scenario is about 72% larger than the conservative scenario (50 v. 29 attached units).

Under the aggressive scenario, none of the annual market potential for Northville will be generated by its most prevalent households. Although they are prevalent, they have low movership rates and are more inclined to choose houses – when they move at all.

All (100%) of Northville's annual market potential will be generated by households that have a higher propensity to choose attached units (thus, they are the "Target Markets"), and namely by the Wired for Success upscale target market. A small number of these households already reside in the city; they have high movership rates; and they are good targets for new housing formats.

Table 5
Annual and Five-Year Market Potential – Attached Units Only
71 Lifestyle Clusters by Scenario
The City of Northville – Detroit Metro Prosperity Region 10 – 2016

Renters and Owners Attached Units Only	Conservative Scenario (Minimum)		Aggressive Scenario (Maximum)	
	Annual # Units	5 Years # Units	Annual # Units	5 Years # Units
Upscale Targets	25	125	44	220
Moderate Targets	4	20	6	30
Other Prevalent Clusters	.	.	.	.
71 Lifestyle Clusters	29	145	50	250

All figures for the five-year timeline assume that the annual potential is fully captured in each year through the renovation and remodel of existing units, plus some new-builds in downtown Northville. If the market potential is not captured in each year, then the balance does not roll-over to the next year. Instead, the market potential will be intercepted by nearby places like Novi, Northville Township, and Plymouth.

Note: Additional narrative is included in the Methods Book within the Regional Workbook, with explanations of the conservative and aggressive scenarios, upscale and moderate target markets, and the annual and 5-year timelines.

"Slide" by Building Format

All exhibits in the attached Section B through Section F of show the model results before any adjustments are made for the magnitude of market potential relative to building size. If there is a mismatch between the market potential and building sizes, then adjustments can be made by "sliding" units into other building sizes. For example, if there is a market potential for 4 units in a triplex (i.e., a building with only 3 units) then the extra unit can slide into another building. The following Table 6 demonstrates the adjusted results for the City of Northville.

Note: Additional explanations for "sliding" the market potential along building formats are provided in the Methods Book within the Regional Workbook. Significant narrative in the Methods Book is also dedicated to explanations of building formats, Missing Middle Housing typologies, and recommended branding strategies for developers and builders.

Table 6
Annual Market Potential – "Slide" along Formats (in Units)
71 Lifestyle Clusters – Conservative and Aggressive Scenarios
The City of Northville – Detroit Metro Prosperity Region 10 – 2016

Number of Units by Building Format/Size	Conservative Scenario Unadjusted w/out Slide	Adjusted with Slide	Aggressive Scenario Unadjusted w/out Slide	Adjusted with Slide
1 | Detached Houses	96	96	129	129
2 | Side-by-Side & Stacked	1	.	1	.
3 | Side-by-Side & Stacked	1	3	3	3
4 | Side-by-Side & Stacked	1	.	2	4
5-9 | Townhouse, Live-Work	8	8	13	12
10+| Multiplex: Small	4	18	8	10
20+ | Multiplex: Large	5	.	8	21
50+ | Midrise: Small	3	.	4	.
100+ | Midrise: Large	6	.	11	.
Subtotal Attached	29	29	50	50

Intercepting Migrating Households – The market potential for the City of Northville is based on the known inclination for households to move into and within that place. When few if any households are moving into or within a given place, then the market potential will be similarly low. However, LandUseUSA is confident that if Northville and its downtown add more Missing Middle Housing choices, then they will succeed in intercepting a larger share of the target market households that are currently migrating to surrounding jurisdictions.

Some (albeit not all) of these households will be seeking townhouses and waterfront lofts/flats with balconies and vista views of inland rivers and waterways – including the Middle Rouge River. Others will seek choices within active and vibrant downtowns and surrounding neighborhoods. Some may be interested in units with balconies and patios that overlook the Northville Downs racetrack.

[Note: This report does not include a Table 7.]

Rents and Square Feet

This section of the report focuses on contract rents and unit sizes, and stakeholders are encouraged to review the materials in Section F1 for information on rents (see Section F2 for home values). Section F1 includes tables showing the general tolerance of the upscale and moderate target markets to pay across contract rent brackets, with averages for the State of Michigan. The exhibits also show the allocation of annual market potential across rent brackets for the City of Northville. Results are also shown in the following Table 8, with a summary for the upscale and moderate target markets under the aggressive scenario.

Table 8
Annual Market Potential by Contract Rent Bracket
71 Lifestyle Clusters – Aggressive Scenario
The City of Northville – Detroit Metro Prosperity Region 10
(2016 Constant Dollars)

Renter Occupied Units (Attached & Detached)	Renter-Occupied Contract (Cash) Rent Brackets					
	$ 0-$600	$600-$800	$800-$1,000	$1,000-$1,500	$1,500-$2,000+	Total Potential
Upscale Targets	4	8	16	20	18	66
Moderate Targets	6	5	4	3	2	.
Other Clusters	.	.	.	.	.	.
The City of Northville	10	13	20	23	20	86
Share of Total	12%	15%	23%	27%	23%	100%

[Note: Figures shown above in Table 8 are for renter-occupied units only, and might not perfectly match the figures in prior tables due to data splicing and rounding within the market potential model. Also, these figures are corrected to adjust for some rounding errors, and are refined by LandUseUSA. Therefore, they do not perfectly match the figures shown in Exhibit F1.5 and Exhibit F1.6.]

Section F1 also includes tables showing the median contract rents for the City of Northville, three counties, and nearby places. Also included is a table showing the relationships between contract rent (also known as cash rent) and gross rent (with utilities, deposits, and extra fees). For general reference, there is also a scatter plot showing the direct relationship between contract rents and median household incomes among all 71 lifestyle clusters.

Forecast rents per square foot are based on existing choices throughout the City of Northville and used to estimate the typical unit size within each rent bracket. Existing choices are documented in Section F1, including a scatter plot with the relationships between rents and square feet.

[Note: This report does not include a Table 9.]

Comparison to Supply

This last step of the TMA compares the market potential to the City of Northville's existing supply of housing by building format, and for all 71 lifestyle clusters. Histograms in the attached Section B display the results for the city, and for the City of Novi and Northville Township.

To complete the comparison, it is first determined that among all renters and owners in Michigan, a weighted average of about 14% will move each year. Theoretically, this suggests that it will take roughly seven years for 100% of the housing stock to turn-over. Therefore, the annual market potential is multiplied by seven before comparing it to the existing housing stock.

Results for the City of Northville are shown in Exhibit B.1 (conservative scenario) and Exhibit B.2 (aggressive scenario). The comparisons indicate that there is little or no need for building new detached houses. Results also show that the seven-year market potential for attached units is less than the city's current supply. Even if 30% of the existing units are vacated each year and become available for new households, it appears that the supply is sufficient to meet the current demand.

The analysis also includes a comparison of the one-year market potential to the city's current supply of vacant units. As shown in attached Exhibit B.3, there are 8 new households moving into Northville each year and that would be highly inclined to choose townhouses, row houses, and live/work units. However, the census reports that there is only one (1) unit available. So, at least 7 new units would need to be added each year to keep up with the market potential.

The modest results reflect the fact that few of the migrating target markets are currently moving into and within the City of Northville. However, it can be reasonably assumed that more target markets would move into the city if more choices were available - particularly in the downtown and along the river.

In fact, LandUseUSA is confident that if Northville and its downtown add more Missing Middle Housing choices, then they will succeed in intercepting a larger share of the target market households that are currently migrating to surrounding jurisdictions. Recent and ongoing Placemaking initiatives will help secure Northville's role as a vibrant and desirable place to live for diverse households, ages, and incomes.

Evidence of the untapped market potential within the region can be found by studying the data for the neighboring Northville Township (Exhibit B.4) and the City of Novi (Exhibit B.5). Results indicate that the target markets are flocking to both places – and the City of Northville is in a good geographic location to intercept them and take a larger share of the market.

Additional Note: All histograms in Section B and comparing the market potential to existing housing units are intended only to provide a general sense of magnitude. Direct comparisons will be imperfect for a number reasons described in the following list.

Comparisons to Supply – Some Cautions

1. The market potential has not been refined to account for the magnitude of market potential among building sizes, and is not adjusted for a "slide" along building formats.

2. The histogram relies on data for existing housing units as reported by the American Community Survey (ACS) and based on five-year estimates through 2013. The data and year for the market potential is different, so comparisons will be imperfect.

3. The number of existing housing units is not adjusted for vacancies, including units difficult to sell or lease because they do not meet household needs and preferences.

4. On average, the existing housing stock should be expected to turnover every seven years, with variations by tenure and lifestyle cluster. However, owner-occupied units have a slower turn-over rate (about 15 years), whereas renter occupied units tend to turn-over at least every three years. Again, these differences mean that direct comparisons are imperfect.

5. The 7-year market potential assumes that the market potential is fully met within each consecutive year. However, if the City of Northville cannot meet the market potential in any given year (and cannot intercept households migrating to nearby places), then that opportunity will dissipate.

Analysis of PlaceScores™

Introduction – Placemaking is a key ingredient in achieving the City of Northville's full residential market potential, particularly under the aggressive or maximum scenario. Extensive Internet research was conducted to evaluate the city's success relative to other communities throughout Michigan. PlaceScore™ criteria are tallied for a possible 30 total points, and based on an approach that is explained in the Methods Book (see the Regional Workbook). Results are detailed in Section H of this report.

PlaceScore v. Market Size – There tends to be a correlation between PlaceScore and the market size in population. If the scores are adjusted for the market size (or calculated based on the score per 1,000 residents), then the results reveal an inverse logarithmic relationship (compare the scatter plots in Section H).

After adjusting for population size, the scores for most places tend to align with their size. Smaller markets may have lower scores, but their points per 1,000 residents tend to be higher. Larger markets have higher scores, but their points per 1,000 residents tend to be lower.

The City of Northville has an overall PlaceScore of 22 points, which is higher than the City of Plymouth (18 points) but lower than the City of Ypsilanti (26 points). Reinvestment and development of new projects within the downtown will present new opportunities to increase the score and address related criteria. Ideally, ongoing initiatives will help the city achieve an exemplary score of 24 to 26 points over the next few years, with a focus on the items listed below.

PlaceScore Strategies for the City of Northville

1. Consider a form-based or unified code for the downtown.

2. Regardless of state agency assistance, create and implement a façade improvement program.

3. Participate in the MEDC's Redevelopment Ready Communities program.

4. Participate in the Michigan Main Street Program and following its 4-point approach.

5. Include downtown maps and merchant lists on the city website, overlapping the DDA.

6. Increase the downtown's WalkScore, which is based on walkability to places that are added by that application's user community (i.e., by pedestrian residents and visitors).