

Executive Summary

February 2, 2005

The Master Land Use Plan will establish the land use vision of the community. An important part of the Master Planning process is to identify issues that are important to the community and to describe the current state of the community.

To assist in this endeavor, the City's consultants have conducted in-depth analyses of demographic characteristics, tax and economic base, neighborhood characteristics, and natural features of the community. Specifically, the analyses cover:

- Demographics - population characteristics, trends and projections;
- Housing, including characteristics of the existing housing stock, housing development trends, and projections for new housing construction;
- Market demand for commercial, industrial and office land uses, and a tax base analysis;
- Existing land use and development conditions in the City and how they have changed over past decade, including existing land uses, community facilities, and an identification of potential change areas within neighborhoods;
- Natural features and environmental resources.

The analyses examine the existing conditions and trends, and represent a foundation for the upcoming citizen input workshops. The key findings of each of the above sections are summarized as follows:

DEMOGRAPHICS

The City experienced large increases in population in almost every decade of the twentieth century. Since the mid-1950s the City's *rate* of population growth has been decreasing, but the total population continues to increase. Previous land use and development planning and policies were adopted and implemented in the context of a growing community. As the City approaches build-out, a re-evaluation of land use and development planning and policies is warranted. Infill development, redevelopment, and preservation of remaining open spaces will likely become more important.

The City's population includes relatively fewer children under the age of five, but the trend from 1990 to 2000 suggests that in-migration will bring additional children in this age cohort over the next 10 years.

The higher percentage of the population in the mature families age group indicates that issues of retirement and aging will become more important. Demand for senior services will likely increase in the future. The aging of the City's population may result in housing turnover as empty nesters opt for alternative housing opportunities, such as single-story housing, smaller housing sizes, or

condominium developments requiring less owner maintenance. Maintaining property values if housing turn over increases and providing alternative housing opportunities for retiring residents should become important policy considerations for the City.

The City’s owner-occupied housing is relatively affordable to residents. However, there are fewer housing opportunities for younger households and for lower income households. The City should decide to what degree increasing the diversity of housing opportunities for the maturing children of residents and for the lower income workers in the City should be a priority.

HOUSING

Based on past trends it appears that there will be continued strong market demand for new housing in the City of Rochester Hills. What is clear is that there is not sufficient vacant, developable land for the City to accommodate past levels of growth with the same land use pattern. The City could accommodate the same level of household growth over the next ten years, using less land area, by promoting the development of townhouses and attached condos at a rate similar to which this kind of housing is being developed throughout the SEMCOG region.

The City’s older housing is of less value than newer housing. The lowest value housing in the City is aged 20 to 29 years old. To promote property values the City should facilitate and promote reinvestment in the older housing stock.

One large part of the housing value problem is that older housing is smaller in size than newer housing. The City should assess zoning requirement affects on the ability to expand older housing. Additions to older housing not only make such units competitive on a size basis with newer housing, but also increase the taxable value of developed property.

TAX BASE ANALYSIS

The City’s largest source of revenues is property taxes, which constituted 52.7 percent of total revenues in 2003. Other important sources of revenue include state grants (22.3 percent of total revenues), charges for service (12.1 percent), and licenses and permits (4.4 percent). The remaining sources of funds collectively account for less than 5 percent of total revenues.

Table 1
Real Property Classes by Percentage of Total Real Property Tax Base,
Rochester Hills and Selected Communities, 2004

	Rochester Hills	All Oakland Co. Cities	Oakland County	Troy	Auburn Hills	Oakland Township
Agricultural	0.0	0.0	0.2	0.0	0.0	0.3
Commercial	13.5	23.8	17.8	29.2	36.1	2.7
Industrial	6.7	9.4	6.6	10.8	43.6	0.3
Residential	79.8	66.7	75.4	60.1	20.3	96.7
Timber Cut Over	0.0	0.0	0.0	0.0	0.0	0.0
Developmental	0.0	0.1	0.1	0.0	0.0	0.0

Source: McKenna Associates, Inc., with data from Oakland County’s 2004 Equalization Report.

The most salient characteristic of the City’s real property tax base evident is the size of the residential portion of the tax base. Residential real property constitutes 79.8 percent of the City’s real property tax base, a larger portion than in Oakland County, Oakland County’s cities, and all the adjacent communities except Oakland Township. The City’s large residential base is offset with a lower portion of the tax base in the commercial and industrial classifications.

The tax base analysis projects annual revenues and expenditures. If present trends continue, the analysis projects City expenditures will exceed revenues in 2012. The City’s revenues and expenditures will become unsustainable if present trends continue.

MARKET ANALYSIS

According to SEMCOG, the City of Rochester Hills increased from 68.0 percent developed to 77.1 percent developed during the period from 1990 to 2000, consuming approximately 2000 acres of undeveloped land. Table 2 projects land demand based upon the assumption that past trends will continue and the City will continue to develop at about the same rate.

Table 2
Land Demand Forecast, by Land Use Type,
Rochester Hills, 2005 through 2024

Time Period	Industrial Development (acres)	Retail Development (acres)	Office Development (acres)	Residential Development (acres)	TOTAL
Increase 2005 to 2009	5.5	27.5	47.2	1,075.9	1,156.1
Increase 2010 to 2014	5.5	27.5	60.2	1,075.9	1,169.1
Increase 2015 to 2024	12.5	61.8	159.3	2,420.8	2,654.4
Total 20 Year Increase	23.6	130.6	266.7	5,110.5	5,531.3

Source: McKenna Associates, Inc., 2004.

If the City continues along the current development path, over 5,500 acres of land would be developed over the next 20 years. According to SEMCOG, the City had only 4,813 acres of undeveloped land in 2000, so past development patterns will not be sustainable over the next 20 years. The City must begin to change basic development policies with a goal of sustainability.

Industrial Development

Industrial land uses make up less than 1 percent of the projected acreage of new development. However, most industrial development will likely be priced out of the City’s real estate market over the long term, as scarcity of developable land drives land prices higher. The City should consider reducing or eliminating areas of new industrial development. Policies should be adopted to assist existing industrial businesses and to maintain the integrity of existing industrial parks. At the same time, the City should be prepared for the market to price industrial users out of the City.

Retail Development

Retail shopping centers are typically classified according to size and trade area as neighborhood, community, or regional scale. Neighborhood and community scale centers typically serve the immediate area, while regional centers serve residents from many different communities. To assess the market demand for additional retail development to serve the needs of Rochester Hills residents, the City’s consultants analyzed residents’ consumer spending patterns and existing land uses.

The analysis found that retail spending by City residents in 2004 would support approximately 163 acres of retail land area at the neighborhood and community scale. By 2009, the supportable land area will increase to approximately 185 acres. The existing land use analysis found that neighborhood and community scale land use occupied 253 acres of land, substantially more than the 163 supported by City residents’ consumer spending. There are two basic explanations for the excess retail land area:

1. City businesses capture a greater percentage of resident’s retail spending that is assumed.
2. The trade area for some of the City’s retail shopping areas extends into adjacent communities and local businesses capture spending from residents of these adjacent communities.

Based on the analysis of consumer spending no additional retail development is currently required to serve the neighborhood and community scale retail shopping needs of the City’s residents as a whole. If present household growth trends continue, no additional retail development would be needed to serve the neighborhood and community scale retail shopping needs of the City’s resident through 2009.

Office Development

The I-75 North Corridor office sub-market, which includes Troy, Auburn Hills, and Rochester Hills, contained 15,971,072 sq. ft. of office space, accounting for about 19.8 percent of the total office space in the Detroit metropolitan area in 2004. The City of Troy accounted for most of the office space in this sub-market. However, the availability of developable land suggests that demand for future office development in the sub-market will increasingly move towards Auburn Hills and Rochester Hills.

If present office development trends continue, the City of Rochester Hills will experience 1.37 million square feet of new office development over the next five years, and 8.52 million square feet over the next 20 years. Assuming that the City’s current capture rate of 21.1 percent of the I-75 sub-market’s new office development is increased to 31.7 percent, 2,056,183 sq. ft. of new office building space would be constructed on 47.2 acres of land in the City between 2005 and 2009.

Office work represents the economy of the future. Pursuing the this office based economy can have several benefits:

1. Planning and pursuing the economy of the future will assure that the City’s economy, and the area economy have a sufficient foundation of base industry to remain sustainable.

2. Maintaining the City’s position in the regional economy will support and promote the property values of the City’s housing, which will remain close to the jobs of the future.
3. Offices generate higher property tax revenues and lower service provision costs. Promoting office development will improve the fiscal sustainability of new development overall.
4. The City is located in one of the region’s active office sub-markets. Attracting an increased portion of new office development as an economic development policy is viable and realistic.

Residential Development

If present trends continue, residential development will continue to consume the majority of undeveloped land in the City. Over the next 20 years, residential development would require more undeveloped land than currently exists in the City. The current residential land development pattern is unsustainable.

If the City is to continue to grow in population and housing, higher density, more compact forms of development will be required. The existing trend in the region is an increasing development of townhouses and attached condos, which currently constitute less than 1 percent of the City’s new housing.

EXISTING CONDITIONS

Existing Land Use

City consultants conducted a parcel-by-parcel inventory of existing land uses in the late fall of 2004. Analysis of the inventory shows that Rochester Hills is entering a new phase in its development and the City is now a mature community, with few large tracts of vacant land available for development. Key findings of the existing land use analysis are:

1. Residential land uses account for nearly half (48.5%) of the land area of the City.
2. Vacant land now represents approximately 9% of the total area of the City, down from 13.2% in 1998.
3. As Rochester Hills exhausts its supply of vacant land, maintenance of existing development and infill development or redevelopment of obsolete sites will increase in importance.
4. Many remaining vacant parcels have constraints such as natural features that have made them difficult to develop in the past.

Potential Neighborhood Change Areas

The analysis identifies residential neighborhood areas that may experience change within the next 5-10 years due to either 1) an increased density of development within the neighborhood area or physical change and/or 2) population succession within the neighborhood. In dealing with neighborhood change, it is important that the City identify the characteristics within these

neighborhoods that it wants to preserve and which characteristics it wants to create in order to ensure that the quality of life for residents is maintained or improved. These neighborhood areas have been identified and will be analyzed during the creation of future land use alternatives.

NATURAL FEATURES

Niswander Environmental has made significant progress on their inventory of natural features in the City. A comprehensive field evaluation and analysis of steep slopes, floodplains, hydric soils, woodlands, wetlands, and open space has been performed. Niswander Environmental is currently developing the Natural Features Inventory (NFI) maps and integrating the field data into a GIS database. The NFI maps will be integrated and used during the development of the new Master Land Use Plan.

The following is a summary of the inventory to date.

Steep Slopes

In the City, the Clinton River has created a deep river valley with steep slopes. These slopes are often in highly erodible sandy soils. Protection of the Clinton River and personal property is of paramount importance. Niswander Environmental has evaluated the City of Ann Arbor's and several model steep slope ordinances. The purpose of a steep slope ordinance is to regulate the intensity of use in steep slope areas to limit soil loss, erosion, excessive stormwater runoff, degradation of surface water, and loss of personal property. Steep slope ordinances typically require an analysis of slopes greater than 15% to show that the impacts have been minimized and that slopes have been adequately protected with appropriate soil erosion control measures during and after construction. Disturbances to slopes greater than 25% should be avoided except when no feasible or prudent alternatives exist.

Niswander Environmental has generated a steep slope map utilizing the City's one-foot contours that shows slopes between 15% and 25% and greater than 25%. As expected, many of the steepest slopes are associated with the Clinton River valley. The generation of the steep slope map is the first step in the process of protecting the City's steep slopes and associated natural features.

Wetlands, Watercourses, and Hydric Soils

Niswander Environmental has developed a preliminary base map of wetlands in the City based on hydric soils, the Department of Environmental Quality Preliminary Wetland Map, National Wetland Inventory, and aerial interpretation. Wetlands and watercourses accessible from public roadways were qualitatively evaluated during the filed investigation. This map will be updated with field data. The final product will be a GIS map with linked information about the quality of the wetland and watercourses. This updated map will not only identify and rank the remaining resources but will also provide the information needed for preservation, restoration, and management of the City's wetlands and watercourses.

Woodlands

A woodlands map that identifies all of the field survey points, photograph locations, and the Oakland County Natural Areas, which are large tracks of land containing significant natural features (including woodlands) has been created. Niswander Environmental is currently mapping (digitizing)

and developing the quality ranking for each woodland. The updated woodland map will provide a tool for the City to better achieve the purpose of its tree ordinance to “Protect the woodlands, including trees and other forms of vegetation, of this city for their economic support of local property values when allowed to remain uncleared and/or unharvested and for their natural beauty, wilderness character, and their geological, ecological, or historical significance”.

Floodplain

Niswander Environmental has overlaid the Federal Emergency Management Agency (FEMA) floodplain map (DFIRM) over an aerial photograph. The map shows both the 100-year and 500-year floodplain elevations. The map can be used for planning purposes but the FEMA Flood Insurance Studies should be used when evaluating individual properties. It should be noted that FEMA is currently completing an update to Oakland County’s FEMA floodplain maps and the City’s Engineering Department has attended preliminary meetings. The City’s floodplain map should be updated as soon as the revised FEMA floodplain maps are available, which will likely not occur prior to the completion of this project.

Open Space

Open space is public and private land that is retained as primarily undeveloped and includes lands devoted to active or passive recreational use or lands retained for visual or natural resource protection purposes. Open space areas typically contain wetlands, woodlands, watercourses, floodplains, or active recreation areas. These area are intended to benefit the public by either protecting areas that provide an indirect public benefit (floodplains, wetlands, watercourses,...) or a direct public benefit (trails, athletic fields, parks,...). The value of open space is greatly affected by its connectivity to adjacent open space. The combination of all of the NFI data (wetlands, woodlands, floodplain, and steep slope) will allow for an evaluation of the connectivity of the City’s open space and will be a valuable tool for evaluating site plans, identifying land for acquisition, planning of park land, and development of trails.

Natural Features Summary

Niswander Environmental is creating a baseline NFI that documents the existing conditions and provides recommendations for future use and preservation. Niswander Environmental is currently summarizing the extensive amount of field data into maps and a database that will be accessible through the City’s GIS. The NFI will allow for responsible/integrated land use and also provide a tool for measuring how the City’s natural features change over time and what management strategies might be needed to protect the City’s remaining natural features. Finally, the NFI will allow for an evaluation of what effect a proposed project will have on natural features at a landscape level.

SUMMARY AND NEXT STEPS

The above represents just a summary of the work that has been completed with the Master Plan Technical Committee to date. The above items will be used during the upcoming public workshops and represent the foundation of the overall Master Land Use Plan. Once public input is gathered from the Online Public Forum and the Community Stakeholder Workshops that will be held at the end of February, the Technical Committee will begin work on goals and objectives and future land use alternatives to identify and implement development policies that are consistent with the community’s vision, which are also fiscally and environmentally sustainable.

The next project update is planned for late spring after the Technical Committee has had the opportunity to review and analyze the results of the Online Public Forum and Community Stakeholder Workshops.