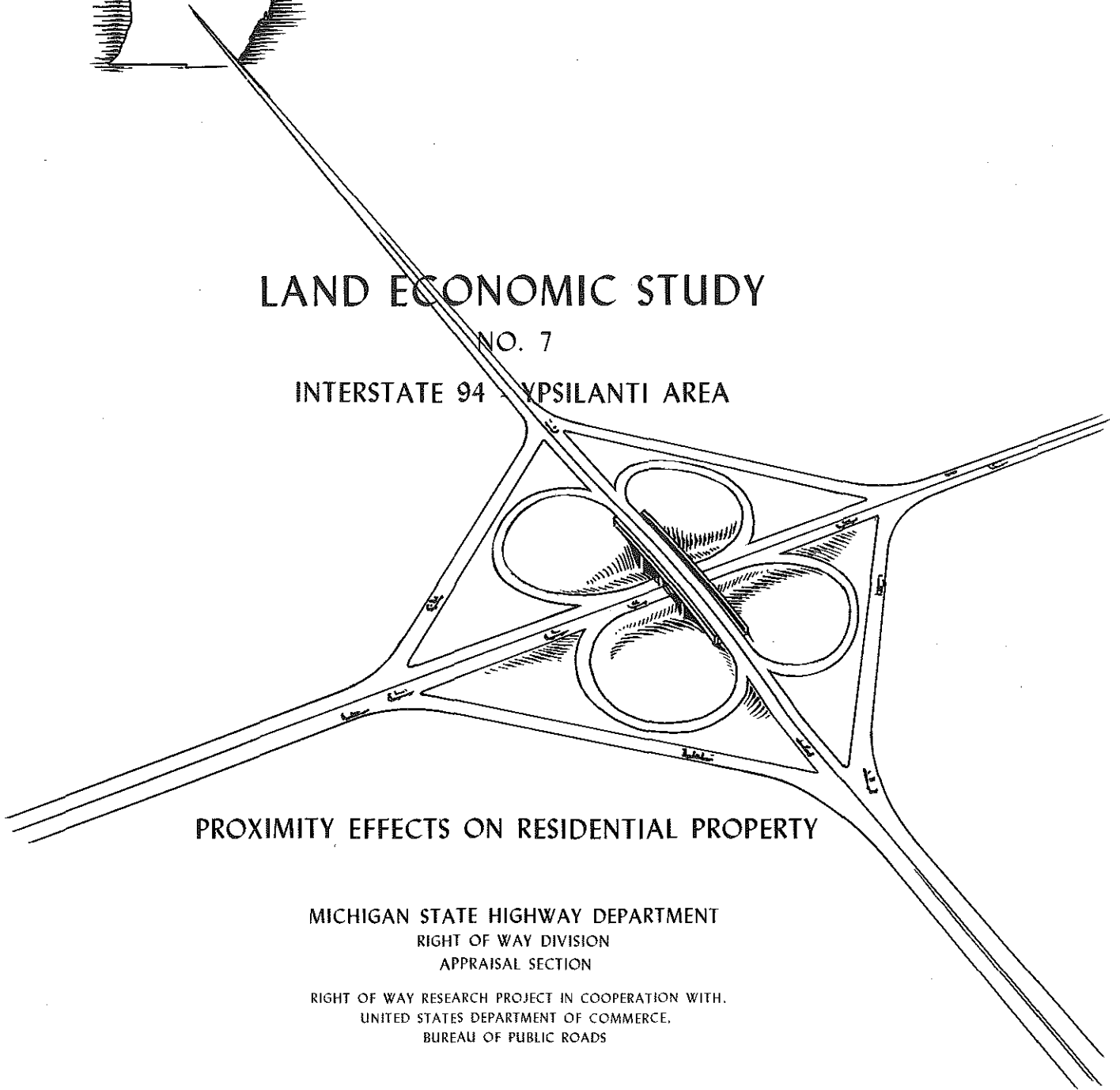


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DEPARTMENT — LANSING

LAND ECONOMIC STUDY

NO. 7

INTERSTATE 94 — YPSILANTI AREA

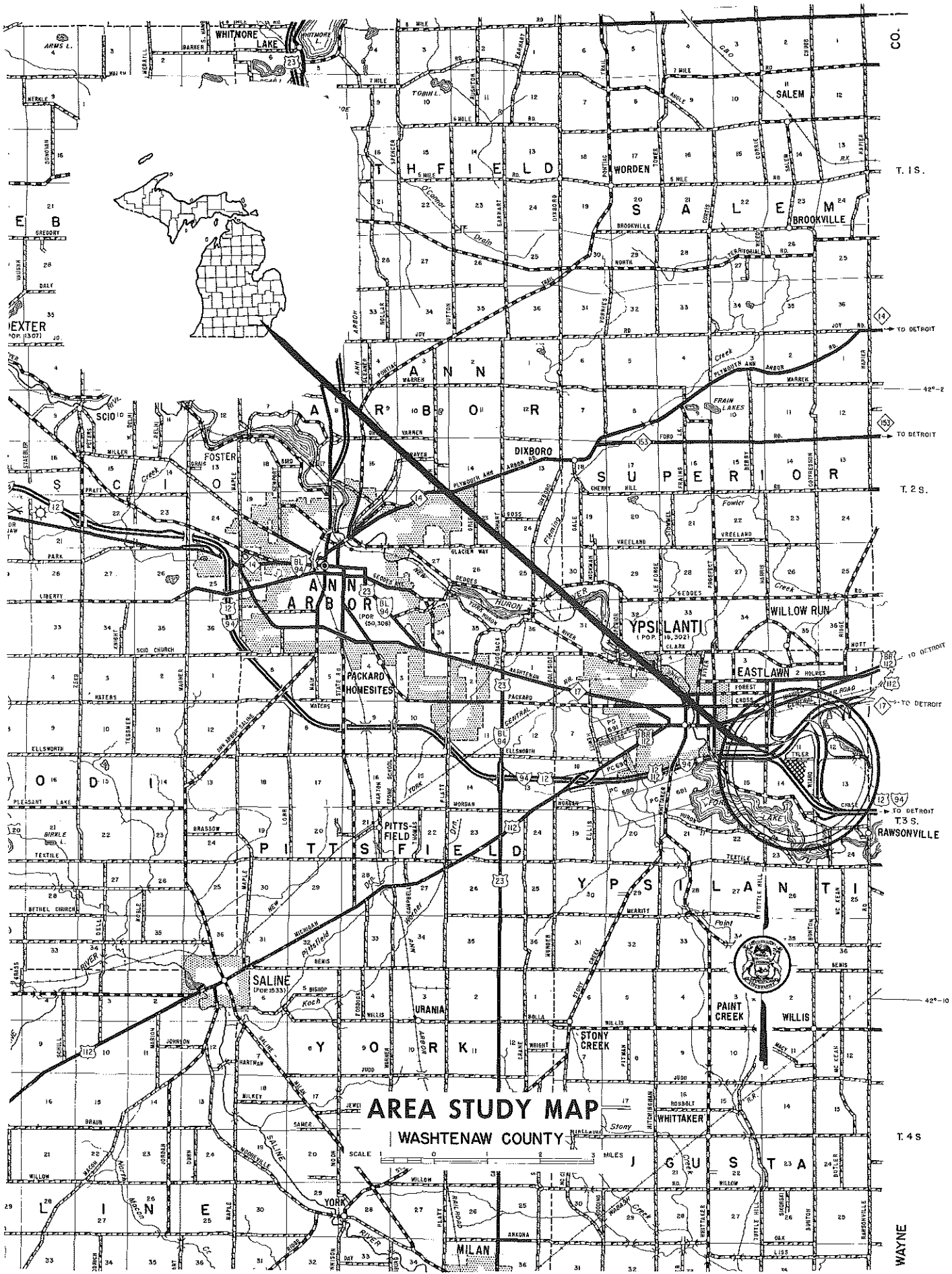


PROXIMITY EFFECTS ON RESIDENTIAL PROPERTY

MICHIGAN STATE HIGHWAY DEPARTMENT
RIGHT OF WAY DIVISION
APPRAISAL SECTION

RIGHT OF WAY RESEARCH PROJECT IN COOPERATION WITH.
UNITED STATES DEPARTMENT OF COMMERCE,
BUREAU OF PUBLIC ROADS

FEBRUARY 1961



AREA STUDY MAP

WASHTENAW COUNTY

SCALE 1 0 1 2 3 MILES

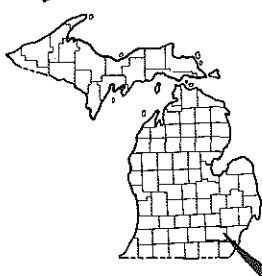
CO.
T. 1 S.
T. 2 S.
T. 3 S.
T. 4 S.
WAYNE



ARMS L. 4
GREGORY
SALLY
EXETER
POP (1907) 10

SCIO 10
LIBERTY
WATERS
ELLSWORTH
PLEASANT LAKE
TEXTILE
BETHEL CHURCH

WILLOW
L. I. N. E.
MILAN



ANN ARBOR
PACKARD HOMESITES
PITTSFIELD
SALINE
YORK
MILAN

THFIELD
WORDEN
SALEM
BROOKVILLE
ANN ARBOR
DIXBORO
SUPERIOR
YPSILANTI
EASTLAWN
WILLOW RUN
PITTSFIELD
YPSILANTI
URANIA
STONY CREEK
MILAN

TO DETROIT
TO DETROIT
TO DETROIT
TO DETROIT
TO DETROIT
TO DETROIT
TO DETROIT

INTRODUCTION

In making appraisals involving residential and potential subdivision property, the effect of limited access freeways has been a subject which has caused considerable discussion and divergence of opinion.

Inasmuch as an appraisal should reflect the attitude of the market (those who will ultimately use the property), a study was made of a subdivision in Ypsilanti Township in Washtenaw County.

The subdivision under study (West Willow - Units 2 through 7) backs up to I-94 (US-12) and lies on the east side of Ypsilanti. Although the right of way had been acquired prior to the building and the sale of the homes, the original purchasers did not know about the coming of the highway and they assumed that there would be a park area, or similar type subdivision, backing up to their homes. Some had heard about the highway but assumed it would be a quarter of a mile or so away. In the original sales no differential was made between homes next to the right of way and those in the interior of the subdivision. Practically all of the houses were built and sold in 1956 and the early part of 1957. Construction was begun on the freeway in December of 1957 and it was opened to traffic in October of 1958.

METHOD OF ANALYSIS

To analyze the effects of a freeway on adjoining residential property, it was decided to test the resale price of the homes



TEST AREA NEXT
TO HIGHWAY
SLAB HOUSES ON CAROL ANN
LOOKING SOUTHEASTERLY FROM LOT 460



CONTROL AREA
LOOKING SOUTH ON BUICK

next to the freeway with their original sale price. As a control to test the trend in the real estate market, sales of houses not adjacent to the freeway but within the subdivision were compared with their original sale price.

Because certain owners of homes next to the freeway and in the control area had added extras such as fencing, a recreation room, carpeting, or a garage, the market value contribution of these items was estimated and deducted from the resale price so that a base price was available for comparison. Such items as landscaping, storms and screens, and condition were not adjusted unless of unusual character. Justification of this position is that practically every home considered had made similar changes and had been subject to similar wear and depreciation.

Reference is now made to the tables showing actual sales. All sales were verified by checking the records of the Register of Deeds, by contact with the property owner, and by checking with local real estate agents. The original selling price is estimated by using the Internal Revenue Stamps and taking the midpoint of this indicated value. The method is believed reliable because the large amount of G. I. and F. H. A. loans made it almost mandatory that the correct stamps be affixed. By using the midpoint there would be a deviation of less than two percent from the actual selling price.

HOUSES NEXT TO HIGHWAY SALES

Lot No.	Original Price	Date Original Sale	Resale Price	Date Of Resale	Adjustments to Base Price*	Adjusted Sale Price	Amount of Change	Change in Percent	Time Since Original Sale
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HOUSES WITH BASEMENTS

478	\$15,250	5/57	\$17,500LC	8/58	Landscaping-200	\$17,300	\$2,050	+ 13.4%	15 Mo.
520	14,750	6/57	16,275	8/59	None	16,275	1,525	+ 10.7%	26 Mo.
521	14,750	5/57	16,000	7/59	None	16,000	1,250	+ 8.5%	26 Mo.

HOUSES ON SLABS

462	\$12,750	2/57	\$12,600	6/59	Garage Slab-100	12,500	-250	-2.0%	28 Mo.
469	12,250	3/57	13,480LC	8/59(1)	None	13,480	+1,230	+ 10.0%	29 Mo.
472	12,250	3/57	11,950	7/60	None	11,950	- 300	- 2.4%	40 Mo.

OFFERS TO SELL (2)

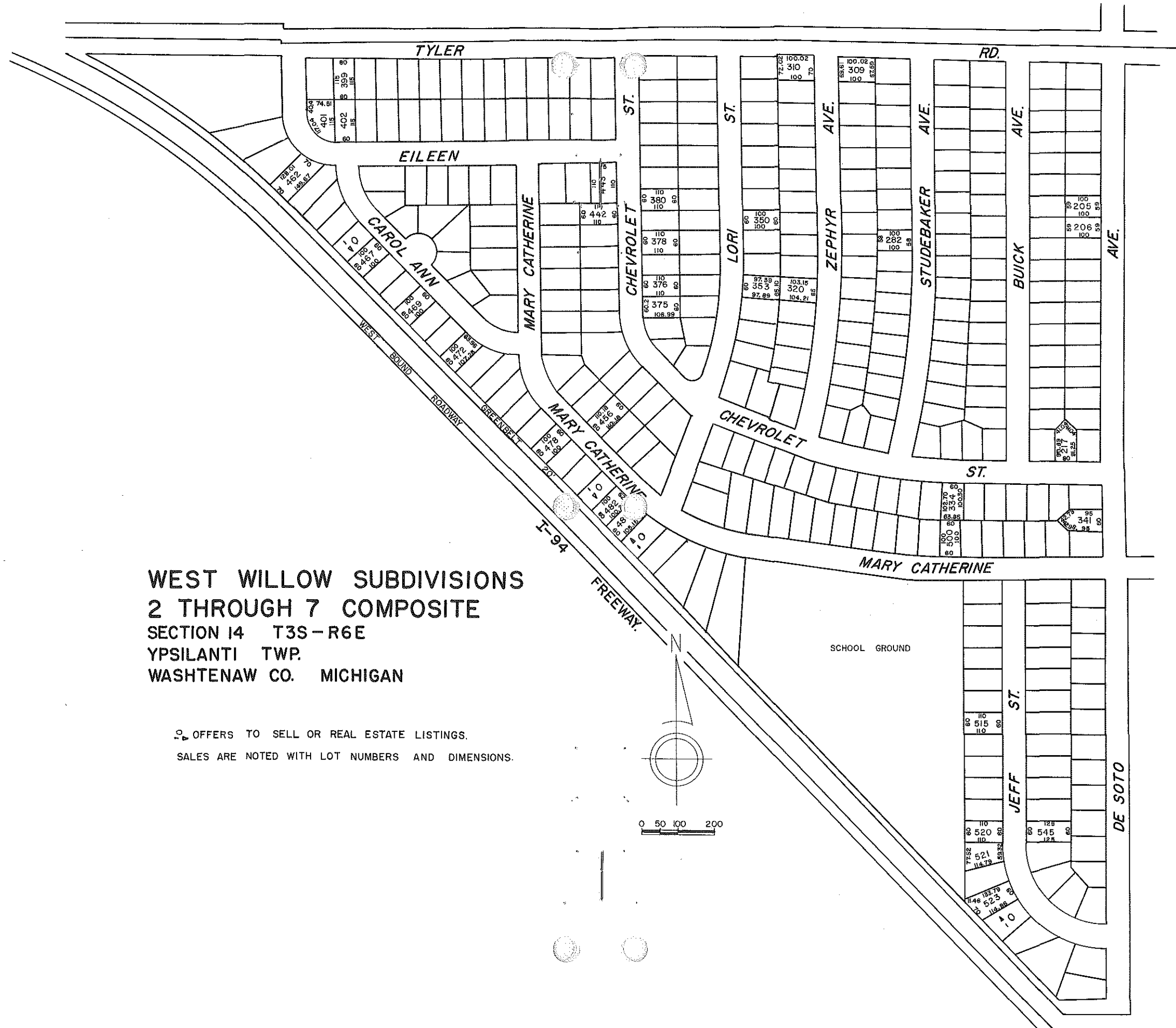
467	\$12,250	2/57	\$13,500	1959	Fence-200	13,300	+ 1,050	+ 8.6%	--
482	15,750	3/57	16,100	1959	Poor Condition +500	16,600	+ 850	+ 5.4%	--
483	15,250	3/57	17,500	1959	Landscaping - 200	17,300	+ 2,150	+14.1%	--
523	15,250	3/57	16,500	1960	Carpeting -200 Misc. -100	16,200	950	+6.3%	--

* Because certain owners had added extras such as fence, recreation room, carpeting, or a garage, the market contribution of these items was estimated and deducted from the resale price so that a base price was available for comparison. Such items as landscaping, storms and screens, and conditions were not adjusted unless of unusual character. Justification of this position is that practically every home considered had made similar changes and had been subject to similar wear and depreciation.

(1) Lot 469 was purchased on land contract, but foreclosure has now occurred against contractor by V.A.

(2) Offer to sell is the asking price and is listed under column of Resale Price.

LC-Land Contract. All other sales are Warranty Deed (Equity out).



WEST WILLOW SUBDIVISIONS
 2 THROUGH 7 COMPOSITE
 SECTION 14 T3S-R6E
 YPSILANTI TWP.
 WASHTENAW CO. MICHIGAN

OFFERS TO SELL OR REAL ESTATE LISTINGS.
 SALES ARE NOTED WITH LOT NUMBERS AND DIMENSIONS.

CONTROL AWAY FROM HIGHWAY
SALES OF HOUSES WITH BASEMENTS

Lot No.	Original Price	Date Original Sale	Resale Price	Date Of Resale	Adjustments to Base Price*	Adjusted Sale Price	Amount of Change	Change in Percent	Time Since Original Sale
353	\$15,250	5/57	\$16,500	7/58	Fence-200	\$16,300	1,050	+ 6.9%	14 Mo.
378	14,750	8/57	16,250	7/60	Fence-200	16,050	1,300	+ 8.8%	35 Mo.
					Fence-200, Patio & 1/3 Basement Tile -\$100	15,000	250	+ 1.7%	32 Mo.
375	14,750	9/57	16,750	11/60	Fence-200 Garage-1200 Misc.-100	15,250	500	+ 3.4%	38 Mo.
310	15,750	10/56	16,775	6/59	Garage-600 Fence-150 Carpeting -200	15,625	- 125	- 0.8%	34 Mo.
380	14,750	8/57	15,900	2/59	None	15,900	1,150	+ 7.8%	18 Mo.
205	15,250	3/56	15,800	2/59	Fence-200	15,600	350	+ 2.3%	35 Mo.
217	15,250	3/56	16,200	5/60	Fence-200	16,000	750	+ 4.9%	49 Mo.
334	14,750	7/56	15,500	2/60	Fence-200 Basement Tile -50 Ext. Concrete -50	15,200	450	+ 3.0%	43 Mo.
350	14,750	1/57	15,700	2/58	Carpeting-200 Misc. -50	15,450	700	+ 4.8%	13 Mo.
401	15,250	11/56	15,900	6/59	None	15,900	650	+ 4.3%	31 Mo.
402	15,750	10/57	16,300	1/60	None	16,300	550	+ 3.5%	26 Mo.
442	15,250	5/57	16,477	2/60	Carpeting-250 Fence-150	16,077	827	+ 5.4%	33 Mo.
545	15,250	4/57	17,000	5/59	Carpeting-200 Ext. Concrete-50	16,750	1,500	+ 9.8%	25 Mo.
443	16,250	12/56	17,400	5/59	None	17,400	1,150	+ 7.1%	30 Mo.
500	14,750	8/57	15,950	3/60	None	15,950	1,200	+ 8.2%	31 Mo.
320	15,750	8/55	16,500	7/59	600	15,900	150	+ 1.0%	35 Mo.
376	14,750	9/57	15,300	4/60	Fence -200 Misc. 100	15,000	250	+ 1.7%	31 Mo.

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206	15,250	4/56	15,900LC	8/60	None	15,900	650	+ 4.3%	52 Mo.
456	15,250	1/57	17,550LC	2/60	Recreation Room -750	16,800	1,550	+10.2%	35 Mo.
341	14,250	9/56	16,000	2/59	Fence-200	15,800	1,550	+10.9%	29 Mo.

CONTROL AWAY FROM HIGHWAY

SALES OF HOUSES ON SLABS

309	\$ 13,750	11/55	\$ 14,000	12/59	None	14,000	250	+ 1.8%	49 Mo.
399	13,750	6/57	14,100	12/59	None	14,100	350	+ 2.5%	30 Mo.
515	13,250	8/57	14,000	3/59	Misc. -50 Fence -200	13,750	500	+ 3.7%	19 Mo.
282	12,750	5/56	14,500LC	6/59	Fence-150	14,350	1,600	+12.5%	37 Mo.
282	12,750	5/56	13,750	6/59	Fence-150	13,500	750	+ 6.0%	37 Mo.

Control Area Based on 26 Sales.

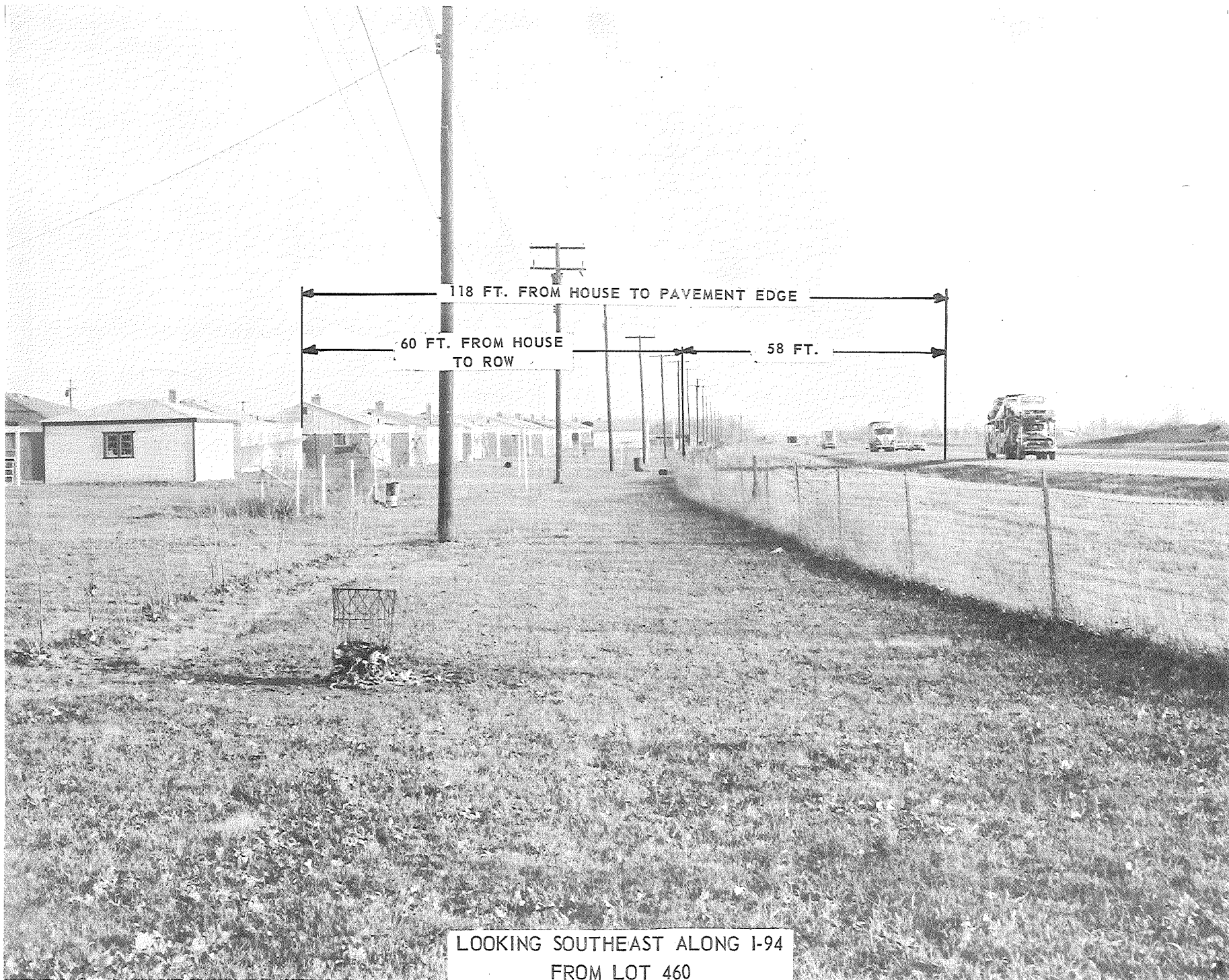
Average Increase 5.4%

Range -0.8% to 12.5%

11

* Because certain owners had added extras such as fence, recreation room, carpeting, or a garage, the market contribution of these items was estimated and deducted from the resale price so that a base price was available for comparison. Such items as landscaping, storms and screens, and condition were not adjusted unless of unusual character. Justification of this position is that practically every home considered had made similar changes and had been subject to similar wear and depreciation.

LC - Land Contract. All other sales are Warranty Deed (Equity out).



LOOKING SOUTHEAST ALONG I-94
FROM LOT 460

To make certain that all sales occurring next to the highway were located, a 100 percent survey was made. Six sales were found. On Lot 520 the house is 185 feet from the highway right of way with an open school ground between the highway and the house. On Lot 521 the house is 140 feet from the right of way and again has the open school ground between. In the case of Lot 478 the house is approximately 60 feet from the right of way. In the cases of Lots 462, 469, and 472 the houses are 60 feet from the highway right of way.

Thus, we find six properties which have sold where the house proper was located 60 feet to 185 feet from the right of way. The right of way line is 58 feet from the edge of the pavement. The resale range amounted to a change of -2.4% to +13.4% of the original sale price.

When offers to sell by those owning houses next to the freeway were examined, the prices asked indicated that the owner expected a recovery ranging from 5.4% to 14.1% increase.

In the control area the resale price varied from a change of -0.8% to a +12.5% of the original sale price.

It is apparent that there has been no panic to sell for the purpose of getting away from the highway. In no case was a house offered at less than the prevailing price which was being obtained in the same subdivision, away from the highway.

In checking actual sales, the resale next to the freeway



AERIAL VIEW LOOKING NORTHEAST

had greater variability, and in two of the six cases showed a net loss of 2 percent. The amount is in such a small magnitude that the whims of the market might explain the difference. In any case, the loss ascribable to the highway would be non-existent to \$500 in actual cash. The \$500 loss occurred on homes within 60 feet of the right of way and within 118 feet of the pavement. Where the houses were 150 feet or more from the right of way, the percent of gain was greater than in the control area.

Interviews with the property owners gave a mixture of answers from marked dissatisfaction with a freeway in the backyard, to preferring the freeway instead of having neighbors. When asked if they would trade their home and pay \$500 extra for an identical home away from the highway in the same subdivision the answer was, in most cases, NO. Practically all the owners stated that the noise had been bothersome at first, but most reported they had become accustomed to the noise and gave it little thought.

CONCLUSIONS

Homes within 60 feet of the right of way and only 118 feet off the pavement edge suffered up to \$500 loss or 2½ percent.

Homes located 150 feet from the right of way and 210 feet from the pavement edge suffered no loss but instead showed a possible accretion in value over the control area.

There was no selling panic to get away from the highway as was demonstrated by offers to sell of the test area.

Although there were complaints about noise, dust, vibration, and miscellaneous items, the majority of property owners had become accustomed to the highway and would not have considered trading their home and paying \$500 extra to get away from the highway.

From this study of \$12,000 to \$16,500 homes it appears that there are sufficient and willing buyers to create a market varying from no measurable loss to only a minor loss for the seller because of the freeway.

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