Key Themes from
*The State of the Nation’s Housing 2019*

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Self-Help Housing Conference
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Key Themes

• We have not been building enough housing
• Demand for homeownership has returned
• Rental demand has moderated but markets steady
• Cost burdens down but affordability concerns remain as urgent as ever
• Aging boomers and millennials to support solid demand for the next decade
New Housing Supply Remains Constrained Despite Rising Demand
Housing Construction Has Just Kept Pace with Household Growth for an Unprecedented Eight Years

Notes: Household growth data are three-year trailing averages. Placements refers to newly built mobile homes placed for residential use.
The Number of Young-Adult Households Is Finally Rising in Line with Population Growth

Population (Millions)  Households (Millions)

Note: Data are 3-year trailing averages.
Housing Construction Has Just Kept Pace with Household Growth for an Unprecedented Eight Years

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Housing Construction Has Just Kept Pace with Household Growth for an Unprecedented Eight Years

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Construction of Modest-Sized Housing Remains Particularly Constrained

Notes: Small single-family homes are under 1,800 sq. ft., and larger single-family homes are 1,800 sq. ft. and over. Condominiums are multifamily units built for sale. Manufactured homes are manufactured housing shipments. Single-family completions by home size for 2017 were unavailable at time of publication.

Source: JCHS tabulations of US Census Bureau, New Residential Construction and Manufactured Housing Surveys.
Multiple Factors Contributing to Shortfall in New Supply

- Long time needed to work through excess vacancies from the boom
- Labor shortages
- Sharp increases in land costs
- Regulatory barriers
Residential Land Prices in Many Areas Have Risen Sharply Since 2012

Change in Median Land Value, 2012–2017 (Percent)

- Decline
  - 0–24
  - 25–49
  - 50–99
  - 100 and Over

Note: Estimates are for land underneath existing single-family homes.
Homeownership Rebound Continues Despite Declining Affordability
Homeownership Has Gained Some Upward Momentum

Note: Change in owner households is year-over-year.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.
Young Adults Are Driving the Increase in Homeownership

Homeownership Rate by Age (Percent)

Change in Homeownership Rate 2016-18

Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.
Despite Low Interest Rates, Rising Home Prices Are Driving Real Homeowner Costs to Highest Levels in Years

Notes: House prices, household income, and monthly homeowner costs are adjusted to 2018 dollars using the CPI-U for all items less shelter. Monthly homeowner costs assume a 3.5% downpayment on a median-priced, existing single-family home (including condos and coops) with property taxes of 1.15%, property insurance of 0.35%, and mortgage insurance of 0.85%. Source: JCHS tabulations of NAR, Existing Home Sales; US Census Bureau, Current Population Surveys; Moody’s Analytics Forecasts; Freddie Mac, Primary Mortgage Survey (PMMS).
In Many Large Metros, Few Homes Are Affordable to the Typical Renter

Notes: Median incomes are estimated at the core-based statistical area (CBSA) level. Recently sold homes are defined as homes with owners that moved within the 12 months prior to the survey date. Monthly payments assume a 3.5% downpayment and property taxes of 1.15%, property insurance of 0.35%, and mortgage insurance of 0.85%. Affordable payments are defined as requiring less than 31% of monthly household income. Only CBSAs with at least 30 home sales in the past year are shown. Source: Harvard Joint Center for Housing Studies tabulations of US Census Bureau, 2017 American Community Survey 1-Year Estimates, and Freddie Mac, PMMS.
Home Equity Is Nearing Its Pre-Crisis Peak While Mortgage Debt Has Hardly Grown

Note: Homeowner equity and mortgage debt are adjusted to 2018 dollars using the CPI-U for all items. Source: JCHS tabulations of Federal Reserve Board Financial Accounts of the United States via FRED.
Rental Markets Remain on Solid Footing Despite Slowdown in Overall Demand
The Number and Share of Renter Households Continued to Decline in 2018

Change in Renter Households
Rentership Rate (Right scale)

Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.
Rents Continue to Climb Much Faster than General Inflation

Annual Change (Percent)

Note: Changes are four-quarter rolling averages.  
Source: JCHS tabulations of BLS, Consumer Price Indexes.
High-Income Households Have Driven Most of the Growth in Renters Since 2010

Net Change in Renter Households (Millions)

- Less than $15,000
- $15,000–29,999
- $30,000–44,999
- $45,000–74,999
- $75,000 and Over

Note: Incomes are adjusted for inflation using the CPI-U for All Items.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.
Multifamily Construction Remains Near Decades-Long Highs, With Almost All Units Intended as Rentals

Construction Starts (Thousands of units)

Structure Type
- Single-Family for Rent
- Multifamily for Rent
- Multifamily for Sale

Note: Starts in 2019 are the four-quarter trailing average as of the third quarter.
Source: JCHS tabulations of US Census Bureau, New Residential Construction data.
Strong Growth in High-Cost Rentals Has Coincided with Dramatic Declines in Low-Cost Units

Notes: Rental units may be occupied, vacant for rent, or rented but unoccupied; excludes units occupied without cash rent. Dollar values are adjusted for inflation using the CPI-U for All Items Less Shelter. Contract rent excludes all utilities paid separately.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates via IPUMS USA.
Despite Top Line Improvements, Affordability Worsens for Modest-Income Renters
While the Number of Cost-Burdened Homeowner Households Has Receded, Renter Burdens Remain Near Peak Levels

Notes: Cost-burdened (severely cost-burdened) households pay more than 30% (more than 50%) of their income on housing. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.
Renter Cost-Burden Rates for Most Income Groups Are Rising

Share of Renter Households with Cost Burdens (Percent)

Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households pay more than 30% (more than 50%) of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens. Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.
Overall Homelessness is Up as the Unsheltered Population Grows, Particularly in High-Cost Western States

Homeless Population (Thousands)

Note: Homeless persons are considered sheltered if they are staying in emergency shelters, transitional housing, or safe havens.
Demographic Outlook is For Solid Household Growth Driven by Aging Boomers and Millennials
Over the Next Decade, the Millennial and Baby-Boomer Generations Will Swell the Populations in Key Age Groups

US Population ( Millions )

The Fastest-Growing Household Types Will Be Younger Families with Children and Older Single Persons and Empty-Nesters

Projected Change in Households, 2018–2028 (Millions)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Single Person</th>
<th>Married without Children</th>
<th>Married with Children</th>
<th>All Other</th>
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<tbody>
<tr>
<td>Under 35</td>
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<td>35–44</td>
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<td>45–54</td>
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<td>55–64</td>
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<td>65–74</td>
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<tr>
<td>75 and Over</td>
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</tbody>
</table>

Source: JCHS 2018 Household Projections.
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Additional Report Information Available Online

- **Housing America’s Older Adults**
  - Annual supplemental report to be released in fall
- **America’s Rental Housing 2020**
- **Interactive Maps**
  - Cost Burden Rates
  - Loss of Low-Rent Units
  - Land Prices
  - Homebuyer Affordability
- **State & Local Datasets**
  - See variations in national story

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Thank You
Local Actions to Reduce Barriers to Affordable Housing

Increase the amount of housing that can be built on currently developable land
• Minneapolis – plan to end single family zoning
• Oregon – require cities with at least 10,000 residents to allow duplexes in single family zones.

Encourage more affordable housing options
• Oregon - allow & incentivize accessory dwelling units
• Montgomery County, MD – legalize accessory dwelling units

Streamline Approvals Processes for Building Permits
• Montgomery County, MD – streamlined permit application process
• Boston, MA – Reduced application to permit wait time from 425 days in 2014 to 119 in 2016*.

Eliminate Costly Requirements for New Buildings
• San Francisco – Eliminated minimum parking requirements

Local Funding Efforts to Build, Preserve, and Protect

States and Localities Are Issuing Bonds to Fund Affordable Housing
• California $4 billion for low-income housing production & preservation
• Massachusetts ($1.8 billion)
• Portland, Oregon metro ($652 million)
• Austin, TX ($250 million)

As well as to Address Homelessness
• Los Angeles – $1.2 billion to build housing for chronically homeless
• California - $2 billion for statewide homeless prevention initiatives.
• San Francisco – business revenue tax for homeless prevention & services.
• Berkeley – real estate transfer tax on vacant properties
Private-Sector Innovations to Reduce Construction Costs

MODULAR CONSTRUCTION IN GREENFIELD, MA

LEYDEN WOODS
GREENFIELD, MA 200 UNITS MODULAR CONSTRUCTION 2015-2017

The Community Builders

Modular Redevelopment

- Reduced Time: 78 weeks vs. 126 for stick-built
- Reduced Costs: $390,000 vs. $468,000 (20%)
Income Growth Among Younger Adults Has Been Particularly Strong

Median Real Per Capita Income (Thousands of 2017 dollars)

Note: Incomes are three-year rolling averages, adjusted for inflation using the CPI-U for All Items. Source: JCHS tabulations of US Census Bureau, Current Population Surveys via IPUMS CPS.
Middle-Income Burdens are Rising in Metros of All Sizes

Share of Cost-Burdened Renters (Percent)

Notes: Cost-burdened households pay more than 30% of income for housing. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens. Household incomes are adjusted for inflation using the CPI-U for All Items.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates and Missouri Census Data Center data.

- Household Income of $30,000–44,999
- Household Income of $45,000–74,999