



Resetting the Housing Market

Demographic & Economic Drivers to 2020

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The Future Ain't What it Used to Be

Where did the money go?

Demographic trends trump all.

The new housing market realities.

Time to get a grip.

Where did all that Money Go?

- \$13T home equity 2006
- \$6T home equity 2010
- ~15%+ of homes have mortgages higher than values
- Most losses have simply vanished
- Loss of equity means
 - Less investment capital from selling/refinancing
 - Less mobility
 - Fewer second homes
 - Inability of parents to help children buy
 - Reduced retirement → More working years
 - Less tax revenue from capital gains → higher deficits

Households are Changing

<u>Household Type</u>	<u>1970</u>	<u>2000</u>	<u>2030</u>
HH with Children	45%	33%	27%
HH without Children	55%	67%	73%
<u>Single/Other HH</u>	<u>14%</u>	<u>31%</u>	<u>34%</u>

Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research,
University of Utah.

Share of Change by Age 2010-2020

<u>Age Group</u>	<u>Share of Change</u>
<25	21%
25-44	21%
45-64	11%
65+	47%

Source: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center, University of Utah

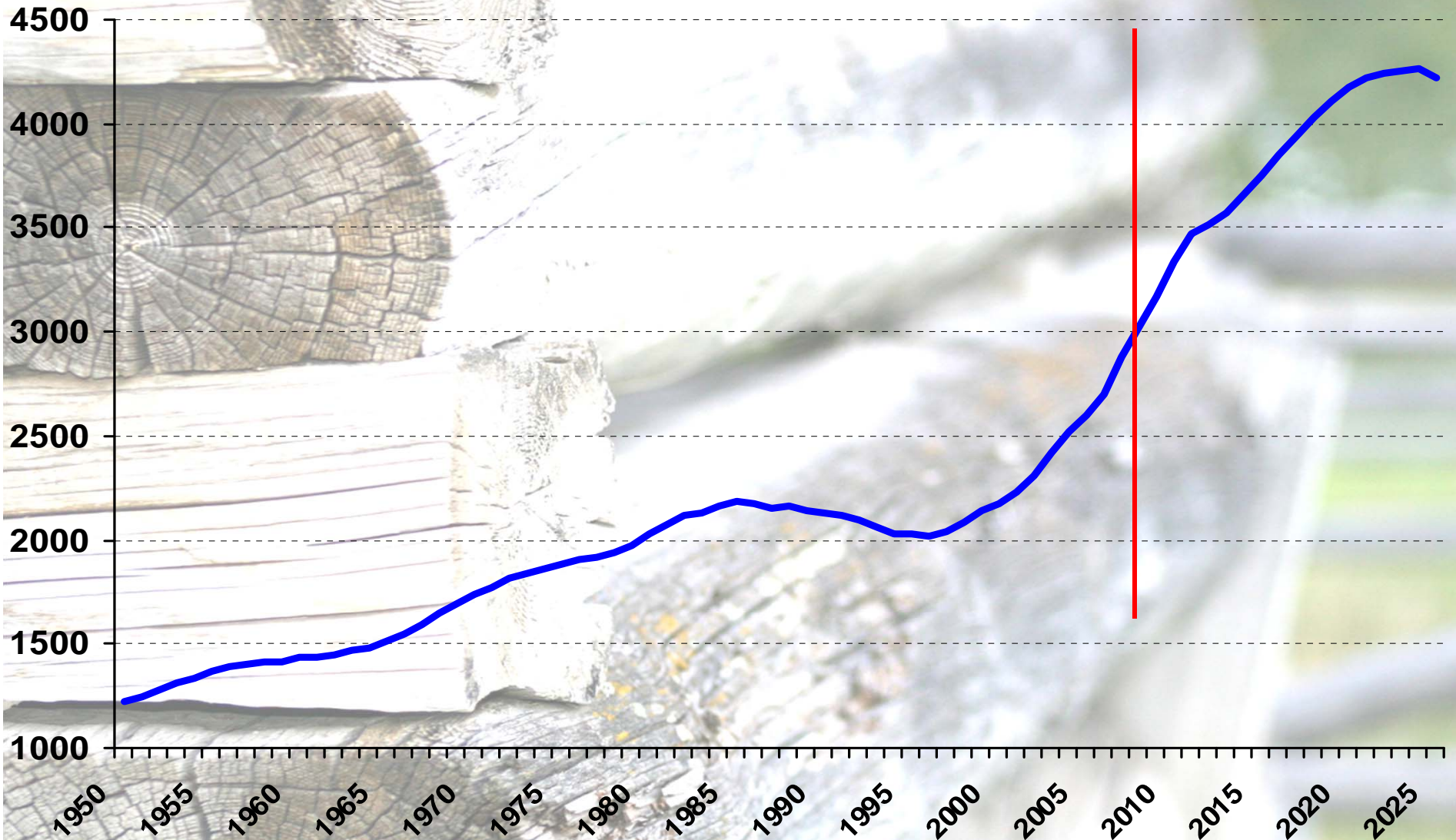
Share of Household Growth by HH Type, 2010-2020

<u>HH Type</u>	<u>All</u>
With Children	10%
Without Children	90%
Single Person	36%

Source: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center,
University of Utah

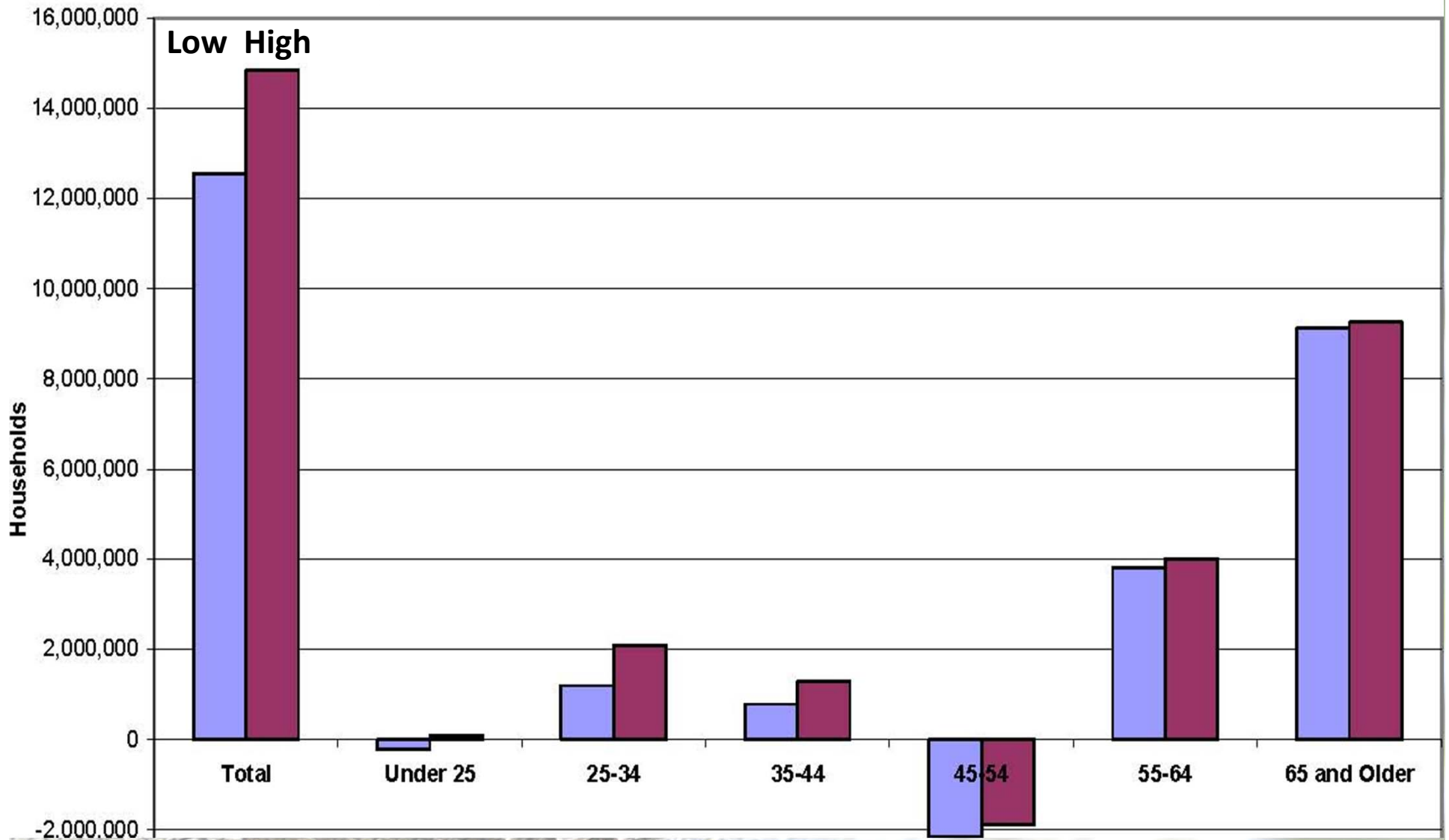
People Turning 65 *Each* Year

[Figures in 000s]



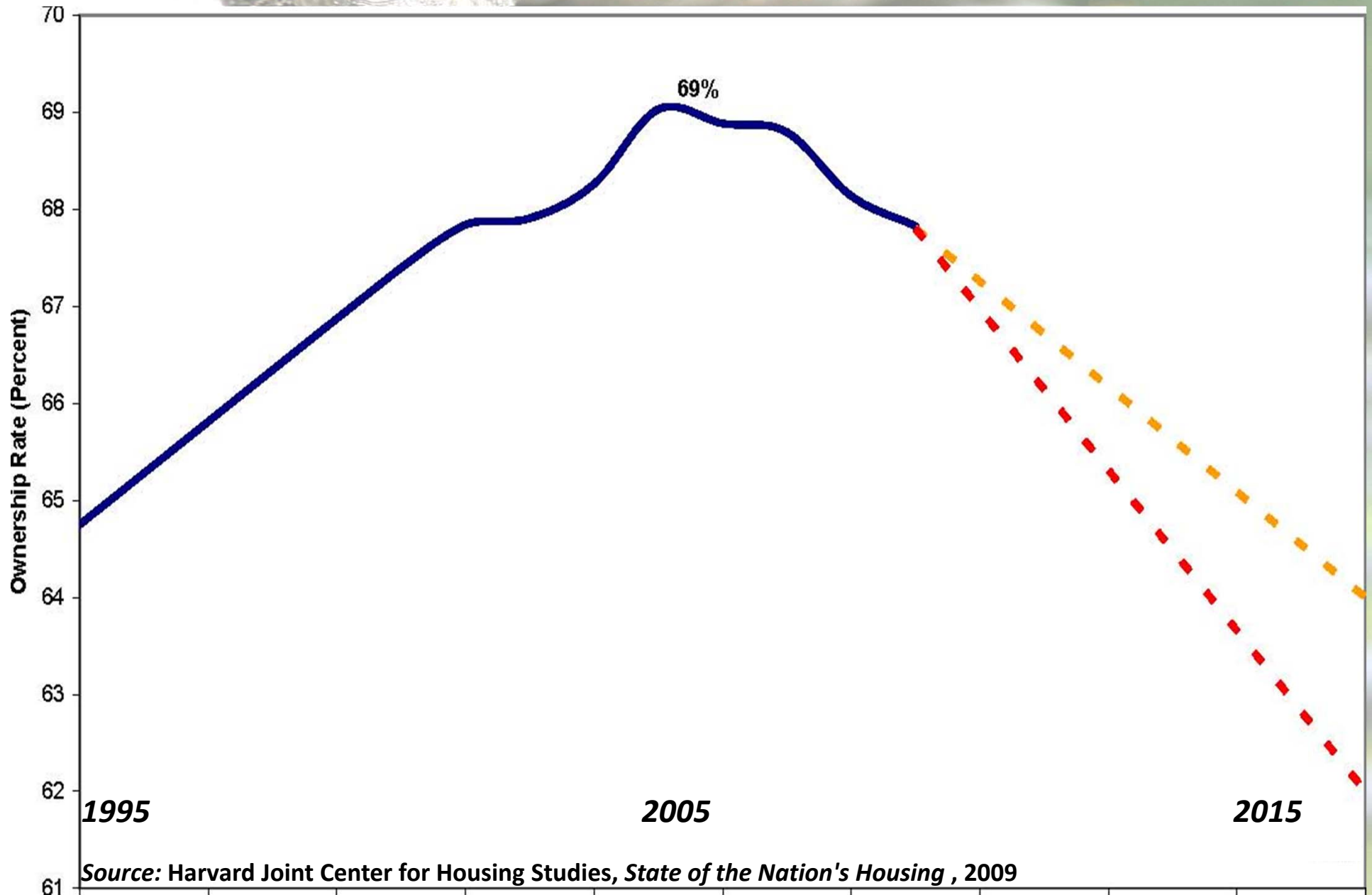
Source: US Census Bureau – 65+ in the United States: 2005; Wan He, Manisha Sengupta, Victoria A. Velkoff, & Kimberly A DeBarros. December 2005.

Change in HHs 2010-2020



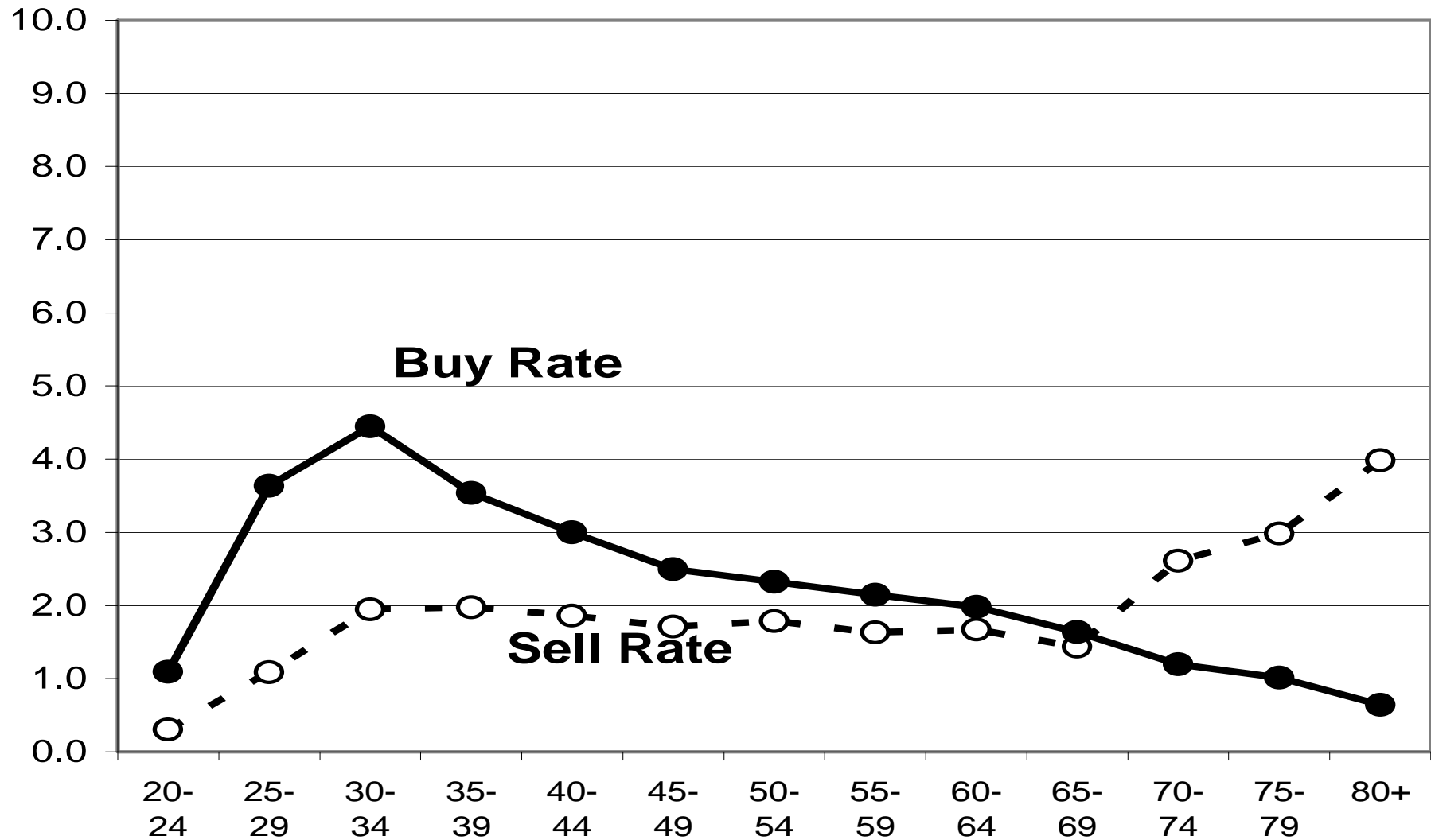
Source: John McIlwain, ULI, 2010

Declining Home Ownership



Buy-Sell Rates by Age Cohort

AHS

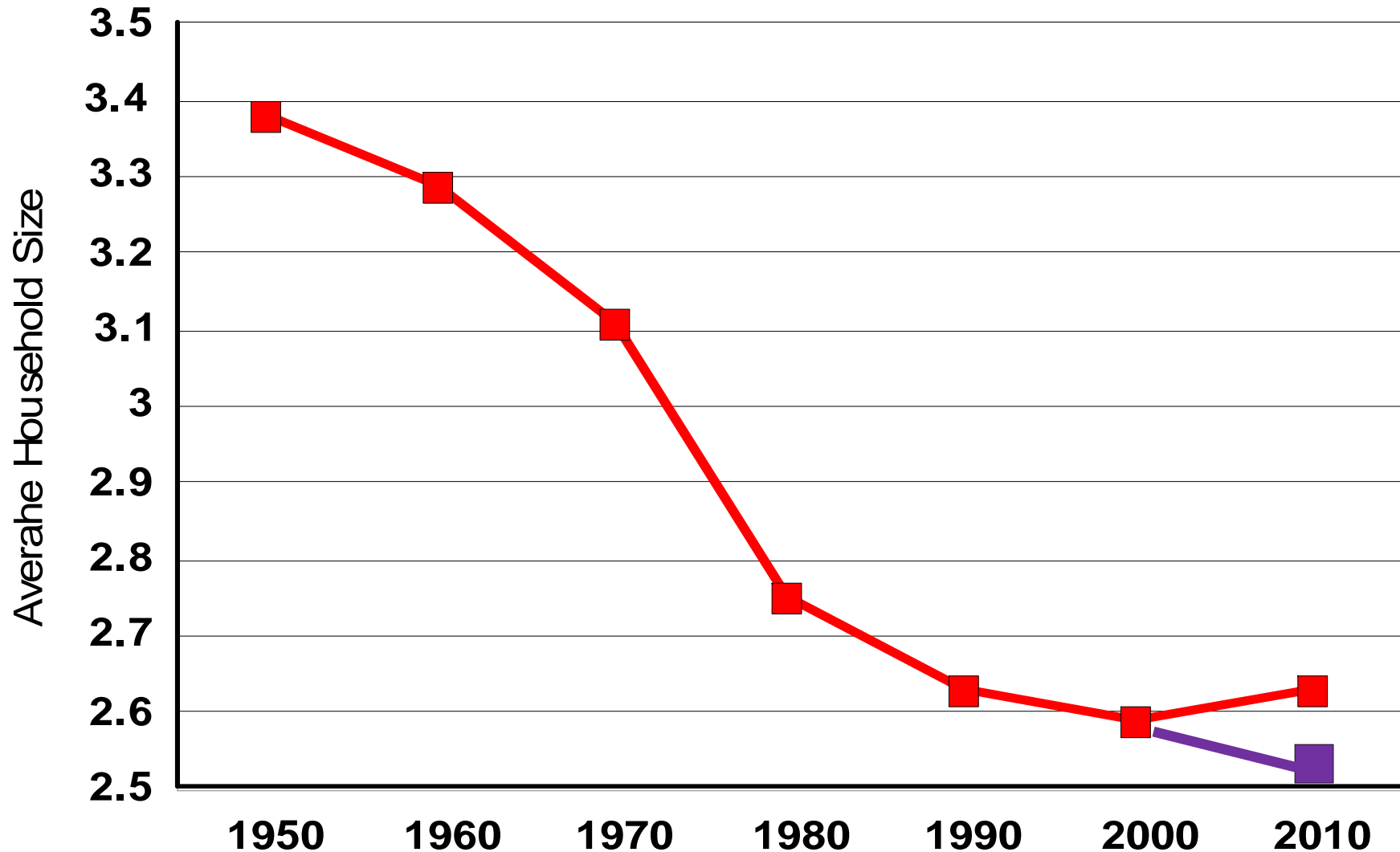


Source: Dowell Myers & SungHo Ryu, "Aging Baby Boomers and the Generational Housing Bubble: Foresight and Mitigation of an Epic Transition", *Journal of the American Planning Association* 74(1): 1-17 (2007).



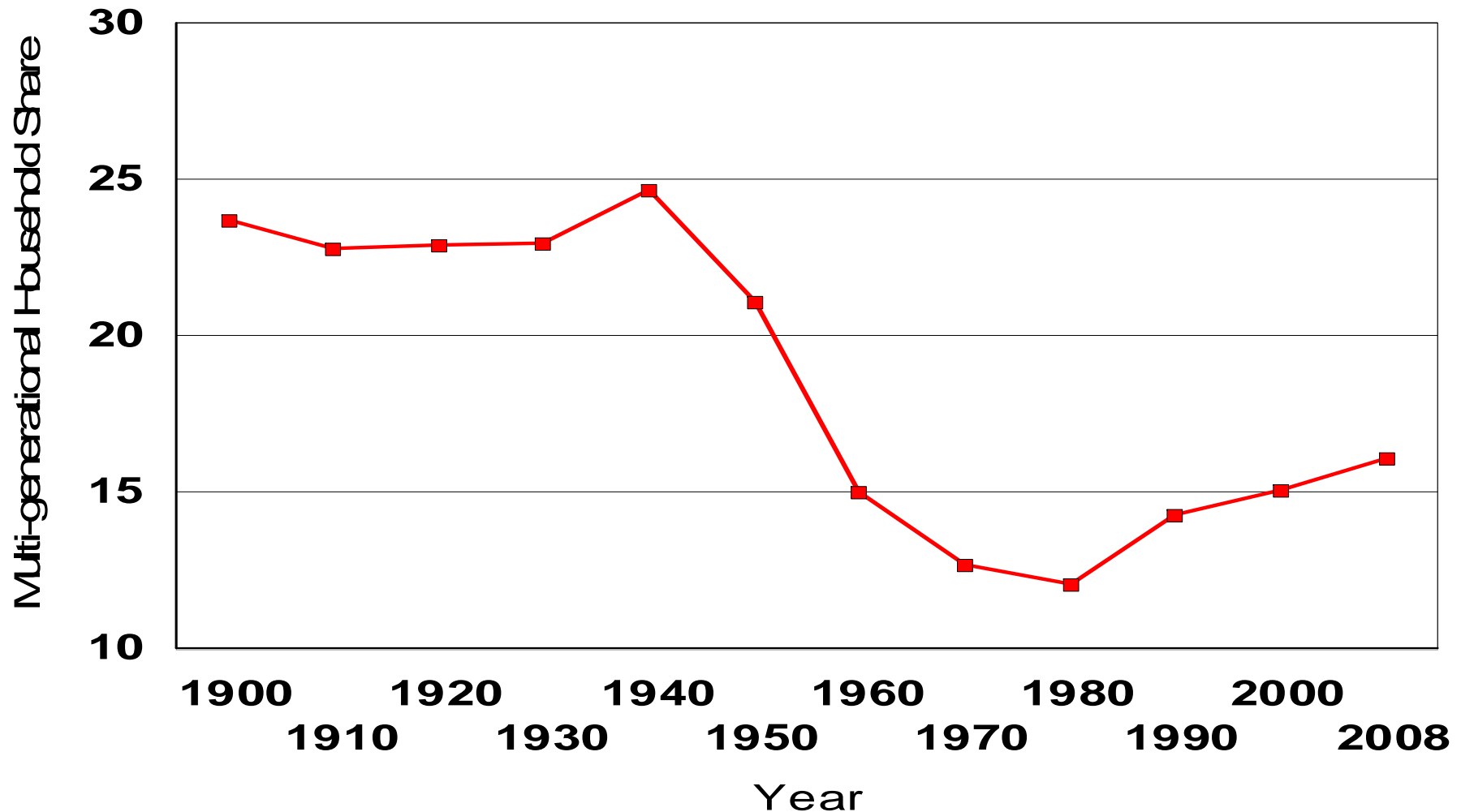
Source: Dowell Myers & SungHo Ryu, "Aging Baby Boomers and the Generational Housing Bubble: Foresight and Mitigation of an Epic Transition", *Journal of the American Planning Association* 74(1): 1-17 (2007). Figures for net buying or selling rate age.

The Ringer: Increasing HH Size



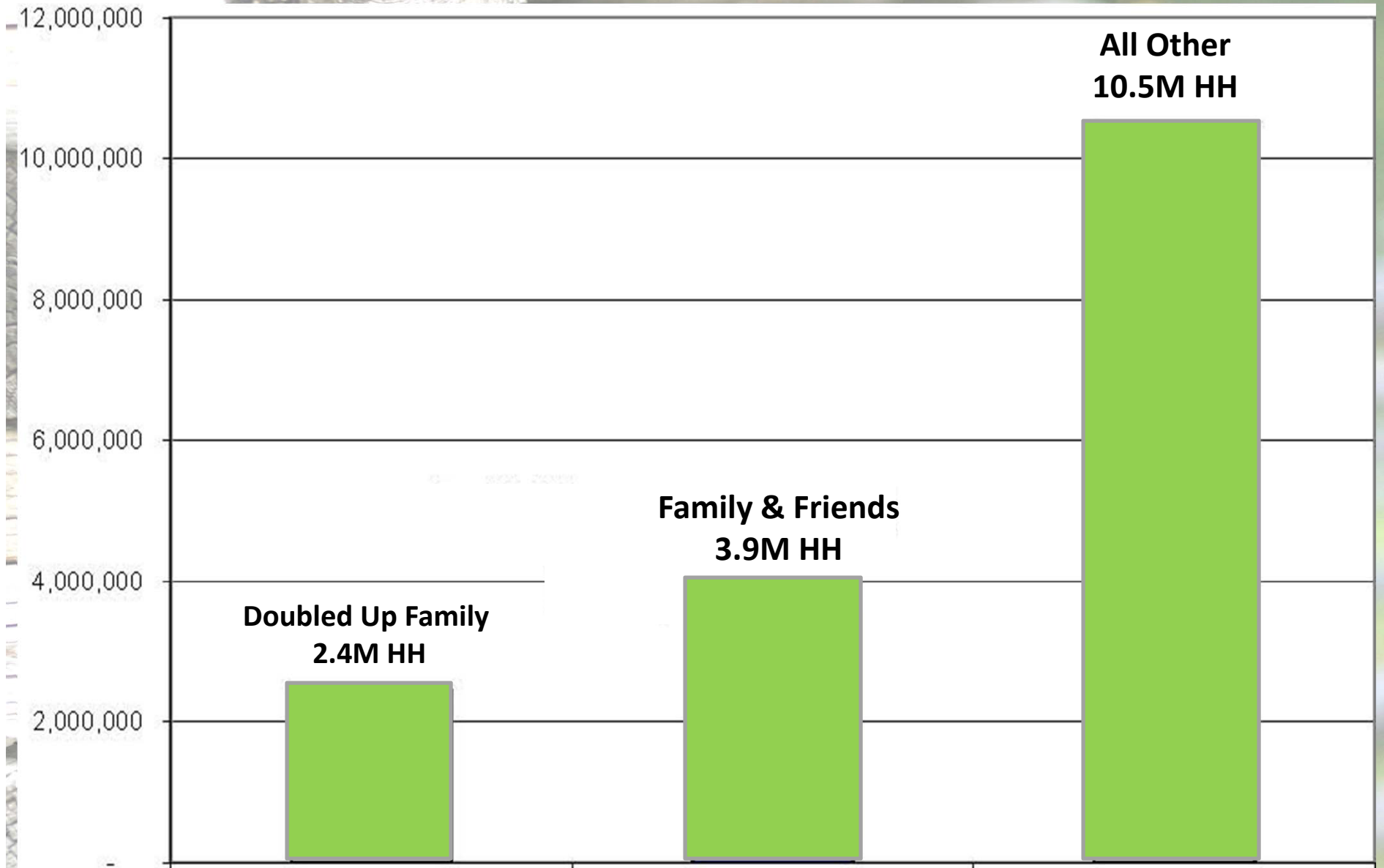
Source: Based on American Community Survey; Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.

Multi-Generational Households



Source: Adapted from *The Return of the Multi-Generational Family Household* (Pew) by Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.

Doubling-Up: 14% and Rising



Source: Adapted from Data Snapshot: Doubled Up in the United States, 2008 Update. www.endhomelessness.org

Higher HH-Size = Excess Supply

Scenario	Figure
Population 2010 (April 1)	309.0M
Units Needed @ 2.52 HH Size, 2010 ^a	127.3M
Units Needed @ 2.63 HH Size, 2010 ^a	122.0M
Difference Between HH Sizes	(5.3M)

^a This figure is based on total units needed excluding seasonal and migrant farmworker units and assuming the 2000 Census vacancy rate based on vacant rental and for sale units (3.7%).

Source: Census for 2000; Arthur C. Nelson for 2010.

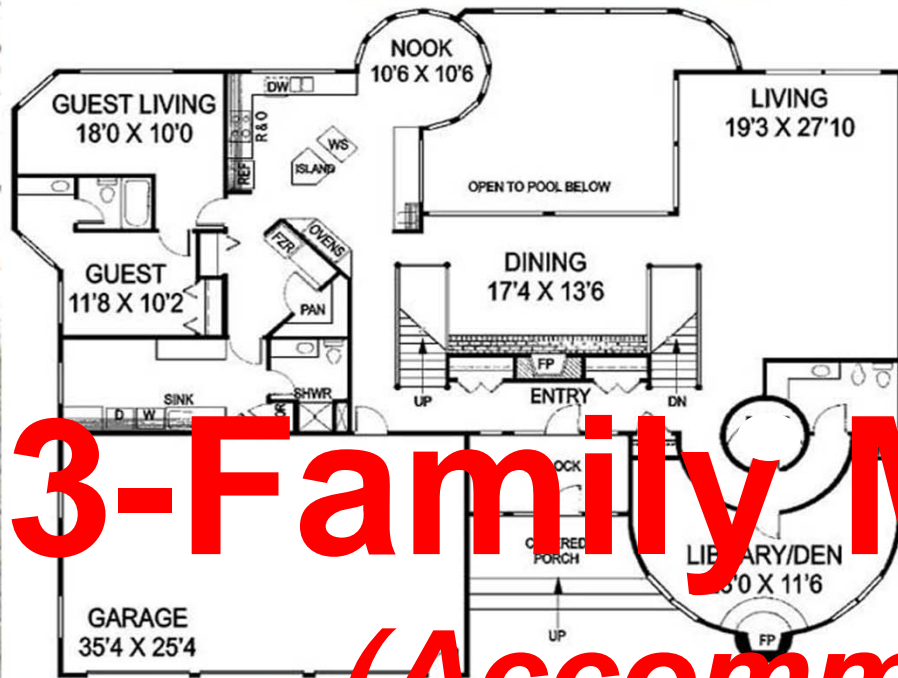
New Housing Market Realities

- Sub-prime mortgages are history
- Alt-A mortgages problematic
- FHA-like conventional mortgages king
- “Jumbo” loans expensive
- Demand for \$1million+ homes has tanked
- **Meaning**
 - *Smaller homes → but more people per unit*
 - *Smaller lots → more attached units*
 - *More renters → including doubled-up renters*

Tenure & Unit Change 2010-2020

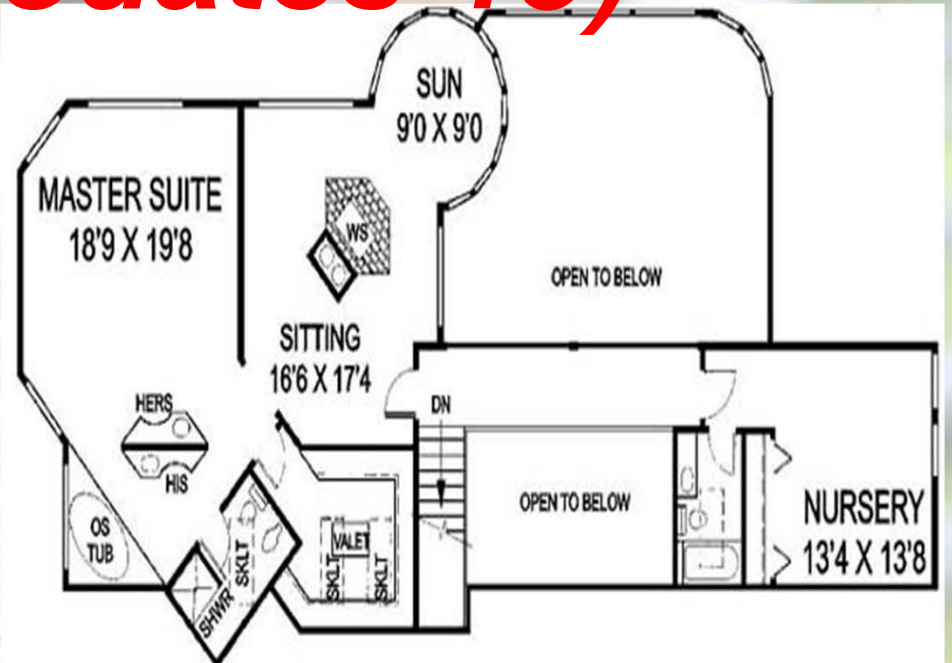
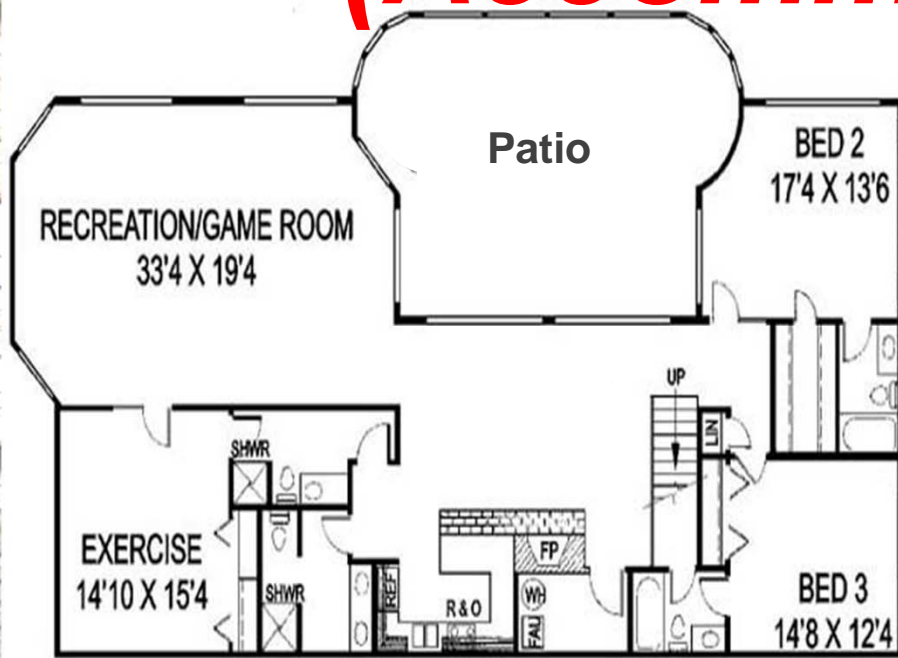
Multifamily Share 2010	30%
Multifamily Share 2020	36%
MF Share of New Unit demand 2010-20	50%

Source: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center, University of Utah



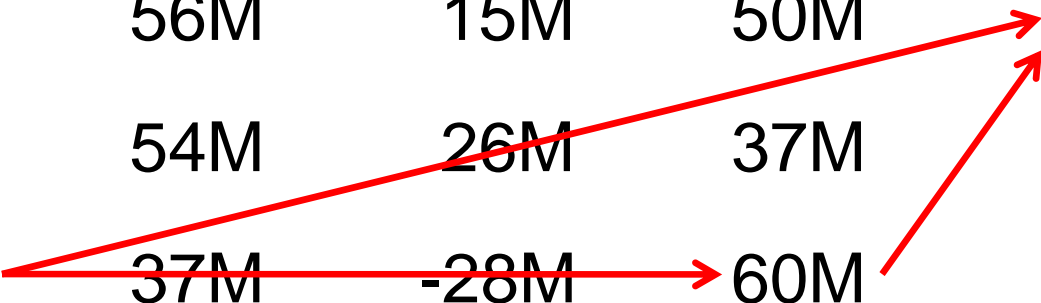
3-Family McMansion

(Accommodates 15)



Crystal Ball

	Supply Demand		Change	Scenario Change	
House Type	2010	2020	2010-20	2020	2010-20
Attached	41M	56M	15M	50M	9M
Small Lot	28M	54M	26M	37M	9M
Large Lot	65M	37M	-28M	60M	0

The table includes three red arrows. One arrow points from the '2010' value of 'Large Lot' (65M) to the '2020' value of 'Attached' (50M). A second arrow points from the '2010-20' value of 'Large Lot' (-28M) to the '2010-20' value of 'Attached' (9M). A third arrow points from the '2020' value of 'Large Lot' (60M) to the '2010-20' value of 'Attached' (9M).

Source: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center, University of Utah

Housing 2020

- **A decade of resetting housing.**
- **Household size steady at 2.62 or increasing.**
- **Seniors unable to sell:**
 - **Rent their homes; double-up; abandon?**
- **Multi-generational households.**
- **Conversion of McMansions into informal multi-family affordable housing.**
- **Non-related families may double-up illegally.**
- **We don't really understand where we're headed.**

Time to Get a Grip

- Regional fair share allocations with teeth
- Accessory apartments by right
- Enough land zoned for MF to meet needs
- Eliminate the condo financing fiasco
- Remove blood tests from zoning codes
- Remove minimum house sizes from zoning codes.
- Enable multi-family conversions of McMansions.
- Replace impacts fees and general taxes for public facilities with special district-like assessments *(but that's another lecture).*



THANK YOU

(I think)