Demographic Trends Shaping Future Housing and Land Use

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The Big Questions

How does demographic change shape housing preferences and construction?

What’s “normal” and what can we expect next?

What does this imply for the suburbs?

How can we share this future knowledge for stronger public agreement?
Difficulties of Grasping the Future
Principles About Future Outlook

The future outlook is extended from prior experience—sometimes recent, sometimes long-remembered.

The past is usually always better.

Similarity is preferred because it is known.

Agreement is difficult about the unknown.
The Challenge of Gaining Agreement in Local Plans

Source: Figure 4.1 in Myers, “Promoting the Community Future....”
Gaining Agreement about an Unknown Future

What basis of proof

Source: Figure 4.1 in Myers, “Promoting the Community Future....”
Planning is persuasive storytelling about the future

Jim Throgmorton
Stories of the Future

“Resisting Big Brother” who denies freedom, heaps tax burdens, and grows an unsustainable fiscal deficit

“Building a Sustainable City” that is required by peak oil and global warming

“Housing our Demographic Future” that is required by life cycle changes and that demands new land use patterns
Recovering from the Bust
Closer View of Prices in 1970 to 2020

- Home Prices (Shiller)
- Home Sales (NAR)
- Population
- Potential Homeowner Annual Growth
- Interest Rates

Source: Shiller/Myers/Fitzkin
Questions About the Recovery

When?

What will “the market” dictate?

What will the “new normal” look like?

How will we agree?
What’s Up with Demographics?
Traditional aging, fertility & migration

Expanded scope -->

People migrate between cities
People live together in houses
People drive cars/ride transit
People pay taxes
People vote
People have preferences

Economics are powerful at the margin

Demographics are the people and the main effects
Spending and Taxes in California by Age, 2000

![Graph showing spending and taxes by age in California in 2000.](image-url)
Political Lag of Demographic Change

Voting and Population Imbalance in Santa Barbara County, 2010

- % of Population: 52
- % of Age 18+: 58
- % of 18+ Citizens: 68
- % of Registered: 72
- % of Voters: 73
- % Under 18: 33

Source: Author’s Compilation of 2009 ACS data, exit poll data, and CA DOF school data
Housing & Land Use Questions

How do the demographic factors all come together in housing & land use?

Gaining the Long View on turning points: what’s “normal” and comes next?

How do demographics square with more infill and compact development?

What does it mean to have an aging dominated housing market?
Minority Dictatorship of New Construction

Everyone else lives in existing housing

1% of households (growing segments) dictate type of new construction

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Impact of Population Age Waves
Total Population of the United States

in millions
U.S. Population by Age Each Decade

in millions

Source: Dowell Myers, USC; Data from Census Bureau
U.S. Population Growth by Age Each Decade

in millions

Source: Dowell Myers, USC; Data from Census Bureau
Total Population of Maryland

Source: Dowell Myers, USC; Data from Maryland Department of Planning
Maryland Population Growth by Age Each Decade in 1000s

Source: Dowell Myers, USC; Data from Maryland Department of Planning
Total Population of Montgomery County

Source: Dowell Myers, USC; Data from Maryland Department of Planning
Montgomery County Population Growth by Age Each Decade in 1000s

Source: Dowell Myers, USC; Data from Maryland Department of Planning
Soaring Ratio of Seniors to Working Age

Source: California Department of Finance, Census Bureau, and Authors’ calculations, 2010.

U.S.

California

Seniors (65+) per 100 Working Age (25–64)

+70%

In California

2010-2030

Myers 2010

Source: California Department of Finance, Census Bureau, and Authors’ calculations, 2010.
Soaring Senior Ratio in Maryland

Seniors (65+) per 100 Working Age (25-64)

Myers 2010

Source: Myers calculations; Maryland Department of Planning,
Immigrant Uplift
Percent of U.S. Population Newly Immigrated in Preceding 10 Years

Homer Hoyt

1940 Predicted urban decline
Foreign Born Share of State Population by Decade of Arrival (newest on top)

Sarah Mawhorter, USC
Annual Immigration Levels Off in Traditional Major Gateways

Percentage increase in annual arrivals compared to 1980

Source: Dowell Myers, USC; Data from Census Bureau
Foreign Born Population in LA by Length of Residence

Soaring Immigrant Homeownership
For Each Immigrant Wave Arriving Before 1970, 80, 90, 2000

Data Source: Dowell Myers & Cathy Liu, Urban Policy and Research, September 2005
Change in Homeownership
For Successive Waves of Immigrants Arriving

Turning Points in Cities and Housing
Minority Dictatorship of New Construction

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Dowell Myers, USC
Episodes in the Urban Condition

1. Urban Decline & Abandonment (1950-80)
2. Gentrification, the Long Boom & the Affordability Crisis (1970-2008)

Source: Dowell Myers and John Pitkin (2009) Annals, AAPSS
Total Demographic Growth
Native-Born Turning Age 25 Plus Immigrant Arrivals

Myers and Pitkin '09
3. Multifamily Trend and Outlook for Sprawl
Housing Construction Permits - U.S. (1960-2010)

In Thousands

Source: Census C-40 series
Century of U.S. Multifamily Construction Shares

- 3+ Units (Schafer)
- 2+ Units (Census Bureau)
- 5+ Units (Census Bureau)

Myers '09
Share of Housing Construction in Multifamily In California Each Decade

Source: Dowell Myers, USC
Age Profile of Tenants in Recently Built Apartments

Source: Dowell Myers, USC; Data from Census Bureau
Baby Bust Hits Young Adult Age

Growth at Ages 25-34 as a Percent of US Population
Percent Multi-Unit Housing (5 or more) of Building Permits, by MSA, 1980-2000

Northeast

Source: Dowell Myers, USC; Data from Census Bureau
Percent Multi-Unit Housing (5 or more) of Building Permits, by MSA, 1980-2000

Source: Dowell Myers, USC; Data from Census Bureau
Percent Multi-Unit Housing (5 or more) of Building Permits, by MSA, 1980-2000

Source: Dowell Myers, USC; Data from Census Bureau
The Continued Dominance of Sprawl?
Conventional Beliefs of Housing Preferences

American housing consumers are said to favor a housing product that satisfies five major criteria:

- suburban fringe location
- single-family detached unit style
- location within a low-density neighborhood
- ease of automobile use, including driving and parking
- and lowest cost given these criteria
Question:

Would you **most prefer** to live in a single-family detached home, an attached home such as a condo or townhouse, an apartment, or another type of dwelling?
Trading Off California Housing Preferences, 2001

Question:

People say **there are tradeoffs** in choosing a local community to live in, meaning that you have to give up some things in order to have other things that you want.

How do you feel about these tradeoffs—other things being equal? (rotate questions 14-17)

Source: Statewide Poll of the Public Policy Institute of California, Mark Baldasarre, Director
Trading Off California Housing Preferences, 2001

Would you choose to live in a **small single-family** detached home—if it means you could live close to work and have a short commute?

Would you choose to live in a dense neighborhood where **single-family homes are close together** —if it means you could be near parks and greenbelt areas?

Would you choose to live in multi-story, multi-family housing—such as a **condo or apartment**—if it means you could walk to shops, schools, and mass transit?

Would you choose to live in a single-family detached home with a **backyard in the suburbs** —if it means you would live far from work and have a long commute?
California Housing Preferences, 2001

Not monolithic

Source: Statewide Poll of the Public Policy Institute of California, Mark Baldasarre, Director
Percent Calling Factor Very Important if Buying a Home Today, U.S. 1999
Consider the following hypothetical choice:

Your income is high enough to purchase a $150,000 home.

You have two options:

- Buying a $150,000 townhouse in an urban setting close to public transportation, work and shopping.
- Or, you could purchase a larger, detached single-family home in a suburban area, with longer commutes to work.
Expressed Preference for a Townhouse in the City

Myers and Gearin 2001 based on NAHB data
Minority Dictatorship of New Construction

Everyone else lives in existing housing

1% of households (growing segments) dictate type of new construction

Dowell Myers, USC
4. The Baby Boomer Sell-Off
Soaring Ratio of Seniors to Working Age

Source: California Department of Finance, Census Bureau, and Authors’ calculations, 2010.
Average Annual Rates of Buying and Selling

Per 100 People of Each Age in California

Source: Myers (2007) *Immigrants and Boomers*, Figure 11.1
Annual Net Selling Rate at Age 65-69

Will Supply Cut Back?

Annual Home Sales in Millions

- **1991**
  - Resale: 3.5
  - Newly Built: 0.5

- **2005**
  - Resale: 8.0
  - Newly Built: 1.0
Who’s Going to Buy Your House?

Myers’s Projection for California in 2020

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<th>Age Group</th>
<th>Hispanic</th>
<th>Asian and Pacific Islander</th>
<th>Black</th>
<th>Non-Hispanic White</th>
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<td>35-44</td>
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<tr>
<td>Net sellers</td>
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Source: *Immigrants and Boomers*, Figure 11.3
Need for Bulking Up the Younger Generation

67, 70, 77, or 90% Heavier Senior Ratio of Home Sellers
Cultivating Immigrant Home Buyers
Progress of Each Immigrant Wave Arriving Before 1970, 80, 90, 2000

Data Source: Dowell Myers & Cathy Liu, Urban Policy and Research, September 2005
Conclusions for the Future
“What is it, Lassie—is Timmy in trouble?”
MultiFamily is the New Normal

1. Recognizing and supporting the renewed growth of young adults

2. Returning to the housing norms of the 1960s, 70s, and 80s

3. Showcasing better designs for greater community acceptance
Competitive Strategies on Sell-Off

Fight the rising senior ratio

1. Create elder friendly communities in suburbs for aging in place and to slow departures
2. Attract the young with jobs, lifestyle, good schools, and housing assistance
3. Attract upwardly mobile immigrants
What’s it Mean for the Three Stories of the Future?

Resisting Big Brother
Building a Sustainable Future
Housing Our Demographic Future
The Broader Solution

Fortify the younger generation with costly education...

Its our key tax investment

Everyone a College Grad

...and a Home Buyer,

a Worker and a Better Taxpayer
Sustainable Cities?

A Fortunate Confluence of the Housing Demographic Future with Reductions in Energy & Emissions

1. Density driven by demographics
2. Climate friendly (SB 375)
3. Conserves energy consumption
4. End of sprawl--Livable, compact development fills demand unmet by existing single-family sprawl
What Final Conclusions?

Population is not a flat pink line or a steady gray climb

Demographic change is highly leveraged and forces turning points in the city

Demography is NOT destiny, but aging happens

The new normal is NOT like the 1990s

Hey, it’s the 21st century
Thank You

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Search for USC popdynamics
For further information,
Also see the references that follow....
Publications Referenced in this Presentation


