

Changing Demographics and Affordable Housing Needs

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May 2010



Changing Demographics will Impact the Region



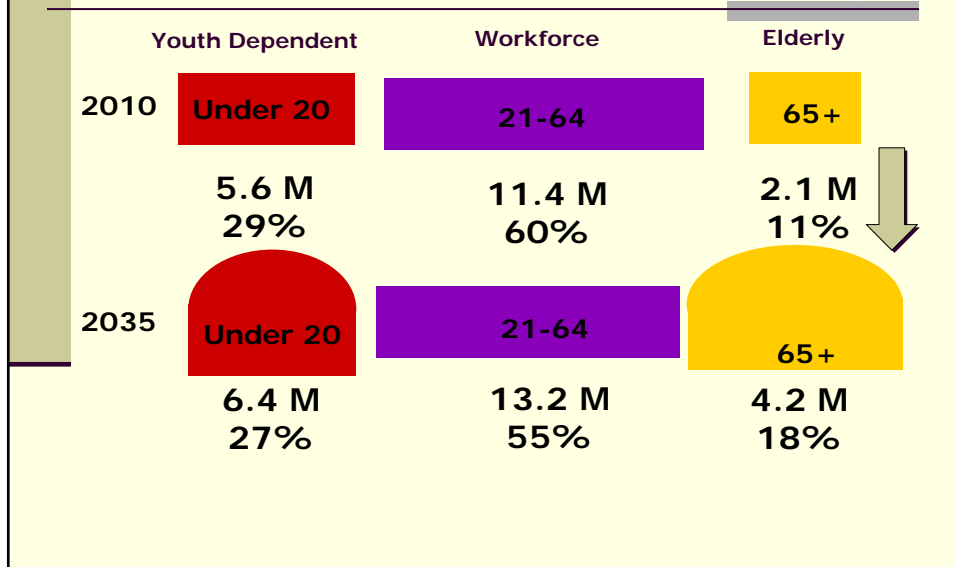
Five Major Demographic Trends to Watch

- The aging Baby Boomers, the oldest of whom are now in their mid-sixties
- The younger Baby Boomers in their late forties and early fifties
- Generation Y together with the Baby Boomers, will comprise over **one half** of the U.S. population.
- Immigrants, their children and grandchildren
- A shift in the age and ethnic composition of future housing demand

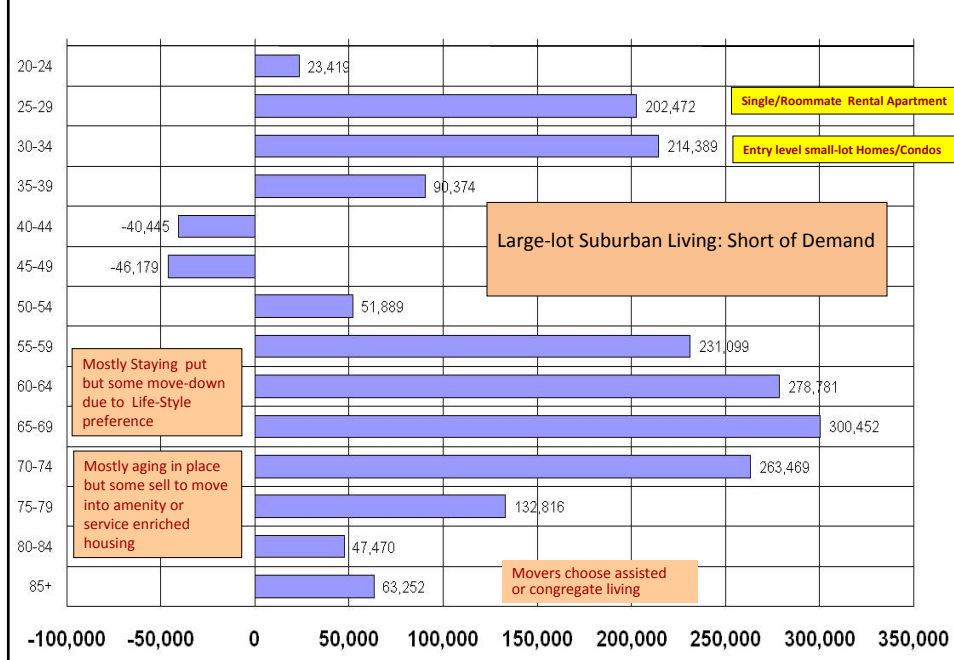


Baby Boomers will have the most impact on what happens in the housing market

The Population over 65+ will Double in the SCAG Region



Projected Population Growth By Age (2010-2020)



Households Raising Children are Declining

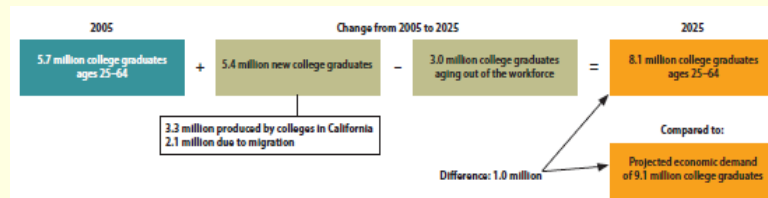
| Household Type | 1960 | 2000 | 2005 | 2040 |
|---------------------|------|------|------|------|
| HH with Children | 48% | 33% | 32% | 27% |
| HH without Children | 52% | 67% | 68% | 73% |
| Single-Person HH | 13% | 26% | 31% | 34% |

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



Minorities will add to households across the full spectrum of family types and make up most of the workforce

Meeting the Workforce Gap for College Graduates affects Home Affordability



Source:
Closing the
Gap PPIC
2009

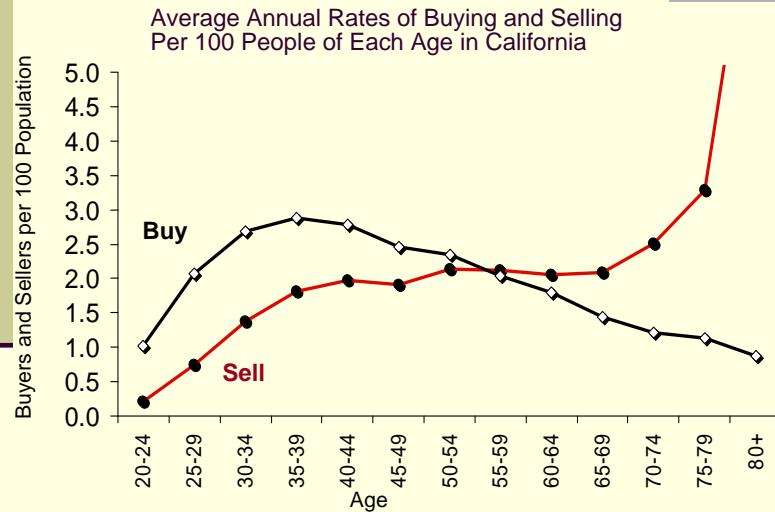
Shifting Housing Preferences between Generations

- Aging Baby Boomer are either staying put in their suburban homes or selling them and moving closer to jobs and urban amenities
- The Younger Boomers have their suburban homes
- Generation X (35 to 49 yrs old), a significantly smaller group, is the prime move up buyer for suburban homes. But many find themselves with homes which are “**Underwater**”
- Generation Y - Eco Boomers - are not yet ready to move to suburban cul-de-sacs and will seek starter homes and rentals



Source: Housing in America the Next Decade, John McIlwain, Urban Land Institute, January 2010

Aging Homeowners will outnumber Move Up Buyers for Suburban homes while More Multifamily Supply will be Needed by both the Young and the Old

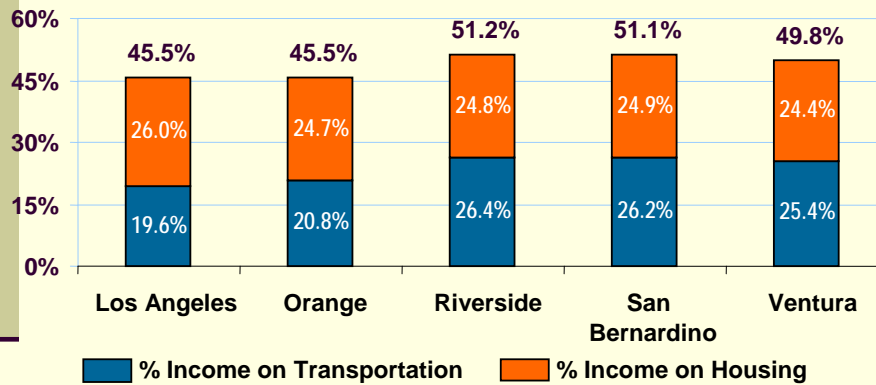


Source: Myers (2007) *Immigrants and Boomers*, Figure 11.1

The Affordability Challenge

- Aging Sellers will outnumber Move Up Buyers seeking Suburban homes
- Differences in average wealth and education between the generations may increase affordability problems even as there is downward pressure on suburban home prices
- Immigration may rise to fill the workforce gap and make up for lagging housing demand, but may add to the affordability challenge
- Barriers to providing affordable rental and multifamily housing need to be overcome for both seniors and those entering the workforce
- The location and affordability of homes should be measured by combining housing plus transportation costs to see the full impact on household budgets

Combined Costs of Housing and Transportation – A New Way to Look at Affordability



*Due to the unavailability of data, Imperial County has been excluded from this chart.

The Housing Supply Challenge

Long term trends favor rental housing and multifamily housing in general because of:

- The falling homeownership rate
- The wave of Generation Y deferring home ownership
- Growing urbanization, even in suburbs to accommodate aging Baby Boomers' lifestyle preferences
- The demand for Workforce housing created by Generation Y moving into apartments and starter homes
- Building more homes in location efficient areas

Regional Housing Needs Assessment (RHNA)

For use in updating the housing element of General Plans

- Determines development capacity each local government must identify and zone for during the planning period
- A policy based projection of household growth, with vacancy and replacement housing allowances
- Addresses the housing supply & affordability needs of all income groups resulting from population and employment growth – “Fair Share Plan”



Thank You

For further information, please contact

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