Demographic Trends: Uncertainty and Openness to Policy

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Presented at HUD Research Agenda Conference, Washington, 11/17/11
Big uncertainties

• The “post-crisis” reality
  – How soon and how much will household formation recover?
  – How soon, how much, and for whom will homeownership recover?

• The longer-term future
  – What will become of Baby Boomers’ owned housing in areas with few Millennials?
2000-2010: Household formation off for those under 55, up for 55+

*assuming year-2000 household formation by age & race

Source: 2000, 2010 Census 100% count
Homeownership rates fell for all except oldest Americans, 2000s

Source: 1990, 2000, 2010 Census 100% count
White & black non-Hispanic homeownership rates hard-hit

Source: 1990, 2000, 2010 Census 100% count
A potential challenge: Absorption of housing “supply” released by seniors

- On net, seniors “release” owner-occupied units…
  - Moves into the homes of family members, friends
  - Moves to nursing homes (“group quarters”)
  - Death
- …while younger households “absorb” them.

- Ratio of releases to absorption shapes housing markets
  - Few releases, much absorption ➔ Higher prices, more new construction
  - Many releases, little absorption ➔ Lower prices, less new construction
Releases of owner-occupied units grew in the 2000s; absorption fell.

![Graph showing net absorption (releases) in millions for the 1990s and 2000s.](image)

- **Age of householder at beginning of decade:**
  - Under 55
  - 55 and over

Source: 1990, 2000, 2010 Census 100% count
In many states, young households already lag in absorption.