



The Future of Rural Housing

Rolf Pendall, Laurie Goodman, Jun Zhu, Amanda Gold

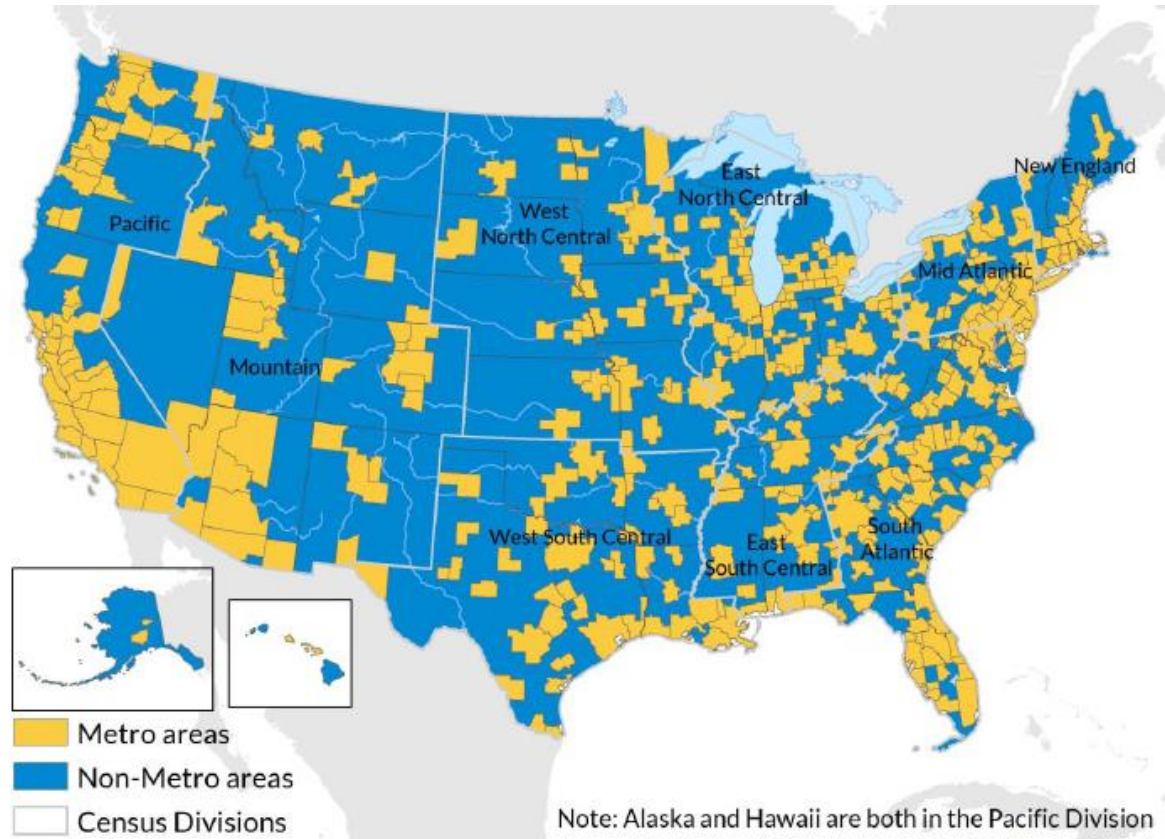
2018 Housing Iowa Conference

Introduction

- Current rural counties
 - Current demography
 - Current housing
- Future of rural counties
 - Portray the demand for housing
- Housing implications

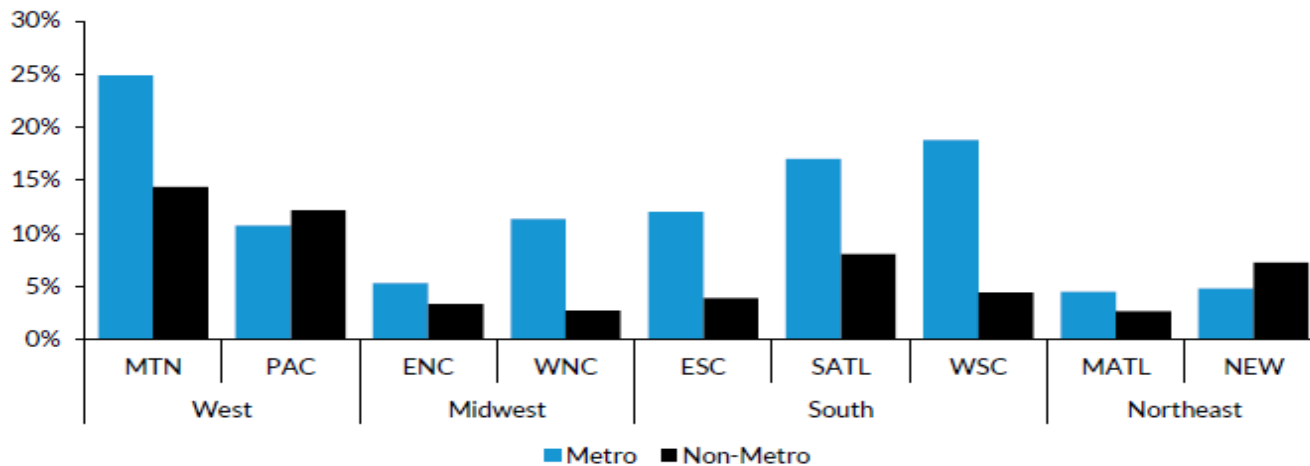
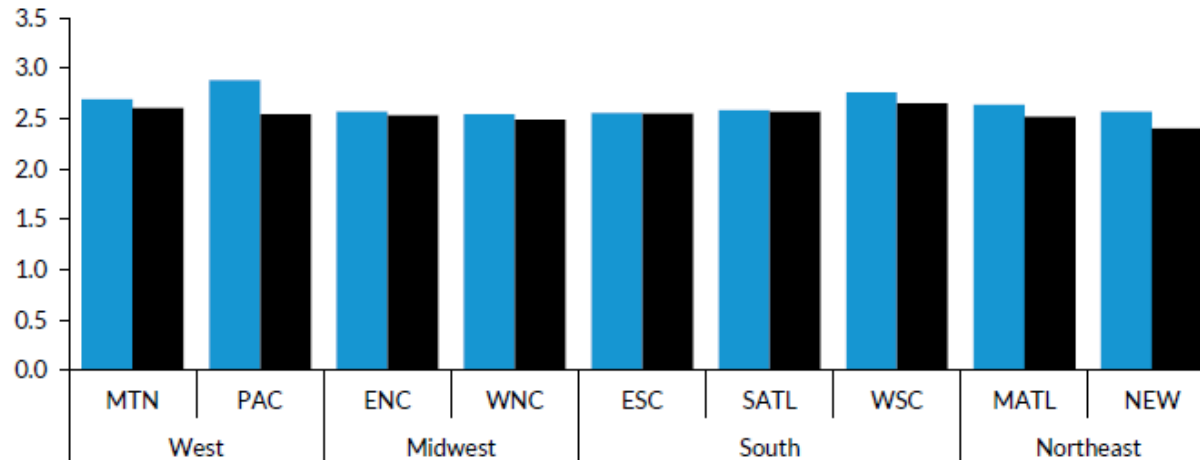
Current Demography and Housing in Rural Area

Rural areas account for most land in the United States, but contain 15% of the population



Sources: Urban Institute map; 2013 boundaries and 2013 USDA rural-urban continuum classifications.

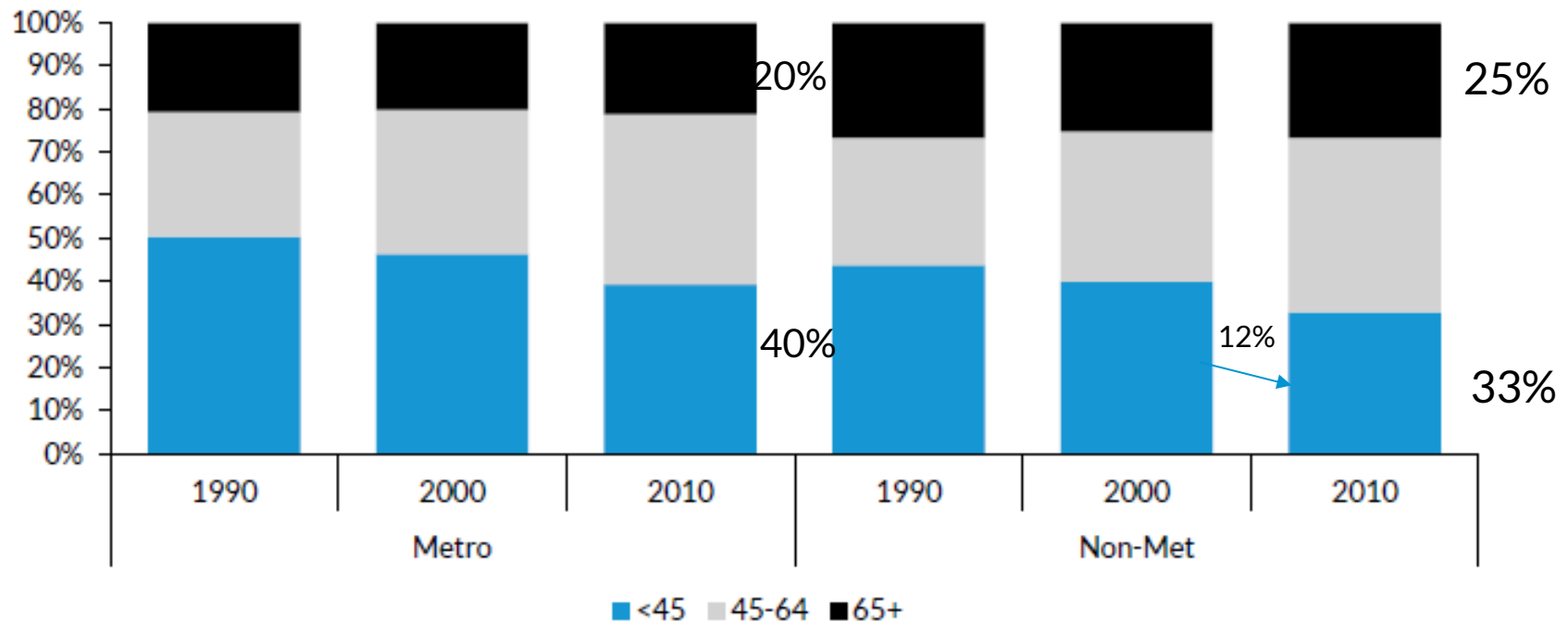
Rural households are smaller, and have slower growth rates



Rural households have been getting older. Young rural households declined by 12% between 2000 and 2010

Age of Households in Metro and Nonmetro Areas in 1990, 2000, and 2010

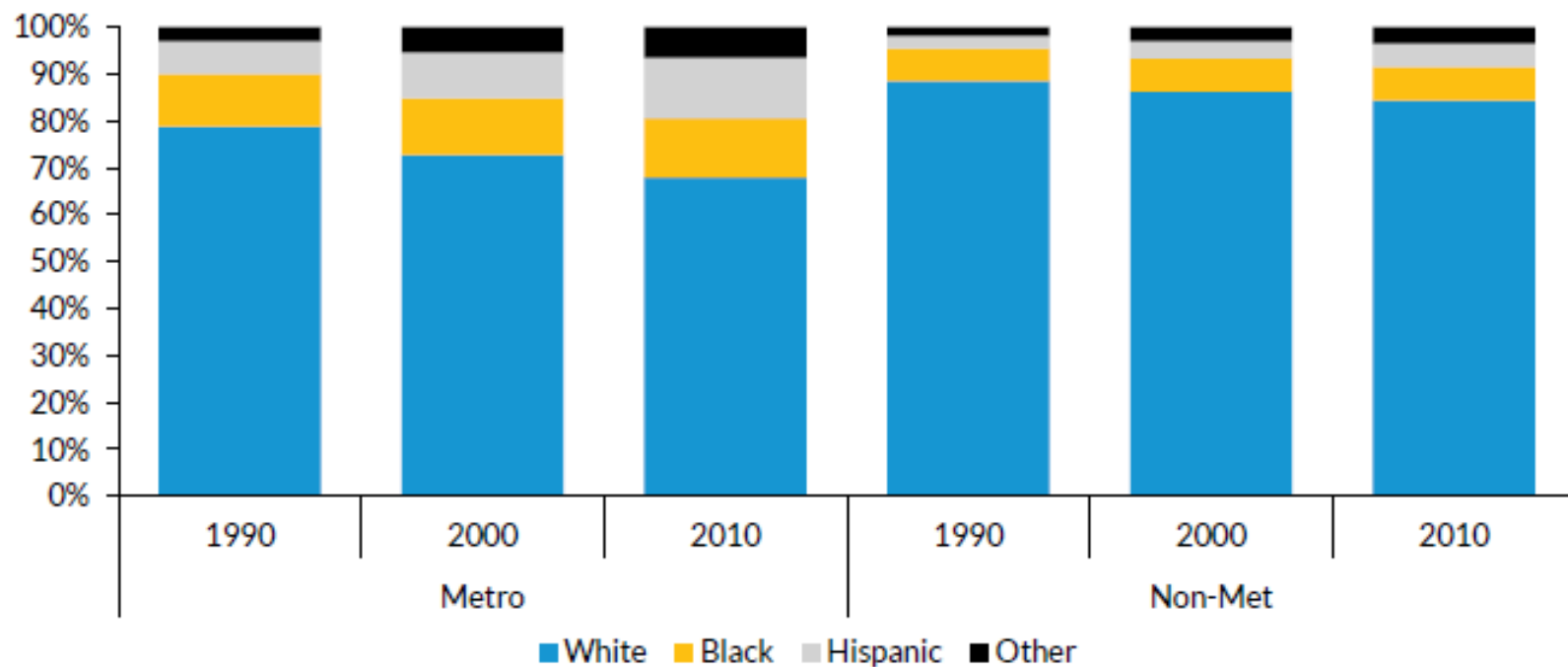
Percent of households by age of householder



Rural areas are less racially and ethnically diverse

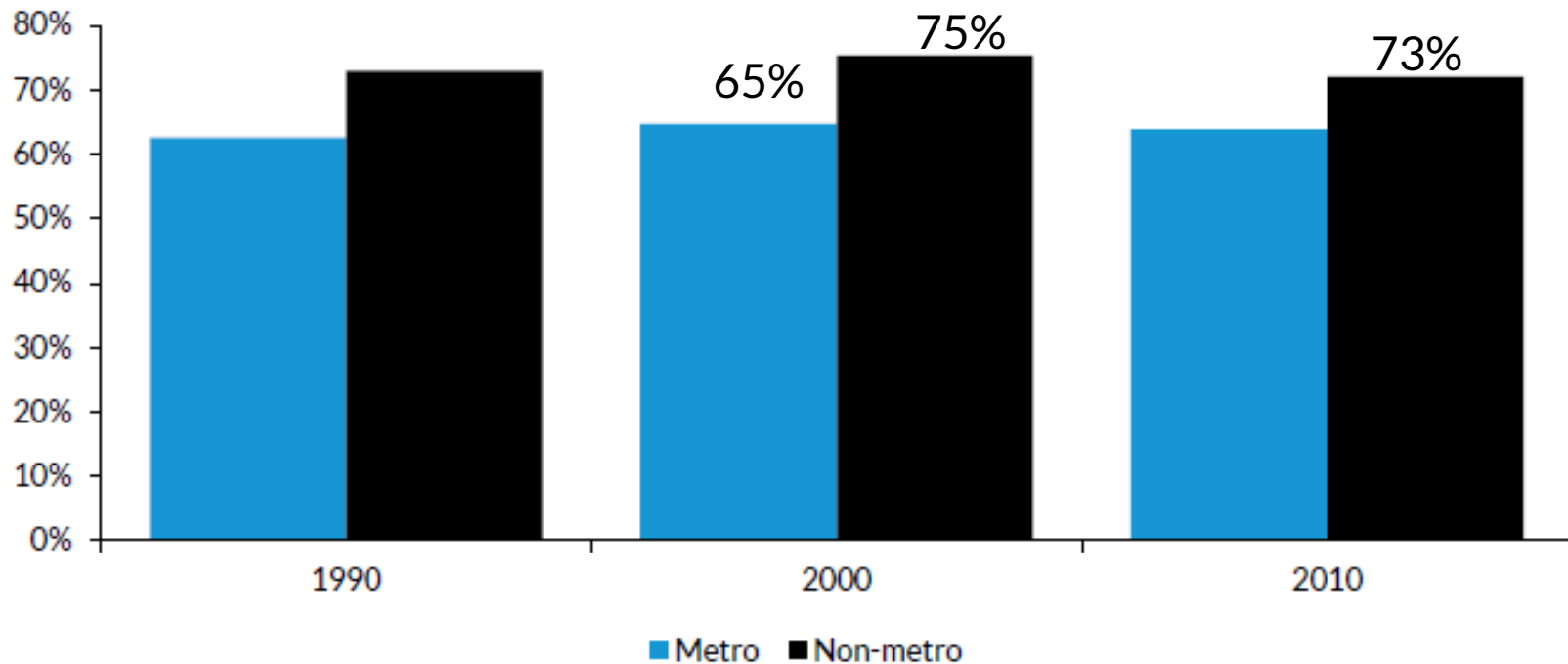
Racial and Ethnic Composition of Metro and Nonmetro Areas, 1990-2010

Percent of households by race of householder



Rural areas have higher homeownership rates. But they fell more steeply over the last decade

Homeownership Rates in Metro and Nonmetro Areas



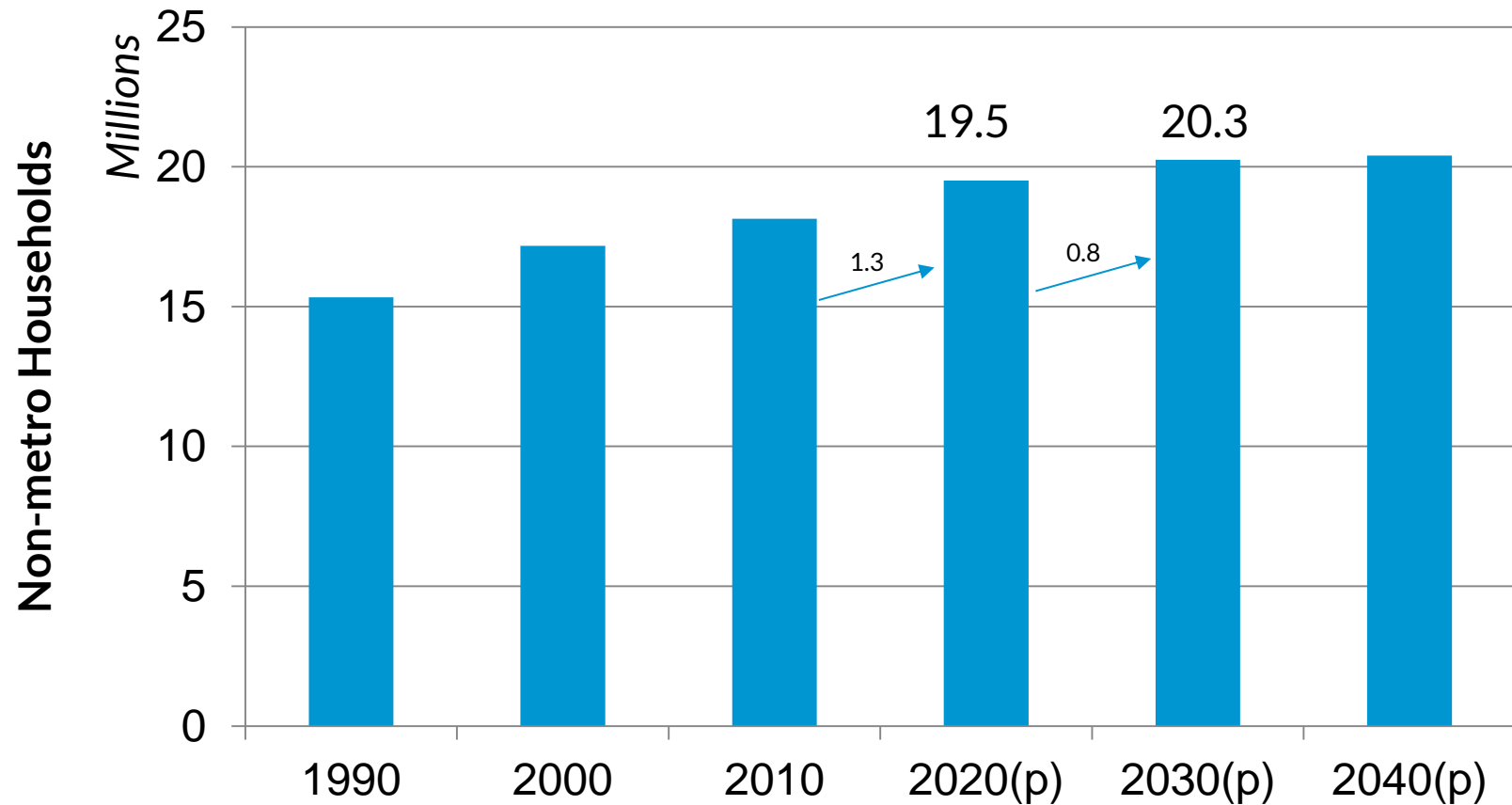
Projections of Headship and Homeownership Rates

Scenarios for headship and homeownership rates

- Project future age- and race-specific rates of headship and homeownership.
- Construct cohort transition rates.
 - If 15- to 24-year-olds had a headship rate in 1990 of 0.20, and in 2000 the headship rate for 25- to 34-year-olds had risen to 0.45, then the transition rate for this cohort (a group of people born between 1976 and 1985) would be 0.25 in the 1990s.
 - $R_{2020} [25-34] = R_{2014} [19-28]$
 $+6/10 (R_{2000} [25-34] - R_{1990} [15-24])$

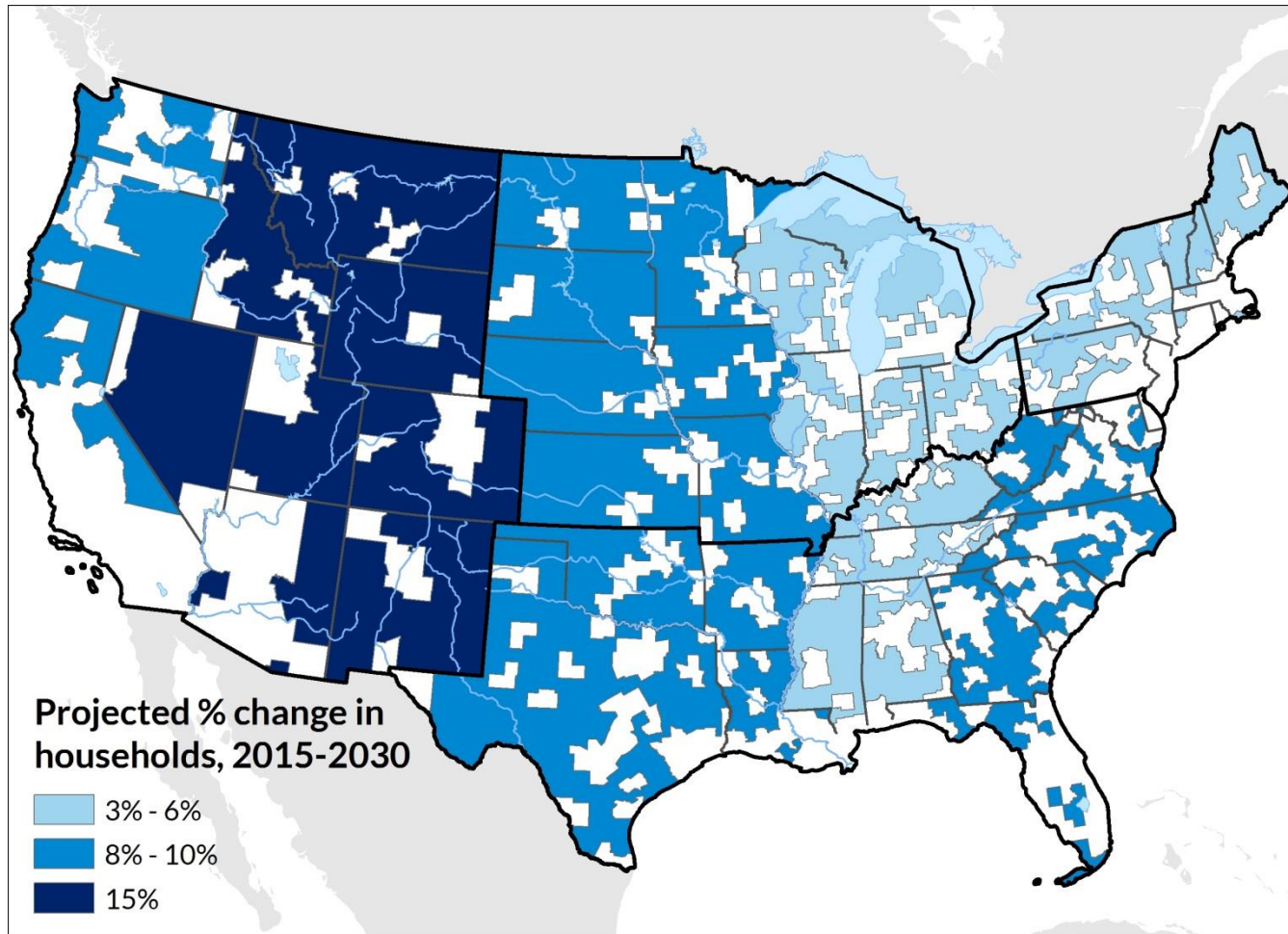
The Future: (1) Household Growth and Aging

Non-metro household growth continues to 2040.



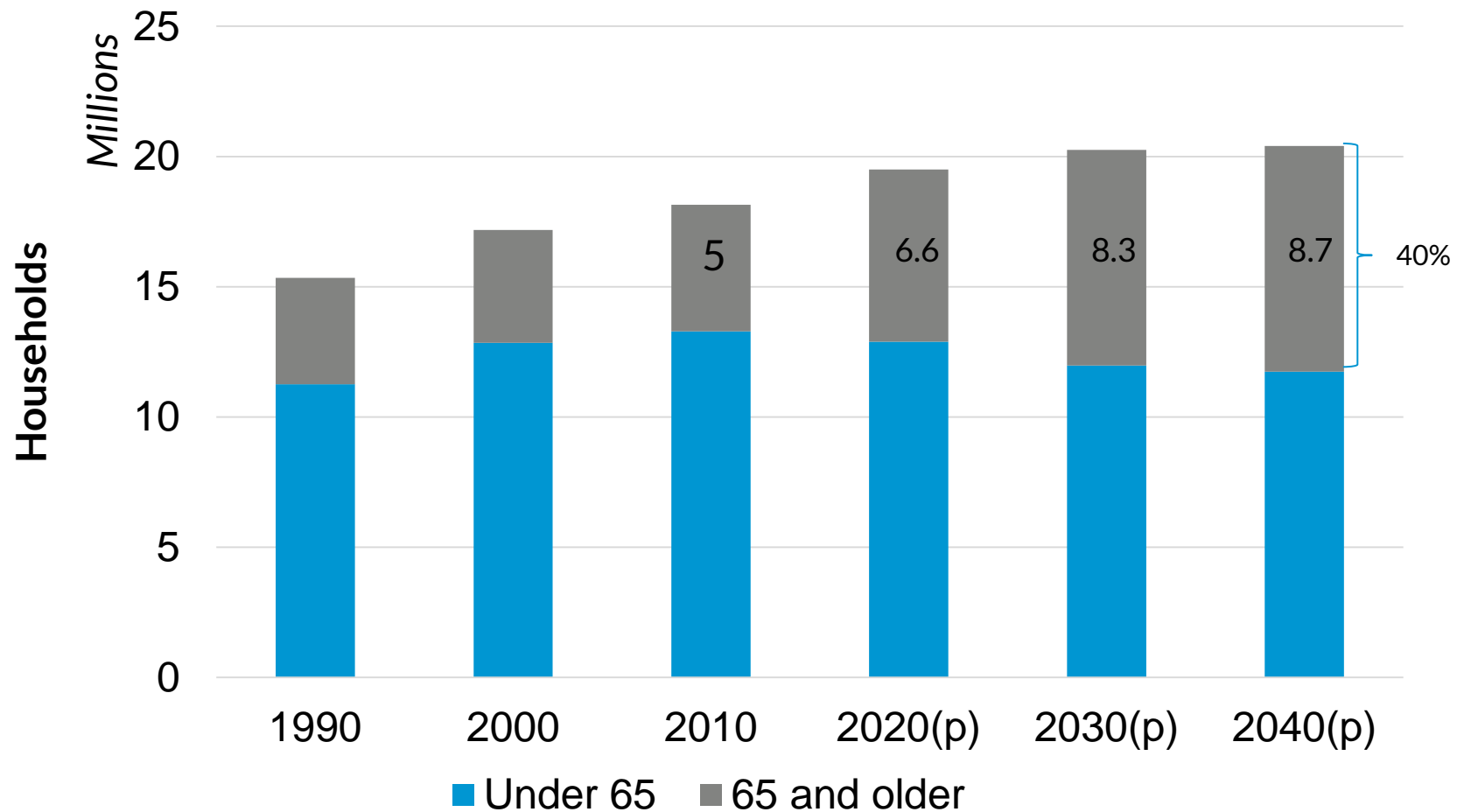
Non-metro household growth in all Census divisions

Rocky Mtns. fastest, New England, Great Lakes more slowly



Source: Urban Institute projections

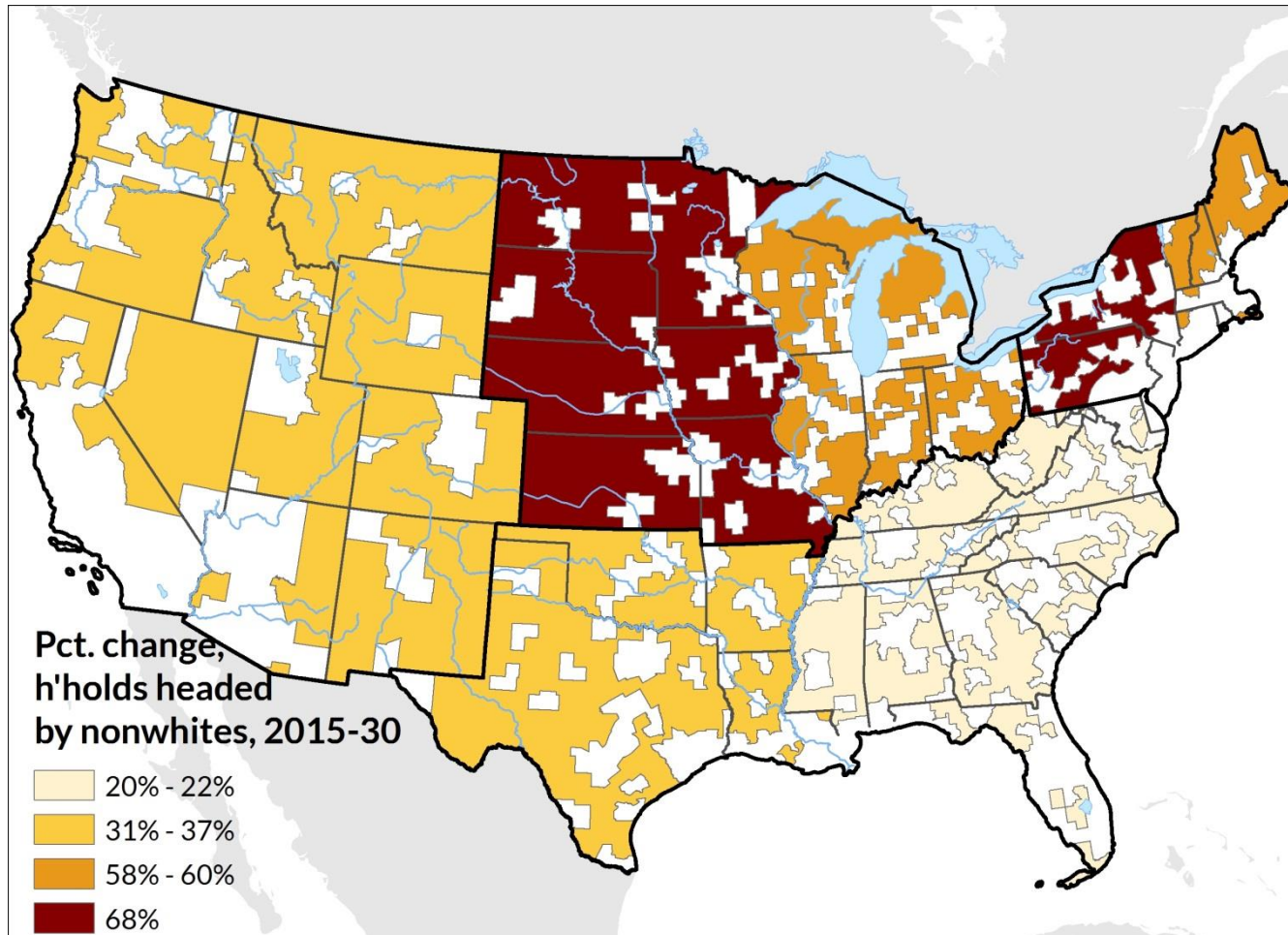
Over two-fifths of non-metro households will be senior-headed by 2030.



Source: US Census Bureau, Census of Population & Housing 1990, 2000, 2010; Urban Institute projections

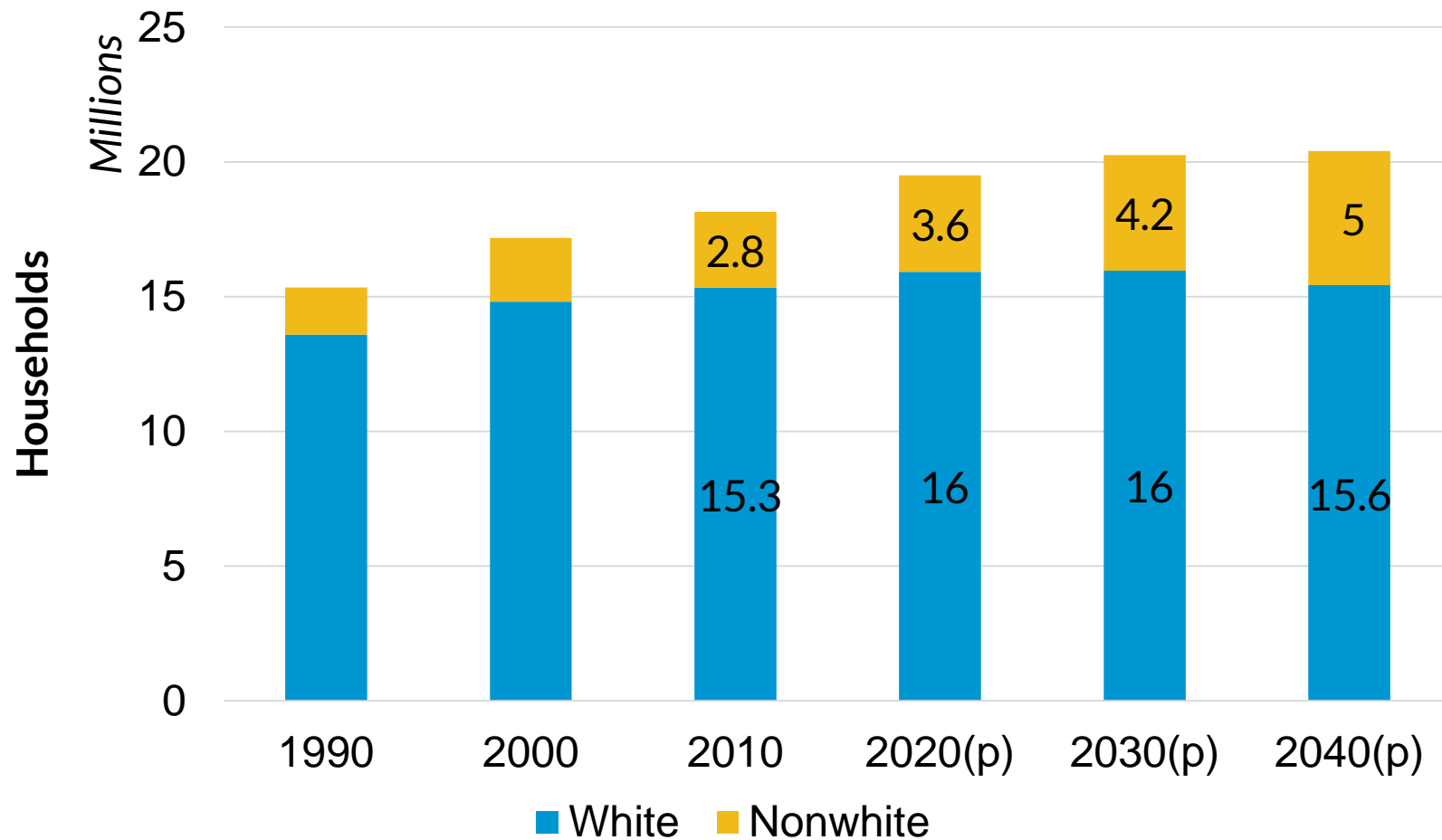
The Future: (2) Diversity

Every division will experience fast growth in nonwhite households



Source: US Census Bureau, Census of Population & Housing 2010; Urban Institute projections

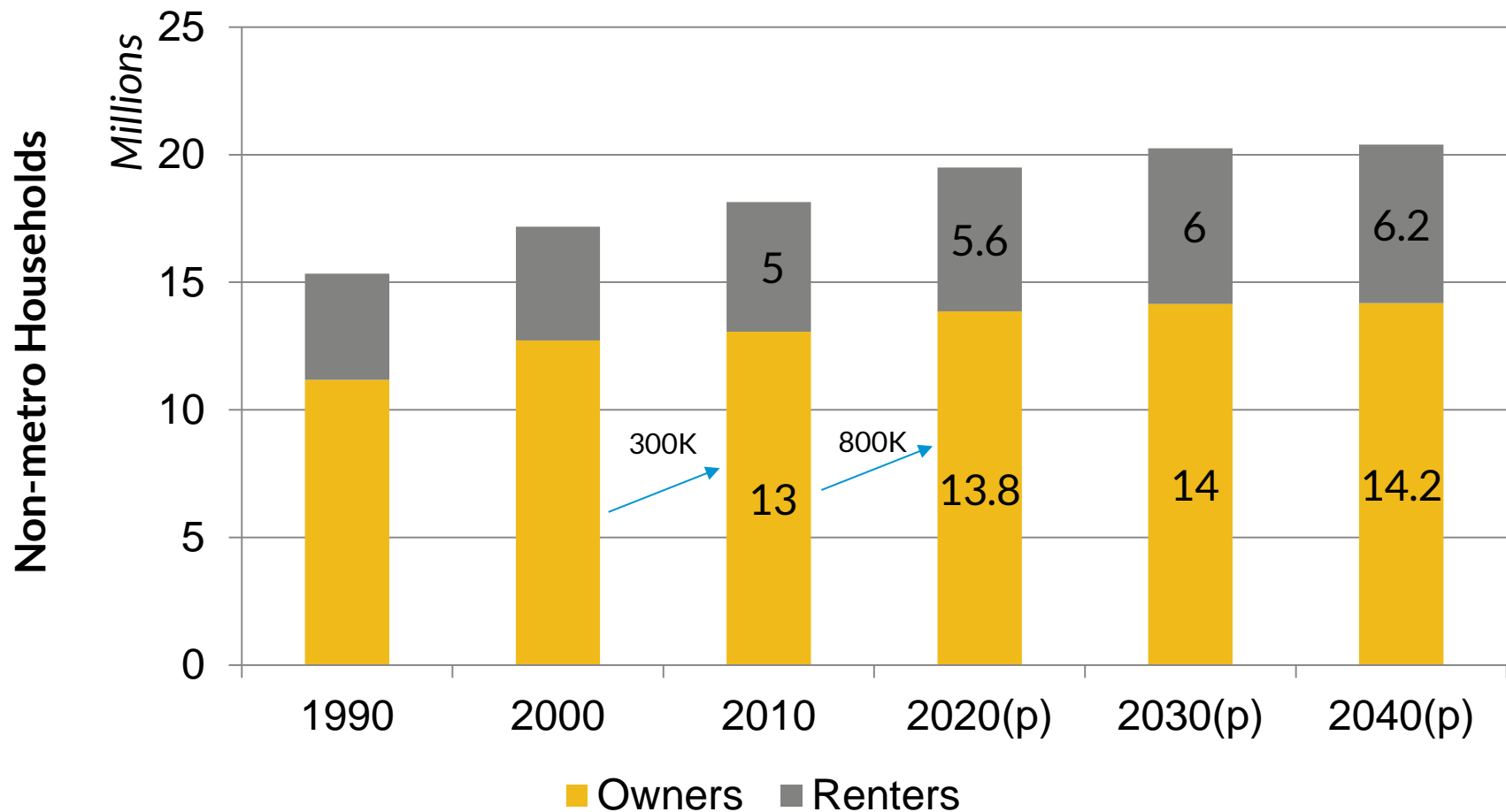
Rural households diversify but remain mostly white.



Source: US Census Bureau, Census of Population & Housing 1990, 2000, 2010; Urban Institute projections

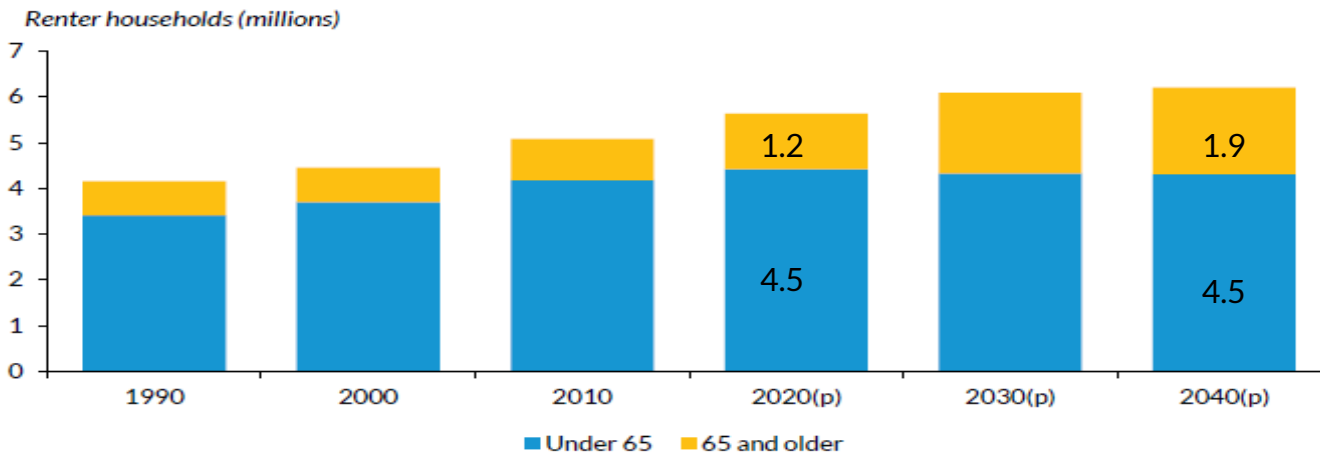
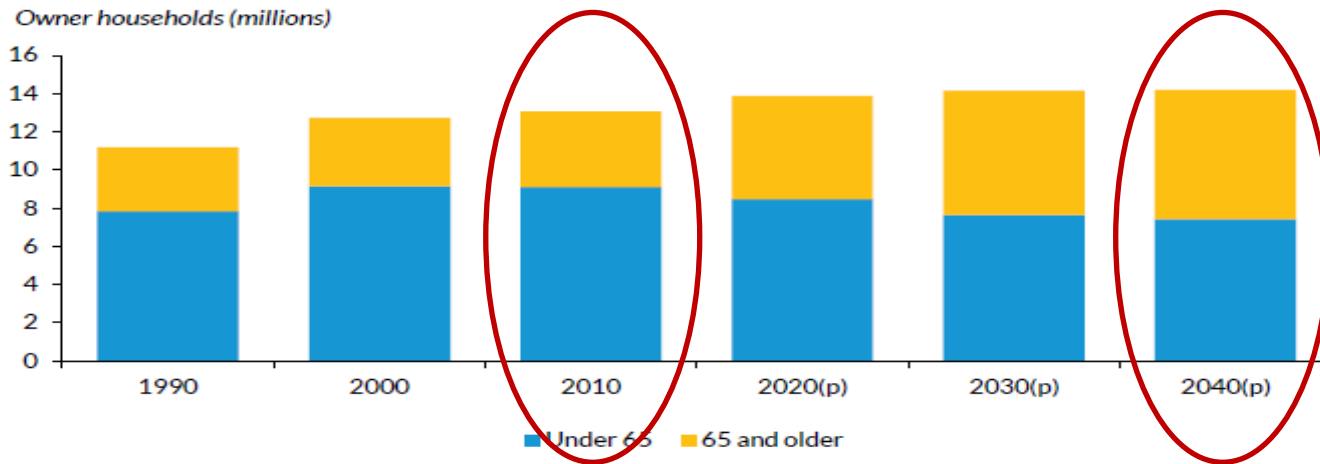
The Future: (3) Housing Demand

There is new demand for both owner-occupied and rental housing. The net increase of owners and renters will be smaller after 2020



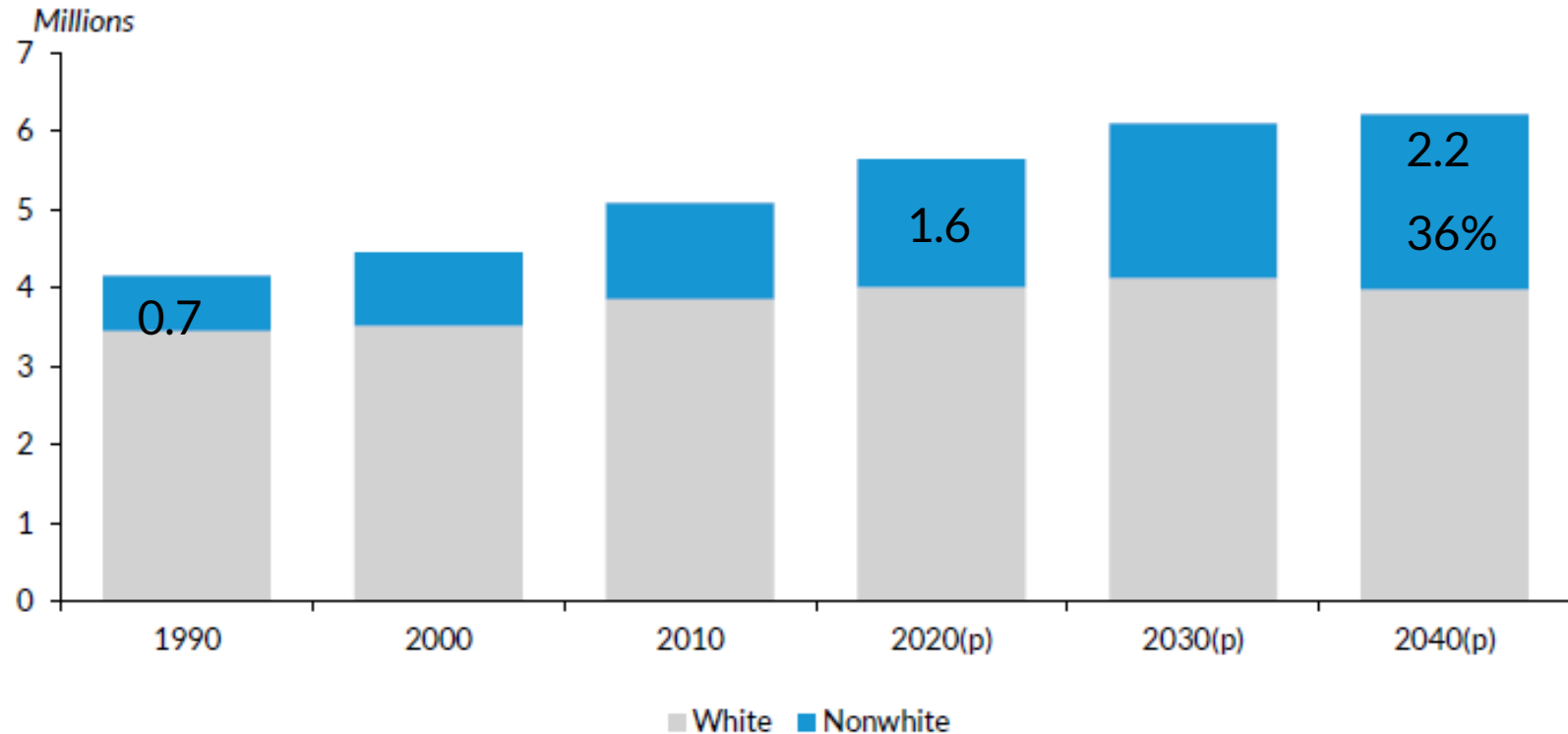
Senior households will drive both owner and renter growth

Projected Rural Senior and Nonsenior Owner and Renter Households, 1990-2040

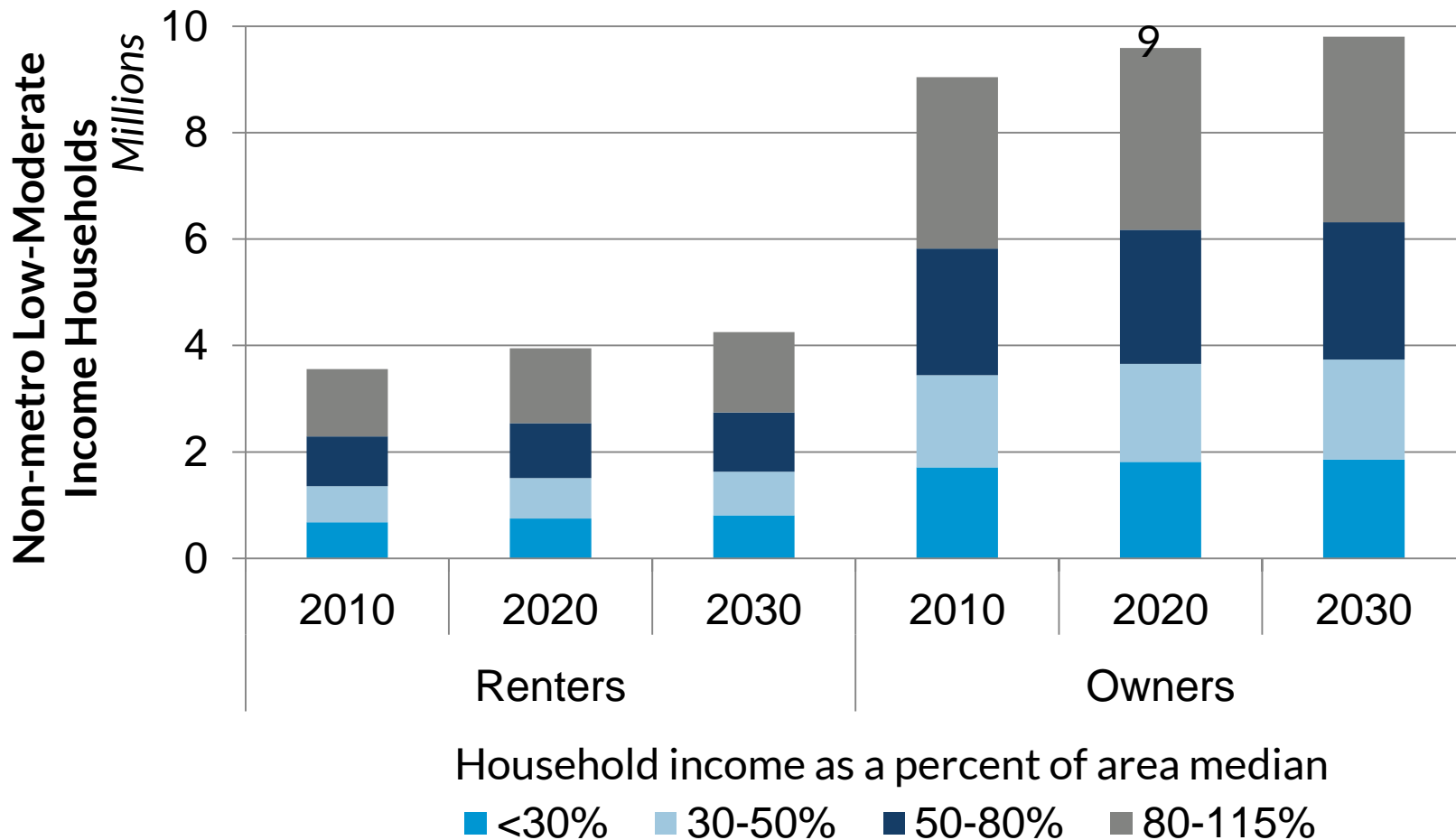


Renters will experience increasing diversity.

Projected Number of White and Nonwhite Rural Renter Households, 1990-2040



As households grow, so will demand for affordable rentals and owner-occupied homes



Source: US Census Bureau, Census of Population & Housing 2010, ACS 2014; Urban Institute projections

Recap and Housing Implications

Recap

Growth and affordability

- Non-metro growing, but more slowly than metro areas
- More owner than renter growth in the 2010s in non-metro areas
- Affordable housing need will increase

Aging

- Seniors will head over 40% of non-metro households by 2030
- All divisions growing seniors

Diversity

- Every division will see significant growth in nonwhite households
- Non-metro counties less diverse than metro counties were in 1990, reflecting and reinforcing slow growth and aging

Housing Implications

- Housing demand will continue for new construction and grow for rehabilitation.
 - Increasing housing demand for seasonal residents and visitors
 - Climate risks result in loss of rural homes
 - Current rural housing is older; 63% homes were built before 1980
- Urgent need for reinvestment in older rural housing, often occupied by seniors
- A growing share of working-age rural Americans may need housing assistance

Housing Implications

- Housing demand will continue for new construction and grow for rehabilitation.
- Urgent need for reinvestment in older rural housing, often occupied by seniors
 - Seniors' wage and salary employment declines and mostly ends
 - Housing costs, ongoing transportation costs, and health care costs would rise
 - Rural seniors own their homes free
 - They need to find options to tap into home equity
 - Rural senior homeowners with little home equity
 - They are in a uniquely vulnerable position and lack of resources to improve their housing situation
 - Rural senior renters
 - They are vulnerable to rising rents and may need increased subsidy
 - Houses need adaptation for safe and comfortable aging

Housing Implications

- Housing demand will continue for new construction and grow for rehabilitation.
- Urgent need for reinvestment in older rural housing, often occupied by seniors
- **A growing share of working-age rural Americans may need housing assistance**
 - The senior transition shift the income distribution downward
 - Working age families who need housing subsidies could fall above the income limits
 - In amenity areas, income inequity hits working households
 - Hard to get affordable homes and affordable rentals
 - Commuting costs rise as working households look for housing elsewhere

Thanks!
Q&A