RETROFITTING THE DREAM:
HOUSING IN THE 21ST CENTURY

Joel Kotkin
# TABLE OF CONTENTS

Preface .......................... 3
Contributors ........................ 5
Part One: Is the Dream Dead? ............. 7
Part Two: The Real Geography Of America ............ 14
Part Three: The New Demographics of Housing ........ 27
Part Four: Looking Forward — How Should We Live? .... 45
References ........................ 54
PREFACE:

In recent years a powerful current of academic, business, and political opinion has suggested the demise of the classic American dream of home ownership. The basis for this conclusion rests upon a series of demographic, economic and environmental assumptions that, it is widely suggested, make the single-family house and homeownership increasingly irrelevant for most Americans.

These opinions — which we refer to as ‘retro-urbanist’ — gained public credence with the collapse of the housing bubble in 2007. The widespread media reports of foreclosed housing in suburban tracts, particularly in the exurban reaches of major metropolitan areas, led to widespread reports of the “death of suburbia” and the imminent rise of a new, urban-centric “generation rent.”

Yet despite this growing “consensus” about the future of housing and home ownership, our analysis of longer-term demographic trends and consumer preferences suggests that the “dream,” although often deferred, remains relevant. We see this in the strength of suburbs, as well as in the growth of the post-war “suburbanized cities” that generally have been the fastest growing regions of the country. These trends are notable in the three key demographic groups that will largely define the American future: aging boomers, immigrants, and the emerging millennial generation.

This does not mean that suburbia, or home construction patterns, will not change in the coming decades. Higher energy prices, for example, could necessitate shorter commutes, even with automobile fuel efficiency improvements. The emerging concentration of employment centers could help bring this about by improving job housing balance. There is a need to fully make use of the high speed digital communication that can promote both dispersed and home-based work.

For these and other reasons McKinsey & Company, among others, has noted that
meeting environmental challenges does not require the kind of radical alteration of lifestyles and aspirations so widely promoted in the media, academia, and among some real estate interests. Equally important, there has been little consideration of the profound economic and social benefits of both home ownership and low to medium density living. These include, on the economic side, the huge impact on employment from home construction and the ancillary industries associated with household upkeep and improvement.

More important still may be the social benefits. Most serious studies have shown that lower-density, homeowner-oriented communities are more socially cohesive in terms of volunteerism, neighborly relations, and church attendance, than denser, renter-oriented communities. Suburban and lower density urban neighborhoods are particularly critical for the growth of families and the raising of children, an increasingly important factor in a ‘post-familial’ era of plunging birthrates.

To be sure, housing has been changing rapidly from the model developed in the 50s, and this process will continue over the next generation. Houses today are more energy-efficient, and look to accommodate home-based work, as well as extended, multi-generational families. Similarly, the suburbs and low/mid density urban communities are already far more diverse, in terms of ethnicity and age profile, than the homogeneous communities often portrayed in media and academic accounts. This trend is also likely to accelerate.

Ultimately, we believe that the dream is not at all dead, but is simply evolving. America’s tradition of property ownership, privacy, and the primacy of the family has constituted a critical aspect of our society since before the nation’s founding. It will need to remain so in the decades ahead if the country is to prove true to the aspirations of its people and the sustainability of its demographics.
CONTRIBUTORS

Joel Kotkin (primary author) is Distinguished Presidential Fellow in Urban Futures at Chapman University in Orange, California; a contributing editor to the City Journal in New York; Senior Visiting Fellow at the Civil Service College in Singapore, and regular contributing writer to the Daily Beast. A highly respected speaker and futurist, he consults for many leading economic development organizations, private companies, regions and cities. He also serves as executive editor of the website www.newgeography.com.


Ali Modarres (co-author) is Professor and Chair of the Department of Geosciences and Environment at California State University, Los Angeles. He specializes in urban geography and his primary research and publication interests are socio-spatial urban dynamics and the political economy of urban design. He has published in the areas of immigration, race and ethnicity in American cities, social geography, transportation planning, environmental equity, and urban development and public policy. He is the Editor of Cities: The International Journal of Urban Policy and Planning and serves as an advisor and a board member for a number of local and regional planning organizations in California.

Wendell Cox (co-author) is principal of Demographia, an international public policy firm located in the St. Louis metropolitan area. He has served as a visiting professor at the Conservatoire National des Arts et Metiers in Paris since 2002. His principal interests are economics, poverty alleviation, demographics, urban policy and transport. He is co-
author of the annual Demographia International Housing Affordability Survey. Mayor Tom Bradley appointed him to three terms on the Los Angeles County Transportation Commission (1977–1985) and Speaker of the House Newt Gingrich appointed him to the Amtrak Reform Council, to complete the unexpired term of New Jersey Governor Christine Todd Whitman (1999–2002). He is author of War on the Dream: How Anti-Sprawl Policy Threatens the Quality of Life (Lincoln, NE: iUniverse Inc., 2006)

**Zina Klapper** (editor and director of research) is a Los Angeles-based journalist, editor and research director. She is Deputy Editor of NewGeography.com.

**Grace Kim** (researcher) is an undergraduate at Chapman University majoring in Business Administration and Communication Studies. She is the President of the Chapman Real Estate Association and Editor-in-Chief of Metacommunicate, the Communication Studies undergraduate research journal.

**Gary Girod** is a researcher who has worked with Joel Kotkin on articles for Newsweek, Forbes, the Daily Beast and numerous other publications. He graduated from Chapman University with honors in 2011, majoring in History and French.
We live in an era of doubt about the future among broad segments of the citizenry, with negative views of the present and future higher than at any time in more than three decades. The very idea that the “American dream” can be achieved seems to be slipping increasingly out of reach for many who see the future as far less promising than the past. Some 55 percent see it as “unlikely” that the next generation will have a better standard of living than the current one.

In the wake of the collapse of the housing bubble, retro-urbanist pundits such as Richard Florida have declared the single family house to be archaic. In the supposed Great Reset that has followed the crash, Florida proclaims that the traditional American dream fostered “countless forms of over-consumption that have a horribly distorting effect on the economy.”

This assault on what has been the essence of the American dream has led some to suggest that the future of housing requires a strong restraint on outward growth and the fostering of dense inner-city development. We differ because we believe the preference of most people, particularly those in families, tends to be for lower density environments and single-family houses. This applies, we emphasize, not only to suburbs and exurbs, but also certain parts of many major cities.

We are not “sprawl-lovers” or anti-city, as charged by some; we consider ourselves forward looking urbanists who see the urban form as ever-changeable and consider a city’s primary mission, not aesthetic, is to best serve the economic interests and aspirations of its residents.

We differ as well with those who believe the 2007 housing collapse augured the demise of home ownership. Some financial analysts, such as Morgan Stanley’s Oliver Chang, have predicted that we were headed towards a “rentership society,” as homeownership rates fell from their artificial highs of the bubble era. We consider the bubble to be not the product of fundamentally weak demand,
but rather of the unprecedented weakening of mortgage credit standards and, in some cases, draconian land regulations.

Some analysts see a permanent long term trend, in which a nation of homeowners will shift towards being one of renters, living largely in urban core apartments. Florida and another prominent urban critic, Chris Leinberger, have blamed the financial crisis largely on the desire of people to own single family homes. Suburbia, the primary stage for that dream, they claim, is entering a nightmare phase. The suburban periphery, which has historically grown the fastest, will devolve, Leinberger suggests, into the nation’s “future slums”\(^6\)

This seems a gross exaggeration, and an overreaction to the events of 2007. Viewed in a historic context, home ownership rates today remain comparable to those of recent decades. Census Bureau data indicates that in 2012 the homeownership rate was 65.4 percent, near the high of the pre-bubble (1969-1995) range of from 63.8 percent to 65.6 percent.\(^7\) The reduction to the present 65.4 percent simply represents a return to the virtual equilibrium that was achieved and prevailed for much of the period after World War II.

Nevertheless, the idea of declining suburbia and homeownership has gained wide acceptance among academics, the media and even parts of the development community. Particularly influential, especially in California, has been the work of Arthur C. Nelson, now Director of the Metropolitan Research Center, City & Metropolitan Planning, University of Utah, who as early as 2006, modeled future demand for various types of housing.\(^8\) The results were bracing: Nelson forecasted a likely surplus of 22 million large-lot homes (houses built on a sixth of an acre or more) by 2025 — that’s roughly 40 percent of the large-lot homes in existence today.

Nelson bases his assumptions on the country’s changing demography, shifts in
the preferences of aging boomers and of younger people, high gas prices, and discontent with suburban lifestyles in general. As we discuss later in this report, these assumptions are not well-grounded.

**OUR ARGUMENT: WHAT PEOPLE WANT**

Contrary to many claims, the desire for homeownership does not seem to be in decline. Research for the Woodrow Wilson Center indicated that homeownership was considered overwhelmingly important, even after the housing bubble. The desire to own becomes more important as people get older and more affluent; if it was not preferred, it would be expected that as people become more affluent ownership rates would decline.9

The argument about homeownership necessarily extends into one about geography and the urban form. For most Americans, the best geography for an affordable and otherwise desirable home lies in the suburbs. To be sure, core cities, particularly those favored by economic circumstances, have recovered impressively from the nadir of the ’70s. But the suburbs have consistently outgrown them by a large margin. The share of growth in the suburbs accelerated between 2000 and 2010, to 91 percent of major (population over 1,000,000) metropolitan area growth, up from 85 percent in the 1990s.10 Overall, some 73 percent of all residents in the country’s 51 major metropolitan areas live in suburbs.11

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Woodrow Wilson poll of voters 2012

**MAJOR METROPOLITAN AREAS: 2010**

These numbers reflect widespread and longstanding, sentiments. Surveys, including those sponsored by the National Association of Realtors, suggest that most people — roughly eighty percent — prefer a single family house to either an apartment or
townhouse. Only eight percent would prefer to live in an apartment. Moreover, the poll provides evidence of room for growth: the share of households that would prefer a single family residence is greater than the 70 percent that live in them. Similarly, the share of households in apartments (17 percent) is higher than the share of people who prefer to live in that setting. Single family housing maybe unaffordable, especially in high-cost areas, but it there is a fundamental market demand for it.

We believe this pattern should persist over the next decade, as the economy hopefully improves, the younger generation joins the workforce and begins forming families. Historically, as people enter their 30s, they change their housing behavior and aspirations. For some it will be marriage — the median first marriage age is now in the late twenties — and family formation. Immigrants, particularly Asians, are entering the housing market in a major way, accounting for some 40 percent of all owner households over the past decade, while boomers are resolutely remaining in their homes well beyond their historically accepted norm. Simply put, home ownership’s appeal and fundamental value remains firm to the vast majority of middle income households.

**AMERICANS, LAND, AND OWNERSHIP – A BRIEF HISTORICAL OVERVIEW**

Even before the American Revolution, the notion of ownership, usually a farmstead, was a critical lure for migrants to North America. The acquisition of property was simplified by its ubiquity, and the relative lack of huge semi-feudal tracts, particularly outside the south. From the nation’s earliest days there were programs to encourage households to purchase federal government land as the nation moved west. During the 19th Century, the federal government sold more than 80 million acres of public land directly to homesteaders.

Over time, this imagined yeoman utopia began to unravel. Capital-led industrial growth sparked a vast expansion of cities; rather than settling in farmsteads, more Americans moved into crowded urban areas, where the vast majority — upwards of 77 percent — became landless renters. Even on the land, as farming itself modernized, there was a gradual shift toward tenancy. By 1900, one in three American farmers were landless tenants.
THE FIRST SUBURBAN BOOM

The early rise of suburbia and the expansion of metropolitan land ownership began to reverse this trend. Urban middle and working classes increasingly aspired to own their own homes. By the 1920s, the first suburban boom was occurring, with nearly 900,000 new homes a year springing up in new communities outside of city lines. As central cores of the cities were emptied of both people and factories, they evolved into prototypical downtown business districts, dominated by businesses and, increasingly, high-rise offices where, commuters from the periphery often worked.17

Southern California, then in its infancy as a major metropolitan area, took this pattern even further. The area pioneered the development of what could be seen as a “suburbanized” city, with little in the way of strong central core.

GOVERNMENT SAVES THE DREAM

The Great Depression temporarily halted the spread of ownership. Far more than our Great Recession, the Depression truly undermined the prospect for land ownership among the vast majority of people. In the 1930s, homeownership dropped by 4.2 percent, almost four times the plunge that followed the collapse of the recent housing bubble.18 By 1940, homeownership fell to 43.6 percent, the lowest number in the 20th Century.

Unlike the modern day retro-urbanists, who often oppose expansion of metropolitan areas, the New Dealers, notes historian Michael Lind, encouraged both the dispersion of population and increased home ownership. They supported the idea of suburban growth and the mass production of single family housing. “A nation of homeowners,” President Franklin D. Roosevelt believed, “of people who own a real share in their land, is unconquerable.”19

New Deal legislation, such as the Housing Act of 1934, the Federal Housing Administration (FHA), and the creation in 1937 of the Federal National Mortgage Association, or Fannie Mae, set the stage for the great housing boom of the 1950s. This was further augmented by the GI bill, which also provided low-interest loans to returning veterans. The success of the private financial and
construction interests, suggests author Eric John Abrahamson, was largely fostered by “the planned” economy developed during the New Deal and in ensuing decades. Almost half of suburban housing, notes historian Alan Wolfe, depended on some form of federal financing.  

By 1953 the number of Americans owning their own homes climbed to twenty-five million. A country of renters was transformed into a nation of owners. Not everyone benefited from this growth; by 1953, the 70,000 people who lived in Levittown, for example, constituted the largest community in the United States with no black residents.

Suburban development took place around virtually all cities, but nowhere more dramatically than in Southern California. Tsunami-like population growth — over 53 percent between 1950 and 1960 — dramatically changed the landscape.

**SUBURBAN DISCONTENTS**

In 1950, only one in four Americans lived in suburbs; in 1960 a third; and by 1990 suburbanites constituted an absolute majority of all Americans. Between 1950 and 1980, over forty million homes, mostly single family and suburban, were constructed. A nation of first farm-dwellers and then city-denizens had become truly suburban. A conservative estimate indicates that today, more than 70 percent of metropolitan area residents are in suburban areas. The country remains also largely an ownership nation: in all but 1.5 percent of the nation’s 3,143 counties, owners outnumber renters.

This trend long has offended many in America’s cultural avant-garde, in academia, and in the architectural intelligentsia. In contrast to the New Deal ideal, some progressives disdained the idea of dispersed ownership, finding a society of “small proprietors” and owners “narrow, provincial and reactionary.”

In the academic and intellectual world, suburban restrictions against African-Americans and other minorities have justifiably raised hackles, particularly among liberals. More common still were aesthetic objections. In 1921, Lewis Mumford described the emerging “dissolute landscape” as “a no-man's land which was neither town or country.” Decades later, architect Peter Blake intemperately declared in
God’s Own Junkyard that the suburban pattern developing in the United States is “making life there only slightly less tolerable than on tenement streets.”

The 1960s social critic William Whyte, who at least bothered to study suburbs close up, denounced them as hopelessly conformist and stultifying. Like many later critics, he predicted that people and companies would tire of such dull places and head back towards the city core.

Historian Michael Lind notes that this critique extended to broad environmental concerns. The founding fathers of today’s environmental movement saw “excessive breeding” and “abuse of the land” — both widely identified with early suburbia — as threats to the planet’s future. On the bright side, if you will, environmentalists generally expected suburbs to be dismantled by energy prices. By 1999, Vice President Al Gore was already offering plans to “control” suburban sprawl.

“The American way of life — which is now virtually synonymous with suburbia — can only run on reliable supplies of cheap oil and gas,” suggested James Howard Kunstler in his 2005 Jeremiad, The Long Emergency. “Even mild to moderate deviations in either price or supply will crush our economy and make the logistics of daily life impossible.”

The housing crash of 2007 brought such predictions into the mainstream. By 2008, Paul Krugman was opining that both homeownership and suburban living was on the decline; that the future lay not in promoting the owned single-family house, but in giving greater emphasis to renting. Leinberger, meanwhile, suggests that the only people likely to head for exurbia will be poor families crowding into dilapidated former McMansions in the “suburban wastelands.”

This perception of the evolving reality has been widely accepted by many at the highest echelons of academia, business, and government. In 2010, HUD Secretary Shaun Donovan, pointing to foreclosures in suburban Phoenix, claimed that the die was already cast. “We’ve reached the limits of suburban development,” Donovan claimed. “People are beginning to vote with their feet and come back to the central cities.”
The thesis defined by author Aaron Ehrenhalt as the ‘Great Inversion’ — that recentralization, not dispersion, is the prevailing trend in metropolitan areas — reflects the longstanding views of most urbanists, planners, and pundits. Yet in reality, the opposite is true, not only in America, but across the world. As New York University’s Solly Angel has pointed out, virtually all major cities worldwide are growing outward more than inward, and becoming less dense in the process. There are no important exceptions to this trend, though some large cities with serious political constraints on expansion, such as the island nation of Singapore, may experience densification.

This is true not only in the US and Europe but, surprisingly, in developing countries. And in some ascendant countries, notably China, there are widespread attempts to duplicate American-style suburbs. Suburbs are expanding relative to urban cores in all of the 28 world megacities. This trend is the organic process by which cities have grown from virtually the beginning of time: Growth tends principally to be on the periphery.

**A MATTER OF SCALE**

Much has been made of the increase in population within urban cores, a roughly two-mile center. But the scale of the actual numbers involved is not well understood. In the 51 major metropolitan areas between 2000 and 2010, inner cores grew by 206,000. Yet this represented a growth rate of only 4.7 percent, less than one-half the overall metropolitan growth rate of 10.6 percent. Moreover, this growth was more than negated by a 272,000 loss between two and five miles from the urban core.
In contrast to growth in the core, the growth in the fringe has been larger by percentage, and much larger in numbers. Over the last decade, for example, areas five to ten miles from the core expanded their population by 1.1 million. Those areas ten to twenty miles further out added 6.5 million residents. Areas beyond 20 miles from the urban core saw the largest growth, increasing their numbers by 8.6 million — forty times the growth in numbers in the urban core, and, at 18 percent, nearly four times the percentage growth. In all major metropolitans, population growth in areas more than 10 miles out exceeded that of the core, except in Pittsburgh, where both the core and the suburbs lost, but the suburbs lost more.

Some, of course, assert that the Great Recession has changed these patterns. And certainly growth of suburbs, and particularly exurbs, slowed down with the foreclosure crisis. But a recent analysis by chief economist Jed Kolko at Trulia (the real estate website) led him to conclude that Americans “still love the suburbs.” He reports that between 2011 and 2012 in the 50 largest metropolitan areas, zip codes that were less dense than average grew at double the rate of those that had more than average density.

This divergence also can be seen at the regional level. Chicago proudly insists that its central core has enjoyed the most rapid growth in the country. Yet an analysis of the census reveals that although the area within two miles of the loop has grown by 48,000 people, areas within ten miles lost 210,000 people. The outer rings, twenty miles from core, expanded by over 500,000.
Similarly, much has been written about the renewed vibrancy and growth of Los Angeles’s central core, long regarded as somewhat listless. And to be sure, downtown grew from 35,884 to 51,329 over the past decade in the number of people calling it home. Yet this population is actually smaller than that of the San Fernando Valley neighborhood of Sherman Oaks or over five thousand less than the Riverside County community of Eastvale, once primarily an area of dairy farms, incorporated in 2010, whose population increased eight-fold since 2000.

Like much of the rest of America, Southern California’s population continues to spread out, with most of the growth concentrated in the outer fringes of Riverside, San Bernardino, and Los Angeles County. Between 2000 and 2010, the Riverside-San Bernardino metropolitan area added twice as many people as Los Angeles. Riverside-San Bernardino is already the nation’s 12th largest metropolitan area, and seems poised to pass San Francisco and Boston by 2020 (unless even faster growing Phoenix gets there first).

**THE FLIGHT FROM DENSITY**

Although there is clearly a market, perhaps even a modestly growing one, for a more urbanized lifestyle, an analysis of the 2010 census shows that the country is not returning to a pre-1945 urban pattern. History generally does not go into reverse. Nearly two thirds of the US population lives in counties with overall densities below the Census Bureau’s ‘urban’ threshold of 1,000 persons per square mile. More than one half of the population lives in the lowest density counties, those with less than 500 persons per square mile.

In virtually all of the ‘legacy’ urban areas, those built before the Second World War, even the densest urban cores, are surrounded by suburban, single-family home areas that account for the vast majority of dwellings. The suburbs of
New York, San Francisco, and other legacy cities are similar to the newer sunbelt cities in their reliance on automobiles. Since some central city areas in places like Houston, Dallas-Ft. Worth, and Phoenix are themselves suburban in nature, the actual predominance of lower-density development patterns, including single-family housing, is much greater than commonly assumed. Less dense ‘cities’, almost invariably grew the fastest over the past decade.44

Nor is there evidence that Americans outside the central downtowns are seeking out denser neighborhoods. Virtually all net-population growth in the nation — 27 million between 2000 and 2010 — took place in counties with under 2,500 persons per square mile. Approximately two-thirds of this growth was in the lowest density counties. The counties with 2,500 or more persons per square mile suffered a small loss in population.

The population increase in counties with under 500 people per square mile was more than 30 times that of the increase in counties with densities of 10,000 and greater. Perhaps even more important, the low-density population growth was greater than its corresponding share in 2000. This puts in perspective the heralded “back to the city” movement cited by Secretary Donovan.
ANALYSIS OF MIGRATION PATTERNS

We also looked at migration patterns between counties between 2000 and 2009. The core counties — which tend to be denser — lost more than 4.5 million net domestic migrants, while the suburban counties gained 2.6 million. A net of 1.9 million domestic migrants moved out of the major metropolitan areas. By far the largest domestic migration losses were in the most dense counties; those with more than 10,000 persons per square mile saw a 14 percent loss relative to the 2000 population.

The importing counties within major metros had an average population density of 316 persons per square mile; for the exporters, it averaged 1,463, more than 4.5 times as high.

THE ROLE OF HOUSING COSTS

Much of this shift can be explained by the lower housing costs associated with most of these newer cities. Using the ‘median multiple’ (used by Demographia, OECD, and other sources), the median price of a home divided by the median household income in that market, net importing major metropolitan counties had a median multiple of 3.4. Net exporting major metropolitan counties had a median multiple of 6.2. Demographia defines markets where this ratio is more
than 5.0 as “severely unaffordable,” and those where it is 3.0 or less as the most affordable. Households are moving to counties with lower prices, and away from counties with higher prices.

These patterns reflect a growing divergence in the relative costs of housing between regions. From the home building boom that followed World War II through the early 1970s, virtually all US major metropolitan markets had median multiples of 3.0 or less.

But since then, regulatory changes — particularly but not exclusively in California — have helped boost home prices far above income growth. These changes include building moratoria or containment boundaries, generally called urban growth boundaries, outside of which development was not generally permitted. A mechanism was created in some cases that allowed existing municipalities and counties to exercise control over the incorporation of new municipalities.

The impact of these regulations can be seen clearly in California where prices were only slightly above the national average before 1970, but began to diverge afterwards. At the height of the bubble, the median multiple rose to 10.0 or more in Los Angeles, San Francisco, San Diego, and San Jose. Even now the median multiple still generally reaches levels of 5.0 or higher in nearly all major metropolitan areas with restrictive land use policies.

William Fischel, an economist at Dartmouth University, has demonstrated that the stringency of land use regulation explains much of the growing divergence between California’s and the
rest of the nation in home prices relative to income. He notes that the state’s population growth was actually lower after 1970 than it was before, and that the amenity value of California relative to the rest of the nation was no better after 1970 than it had been before 1970.47

States such as Florida and Arizona, which also imposed these kinds of regulations, saw similar, if less spectacular, house values relative to incomes. Not surprisingly just 11 metropolitan areas, all with strong land regulation, accounted for 73 percent of the aggregate loss in home values that occurred from the peak of the bubble to the beginning of the financial crisis in September of 2008.

At the same time, the 21 liberally regulated markets, including Dallas - Fort Worth, Houston, and Atlanta retained their historic housing affordability. In these markets (the three fastest growing metropolitan areas of more than 5 million people in the high income world), prices rose, but nowhere near the price increases that occurred in markets with more restrictive land use policy.

Contrary to the conventional wisdom, dense urban housing did not escape the impact of the recession. In Chicago, for example, at least four in ten condo projects proposed or begun in 2007 remain in financial distress.48 A sample of eight major metropolitan markets indicated that median house price declines from mid-2008 to the beginning of 2010 were slightly worse in the central areas than in either the inner or outer suburbs.49

THE SEARCH FOR A HOUSE CONTINUES

These differences in policy have impacted migration and geographical choices over time. At the extreme, a San Jose household would need four times as much as their annual income to qualify for a house as would a household in Atlanta. Among the 10 states with the highest cost of living in the US, approximately
63 percent of the additional cost of living is explained by higher prices for housing; in California, it’s about 79 percent. Nationwide, housing accounts for 29.5 percent of household costs.\(^{50}\)

Not surprisingly, people relocate to affordable areas in part because of the greater potential for achieving homeownership. The importing major metropolitan counties exhibit an average homeownership rate of approximately 71 percent, while in exporting counties it was 58 percent.

People are moving not only towards affordable areas but also to those places where they can purchase their preferred product, a single family house.

The single-family house clearly did not lose its appeal during the last decade. Between 2000 and 2011, detached houses accounted for 83 percent of the net additions to the occupied US housing stock. Within the major metropolitan areas, counties that gained domestic migrants had a higher detached housing share (60 percent) than those that lost them (51 percent). Detached housing in the last decade grew far faster than multi-unit housing, and at a pace higher than in previous decades. In the 2000s, 75 percent of building permits were for detached housing, nearly equal to the 1990s rate of 77 percent. This is more than one-fifth higher than the detached housing shares in the 1960s, 1970s, and 1980s.\(^{51}\)

Remarkably, despite the foreclosures in suburban areas, the actual vacancy rate has increased more in multi-unit and attached houses than in single family
homes. High foreclosure rates in some peripheral metropolitan areas received major coverage, but empty and auctioned new condominiums in the urban core muchless. This was also the case with conversions of new condominiums that had been intended for sale into rentals. Moreover, the occupancy rate for single-unit housing was higher in most cities in 2010 than in 2000.

This pattern of greater growth for single family houses is not restricted to sunbelt or suburbanized cities. It is true for all five of the nation’s largest metropolitan areas, including Chicago, Philadelphia, and New York York.

**DID THE GREAT RECESSION CHANGE HOUSING CHOICE?**

Many suggest that the Great Recession changed these patterns permanently. Yet by 2011 there were signs of an uptick in demand for single family homes both by consumers and, to a higher than usual extent, investors. Although still below historic levels, single-family housing starts are rising, as excess inventory plummets. Markets in Florida and regions like Phoenix, often written off as hopelessly overbuilt, have resurged, both in housing starts and in sales of existing homes. This has led to growth in a host of ancillary industries, particularly home furnishings, air conditioners, and other appliances.

Given the extent of negativity over the prospects for single family homes, the renewed demand, as the New York Times noted, caught even builders “by
surprise.” Similarly chastened may be those who wished to cash in on the much ballyhooed shift to rental multi-family housing that was so strong in the early years of the recovery, but now appears to be in danger of being overbuilt in some markets. Given the vast preference for single-family residences over time, it seems premature, indeed a bit foolish to dismiss the long-term demand for the “dream house.”

THE CHANGING GEOGRAPHY OF JOBS

Historically, suburbs served largely as residential areas. People shopped and worked primarily in core cities. As of 1960, 63 percent of jobs were in the central city, and 51 percent of metropolitan area population lived in the suburbs. People were already shifting to living in low densities, but they generally worked in higher density areas.

Gradually employment also started to disperse beyond the central core. Between 1960 and 2000, the share of metropolitan Americans who lived in the suburban ring increased from 48 to 68 percent. Over the same period, the share of metropolitan residents who worked outside the core city rose from 41 percent to 58 percent. The decentralization of jobs was slowed somewhat by the Great Recession’s toll on dispersed industries like construction, manufacturing, and retail. Even so, decentralization has continued, with the percentage of jobs within three miles of the urban core dropping in all but nine of the nation’s 100 largest metropolitan areas; only Washington DC’s core saw actual growth.

Nationwide, there are now twice as many jobs ten miles from the urban core as in the core itself. As a result, many historically bedroom-only communities are nearing parity between jobs and resident employees. The jobs/housing balance, which measures the number of jobs per resident employee in a geographical area, has reached 0.89 jobs per resident workers in the country’s 51 major metropolitan areas, according to American Community Survey 2011 data. This is well below the 1.39 ratio of jobs to resident employees in the historical core municipalities but the far larger share of population makes the periphery now the dominant job center in metropolitan America, with over 65 percent of all jobs in the largest metropolitan areas.
Nowhere has this been more clear than in Los Angeles. In 1926, 41 percent of LA County residents trekked downtown daily. By 1953, that percentage had dropped to 15 percent. Today, barely less than ten percent of Los Angeles county residents work downtown. If neighboring Orange County is included, the number drops to under five percent. Overall, the Los Angeles area economy demonstrates the multi-polar form that increasingly characterizes most American large metropolitan regions.

A surprisingly similar situation can be seen in New York, home to the world’s second largest Central Business District, following Tokyo. Ironically, the suburbs of New York are now more job-rich than the outer boroughs. They boast 0.91 jobs per resident worker, ranking 17th out of the 51 metropolitan areas.

Similar patterns of job dispersion have become apparent across the country. A 2006 Brookings Report found employment steadily became decentralized between 1998 and 2006: 95 out of 98 metro areas saw a decrease in the share of jobs located within three miles of downtown. The outer-most parts of these metro areas saw employment increase by 17 percent, compared to a gain of less than one percent in the urban
core. Overall, the report found, only 21 percent of employees are located within three miles of the center of the top 98 metros in America. Nearly 50 percent of jobs in Detroit, Chicago, and Dallas were found more than 10 miles from the center.

Some observers and analysts suggest that this decentralizing trend has been altered by the Great Recession. They claim that in the 2000s, a dramatic shift occurred, as cities again attracted the jobs that left in earlier decades, and as employers responded to changing preferences among young workers who desire a more urban lifestyle.64

An analysis of jobs in 2010 by the Rudin Center for Transport Policy and Management, however, found that dispersion had continued. The report found that between 2002-2010 only the urban cores of New York and San Francisco65 among the top ten regions saw a significant increase in jobs. Three other metros saw urban center gains below .5 percent, while the other five saw a decline. The combined metro areas have had a .76 percent increase in decentralization. The fastest growth outside the core took place in Dallas-Ft. Worth and Houston, two of the most rapidly expanding jobs markets, as well as Atlanta.

Nor do the suburbs appear to be losing jobs at a faster rate than urban centers since the recession. A recent Brookings report66 revealed, that, contrary to expectations, unemployment rates in close-in, more dense suburbs rose above those in low density exurbs.67

Some still believe that these trends are already being reversed, particularly in coveted areas such as high-technology. Much media attention has focused on concentrations of start-up companies — particularly social media ventures — in San Francisco and New York.68 This has occurred once before, during the great dot com boom of the late 1990s, which soon dissolved. Yet looking over the past decade, an analysis of jobs by Praxis Strategy Group reveals that urban core tech growth actual shrank, while suburban areas showed an increase of 4.5 percent.

More relevant still, of the major tech concentrations in the country — notably Silicon Valley — virtually none are traditional dense cities. San Jose is a post
war suburban core municipality, having experienced virtually all of its growth since 1940. The nation’s top tech companies — Apple, Google, Hewlett-Packard, Intel, Oracle, and even Facebook — are located in suburban settings forty-five minutes or more from San Francisco.

Apple, unlike social media startups, requires large numbers of experienced engineers, many of whom have families and prefer to live in suburbs. Its location choice is a response to the needs of its workforce. The rising stars of the tech world, Austin and Raleigh-Cary, are even less dense, more car dependent, and more dispersed than San Jose. Clearly it is unlikely that downtowns will return again as the dominant employment centers that they once were, even if they continue to gain new residents.
In 2006, Chris Nelson and others predicted that the housing market would make a decisive turn away from single family residences. Suburbs, according to New Urbanist architect and planner Peter Calthorpe, simply do not fit the current post-industrial society, as households shift to two earner families, empty nesters, and childless people. His conclusion: “Realizing [that] the old American dream in existing development patterns seems increasingly unlikely.”

Yet, so far at least, the predictions by Calthorpe and Nelson have proven well off the mark. The underestimation of suburban appeal by New Urbanists may stem partly from stated preference surveys to gauge future housing demand. A 1999 National Association of Homebuilders survey asked whether households would prefer to buy a $150,000 detached house in the suburbs or a townhouse of the same value in “the city.” The question was skewed toward an urban core response by connecting the house in the suburbs with a longer commute to work and the townhouse in the city with a shorter commute to work, which is often not the case.

Nelson’s work also was based on the theory that smaller household sizes and other demographic trends would result in a demand shift in the direction of higher density housing, and away from detached housing. Yet a decade later, there is no indication of such a shift. Since 2000, an even larger share of net new housing has been detached homes.
Even after such misfires, New Urbanists still allege that consumers prefer small homes in New Urban settings. This has taken on something of a religious article of faith. Yet once the housing market and the overall economy came back to life in 2012, single family homes accounted for some 64 percent of the total, only slightly less than the annual average over the past four decades. This small decline may represent the large number of households that became renters due to financial hardship.

**WHY ARE PEOPLE OPTING TO LIVE IN SUBURBAN “HELL”??**

We believe that the miscalculation about housing demand stems from the persistence of an old narrative: that suburbs and single family neighborhoods are inherently anti-social and inimical to community. Over the past few decades this has become the predominant notion about suburban and other low-density living.

People, suggest John Norquist, a former Milwaukee Mayor and leading New Urbanist, have “grown tired of the cul-de-sacs, isolation and sterility of edge cities.” Or this from James Howard Kunstler: “The state of the art mega-suburbs of recent decades have produced horrendous levels of alienation, anomie, anxiety and depression.” Many writers and pundits, urban historian Becky Nicolaides suggests, whatever their other differences, agreed about suburbia: “the common denominator was hell.”

In recent years, suburbia has also become associated with ills long attributed to core cities. It is now often pointed out that a million more people in the suburbs are in poverty than in the urban core. Yet this has to be balanced against the fact that now there are many more suburbanites than inner-city dwellers. On a per capita basis, suburbs suffer a poverty rate roughly half that of urban centers. Rising poverty has been most profound in older suburbs that have
been increasingly populated by poor minorities. In spite of talk about “suburban ghettos,” the poverty rate in US cities in 2010 stood at 20.9 percent in cities, compared to 11.4 percent in the suburbs.\textsuperscript{81}

Suburban areas also have roughly half the crime rates of urban cores, according to Brookings Institution research.\textsuperscript{82} Suburbs such as Plano, Texas dominate the list of safest municipalities.\textsuperscript{83}

\textbf{THE SURPRISING APPEAL OF SUBURBAN COMMUNITY}

Often, negative attitudes about suburbia are not shared by suburbanites themselves. In contrast to most scholars, the sociologist Herbert Gans studied suburban communities of the 1960s closely, and came to respect the choice of millions to live there:

\begin{quote}
I have never seen any persuasive evidence that sprawl has significant bad effects, or high-density development significant virtues. Indeed I doubt that density itself has much impact on people, except at levels which create overcrowding or isolation. I therefore believe that people should be able to choose the density levels they prefer.
\end{quote}

\begin{quote}
Since most Americans who are able to choose have long preferred low-density housing, I favor urban policies that respect that preference, while not ignoring the minorities referring high-rise housing.\textsuperscript{84}
\end{quote}

Some four decades later, this assessment seems remarkably sound, once you remove the blinders of ideology and look into why people have continued to move into the suburbs.

A clear reason can be seen in at least one critical social

\begin{figure}
\centering
\includegraphics[width=\textwidth]{violent-crime-rates-metropolitan-areas.png}
\caption{Violent Crime Rates: Metropolitan Areas}
\end{figure}
indicator: schools. Despite some bold experiments in urban core education, notably in New Orleans, suburban schools continue to outperform those in the inner cities by a margin of twenty to forty percent. In the nation’s largest 50 cities, 53 percent of urban dwellers graduated from high school, while 71 percent of suburbanites graduated.85

Positive social outcomes also can be seen in other areas. Despite all the concern over car commuting and health, according to the Center for Disease Control overall health indicators tend to be considerably better in suburbs than in core cities. These include such measurements death rates and even obesity.86

Perhaps nothing more contradicts the rhetoric surrounding suburbs than their relative social cohesion. Despite picture painted of daily life in suburbs and suburbanized cities is often dismal. But when University of California at Irvine’s Jan Brueckner and Ann Largey conducted 15,000 interviews across the country, they found that for every 10 percent drop in population density the likelihood of people talking to their neighbors once a week goes up 10 percent, regardless of race, income, education, marital status, or age.87

Some devotees of the urban core — those hostile to evolving and varied current urban forms — tend to identify “community” with proximity; many suburbanites may rather identify that closeness with a lack of privacy, and prefer voluntary association. As British historian James Heartfield points out:

To imagine that there is anything in physical proximity that is essential to community is to confuse animal warmth with civilization, and an unfortunately deterministic view of architecture’s relationship to society.88

These findings have been recently confirmed by surveys from the Pew Research Center, which found that suburbanites were considerably more satisfied with their lifestyles than their urban core counterparts were with theirs. Americans may prefer small towns to both suburban and city living, but suburbanites seem most content with their current geography.89

Suburbs are home not only to most of the nation’s married-couple families, but to virtually all household categories. Nearly two-thirds of single-person
households live in the suburbs of the major metropolitan areas, while only one-third live in the core cities. Among non-family households with more than one person (unrelated individuals), 62 percent live in the suburbs.90

Perhaps even more surprisingly, gays also seem to be headed to suburban locations. According to The Advocate, America’s most gay region is St. Louis. Yet the city of St. Louis contains only 38 percent of the St. Louis metropolitan area same-sex couple population.1 Even in metropolitan San Francisco, 40 percent of the same-sex couples live outside the city of San Francisco.91

THE SOCIAL BENEFITS OF HOME OWNERSHIP

Retro-urbanists such as Richard Florida take aim not only at the “suburban myth,” but at homeownership itself, and its “long-privileged place” at the center of the US economy.

If anything, he suggests, the government would be better off encouraging “renting, not buying.”92 So why do most Americans continue to aspire to homeownership? A survey by Zogby International suggests many of the same factors that drive them to suburbs and lower-density cities: safety, security, and privacy are the prime motivators.93

Homeowners naturally have a much greater financial stake in their neighborhoods than renters do. With the median national home price in 2010 at $166,000, even a 5 percent decline in home values will translate into a loss of more than $8,300 for a typical homeowner.94
Homeowners also reap the financial gains of any appreciation in the value of their property, so they tend to spend more time and money maintaining their residence, which also contributes to the overall quality of the surrounding community. The right to pass property to an heir or to another person also provides motivation for proper maintenance.

Renters have little or no incentive to protect the value of their landlord's property via the political process. Given their stake, homeowners participate in elections much more frequently than renters. One study found that 77 percent of homeowners had at some point voted in local elections, compared with 52 percent of renters. The study also found a greater awareness of the political process among homeowners. About 38 percent of homeowners knew the name of their local school board representative, compared with only 20 percent of renters. The study also showed a higher incidence of church attendance among homeowners.

People who own their own homes also tend to volunteer more in their community, notes the National Association of Realtors. This applies to the owners of both expensive and modest properties. One 2011 Georgetown study suggests that homeownership increases volunteering hours by 22 percent.

Perhaps the largest social benefits relate to families. Because owners remain in their homes longer than renters do, they add a degree of stability to their neighborhoods, which is valuable for children. Research published by Habitat for Humanity identifies a number of other advantages for children associated with homeownership versus renting.

These often overlooked factors may help explain why, despite the real estate crash, sentiment for homeownership remains remarkably strong. A 2012 study by the Joint Center for Housing Studies at Harvard, found “little evidence to suggest that individuals’ preferences for owning versus renting a home have been fundamentally altered by their exposure to house price declines and
loan delinquency rates, or by knowing others in their neighborhood who have defaulted on their mortgages.”

THE END OF WHITE SUBURBIA

Suburban-style living and homeownership are certainly not for everyone. People change with age, and tastes differ. Herbert Gans, writing in the 1960s, identified a vast chasm between suburbanites and those who favor urban core living — “the rich, the poor, the non-white as well as the unmarried and childless middle class.” The suburbs then were largely the home of white families. These divides exist today, but changing demographics, including an aging population, have altered the components driving suburban growth.

Perhaps the biggest change from the 1960s lies in the growing influence of ethnic minorities in the housing market. Over the last half century, the United States has become increasingly diverse, due in large part to immigration, with the population shifting from nearly 90 percent non-Hispanic whites in 1960 to 65 percent in 2010. By 2050, that percentage is expected to drop to little more than 50 percent.

During the early post-war era of suburban growth, exclusion of African Americans was reinforced not only by private homeowner’s covenants, but also through government housing policy. The FHA exhorted segregation and enshrined it as public policy, notes historian Kenneth Jackson.

Until the 1970s, urban African-Americans resided primarily in the segregated areas of urban cores. Yet thanks in large part to Civil Rights legislation, the growth of the black
middle class and changing attitudes, African-Americans have been moving, like the rest of the population, towards suburban and lower-density communities. Between 1970 and 1995, the number of African Americans in suburbia grew from 3.6 million to over 10 million. The 2010 Census indicated that 56 percent of African Americans in major metropolitan areas live in the suburbs.\textsuperscript{101} Black America, like the rest of the country, is suburbanizing.

**THE INCREASING ROLE OF THE FOREIGN BORN**

Perhaps no group will more significantly determine the future of housing than the foreign born. Between 2000 and 2011, there has been a net increase of 9.3 million in the foreign born (immigrant) population, largely from Asia and Latin America. These newcomers have accounted for roughly two out of five in the growth of homeowners. In relatively slow-growing California, they are four out of five. In New York, the immigrant portion in housing growth is two-thirds; it is 30 percent in Georgia and 25 percent in North Carolina, neither traditional immigrant magnets.\textsuperscript{102}

Immigrants, even more than African Americans, have been moving increasingly toward less dense places over the past decade. The population increase in less dense counties has been 78 percent among Asians, and 86 percent among Hispanics. Once concentrated largely in big urban centers, newcomers now are shifting to more suburban environments dominated by single-family homes.

Much of this can be accounted for by a decisive shift among immigrants away from dense, expensive cities and towards “suburbanized” cities such as Nashville, Charlotte, Houston, and Dallas-Fort Worth. In a remarkable development, Houston now stands second, just behind New York, in numeric growth of foreign-born. Suburban Riverside-San Bernardino has expanded the number of its immigrants several times more than the much larger Los Angeles-Orange
County metropolitan area.\textsuperscript{103} For both Hispanics and Asians, the preference has been for single-family detached homes. Approximately 67 percent of Hispanic household growth since 2000 has been in detached housing. Among Asians, the increase has been 60 percent, more than 20 percent above the 2000 share. Today nearly half of all Hispanics and Asians live in single-family homes.\textsuperscript{104} This is even true of newcomers in such urban places as New York City.\textsuperscript{105}

Some Americans may feel that rentership is ideal but this notion seems less common among newcomers to the country. One reason for the difference may be household size. Both Asians and Hispanics tend to have large households, an indication of more children and often the presence of other relatives. This allows the pooling of funds, as well as a motivation to purchase more spacious housing.\textsuperscript{106} “It’s such an advantage to have multiple wage earners in the same household when the economy is still struggling,” said Nicolas Retsinas, one-time head of Harvard’s Joint Center for Housing Studies.\textsuperscript{107}

Homeownership rises quickly as immigrants stay in the US. One report found that “after a period of about 20 years, immigrants caught up to native-born people with the same human capital characteristics.” Of those Asians who entered the country before 1974, a remarkable 81 percent own their own home.\textsuperscript{108}
Among Latinos, homeownership is projected to rise to 61 percent in 2020.\textsuperscript{109}

Nowhere are these changes more marked than among Asians, who now constitute the nation's largest source of new immigrants.\textsuperscript{110} Their generally higher incomes have given them strong potential to expand their imprint on the housing market. An analysis of Asian growth over the past decade finds a very strong tendency to settle in suburban areas. For example, in the New York metropolitan area, the Asian population grew both in numbers and in percentage terms far more rapidly, 48 percent, in the suburbs than in the core city, where growth was under 30 percent. Nationwide, the Asian population in suburbs grew by almost 2.8 million, or 53 percent, while that of core cities grew 28 percent.

This trend is evident as well on the West Coast, the traditional hub of America's Asian population. Asian growth around the Puget Sound is taking place not in the core city of Seattle, but in suburban hubs like Bellevue (population 122,000), where Asians have come to constitute over 27 percent of the population, twice their percentage in the core city of Seattle. In the San Francisco Bay region, the suburban Asian population grew by 186,000 compared to 24,000 in the urban core. Asians working in Silicon Valley — where by some estimates they now
constitute a majority of computer industry workers — are moving to areas with concentrations of single-family housing. In Los Angeles, the nation’s largest Asian metropolitan area, the suburbs added roughly five times as many Asians as the core city; there are now more than three Asian suburbanites for every one in the core city, according to our analysis of Census data.

These patterns are even more evident in newer immigrant destinations, such as Dallas-Fort Worth, where in the core county Asians represent barely three percent of the population, but in suburban Plano, they represent some 17 percent. Realtors and developers expect this trend to continue, due to immigration from native countries where the cost of real estate is much higher, and lower-density options largely unavailable.

Suburban buyers also include a growing group of investors from Asia. China now ranks second only to Canada in its share of international housing investors. Foreign buyers accounted for some nine percent of residential spending in 2012, and were notable in key markets such as Miami, Orange County, California, and New York.

**WHAT ABOUT THE AGING BOOMERS?**

Aging boomers are the second key demographic group that will shape the future of housing. Between now and 2050, the population over 65 will double to eighty million. It is widely argued that, as they age, boomers will depart the suburbs and choose high density, more urban locations. Viewed statistically, it’s clear this so-called trend has turned out to be something of an urban legend. More recent AARP studies have found that not only did some 83 percent of members own their own homes, with the vast majority in the suburbs, but that only one in four

![65+ Owners & Renters by Residence](image)
expressed a desire to move.116

A 2011 survey by the real estate advisory firm RCLCO found that, among affluent empty nesters, 65 percent plan to stay in their current home, 14 percent will look for a resort-type residence, and only three percent would opt for a condominium in the core city. Most of those surveyed prefer living spaces of 2,000 square feet or more. RCLCO concludes that the empty nester “back to the city” condominium demand is 250,000 households nationwide, a lucrative but small market out of the 4.5 million empty nester households in the metropolitan areas studied.117

Among seniors who have moved, their preference has been to move further out, rather than into the core. Between 2000 and 2010, more than 99 percent of the increase in population among people aged 65 and over in major metropolitan areas was in counties with densities below 2,500 per square mile. Movement of senior citizens to the highest density counties was limited to 0.6 percent. More than 40 percent of the senior citizen population increases in major metropolitan areas were in counties with population densities below 500 per square mile.

And what about those boomers who do choose to buy homes? A National Association of Realtors survey found that the vast majority of buyers over 65 looked in suburban areas, followed by rural locales, and finally urban locations, which received about ten percent of the total.118 These patterns follow the trajectory of census results. When we looked at the cohort 55 to 64 year old in 2000 and then examined the next age cohort ten years later, the results showed little change in suburbs, a sharp decline in the core cities, and a sharp increase to locations outside the metropolitan regions.

Another factor will shape housing choices: the extended presence of boomers in the labor market. Many factors are pushing older workers into entrepreneurship, in particular, including the loss of corporate jobs, and the ability to take advantage
of accumulated experience and contacts.\textsuperscript{119}

Continued employment and self-employment, notes Joe Verdoorn, a planner and long-time consultant to companies such as Del Webb, will keep boomers closer to suburban and exurban locales than has been predicted, at least until this generation gets too old to maintain their houses, or to take care of themselves with limited assistance.\textsuperscript{120}

\section*{THE SURPRISING TRUTH ABOUT MILLENNIALS}

The future of ownership lies most of all with the rising Millennial generation. It has been widely asserted by retro-urbanists that young people prefer urban living. Urban theorists such as Peter Katz have maintained that Millennials (the generation born after 1983) have little interest in “returning to the cul-de-sacs of their teenage years.”\textsuperscript{121}

To bolster their assertions, retro-urbanists point to stated preference research showing that more than three quarters of Millennials want to live in urban cores. “They want to be close to it,” says Mark Obrinsky, chief economist of the Washington, D.C.-based National Multi Housing Council.\textsuperscript{122}

Yet these views vastly distort the reality of how Millennials live now, and even more so how they themselves see the future. In the nation’s major metropolitan areas, only 8 percent of the 20 to 24 age group, for example, live in the highest density counties. Further, over the last decade, the share of people 20 to 24 years old living at the highest density has declined from the share in 2000.

But more important is what Millennials plan to do in the future. According to the most recent generational survey research done for Washington-based think tank NDN by Frank N. Magid Associates, 43 percent of Millennials describe suburbs as their “ideal place to live,” compared to just 31 percent of older generations. Only 17 percent of Millennials identify the urban core as where they want to live.

What about ownership? Much has been written about how the under 30 population is either living at home or cannot buy a house. This is true to a large extent, but does not reflect their deepest aspirations, note generational
chroniclers Morley Winograd and Mike Hais. A full 82 percent of adult Millennials surveyed said it was “important” to have an opportunity to own their own home. This rose to ninety percent among married Millennials, who generally represent the first cohort of their generation to start settling down. Another survey, this one by the online banking company TD Bank, found that 84 percent of renters aged 18 to 34 intend to purchase a home in the future. Still another, this one from Better Homes and Gardens, found that three in four saw homeownership as “a key indicator of success.”

These results reflect what has been the historical norm: as people get older, they begin to look for more settled and usually less dense environments.

To be sure, there has been a marked drop in home ownership among households 35 years old and younger. However, this drop could be principally related to the effects of the housing bust. Many Millennials are delaying marriage and child-bearing due to a still weak economy with high unemployment and underemployment, as well as the drag of student loans, notes a 2012 study by Harvard’s Joint Center for Housing Studies. In 2006, at the peak of the housing bubble, ownership among these households was higher (49 percent) than in 2000 (47 percent). By 2011, this had dropped to 42.5 percent, the largest loss in home ownership of any demographic.

But if the housing bust was particularly unkind to younger adults, it is important to note that
this downward trend in home buying has not changed the continuing aspiration for ownership among young adults. The Harvard Housing Studies report found attitudes toward home ownership to be strong in virtually every age group. \(^\text{126}\)

This desire for a home may be underpinned by social attitudes among Millennials. As a generation, they tend to be very family-oriented, placing great emphasis on being good parents. Nearly four in five Millennials express a desire to have children.\(^\text{127}\) Over the next decade, this cohort of people entering their thirties is expected grow, according to the Census, by at least six or seven million. It is expected to keep expanding all the way to 2050.

Over time, the real opportunities in housing will be reaped by those who can accommodate these young families, many of whom may not start having children until well into their 30s. Millennials will put their own unique stamp on suburbia, as well as on single-family districts within core cities. Research suggests that they may be more willing to customize their residences for their own unique needs or for greater energy efficiency, and place greater emphasis on “technology capabilities” than on a larger kitchen, or some more traditional suburban accoutrements.\(^\text{128}\) But overall, suggest Winograd and Hais, they will seek out affordable, family-friendly communities.\(^\text{129}\)

**FAMILIES AND THE URBAN FUTURE**

The retro-urbanist perspective — that demographic trends favor higher density — assumes that more people will decide not to get married, and particularly not
to have children. Leading urban theorist Terry Nichols Clark of the University of Chicago suggests that the “new American metropolis” relies largely on a dramatically “thinner family,” and on appealing to those who prefer a less conventional, childless lifestyle.

Many of the most successful urban cores — Manhattan, San Francisco, Chicago, and Seattle — have among the lowest percentages of children in the country. In Los Angeles, the number of children from five to nine dropped 21 percent over the past decade; in Chicago, a similar drop has led to proposals for massive school closings.\textsuperscript{130}

The latest trend celebrated by retro-urbanists is the 300 square foot “micro-unit,” now being proposed for New York, San Francisco, and other urban cores. It seems unlikely to attract families or even married couples. Larger families, note housing activists, complain that their needs are almost totally unaddressed.\textsuperscript{131} Crowding, for example, notes one study, severely impacts the cognitive
development of young children.\textsuperscript{132}

Few urban core developers have been interested in creating the kind of large units that could attract potential city-bound families. Washington Post columnist Roger K. Lewis suggests:

*If you are a middle-class family with school-age children interested in urban core rather than suburban living, and if you prefer an apartment rather than a house, then your chances of finding a dwelling that meets your needs are practically zero.*\textsuperscript{133}

This makes it likely that young families will continue to move to highly suburbanized places like Houston, Dallas, and Atlanta, the areas projected to create the most new households over the next five years. Retro-urbanists such as Richard Florida hope to lower the high rate of urban core Millennials that move to the suburbs to about 65 percent through New Urbanist measures. This may work, but only if rates of family formation and birthrates plunge.\textsuperscript{134}

This divergence between dense urban places and rates of family formation are not unique to the US. In virtually every high-income metropolitan area — Tokyo, London, Paris, Toronto — the high density, urban cores have considerably fewer children than their suburban or exurban periphery. Successful urban cores are often too expensive and too congested to attract most families, except for perhaps the very wealthy.\textsuperscript{135}

These new suburban families, it should be stressed, are not replicas of 1950s normality; as family historian Stephanie Coontz has noted, that period was itself an anomaly.\textsuperscript{136} But however families are constituted — blended, or headed up by single parents or gay couples — they still tend to congregate in dispersed cities,
or in the suburban hinterlands of traditional cities.

Unless family formation is totally averted, we can expect that future generations will, like previous ones, seek out housing in exurbs, suburbs or in the lower density locales within urban cores. Married couples with children constitute barely 10 percent of apartment residents, less than half the percentage for the population overall.\textsuperscript{137}

In the past year or two, the fundamentals for a revival of suburbs and lower-density neighborhoods have begun to build. In 2012, household formation began to pick up, rising by almost four times the rate of the previous four years, something that has helped spark a sharp increase in single family home construction, albeit at rates still below historic norms.\textsuperscript{138}

A migration to what the New York Times has referred to as “hipsturbia” has already begun, as former denizens of Brooklyn and other trendy locales have relocated to the suburban outlands along the Hudson River in Westchester County. The Times, as could be expected, drew a picture of hipsters “recreating urban core life” in the suburbs, but basically missed the significance of their unexpected hegira to the periphery.\textsuperscript{139}

Yet in reality, these new suburbanites were not seeking to recreate the high-density city. After all, they have opted to move to areas that offered single-family homes, lawns, good schools, and spacious environments, unavailable in Brooklyn to all but the very wealthiest. In an insightful critique, the New York Observer skewered the pretensions of these new suburbanites, pointing out that, “despite their tattoos and gluten-free baked goods and their farm-to-table restaurants, they are following in the exact same footsteps as their forebears.” After all, the original settlers of places like Levittown were also from the urban core.\textsuperscript{140}
The economic stakes over housing are profound. The house is easily the largest asset of most households, usually about two-thirds of a family's wealth.\footnote{141}

In addition, the housing industry drives a significant portion of the nation's economy, accounting for millions of jobs. According to the National Association of Home Builders, the average single family detached house under construction results in an additional three jobs for one year. This includes the employees working on the house, and those employed in producing products to build the house.\footnote{142}

Overall residential construction and upkeep generates between 15 and 18 percent of GDP, a not insignificant portion of the economy.\footnote{143} The gap between demand and potential housing, according to the NAB, is roughly one million homes, which translates into close to three million jobs.\footnote{144} If the economy is to grow in the years ahead, suggests former Clinton deputy Treasury Secretary Roger Altman, "a housing boom will be the biggest driver."\footnote{145}

An attempt to weaken suburban and single family housing by imposing a policy of what the British call "cramming"\footnote{146} would have other impacts. It would further slow an already weakening birthrate. Crowded and expensive housing is strongly associated with the ultra-low fertility rates across much of East Asia and Singapore, as well as in high-density regions in North America.\footnote{147} Densification, and the inflation of property prices associated with overzealous regulation seem likely to further depress falling US birthrates.\footnote{148}

**CAN SUBURBS BECOME GREENER?**

A whole literature has evolved suggesting that rising energy prices and long term supply shortages will inevitably drive suburbanites back to the city, although some now admit that recent advances in US oil and gas production may make this long-held assumption moot.\footnote{149}
But increasingly, the focus of retro-urbanist thinking has shifted to climate change.\textsuperscript{150} “We are a destructive species,” suggests density advocate Ed Glaeser, “and if you love nature, stay away from [suburbia].” The best means of protecting the environment is to live in the heart of a city.”\textsuperscript{151} Even more directly, the green lobbying group Cities 21 suggests boldly, “US suburbanites represent one of the most serious threats to our climate.”\textsuperscript{152}

This logic is largely based on the notion that suburbanites must travel greater distances to work. Yet for the US, McKinsey & Company and the Conference Board found that sufficient green house gas emission reductions can be achieved without a major reduction in driving. With new efficiency standards, there would not need to be any “downsizing of vehicles, homes, or commercial space,” while “traveling the same mileage.” Nor, as McKinsey and the Conference Board found, would there be a need for “a shift to denser urban housing.” All of this has been ignored in the retro-urbanist crusade.\textsuperscript{153}

There is also a misperception that work trip travel times are shorter in areas with higher density. This is based upon a seemingly reasonable assumption. However, traffic congestion is worse with higher density, traffic volumes are higher, and there is more use of transit, which is far slower overall than cars. These factors increase average travel times.\textsuperscript{154} Residents and workers in low-density areas experience less delay from traffic congestion.\textsuperscript{155}

These changes undermine many of the supposed environmental advantages of density. In addition, as traffic slows in “stop and go” conditions, fuel efficiency is reduced. Transport Canada research indicates that fuel consumption per kilometer (and thus GHG emissions) rise nearly 50 percent as arterial street traffic conditions deteriorate from stable to unstable.\textsuperscript{156} Strategies to reduce vehicle travel miss the point, because gains from less driving can be lost in reduced fuel efficiency. Further, greater traffic congestion increases local air pollution in the immediate area,
with negative health impacts.\textsuperscript{157}

There is also an assumption that more dense housing is associated with reduced GHG emissions. Much of the research, however, excludes GHG emissions from common area elevators, lighting, space heating, and air conditioning in large multi-unit buildings, usually because data is not available. Research in Sydney found that town houses and detached housing produced less GHG emissions per capita than high-density housing when common-area GHG emissions are included. Moreover, housing sustainability research is often based on static, rather than dynamic analysis, ignoring future improvements such as improved fuel efficiency (some of which are required by law), which will make the detached house far more GHG friendly.\textsuperscript{158} In addition, there are numerous ways to make lower-density environments work better from an environmental point of view. Certainly techniques such as planting trees could help cool down streets.\textsuperscript{159}

\section*{THE HOME-BASED ECONOMY}

Although the country did not become demonstrably more urban over the past decade, it did see a decline in miles traveled by car: from 2007 to 2012, overall road travel dropped by three percent.\textsuperscript{160} This is partly due to unemployment and the higher price of gasoline, which could be encouraging people to reduce discretionary travel and combine trips more than in the past.

More significantly, most new employment is being created outside the core cities. This means that many suburbs are no longer secluded pockets that require residents to drive long hours to work and back.\textsuperscript{161} But it’s the rise of telecommuting that may prove the most effective way to ‘green’ lower density neighborhoods.\textsuperscript{162} The country added some 1.7 million telecommuters, almost twice the much-ballyhooed increase of 900,000 transit riders.
The rise of telecommuting suggests that the home may become even more important, serving increasingly as a place of work as well as a residence and the center of everyday life. The great social forecaster Alvin Toffler coined the phrase “the electronic cottage” nearly three decades ago. Toffler suggested technology would transform the home into the true locus of the emerging Third Wave economy, partly by allowing mothers and fathers the opportunity to work while being active parents.”

Rather than see single-family housing — whether in city neighborhoods or peripheral areas — as fundamentally inefficient and wasteful, we can imagine it instead as an ideal environment for work, interaction, and raising the next generation. To be sure, the housing of the future will be different than in the past, not so much by getting smaller, as retro-urbanist theory demands, but by becoming flexible enough to accommodate work and changing family patterns.

THE CHANGING SOCIAL DYNAMICS OF HOUSING

Most accounts of family changes have portrayed an ever-shrinking household size, leading many builders to prefer ever-smaller units. Yet in recent years household size has actually begun to increase. Recently, the average size of new homes has also grown. The recession accelerated the movement towards multi-generational housing, but the trend actually predates the economic downturn, notes Pew. The percentage of multi-generational homes has risen from a low of 12 percent in 1980 to 16.7 percent of all households in 2009. The last time multifamily households stood at this level was in the 1950s.

Living together allows for greater pooling of financial resources and reduces the level of poverty, but it was also seen by some 80 percent of those who live in this matter to “enhance family bonds.” Another major factor is what
Pew research calls “a rising immigrant population and the consequent cultural shifts.” Latinos and Asians, as well as African Americans, have nearly twice the percentage of multi-family houses as non-Hispanic whites. As realtor Julie Hile told Chapman University researcher Grace Kim:

*Even my own household is multigenerational. I see that it depends on when the economy changes. And children stick around to help even if they are going to work or school. Americans are on their own after college.*

Many major developers have recently targeted this growing market segment. Pulte, Lennar, and Tusino, New England’s largest homebuilders, have all created houses — some with separate entryways and kitchens — that appeal to multi-generational households. Home builder Toll Brothers has started incorporating a guest suite with a kitchenette in lieu of the traditional family room. In the past, such accommodations were offered only as “custom options.”

Like telecommuting, this trend favors single-family houses as opposed to smaller apartment units, since such houses have to be reasonably large. Amar Gupta, managing editor of the Indian-interest magazine Siliconeer, believes Indians “prefer large, detached single-family homes built across either one or two floors,” as opposed to town houses.

As families include more older members and immigrant influence over the market grows, we may expect a greater appetite for this kind of housing. Scott Thomas, national director of product development for Pulte Group, says upwards of thirty percent of Pulte customers ask for such features.

**SEEING THE SUBURB AS PART OF THE URBAN CONTINUUM**

Much of our argument in this paper reflects a view of the city that is protean, and
sees in the suburban form not an aberration, but the predominant form of urban life in the future. This view is widely rejected within the planning profession, but is consistent with the history of cities, which have historically spread out to meet the aspirations of their residents.

This is not to suggest that suburbs cannot be improved in ways suggested by some critics. But first they should drop their eliminationist rhetoric, and began to focus on improving the places that the vast majority of Americans prefer now, and are likely to continue to prefer. Too many suburban, and even urban low-density neighborhoods, lack many of the positive attributes associated with cities, for example, local shopping districts, job centers or adequate open space. Fortunately there are some efforts to correct these shortcomings within the context of dispersed development.

Some suburbs in the US, for example, have become increasingly job-rich. In Irvine, for example, by 2000, there were three jobs for every resident; roughly two in five residents worked in the city. Suburbs have also been expanding their cultural imprints with theatres, concert venues and other facilities traditionally found in cities.

A host of suburban developments — the Woodlands, outside of Houston; Valencia, north of Los Angeles; and Reston and Columbia, outside Washington D.C. — all have been conceived with business, shops, cultural centers and restaurants nearby, and sometimes walking or biking distance from residents. Many other suburbs have added ‘Lifestyle Centers’ that provide walkable developments with an urban feel, even when built in previously undeveloped places. They feature narrow streets and small storefronts mixed with housing and office space. Parking is mostly hidden underground or in the interior of faux city blocks.

The suburb of the future may well resemble more of a more self-sufficient village than a prototypical suburb of the 1950s. It may also differ from the past in its economic function. They will increasingly not be limited to being a ‘bedroom’ community, since many will work at home, or commute to employment in another suburb. It will also no longer be the homogeneous community of retro-urbanist legend. Instead, its population will be far more diverse, by age and
ethnicity, than its historic predecessor.

Suburbs will evolve into something that, while not replicating ‘the city,’ may take on many of the roles traditionally filled by the core, albeit at lower densities. In this sense, they are best seen as a work in progress. Notes author Tom Martinson:

In comparing urban districts to developing suburbs, we also need to appreciate that it takes time for communities to mature. Our major U.S. cities looked awfully bleak for decades when they were young and growing.

THE FUTURE OF THE HOUSE, THE DREAM AND THE AMERICAN FAMILY

The preference for lower-density and suburban living and for the single-family home have been demonstrated by Americans time and again. What has been missing from discussions on the future of urbanism, and what this paper has laid out, is a coherent argument that addresses how people actually live today and want to live tomorrow.

To strangle the growth of urban areas and ignore the widely-held advantages to homeownership and expanded living space, as some wish to do, would turn the American dream on its head. To save the legacy of our past for new generations, we need to look at our changing population and, most importantly, address its aspirations. If we do, we’ll be ready to retrofit our housing to fit our future needs.
REFERENCES:

7. These two years are chosen because 1968 was the peak of the long post-Great Depression increase in home ownership, with rates varying after that and 1995 was just before the liberalization of mortgage lending standards, which led to the housing bubble and artificially higher rates of home ownership, which peaked at 69.0 percent.
15. http://books.google.com/books?id=dqIBqiNoB9wC&pg=PA18&lpg=PA18dq=million+acres+states+19th+century&source=bl&ots=uyFyk2BM1M&sig=mubU6BA9AF5SUuLi1c=QNKimmURW+h=1=en&s=&sa=X&ei=PpBkUaixCuTwigLWpYGGdW&ved=0CE4Q6AEwBQ#v=onepage&q=million%20acres%20states%2019th%20century&f=false]
23. Calculated from the Bureau of the Census, American Housing Survey (AHS): 2011. These figures actually underestimate the case, because AHS classifies a number of suburban municipalities as central cities (such as Long Beach, California and Tacoma, Washington) and, as noted elsewhere, many of the central cities (historical core municipalities) include large areas of post-World War II suburban employment.
25. Lasch, op.cit., p.531
33. Lara Farrar, “Is America’s suburban dream collapsing into a nightmare?” CNN, June 21, 2008
37. Defining the urban core as within two miles is very expansive. In an urban core not located near a body of water (such as Chicago or New York), this would cover 12 square miles. All of the nation’s major central business districts cover less than four square miles, except for New York (8 square miles). See: http://demographia.com/db-cbd2000.pdf