

# **Executive Summary**

**Pennsylvania Comprehensive  
Housing Study**



**PENNSYLVANIA HOUSING FINANCE AGENCY**

**MAY 2020**

# EXECUTIVE SUMMARY

The Pennsylvania Comprehensive Housing Study (2020) was commissioned by the Pennsylvania Housing Finance Agency (PHFA). PHFA plays a vital role in the state by leading the development of affordable rental housing. The goal of this study is to guide the PHFA in their understanding of housing trends in various parts of the Commonwealth. A secondary goal is for housing professionals across the state to use these data and analyses to inform local, regional, and statewide housing policies and programs. Thirdly, this report fulfills PHFA's statutory responsibility to regularly analyze and report on housing conditions and trends.

## Using This Study

This study has five parts:

- **Part 1: Statewide Housing Trends** provides an overview of demographic trends affecting the demand for housing; characteristics of the housing stock; access to credit; housing affordability; and housing assistance for the entire Commonwealth of Pennsylvania.
- **Part 2: Urban and Rural Areas** explores how urban and rural parts of the State, and individual counties, compare with respect to key trends explored in Part 1.
- **Part 3: Projections** forecasts population and household change over the next ten years.
- **Part 4: Special Topics** provides an in-depth look at five factors that will affect housing in the coming years: increasing rates of disability; the aging and diversification of veterans; the rising risk of flooding; changes in migration patterns; and changes in transportation modes and commuting patterns.
- The **Appendix** lists our data sources and a selection of key terms, and is followed by **County Profiles** for all of Pennsylvania's 67 counties. Each profile includes key data points pertaining to housing and housing needs.

## Key Findings

The trends below highlight some important state, county, and local housing market realities that PHFA will consider when designing and implementing its programs.

### 1. Overall Population

*Pennsylvania's population continues to grow, even though net domestic migration to Pennsylvania has been negative for the past decade and natural population increase (births minus deaths) is projected to slow as the population ages. International immigration is now the primary driver of the state's population growth.*

- Pennsylvania's total population increased by 510,000 people, or about 1%, between 2010 and 2017.
- Between 2010 and 2017, more residents left Pennsylvania than entered. Pennsylvania ranks among the bottom eight states for domestic gross inflows.
- Most projections show Pennsylvania's population continuing to grow over the next decade, but some also show the rate of growth slowing or even becoming slightly negative, based on recent trends (especially since 2010).

## 2. Tenure Type

*Most households (69%) in Pennsylvania own their own home, but the share of renters is increasing—especially in population centers like Philadelphia, but also in rural areas.*

- Nearly all (78%) of the net growth in households between 2000 and 2017 has been among renter households. Renters now make up nearly a third (31%) of all Pennsylvania households.
- The shift towards renter-ship reflects a range of demographic and economic factors, including trends toward smaller, childless households; population growth in urban centers; and stagnating incomes among moderate and low-income households.
- A majority of the disabled population within the U.S. (80%) and Pennsylvania (79%) lives in single-family homes.

## 3. Demographics

*Key demographic trends in Pennsylvania include aging, the increasing prevalence of disability, increasing racial and ethnic diversity, and declines in the share of households with children. These trends hold true across the Commonwealth, but play out differently in rural, small urban, and large urban counties.*

- The share of the national population that is elderly is increasing across the U.S., but Pennsylvania now stands out as one of the most elderly states in the country, with over 17% of its population aged 65 or older.
- Since the rate of disability increases with age, Pennsylvania will experience a critical need for accessible homes.
- Urban and rural Pennsylvania are experiencing similar demographic trends in terms of aging (and corresponding declines among large households and households with children), the growing presence of racial and ethnic minorities, and the growing prevalence of disability.
- Large urban counties are diversifying most quickly in terms of race, and continue to see high poverty and high income inequality.
- Small urban counties are home to larger households, more households with children, and fewer persons with disabilities than other areas.
- Rural counties are seeing the greatest increases in the incidence of disability, in the age of veterans, and in the share of seniors and senior householders, along with the largest declines in the number of households with children.
- Over 50% of Pennsylvania's veterans are aged 65 or older, which is a 30% increase since 2000.
- Echoing national trends, the total number of veterans in Pennsylvania experiencing homelessness decreased by 33% (1,441 to 963) from 2012 to 2017.

## 4. Housing Stock

*As Pennsylvania's housing stock ages, the number of uninhabitable vacant units is rising. Newly constructed units tend to be large single-family homes, even though the share of large households is shrinking and the share of renters is growing statewide.*

- Pennsylvania's housing stock is much older than that of other states. This is not just true in urban centers, such as Philadelphia, but also in rural communities. The aging stock poses special risks to seniors and the disabled.
- Permitting for new residential construction has stabilized around 16,500 buildings per year but has not reached 2000 levels. At the same time, mortgage lending has recovered and loan volumes continue to increase.
- The housing stock continues to age and the vacancy rate is climbing rather than falling. An increasing share of vacant units are not for sale or rent, but stand empty for other reasons—including uninhabitability.
- In Pennsylvania, nearly 360,000 people, or 3% of the total state population, live within the 100-year floodplain. Pennsylvania ranks 37th across all 50 states in terms of flooding risk.

## 5. Affordability

*Housing affordability has become a pressing issue for Pennsylvanians, just as it has for Americans as a whole. Renters, low-income households, and Black and Latino/a Pennsylvanians are disproportionately housing cost burdened.*

- Median gross rent increased by nearly 20% statewide since 2000 (adjusting for inflation), and now consumes nearly 30% of the median household's income. This is due to the erosion of low-cost rental units, such that the supply of units renting for less than \$600 per month in 2017 dollars has shrunk by more than 25% since 2000.
- Increasing income inequality, combined with fewer low-cost housing options, is translating into large cost burdens and a deficit of affordable and available units at the low end of the income spectrum.
- Rents and rent burdens are rising across rural, small, and larger urban counties. The four large urban counties (Allegheny, Delaware, Montgomery, and Philadelphia) have large and growing deficits of housing affordable to those earning 30% or less of area median income.
- Small urban counties are somewhat better off, but the number of severely burdened renters in these counties doubled between 2000 and 2017. Rural counties continue to have the smallest and most stable share of rent-burdened households.
- The availability of subsidized housing remains far short of need. This gap could widen in the future for a variety of reasons, including 1) declining federal funding for federal housing initiatives and local block grant programs; 2) federal tax reform, which may reduce the production of tax credit housing; and 3) the expiration of affordability restrictions on privately owned subsidized properties in the coming decades.