

Pennsylvania Comprehensive Housing Study

PENNSYLVANIA HOUSING
FINANCE AGENCY



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INTRODUCTION

The Pennsylvania Comprehensive Housing Study (2020):

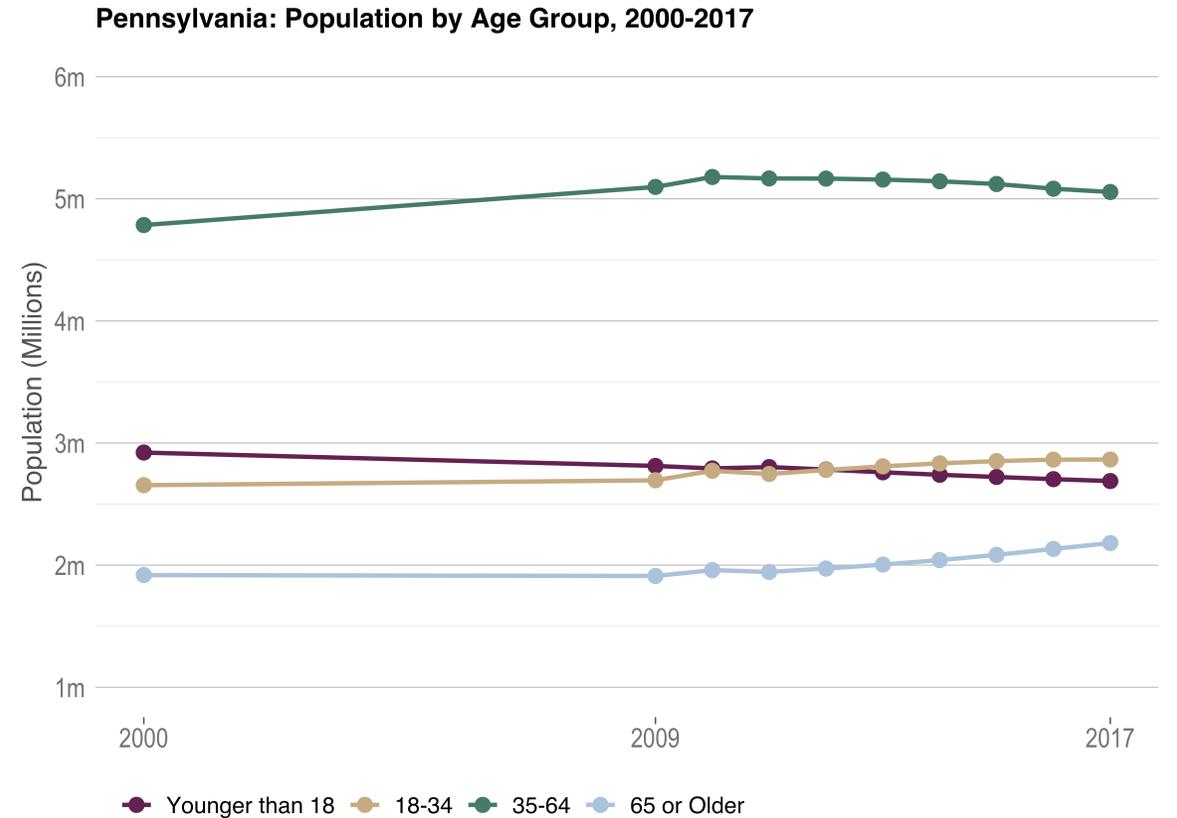
- Is designed to guide PHFA in its understanding of housing trends in various parts of the Commonwealth
- Is a resource for housing professionals across the state
- Fulfills PHFA's statutory responsibility to regularly analyze and report on housing conditions and trends
- Delves into the demographic, economic, policy, and environmental trends that are shaping Pennsylvania's housing markets, with a special focus on seniors, veterans, low-income households, and those living with disabilities

PART 1

Statewide Trends

Demographic Trends Affecting Housing Demand

- Pennsylvania's overall population increased by about 1% between 2010 and 2017
- During that period, more U.S. residents left Pennsylvania than entered
- Pennsylvania is one of the most elderly states in the country, with over 17% of the population aged 65 or older
- Many seniors in Pennsylvania live alone (28%) and one-third (33%) have at least one disability



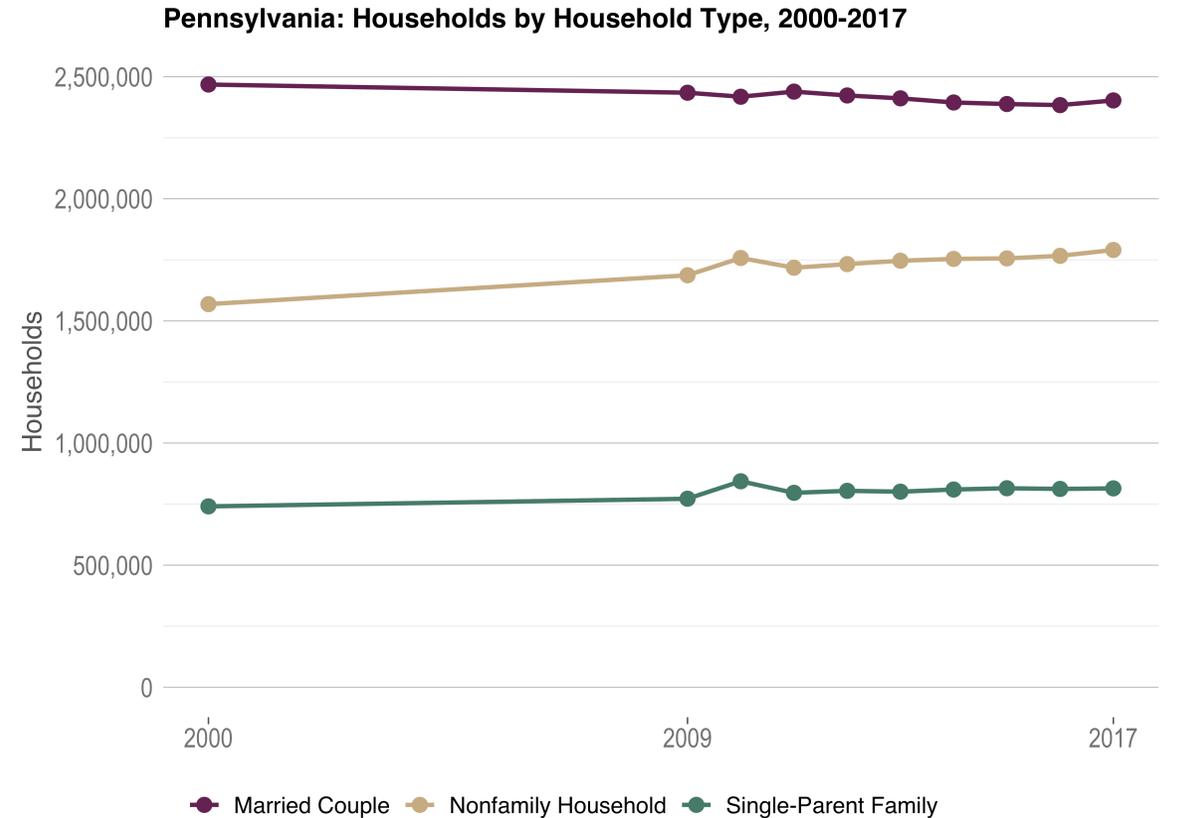
Source: U.S. Census Bureau (2000-2017)

PART 1

STATEWIDE TRENDS

Demographic Trends Affecting Housing Demand

- Ownership remains more common than renting, but nearly all (78%) of Pennsylvania's net growth 2000-2017 has been among renter households
- Today, 71% of all renter households and 62% of owner-occupant households are 1- or 2-person households
- The number of non-family households (usually single persons living alone) is increasing, while the number with children is decreasing

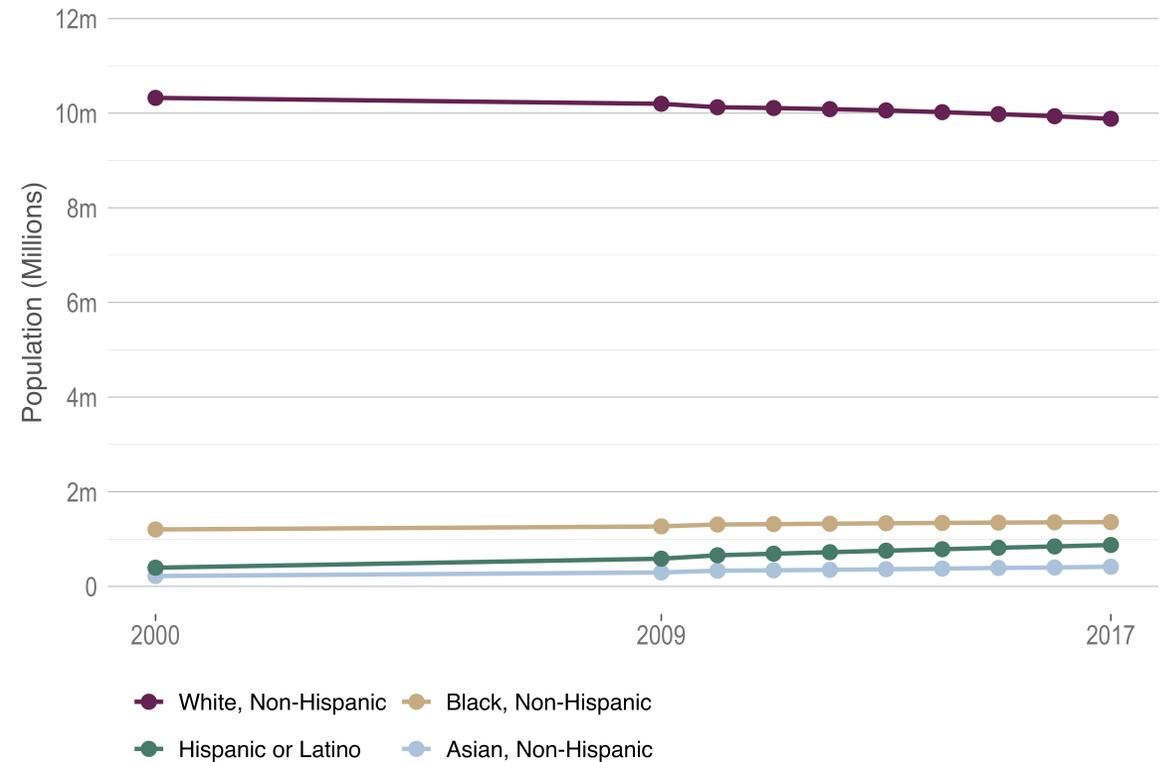


Source: U.S. Census Bureau (2000-2017)

Demographic Trends Affecting Housing Demand

- The non-Hispanic White population shrank by almost 40,000 persons/year 2009-2017 and now includes less than 10 million people
- The non-White population has grown from 15% of Pennsylvanians in 2000 to 21% in 2017
- Most of this growth has been among Latino/as (58% of the increase)
- Housing consumption varies by race because of differences in socioeconomic status, household size, and direct and indirect discrimination

Pennsylvania: Population by Race/Ethnicity, 2000-2017



Source: U.S. Census Bureau (2000-2017)

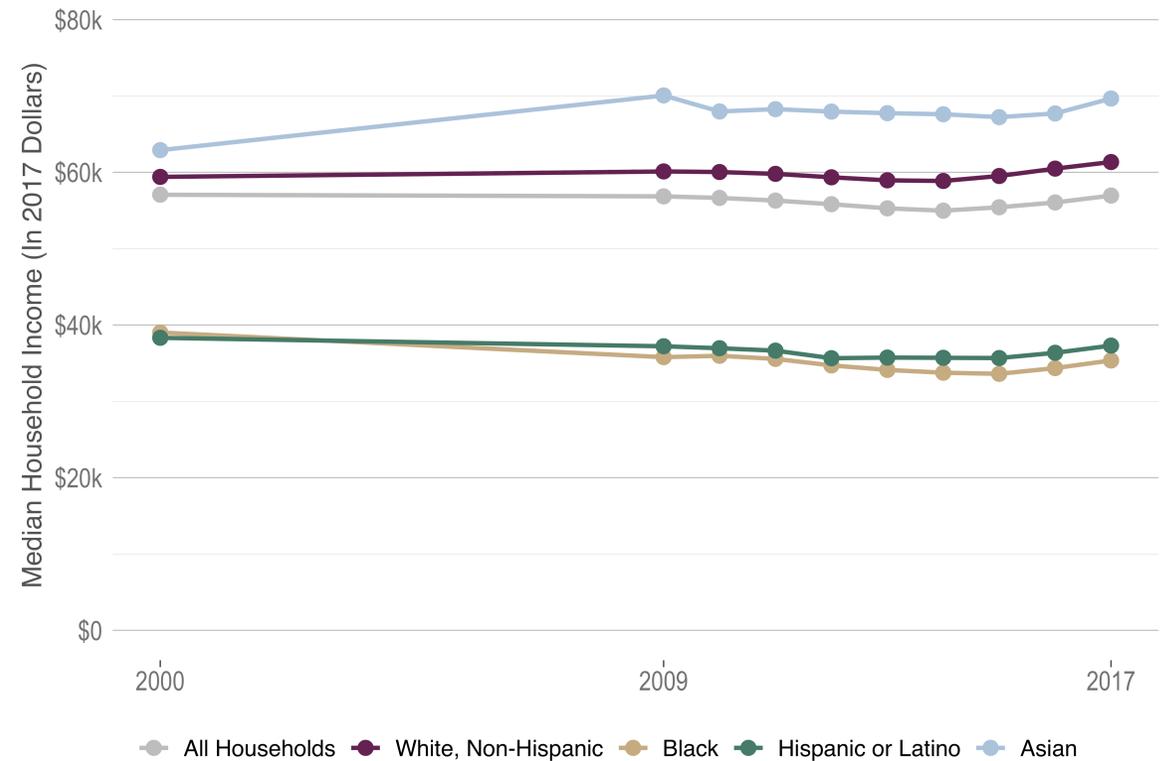
PART 1

STATEWIDE TRENDS

Demographic Trends Affecting Housing Demand

- Inflation-adjusted median household income is almost exactly what it was two decades ago (\$56,951 in 2017, compared with \$57,071 in 2000)
- Pennsylvanians are increasingly polarized between the top and bottom of the income spectrum
- Renters are concentrated at the lower end of the income spectrum
- Latino/a and Black households trail behind the median household in terms of income

Pennsylvania: Median Household Income by Race, 2000-2017



Source: U.S. Census Bureau (2000-2017)

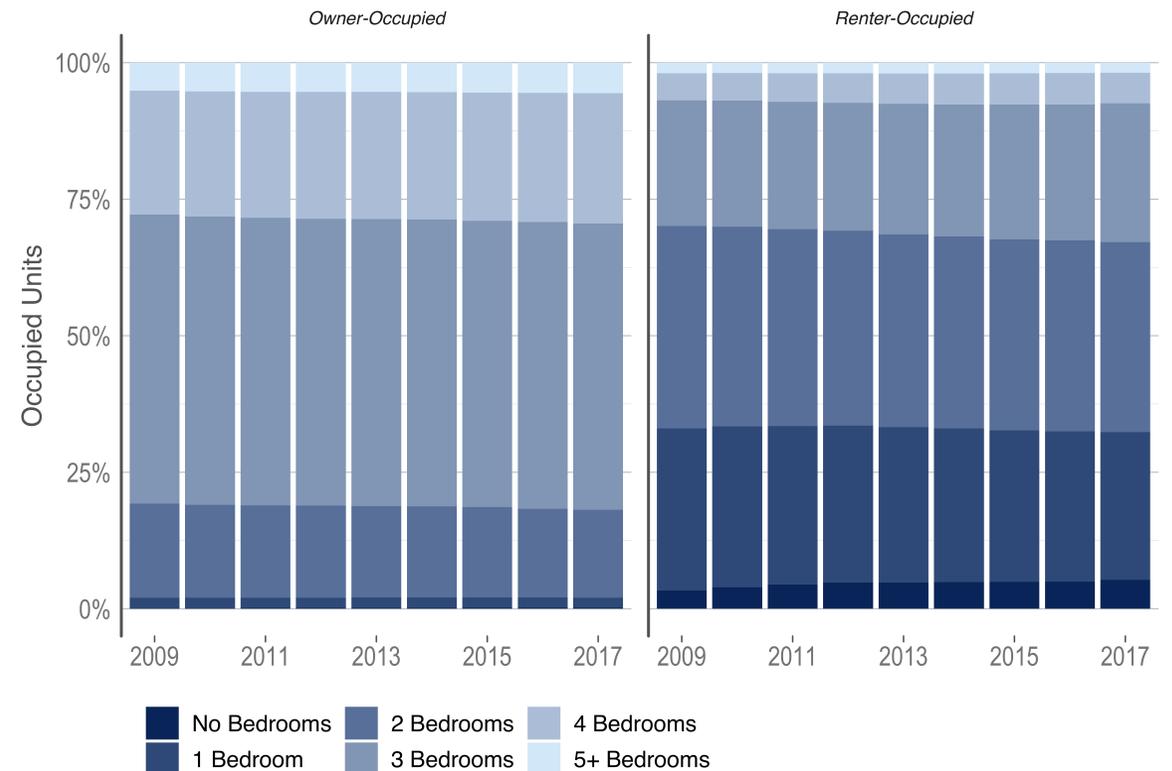
PART 1

STATEWIDE TRENDS

Characteristics of the Housing Supply

- Most homes in Pennsylvania are single-family structures (76%), and their share of the total housing stock continues to grow
- Small multi-family buildings with 2-4 units are disappearing at a rate of -2,700 units/year
- The number of ownership units with 4+ bedrooms has grown, even as household size has declined
- Among rentals, both the number of efficiencies (0 bedrooms) and the number of large units (3+ bedrooms) has grown

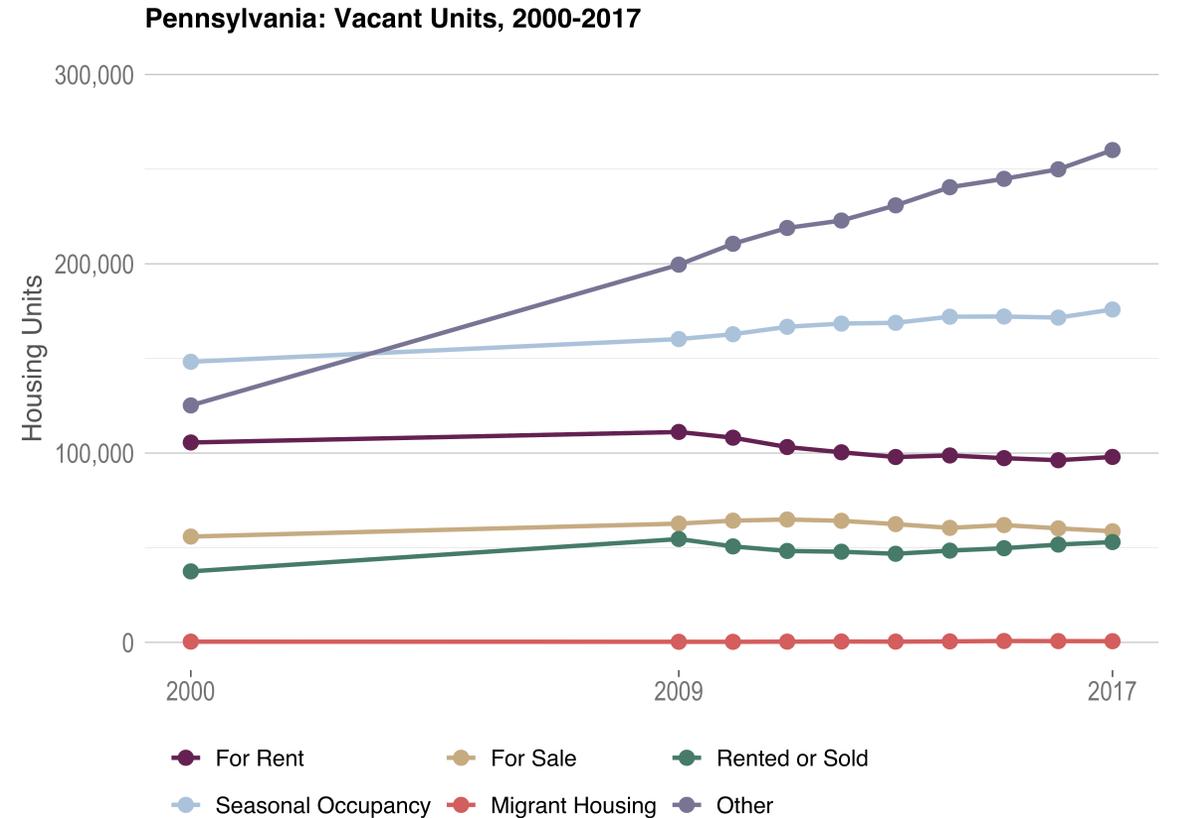
Pennsylvania: Units by Number of Bedrooms, Tenure, 2009-2017



US Census Bureau (2009-2017)

Characteristics of the Housing Supply

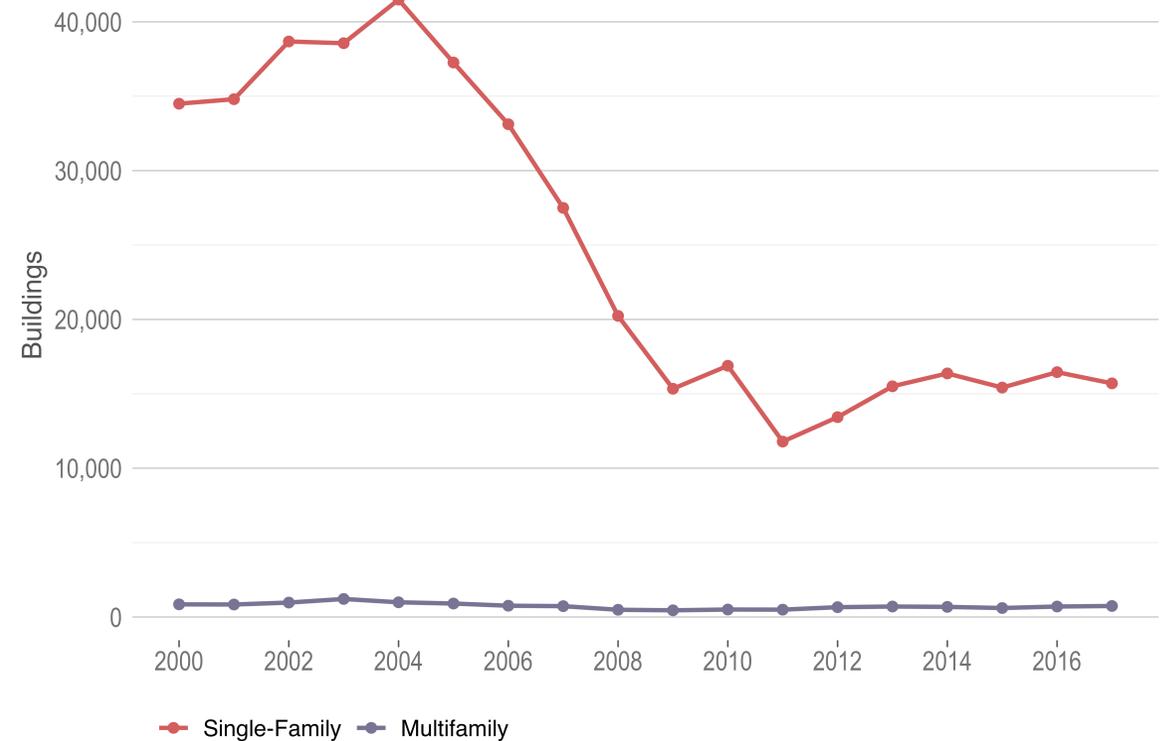
- Pennsylvania's housing stock is old. The median home was built in 1962, which is earlier than the median home in every other state except New York, Massachusetts, and Rhode Island
- More than half of housing is over 50 years old, and rental housing tends to be even older
- Vacancy grew from 9% in 2000 to 11% in 2017
- An increasing share (76%) of vacant units are neither for sale nor for rent. They stand empty for other reasons, including uninhabitability



Characteristics of the Housing Supply

- Employment in the construction industry has increased by about 50,000 employees since 2010
- Permitting for new residential construction has not recovered to 2000 levels, but has stabilized around 16,500 buildings/year
- Mortgage lending has recovered, and loan volumes continue to increase
- Blacks and Latino/as continue to receive a disproportionately low share of mortgages

Pennsylvania: New Buildings Permitted by Type, 2000-2017



Source: PolicyMap (2000-2017)

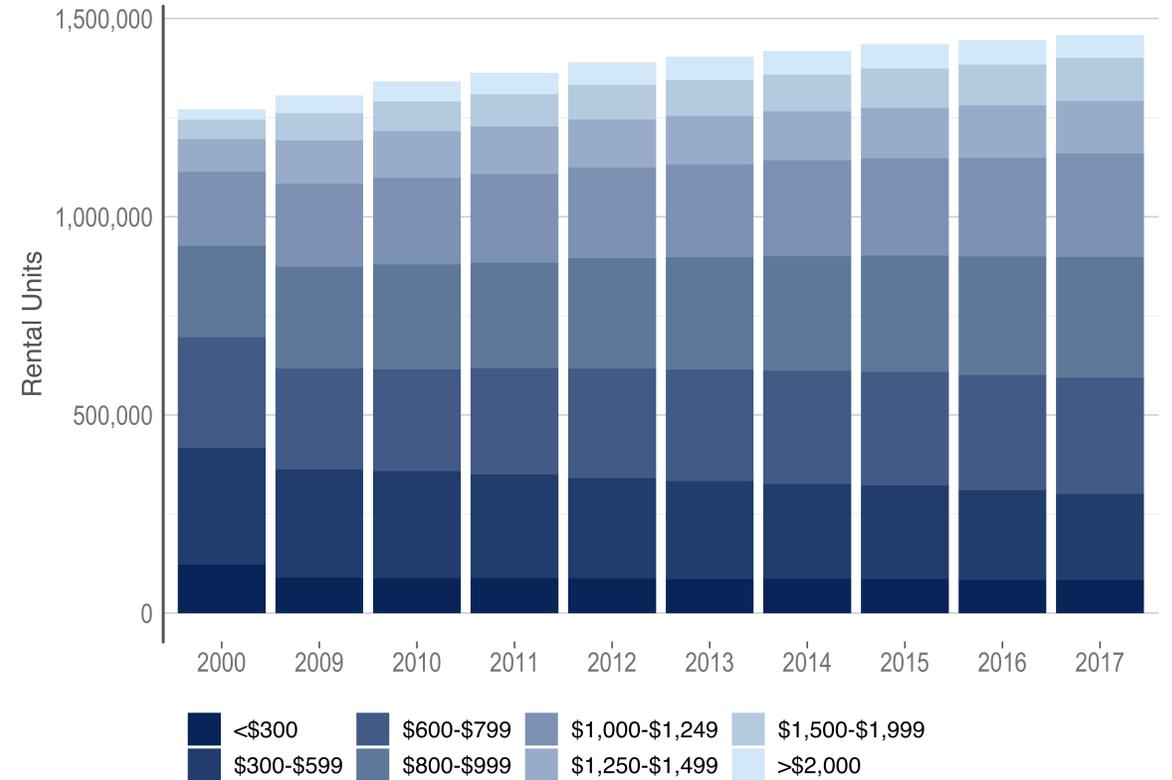
PART 1

STATEWIDE TRENDS

Housing Prices

- The cost of homeownership has decreased since 2000, even as home values have increased, at least partly because more households have paid off their mortgages
- Even as renting becomes more common, the cost of doing so is rising. Median gross rent, now about \$885, has increased by nearly 20% since 2000 (adjusting for inflation)
- Rents have increased most for efficiencies and 1-bedroom units. The supply of low-cost rental units (priced at less than \$600/month) is shrinking

Pennsylvania: Gross Rent (In 2017 Dollars), 2000-2017

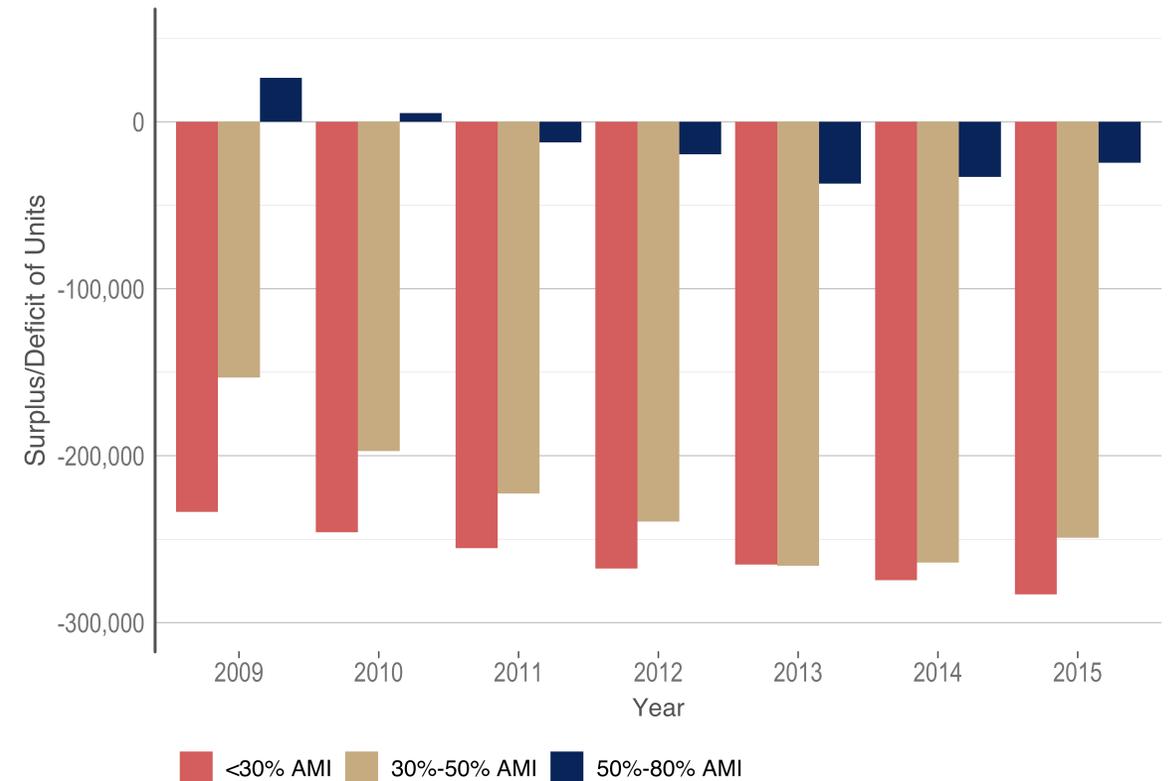


U.S. Census Bureau (2000-2017)

Housing Affordability

- Growing income inequality, combined with the erosion of low-cost housing options, is translating into large housing cost burdens and a deficit of affordable, available units at the low end of the income spectrum
- 73% of households earning less than \$20,000/year are cost burdened
- The deficit of units affordable and available to households at or below 30% of area median income (AMI) is now more than 283,000 units
- This deficit has grown by 37,000 units since 2010

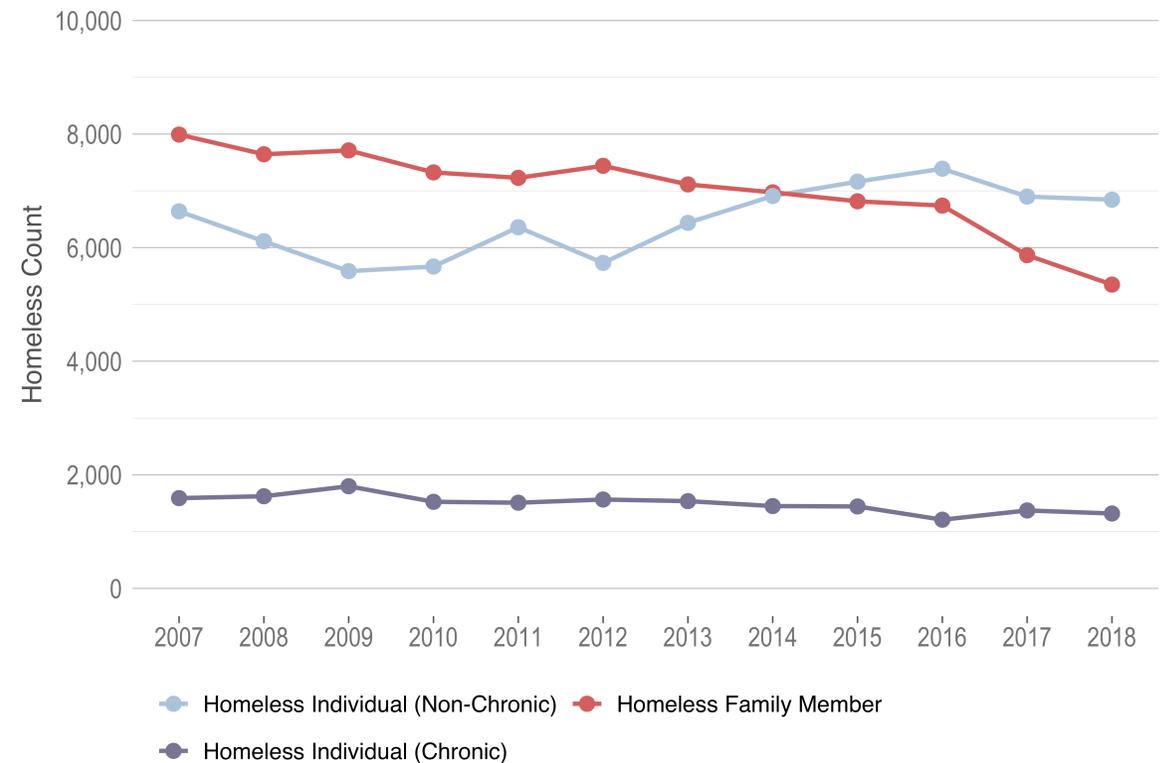
Pennsylvania: Deficit of Affordable, Available Units by Income, 2009-2015



Housing Affordability

- According to point-in-time counts, the total incidence of homelessness in Pennsylvania has remained steady since 2007, but the number of homeless families has declined
- There are fewer year-round shelter beds (about 12,900) now than there were in 2007 (16,500)
- Pennsylvania's eviction filing rate of 5.3 cases for every 100 renters is lower than the national rate of 6.1 and has been trending downward
- Foreclosure rates are also declining, but less than might be expected

Pennsylvania: Family vs. Individual Homelessness, 2007-2018

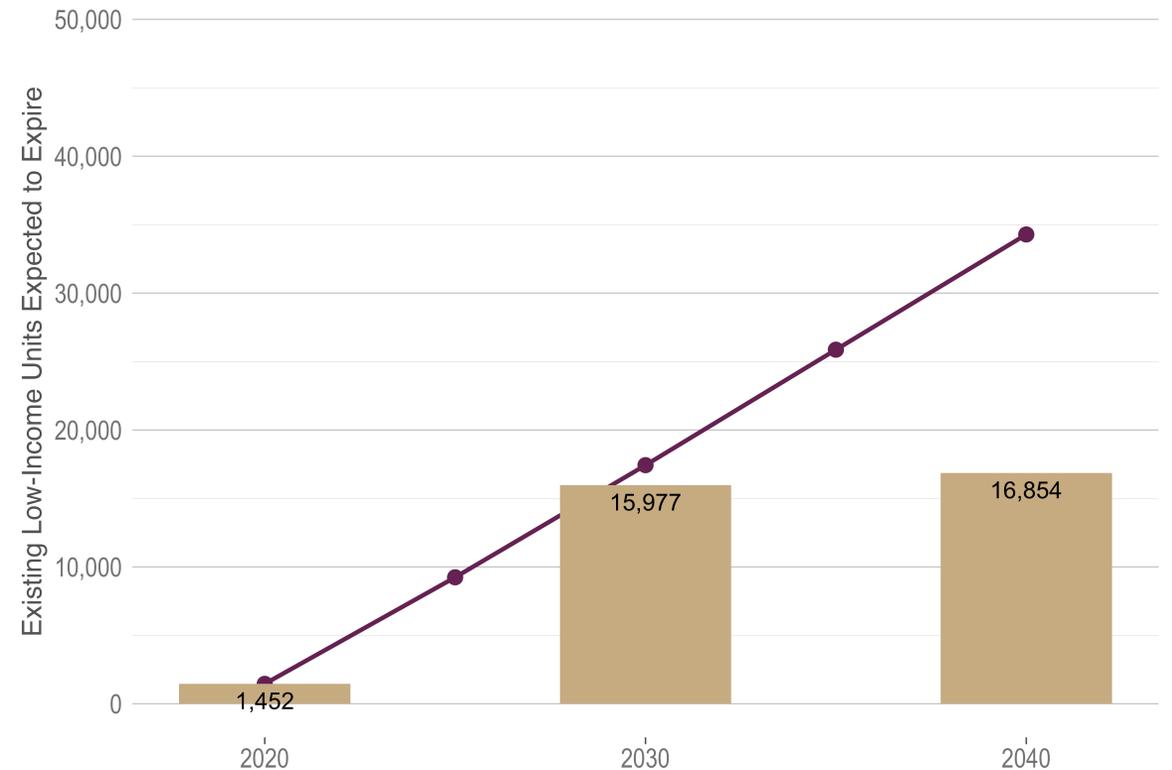


Source: HUD CoC Point in Time Counts (2007-2018)

Housing Assistance

- The total number of HUD unit-subsidies has remained constant over the last two decades
- Housing Choice Vouchers represent a growing share of these subsidies
- The number of LIHTC units has increased from approximately 22,660 in 2000 to 54,600 today
- Nevertheless, the availability of subsidized units remains far short of need
- Pennsylvania risks losing nearly 16,000 low-income LIHTC units and 15,600 HUD unit-subsidies to subsidy expirations by 2030

Pennsylvania: Low-Income Housing Tax Credit Unit Expirations, 2020-2040



Source: HUD LIHTC Database (2016)

PART 2

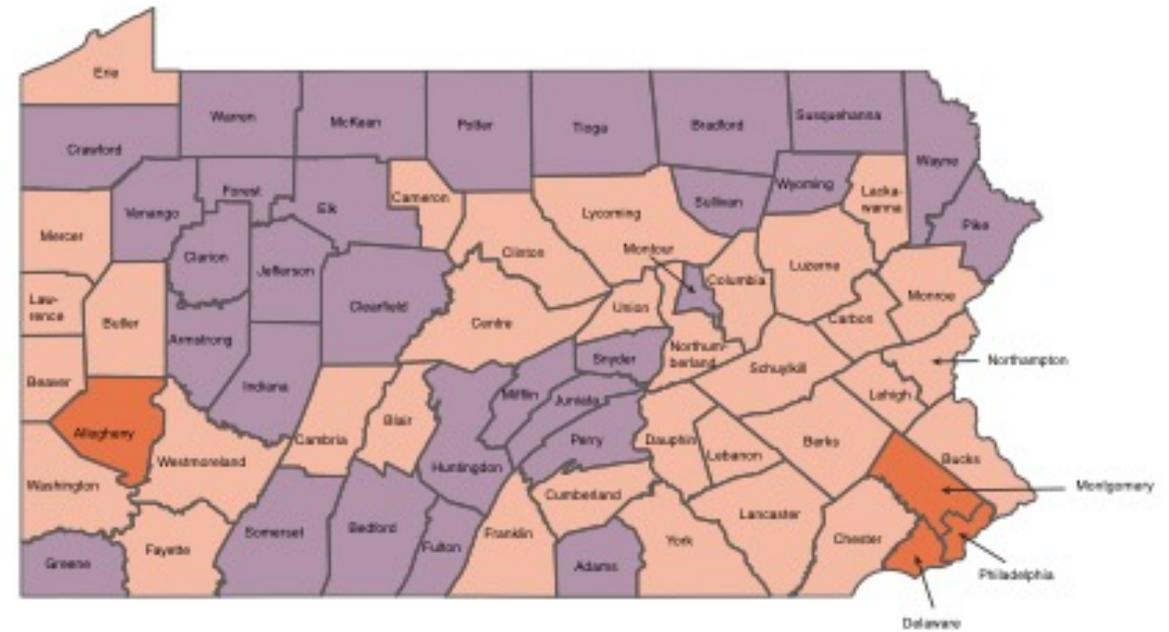
Urban and
Rural Areas

PART 2

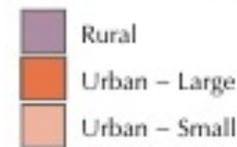
URBAN AND RURAL AREAS

Defining Urban and Rural Areas

- This report groups Pennsylvania's 67 counties into three categories: "rural," "small urban," and "large urban" counties
- Rural counties are the 30 counties in which a majority of the population lives in a rural area
- Urban counties have majority urban populations. There are 33 small urban counties and 4 large urban counties with especially high population densities (over 1,500 people/mi²)
- The report weights means across counties within each group by county population in order to give equal weight to all residents



Urban-Rural Category

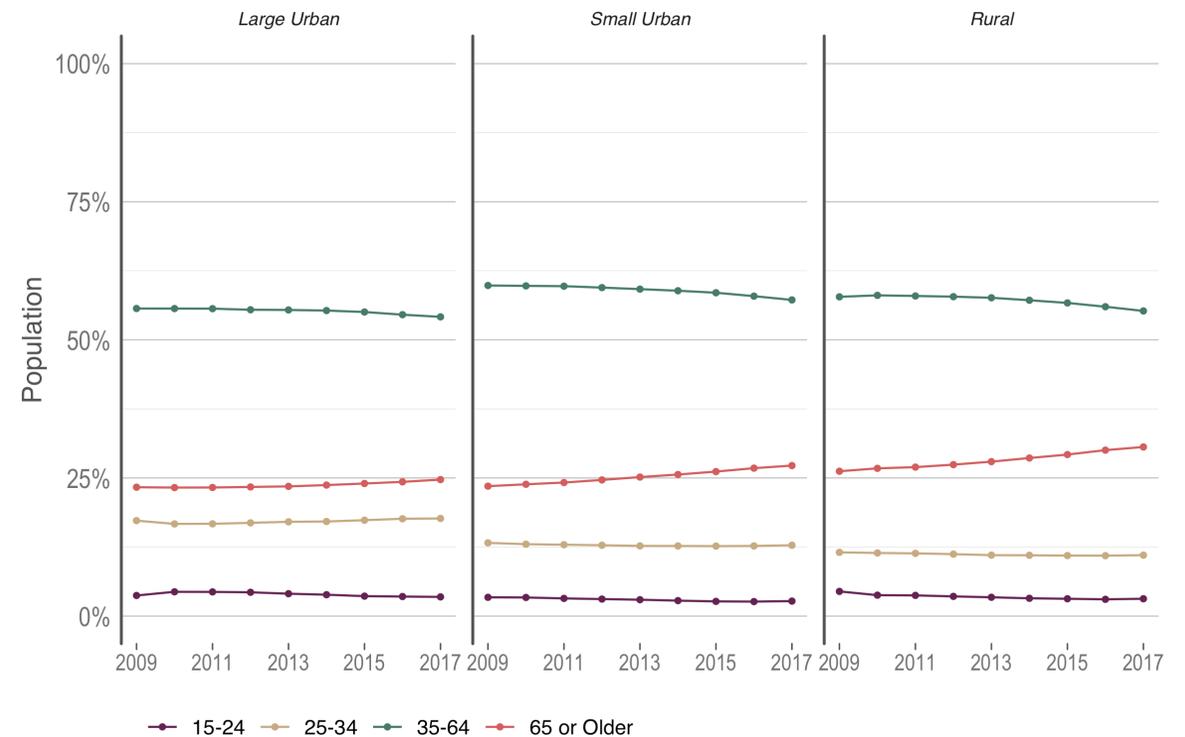


Similarities between Urban and Rural Areas

- Large urban, small urban, and rural counties are experiencing similar trends in terms of:
 - Aging
 - Decreasing households with children
 - Increasing racial and ethnic diversity
 - Growing prevalence of disability
 - Weak income growth

Householder Age

Mean Urban and Rural Counties, Pennsylvania, 2009-2017



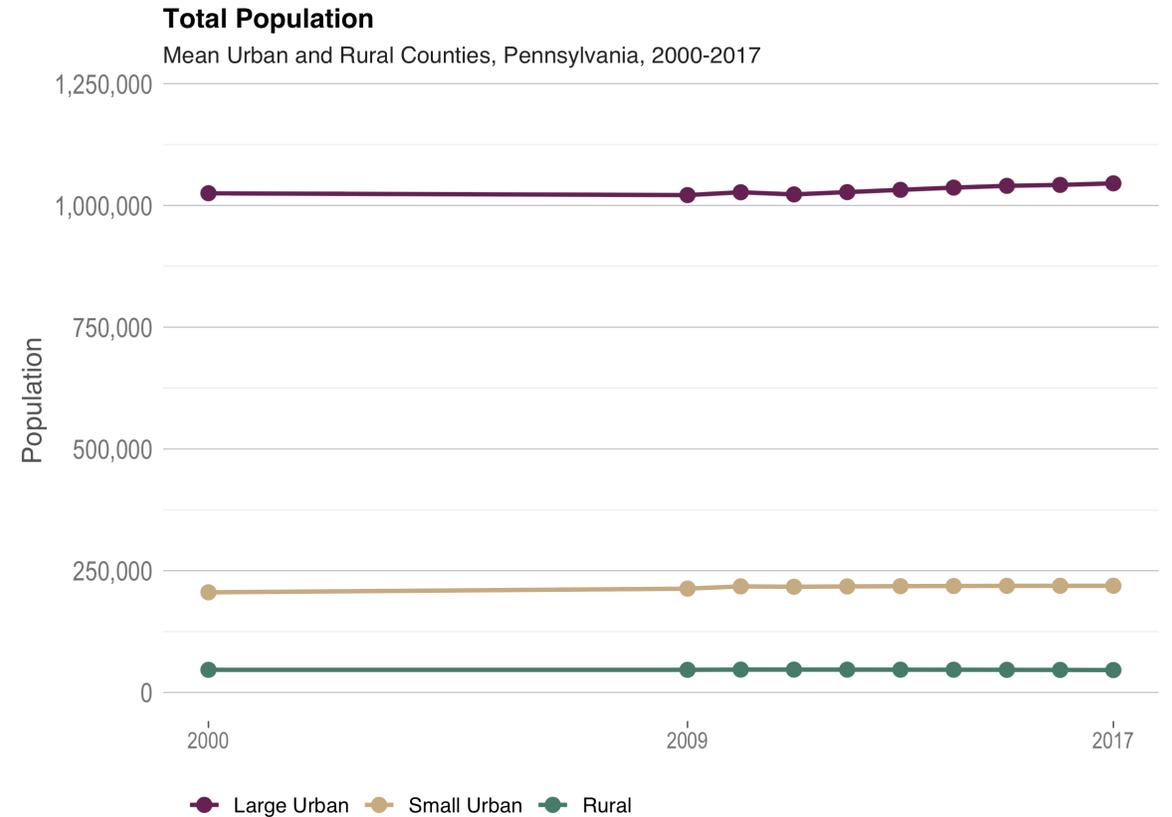
Source: U.S. Census Bureau (2009-2017)

PART 2

URBAN AND RURAL AREAS

Demographic Differences between Urban and Rural Areas

- All four large urban counties (home to 32% of Pennsylvanians) are growing. The average large urban county has added 2,600 net new residents/year 2010-2017
- Small urban counties (home to 57% of Pennsylvanians) are growing overall, but 18 counties saw slight population declines 2010-2017
- Rural counties, which are home to 11% of Pennsylvanians, are experiencing gradual population decline



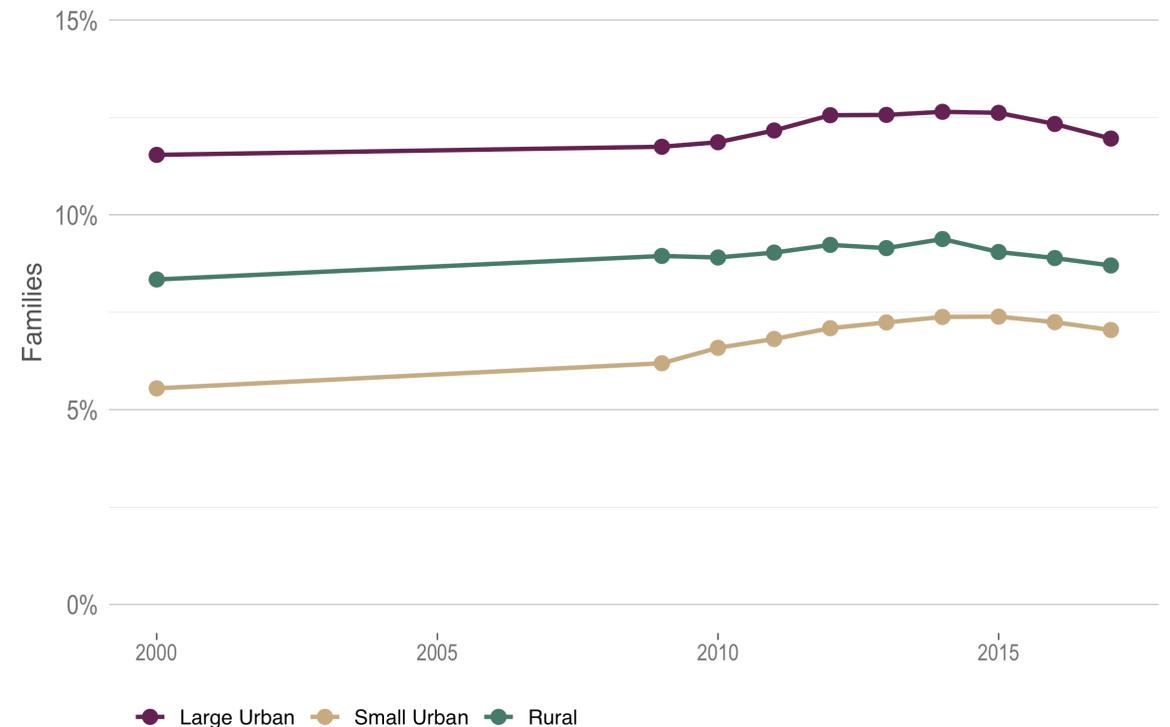
Source: U.S. Census Bureau (2000-2017)

Demographic Differences between Urban and Rural Areas

- Large urban counties are diversifying most quickly in terms of race, and continue to see high rates of poverty and income inequality
- Small urban counties have larger households, more households with children, and fewer persons with disabilities than do other counties
- Rural counties are seeing the greatest increases in the share of residents with disabilities, elderly households, and senior veterans

Families Living in Poverty

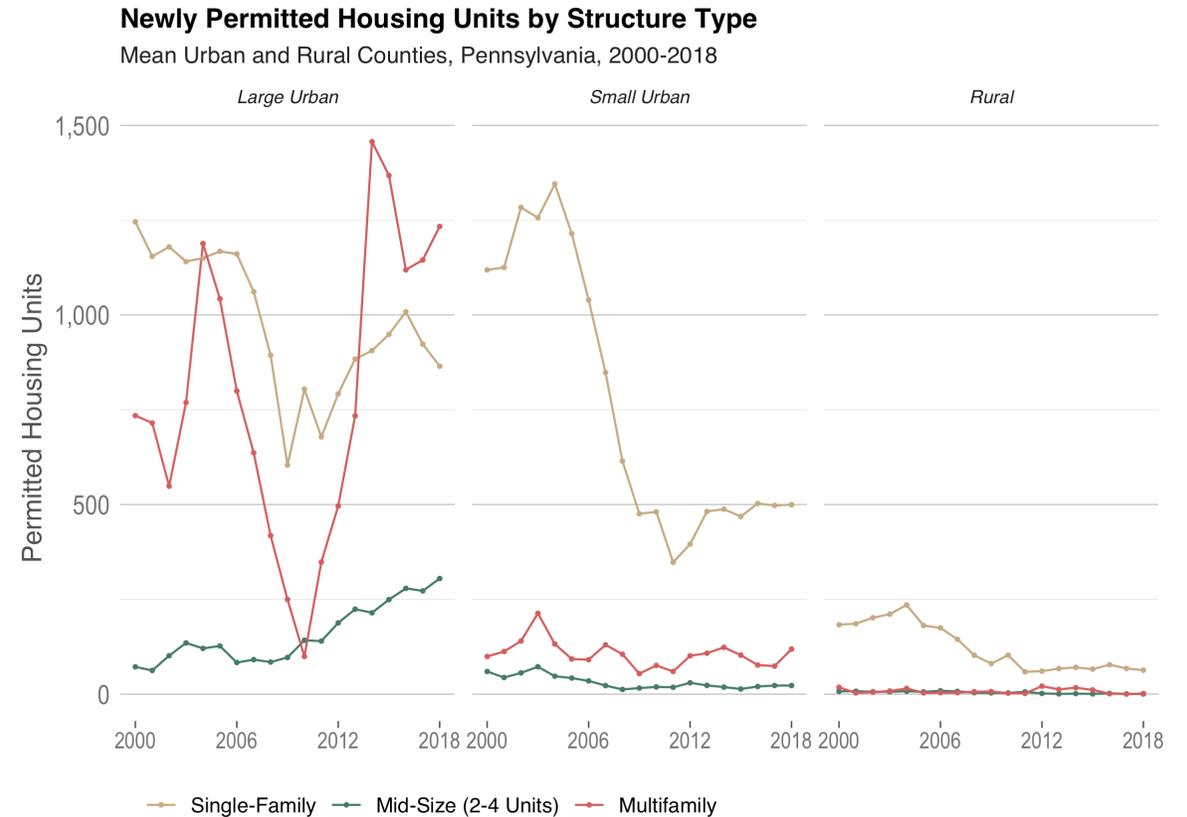
Mean Urban and Rural Counties, Pennsylvania, 2000-2017



Source: U.S. Census Bureau (2000-2017)

Housing Stock Differences between Urban and Rural Areas

- Rural counties have rising vacancy, little new construction, and an aging housing supply whose oldest units are dropping out of the stock more quickly than in other areas
- An increasing share of rural households are renting single-family homes
- Small urban counties have a newer housing stock than other counties but have not seen production recover to pre-recession levels
- Large urban counties are seeing robust permitting, especially in the multi-family sector



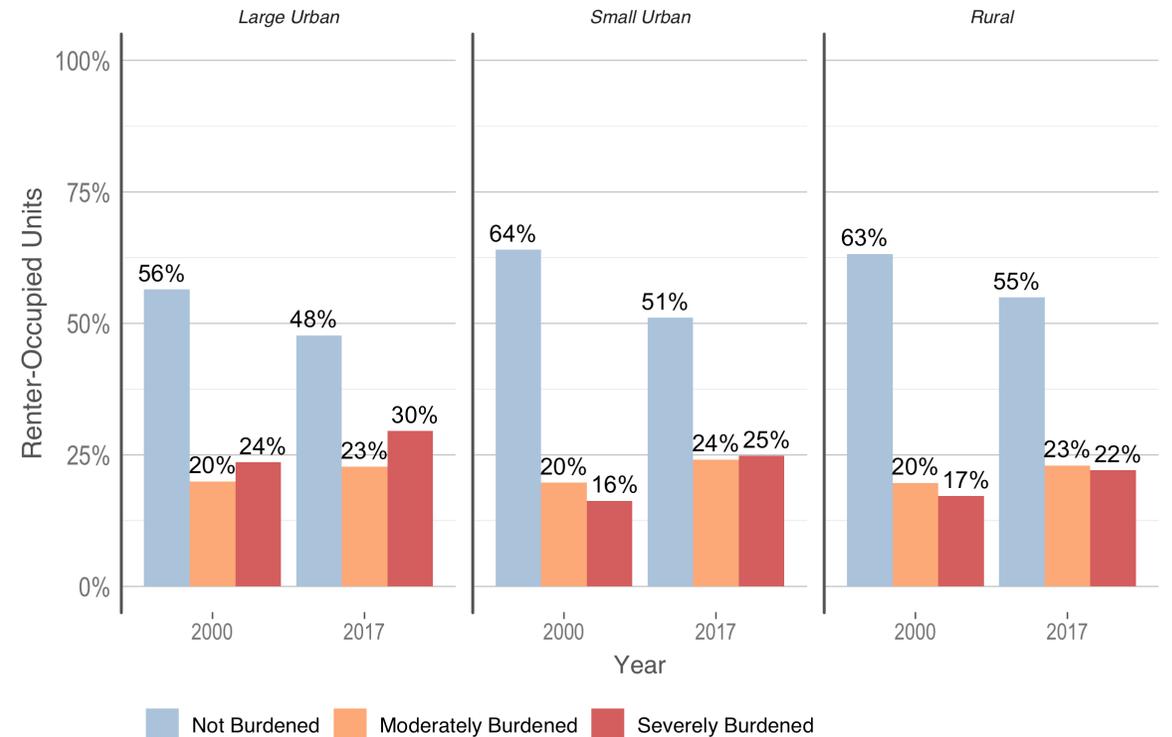
Source: PolicyMap (2000-2018)

Affordability Differences between Urban and Rural Areas

- Housing costs are lowest, and units are most affordable, in rural counties. Large urban counties have the greatest shares of cost-burdened residents. Small urban counties fall in the middle
- Unaffordability in large urban counties is likely linked to income inequality and the erosion of low-cost units
- Unaffordability in rural counties is likely linked to low incomes and inadequate housing conditions

Renter Households by Rent Burden Level

Mean Urban and Rural Counties, Pennsylvania, 2000 & 2017



US Census Bureau (2000 & 2017)

PART 3

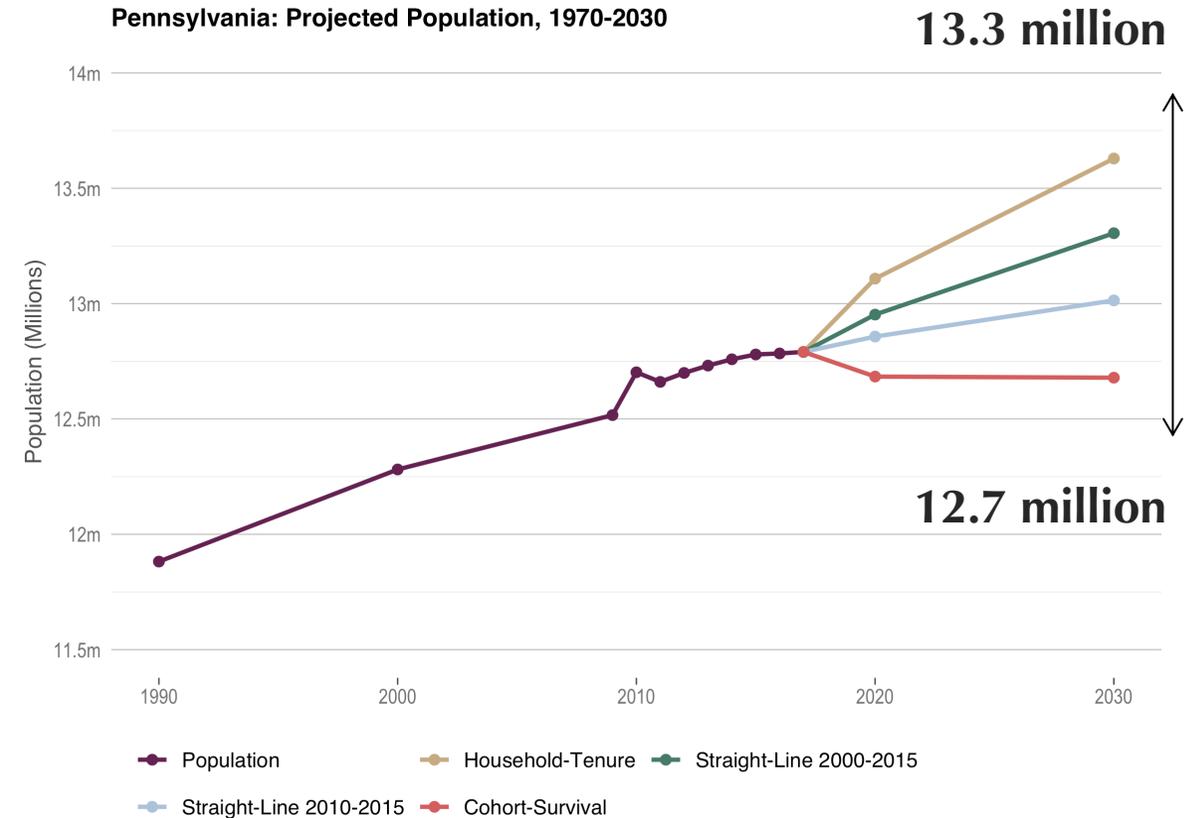
Projections

PART 3

PROJECTIONS

Projecting Population in 2030

- Most projections show Pennsylvania's population, currently 12.8 million, continuing to grow slowly
- Pennsylvania's population is aging, which means a declining birth rate and increasing mortality rate, though annual births currently still outnumber deaths
- Net domestic migration into and out of Pennsylvania has been negative for the past decade
- International migration now accounts for the majority of Pennsylvania's population growth



Source: U.S. Census Bureau and Authors' Calculations

Projecting Housing Units

- If we use the cohort-survival projection method to project population growth and assume that household size will decline at the same rate it did 2000-2010, we project Pennsylvania will be home to 5.25 million households by 2030
- Assuming the current tenure split remains constant, we forecast that 80% of net new households 2017-2030 will be homeowners
- In 2030, there will be 3.74 million households in single-family units; 240,000 in duplexes or small apartment buildings; and 372,000 in multi-family buildings (assuming the current shares of housing by type remain constant)

Pennsylvania: Household Size by Tenure, 2010 and 2017



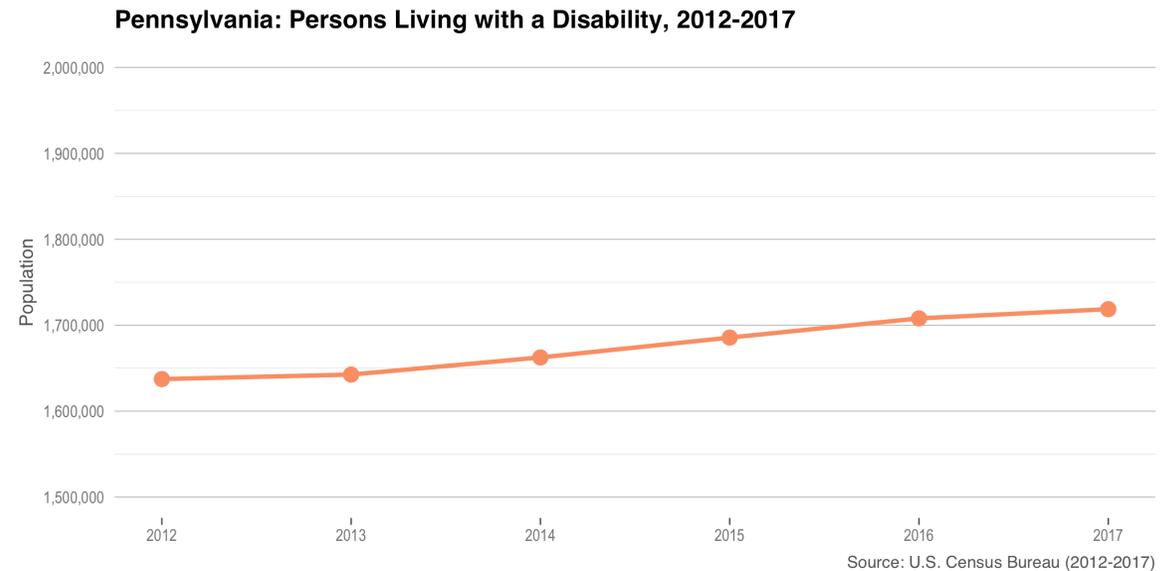
US Census Bureau (2010 & 2017)

PART 4

Special
Topics

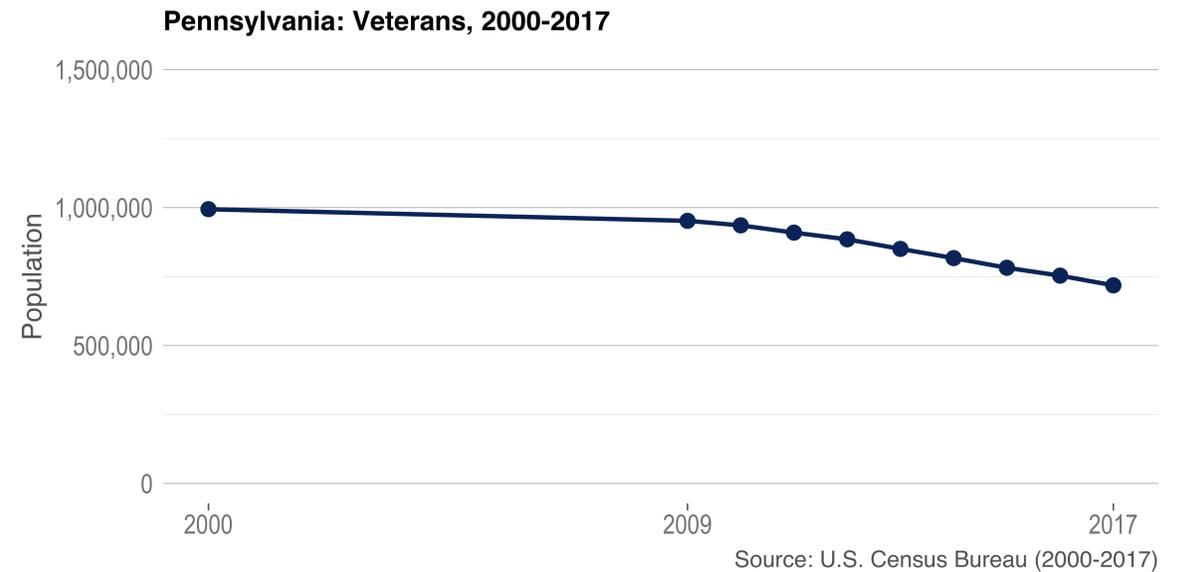
Disability

- The incidence of disability is rising in Pennsylvania
- 1.72 million residents, or 14% of the state population, live with a disability as of 2017
- The disabled are disproportionately likely to be seniors and to be below the poverty line
- Less than 10% of disabled Pennsylvanians live in housing built after 2000 and many (28%) live in very old housing (built before 1940)
- These realities pose challenges to providing housing adaptations for residents living with ambulatory and other disabilities



Veterans

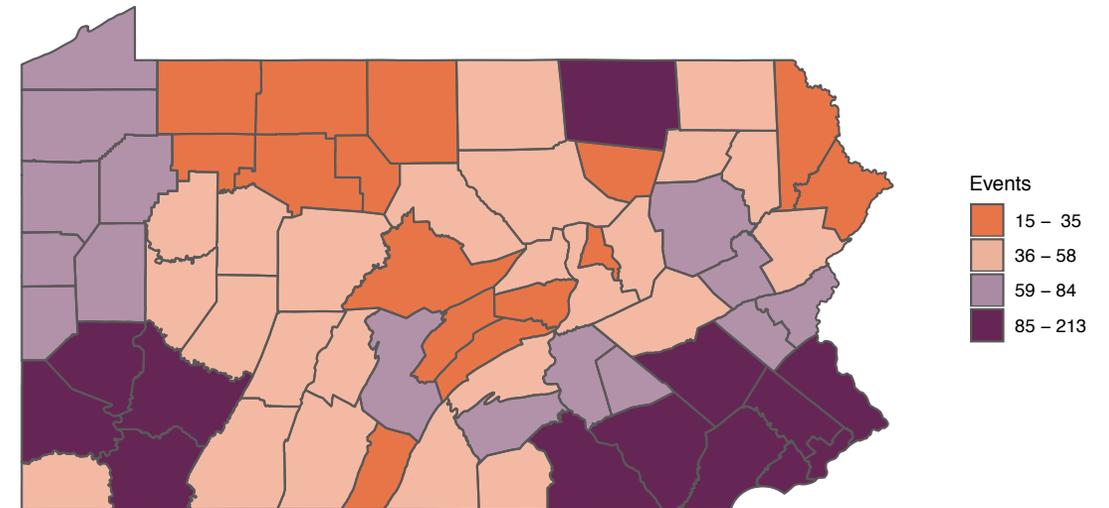
- In the past, Pennsylvania veterans have had an elevated rate of homelessness compared to the general population. That is no longer true, thanks to historic declines in veteran homelessness
- The overall number of veterans has also declined. There are now fewer than 718,000 veterans in Pennsylvania
- Veterans are increasingly likely to be seniors. More than half of Pennsylvania veterans are aged 65 or older



Climate

- The Northeastern U.S. has seen an increasing frequency of extreme precipitation events, a trend that is expected to continue in the future
- About 3% of housing in Pennsylvania is located within the 100-year floodplain
- Pennsylvania has a relatively high share of older housing and subsidized housing located within the floodplain, compared to other states
- However, this is mainly because it has older housing and a larger subsidized stock than many other states

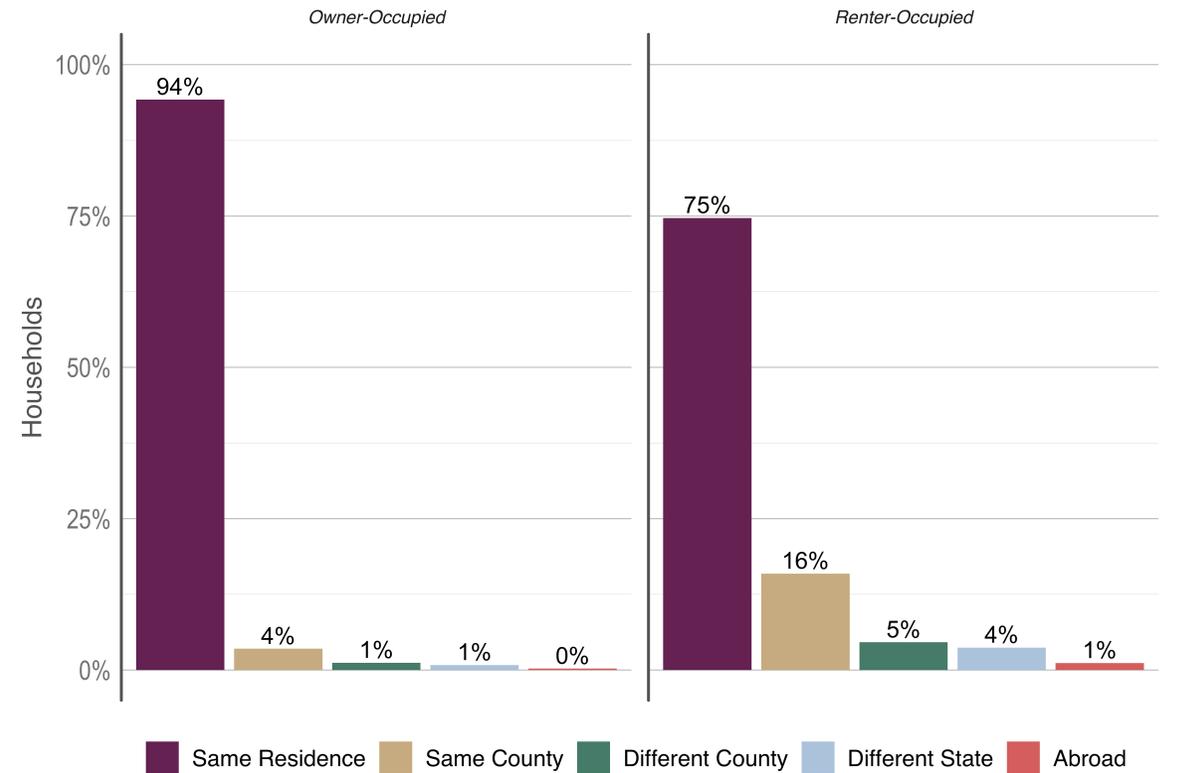
Flood Events, 1950–2017



Migration

- About 12% of Pennsylvanians moved in the last year; this share (which is slightly lower than the national share of 14%) has been consistent over time
- Most moves were to find a better home, access a more desirable neighborhood, or reduce housing costs
- Mobility rates are much greater among renters (25%) than among homeowners (6%). They are also higher among low-income households and among Latino/a and Asian residents

Pennsylvania: Residence 1 Year Ago by Tenure, 2017

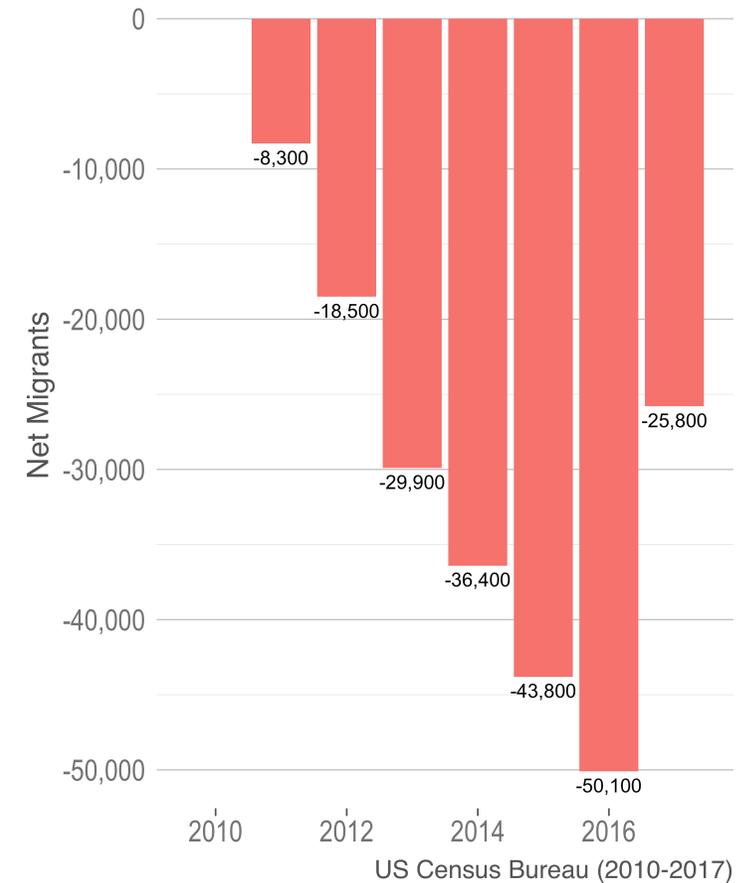


US Census Bureau (2017)

Migration

- Net domestic migration to Pennsylvania has been negative in recent years
- Pennsylvania ranks among the bottom six states for net domestic migration for 2010-2017
- Most people leaving Pennsylvania are headed to Florida, New York, New Jersey, Maryland, or Virginia, or to a foreign country
- Some small urban counties in Pennsylvania are, however, experiencing net positive domestic migration
- International migration is now the largest source of in-movers to Pennsylvania

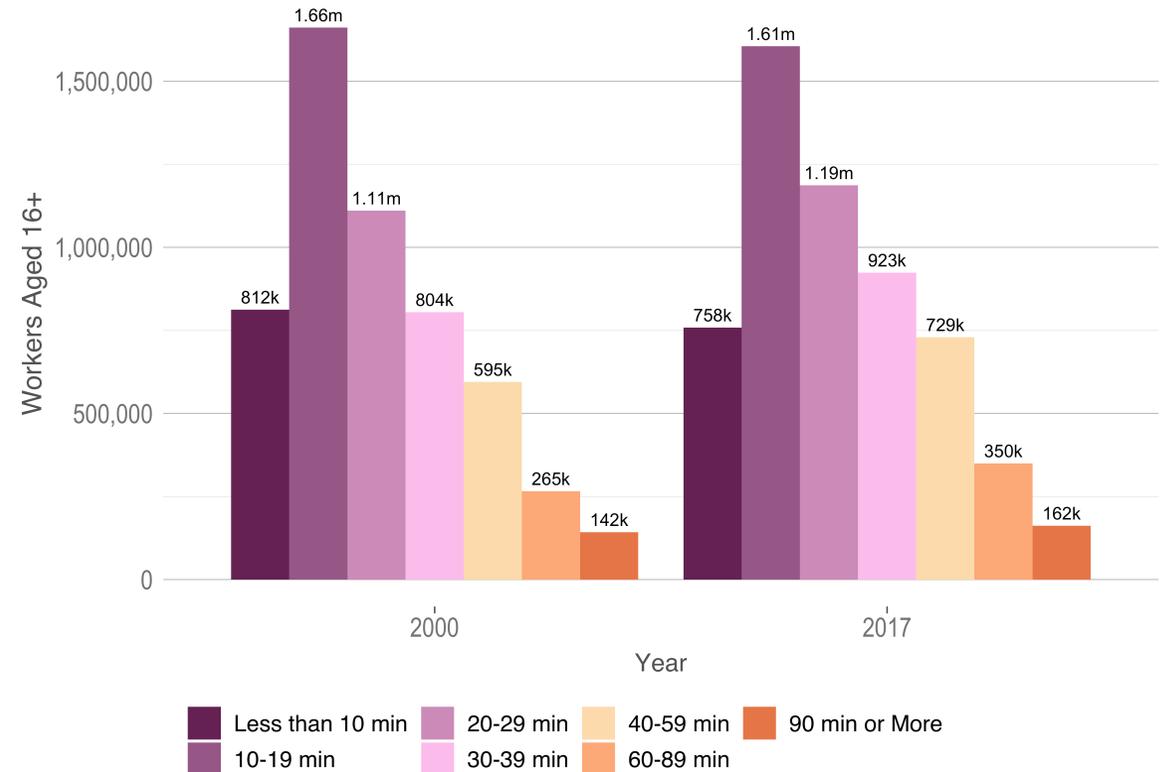
Pennsylvania: Net Migration, 2010-2017



Transportation

- Commutes are lengthening. Over 500,000 Pennsylvanians now travel over 1 hour to get to work (an increase of 25% since 2000)
- Traffic in both urban and rural areas is increasing
- At the same time, the share of employed Pennsylvanians who work from home is growing (an increase of 50% since 2000)
- The share of commutes made by bicycle, public transit, or on foot has been increasing in large urban counties, but shrinking in other areas

Commute Times in Pennsylvania, 2000 & 2017



US Census Bureau (2000 & 2017)

APPENDIX

County Profiles

COUNTY PROFILES

Appendix

- The report includes a profile for each Pennsylvania county that includes the following:
 - Key county and state metrics
 - A comparison of wages and housing costs for the most common occupations
 - The supply of affordable units for renter households by income
 - Descriptive statistics pertaining to housing, socioeconomic status, employment, transportation, technology, and climate

