

HOUSING



2004

Facts,
Figures
& Trends

NATIONAL ASSOCIATION OF HOME BUILDERS



Housing Facts, Figures and Trends 2004

Housing Facts, Figures and Trends 2004

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Housing Facts, Figures and Trends 2004



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SECTION 1

What's Being Built and Sold

Housing Starts, 1980–2004

YEAR	SINGLE-FAMILY	MULTIFAMILY	TOTAL
1980	852,000	440,000	1,292,000
1981	705,000	379,000	1,084,000
1982	663,000	400,000	1,062,000
1983	1,067,000	635,000	1,703,000
1984	1,084,000	665,000	1,749,000
1985	1,072,000	669,000	1,742,000
1986	1,180,000	626,000	1,806,000
1987	1,146,000	474,000	1,621,000
1988	1,081,000	407,000	1,488,000
1989	1,003,000	373,000	1,376,000
1990	895,000	298,000	1,193,000
1991	840,000	174,000	1,014,000
1992	1,030,000	170,000	1,200,000
1993	1,126,000	162,000	1,288,000
1994	1,198,000	259,000	1,457,000
1995	1,076,000	278,000	1,354,000
1996	1,161,000	316,000	1,477,000
1997	1,134,000	341,000	1,474,000
1998	1,271,000	346,000	1,617,000
1999	1,303,000	339,000	1,641,000
2000	1,231,000	338,000	1,569,000
2001	1,273,000	330,000	1,603,000
2002	1,364,000	347,000	1,711,000
2003*	1,445,000	341,000	1,786,000
2004*	1,381,000	319,000	1,700,000

*NAHB forecast.

Source: U.S. Census Bureau.

Housing is a key element in the nation's economy, accounting for about 15 percent of Gross Domestic Product in a typical year. Consequently, new home starts and sales and other measures of housing activity are important economic indicators.

Sales of New and Existing Homes, 1980–2004

New home sales
reached a record
of over 1,000,000
in 2003.

YEAR	NEW HOME SALES	EXISTING HOME SALES
1980	545,000	2,973,000
1981	436,000	2,419,000
1982	412,000	1,991,000
1983	623,000	2,697,000
1984	639,000	2,828,000
1985	688,000	3,132,000
1986	648,000	3,475,000
1987	672,000	3,437,000
1988	675,000	3,512,000
1989	650,000	3,325,000
1990	535,000	3,220,600
1991	507,000	3,186,000
1992	608,000	3,479,000
1993	666,000	3,787,000
1994	670,000	3,917,000
1995	665,000	3,886,000
1996	758,000	4,197,000
1997	805,000	4,382,000
1998	885,000	4,970,000
1999	881,000	5,205,000
2000	877,000	5,152,000
2001	907,000	5,282,000
2002	977,000	5,595,000
2003*	1,072,000	6,030,000
2004*	994,000	5,712,000

*NAHB Forecast.

Sources: New home sales—U.S. Census Bureau.

Existing home sales—National Association of Realtors.

New Home Prices, 1980-2004

YEAR	MEDIAN	AVERAGE	QAI*
1980	\$ 64,600	\$ 76,400	68.1
1981	68,900	83,000	73.5
1982	69,300	83,900	75.2
1983	75,300	89,800	76.8
1984	79,900	97,600	69.8
1985	84,300	100,800	70.7
1986	92,000	111,900	73.4
1987	104,500	127,200	77.4
1988	112,500	138,300	80.3
1989	120,000	148,800	83.5
1990	122,900	149,800	85.1
1991	120,000	147,200	86.2
1992	121,500	144,100	87.3
1993	126,500	147,700	91.1
1994	130,000	154,400	95.5
1995	133,900	158,700	98.2
1996	140,000	166,400	100.0
1997	146,000	176,200	102.9
1998	152,500	181,900	105.5
1999	161,000	195,600	110.7
2000	169,000	207,000	115.4
2001	175,200	213,200	119.5
2002	185,200	226,700	124.8
2003**	-----	240,000	-----
2004**	-----	252,000	-----

*The Quality Adjusted Index is designed to measure changes over time in the sales price of new single-family homes that are the same in terms of physical characteristics, such as floor area, geographic division within the region, location inside or outside of a metropolitan area, number of fireplaces, number of bathrooms, number of bedrooms, type of parking facility and type of foundation. The weight for the index is the proportion of all housing units sold in 1996 of that type. 1996 = 100.

Source: U.S. Census Bureau.

** NAHB estimate

Existing Home Prices, 1980-2004

YEAR	MEDIAN	AVERAGE
1980	\$ 62,200	\$ 72,800
1981	66,400	78,300
1982	67,800	80,500
1983	70,300	83,100
1984	72,400	86,000
1985	75,500	90,800
1986	80,300	98,500
1987	85,600	106,300
1988	89,300	112,800
1989	89,500	118,100
1990	92,000	118,600
1991	97,100	128,400
1992	99,700	130,900
1993	103,100	133,500
1994	107,200	136,700
1995	110,500	139,000
1996	115,800	141,800
1997	121,800	150,500
1998	128,400	159,100
1999	133,300	168,300
2000	139,000	176,200
2001	147,800	185,300
2002	158,300	201,700
2003**	-----	214,000
2004**	-----	224,000

Source: National Association of Realtors.

The median and average prices of new and existing homes more than doubled in the last two decades of the 20th Century.

Housing Market Index *(Seasonally adjusted)*

	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
1986	57	54	57	62	64	66	60	57	57	65	59	57
1987	63	60	60	59	56	56	55	54	53	50	55	51
1988	52	51	51	53	55	49	54	56	53	48	56	60
1989	53	54	48	42	44	46	46	50	51	48	44	44
1990	41	44	39	37	35	36	33	31	32	30	27	27
1991	21	26	35	40	39	42	41	36	38	38	37	37
1992	43	49	46	46	47	46	47	49	49	50	52	55
1993	53	51	54	52	52	53	58	61	63	67	68	70
1994	66	64	62	62	60	57	55	54	51	50	48	43
1995	38	41	39	38	42	45	51	53	53	57	50	52
1996	51	50	60	60	63	61	60	57	56	55	51	53
1997	52	54	58	56	55	57	56	58	59	58	56	59
1998	59	68	67	67	68	71	72	71	71	73	78	78
1999	76	73	70	70	76	77	74	72	73	70	73	72
2000	71	69	61	62	62	57	58	61	61	63	65	58
2001	55	57	58	57	56	58	56	60	56	47	49	57
2002	60	58	60	61	60	60	61	55	63	63	64	65
2003	64	62	52	52	57	62	65	71	68	72	69	

Source: Builders' Economic Council (BEC) Monthly Surveys, NAHB Economics Group.

The Housing Market Index (HMI) is NAHB's measure of the demand side of the housing sector from the home builder's perspective. The HMI is based on a monthly survey of home builders that NAHB has been conducting for almost 20 years. Each month, the survey asks builders to rate present sales of single-family detached homes and sales expectations over the next six months as "good," "fair" or "poor." Traffic of prospective buyers is rated as "high to very high," "average" or "low to very low." A single index measuring the strength of demand in the single-family housing market is calculated from those numbers.

The HMI is calculated on a scale of zero to 100, where zero is the worst and 100 is the best. At 50, roughly equal numbers of respondents report good and poor conditions.

Top 50 Metro Markets for Single-Family Permits in First 9 Months of 2003 *(Thousands of Units)*

RANK	CITY	SINGLE-FAMILY UNITS	RANK	CITY	SINGLE-FAMILY UNITS
UNITED STATES		1,098.81	26	Portland-Vancouver, Ore./Wash.	8.45
1	Atlanta, Ga.	40.58	27	W. Palm Beach-Boca Raton, Fla.	8.44
2	Phoenix-Mesa, Ariz.	35.48	28	Los Angeles-Long Beach, Calif.	7.69
3	Riverside-San Bernardino, Calif.	28.14	29	San Diego, Calif.	7.55
4	Houston, Texas	26.82	30	Salt Lake City-Ogden, Utah	7.16
5	Washington, D.C.	24.58	31	San Antonio, Texas	6.97
6	Las Vegas, Nevada	23.19	32	Ft. Myers-Cape Coral, Fla.	6.69
7	Chicago, Ill.	23.09	33	Cincinnati, Ohio	6.54
8	Dallas, Texas	20.99	34	Greensboro-Winston Salem, N.C.	6.40
9	Orlando, Fla.	16.67	35	Miami, Fla.	6.36
10	Tampa-St. Petersburg, Fla.	15.44	36	Sarasota-Bradenton, Fla.	6.19
11	Minneapolis-St. Paul, Minn.	15.06	37	Memphis, Tenn.	6.16
12	Charlotte-Gastonia-Rock Hill, N.C.	13.43	38	Austin-San Marcos, Texas	6.16
13	Sacramento, Calif.	12.85	39	Daytona Beach, Fla.	6.16
14	Detroit, Mich.	11.47	40	Baltimore, Md.	6.05
15	Ft. Worth-Arlington, Texas	10.87	41	Norfolk-Va. Beach-Newport News, Va.	5.90
16	Raleigh-Durham-Chapel Hill, N.C.	10.64	42	Cleveland-Lorain-Elyria, Ohio	5.43
17	Indianapolis, Ind.	10.15	43	Greenville-Spartanburg, S.C.	5.37
18	Jacksonville, Fla.	9.83	44	Oakland, Calif.	5.27
19	Denver, Colo.	9.69	45	Albuquerque, N.M.	5.26
20	St. Louis, Mo.	9.17	46	Oklahoma City, Okla.	5.07
21	Philadelphia, Pa.	9.13	47	Stockton-Lodi, Calif.	5.03
22	Columbus, Ohio	9.12	48	Richmond-Petersburg, Va.	4.85
23	Kansas City, Mo./Kan.	8.95	49	Louisville, Ky.	4.78
24	Nashville, Tenn.	8.78	50	Grand Rapids-Muskegon, Mich.	4.76
25	Seattle-Bellevue-Everett, Wash.	8.62			

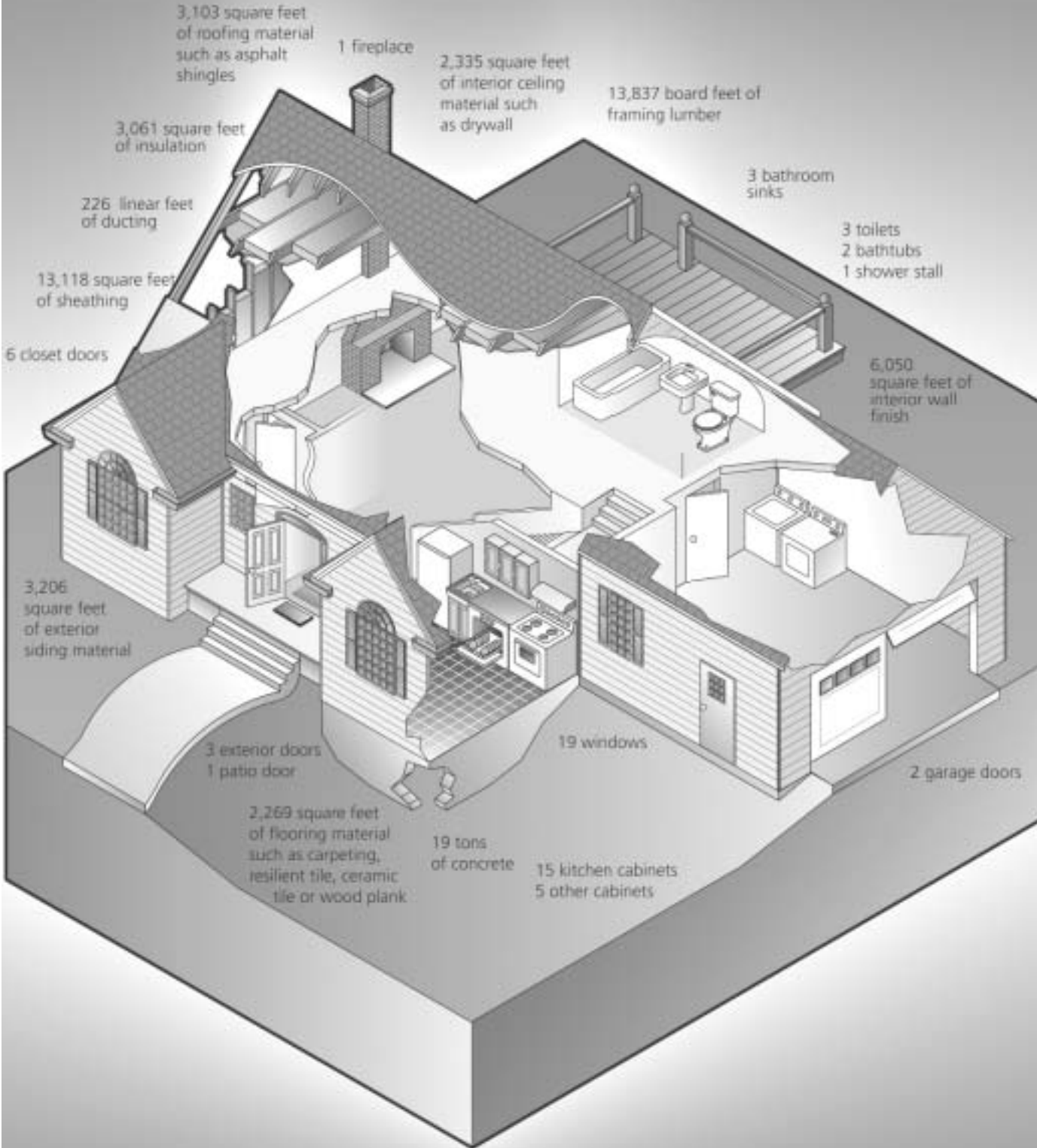
Source: Bureau of the Census.

Materials Used in New Single-Family and Multifamily Homes

ITEM	SINGLE FAMILY	MULTIFAMILY
Finished Area (square feet)	2,272	1,268
Kitchen Appliances		
Ranges, cook tops and ovens	95%	100%
Microwave	72	57
Refrigerator	40	83
Dishwasher	93	91
Clothes dryer and washer	19	60
Garbage disposer	77	74
Trash compactor	5	7
Hot water dispenser	5	7
Central vacuum	10	2
Kitchen Counter Tops		
Average Linear Feet per Home	23	17
Laminate	56%	70%
Solid surface	17	20
Granite	15	8
Ceramic tile	9	2
Other	3	—
Kitchen Sinks		
Stainless steel	57%	72%
Enameled cast iron	24	15
Enameled steel	10	8
Other	9	5
Cabinets (average number)		
Kitchen cabinets	15	11
Vanity cabinets	3	2
Other rooms	2	0
Roofing		
Roofing Material (square feet)	3,103	—
Roofing Material (percent)		
Asphalt shingle	80.0%	—
Cedar shake	1.6	—
Clay roof tiles	2.6	—
Concrete roof tiles	14.0	—
Other`	1.9	—
Floor Coverings		
Floor Covering Materials		
Carpet	63%	60%
Hardwood	11	8
Vinyl	13	16
Ceramic Tiles	12	16
Other	1	<1

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Materials Used to Build a 2,272-Square-Foot Home



Source: NAHB Research Center, 2001 Builder Practices Survey

Security and Home Automation Systems

Intercom/entrance phone	5.8%	12.6%
Video entrance phone	1.0	3.1
Whole home control or automation system	1.9	1.4
Security system—sounds alarm in house	17.3	14.2
Security system—alerts protection service	23.3	25.5
Lighting control system	2.1	4.5
Programmable thermostat	40.1	33.1
Communicating thermostat	0.6	0.1
Whole-house audio system	7.2	3.1
Whole-house video system	4.6	3.3
Built-in home theater	4.6	1.3
Electrical load-monitoring system	0.6	1.8
Multi-line phone system	38.4	41.8
Structured wiring	31.0	45.0

Doors**Patio Door Materials**

Aluminum	19%	23%
Vinyl	25	30
Steel	19	1
Wood	32	17
Aluminum clad wood	5	27
Other	2	1

Exterior Door Materials

Steel	66%	64%
Fiber glass	16	8
Wood	18	28

Windows

Average number of windows	19	8
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Window Materials

Vinyl	44%	59%
Aluminum	26	23
Wood-aluminum or vinyl clad	23	16
Wood-No clad	5	1
Other	1	1

Exterior Siding

Exterior Siding (square feet)	3,206	977
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Exterior Siding Materials

Vinyl	28%	33%
Brick	19	20
Cement stucco	19	13
Synthetic stucco	2	1
Hardwood	4	5
Fiber cement	13	5
Lumber	4	3
Cedar shingles	2	2
Manufactured stone	2	4
Plywood panels	1	1
Natural stone	2	<1
Oriented strand board	2	<1
Other	2	2

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Sheathing

Floor, wall and room sheathing (square feet on 3/8 basis)	13,118	4,940
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Sheathing Materials

Plywood	3,276	1,676
Oriented strand board	8,619	2,951
Solid board	132	313
Foam	1,091	—

Heating, Ventilation and Air Conditioning

Cooling equipment	88%	89%
Heating equipment	98	98

Outdoor Features**Deck Materials**

Treated wood	56%	66%
Cedar	12	14
Wood/plastic components	10	6
Redwood	9	4
Other	13	10

Driveways (linear feet)

Poured concrete	60%	—
Asphalt	19	—
Gravel	9	—

Garage Doors**Garage Door Materials**

Steel	88%	77%
Wood	7	10
Fiberglass/plastic	2	6
No answer	3	7

Cement/Concrete Usage

Tons of Cement	19.00	8.87
Basement and crawl space; foundation wall	3.04	0.88
Basement floor	1.65	0.59
Foundation footings	1.85	0.61
Above grade walls	1.16	0.50
Slabs and floors	3.48	1.91
Concrete products	2.53	0.86
Fireplaces, hearths and chimneys	0.12	0.04
Landscaping and paving	5.17	3.49

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SECTION 1 What's Being Built and Sold

Walls		
Exterior Wall Framing Material (linear feet)	301	141
Wood	88%	85%
Masonry	11	14
Steel	1	1
Interior Wall Finish (square feet)	6,050	4,047
Gypsum drywall	98.4%	99.2%
Cement bound	0.6	0.4
Lumber/boards	0.5	0.2
Other	0.5	0.3
Interior Ceiling Finish (square feet)	2,335	1,286
Gypsum drywall	98.0%	97.0%
Cement bound	0.5	0.7
Lumber/boards	0.8	0.2
Other	0.8	1.1
Beams		
Beams (linear feet)	113	75
Built-up dimensional lumber	43%	24%
LVL	22	22
Steel	7	7
Solid wood	9	11
Glulam	8	8
Parallam	4	6
Open web joist	2	9
I-joist	2	9
Other	2	4

Source: NAHB Research Center, 2001 Builder Practices Survey—Analyzed by NAHB's Economics Group.

New Home Characteristics

ITEM	1950	1970	1990	2002	2003 ^p
Finished Area (sq. ft.)					
Average	983	1,500	2,080	2,230	—
Median		1,385	1,905	2,113	2,123
Less than 1,200 sq. ft.	62%	36%	11%	5%	5%
1,200-1,599 sq. ft.	19%	28%	22%	19%	17%
1,600-1,999 sq. ft.	17%*	26%**	22%	21%	22%
2,000-2,399 sq. ft.	—	—	17%	18%	19%
Over 2,400 sq. ft.	—	10%	29%	37%	37%
Number of Stories					
1 story	86%	74%	46%	47%	47%
2 stories or more	14%	17%	49%	52%	52%
Split level	—	10%	4%	1%	1%
Bedrooms					
2 bedrooms or less	66%	13%	15%	11%	11%
3 bedrooms	33%	63%	57%	52%	52%
4 bedrooms or more	1%	24%	29%	36%	37%
Bathrooms					
1½ bathrooms or less	96%	52%	13%	6%	5%
2 bathrooms	3%	32%	42%	39%	39%
2½ bathrooms or more	1%	16%	45%	55%	56%
Exterior Wall Material					
Brick	NA	39%	18%	20%	20%
Wood	NA	30%	39%	10%	7%
Stucco	NA	12%	18%	19%	21%
Vinyl/Aluminum	NA	8%	5%	40%	39%
Other	NA	11%	20%	11%	13%
Central Air Conditioning					
Yes	NA	34%	76%	87%	88%
No	NA	66%	24%	13%	12%
Fireplaces					
No fireplace	78%	65%	34%	42%	41%
1 fireplace	22%***	35%***	58%	53%	54%
2 fireplaces or more	—	—	8%	5%	5%
Parking					
No garage or carport	53%	25%	16%	10%	8%
1-car garage	41%	22%	10%	8%	8%
2-car or more garage	—	39%	72%	82%	83%
Carport	6%	15%	—	1%	1%
Price					
Median	NA	\$23,400	\$122,900	\$187,500	\$193,900
Average	\$11,000	\$26,600	\$149,800	\$228,600	—

New homes today are larger and have more amenities than ever before.

^pStatistics Preliminary: Based on January–June 2003 data

Source: U.S. Bureau of the Census, C-25.

*1,600 square feet or more

**1,600–2,399 square feet

***1 or more fireplaces

NA = Not available

What 21st Century Home Buyers Want

NAHB's consumer survey, "What 21st Century Home Buyers Want," takes a comprehensive look at what's hot and what's not among prospective home buyers. Following is a summary of the survey results:

- ▶ Buyers of new homes want larger houses with lots of space. They especially prefer large kitchens adjacent to family rooms and want the two rooms to be visually open or divided with a half wall.
- ▶ They want upscale features like high ceilings and island work areas in the kitchen.
- ▶ They are also very interested in exterior features such as a front porch, deck or patio in the rear, and exterior lighting.
- ▶ Laundry rooms and dining rooms are widely considered to be essential in new homes.
- ▶ Some of the features that average home buyers want today used to be considered optional and were standard only in upscale luxury homes. Today, the difference between average homes and upscale/luxury homes is that upscale homes are larger, with top-of-the-line equipment and materials.
- ▶ The study found that some features of new homes have improved to the point where consumers are generally satisfied. For example, while consumers want large kitchens, most are reluctant to see the kitchen expand further at the expense of other spaces. The number of bathrooms that is typical of homes being built today is sufficient for most home buyers.
- ▶ Continuing a trend identified in previous NAHB studies, many home buyers do not think it is necessary to have a separate living room.
- ▶ The median size of respondents' current homes was 1,770 square feet; they preferred 2,071 square feet for a new home.
- ▶ The homes that shoppers want are not significantly larger than most of the new homes currently being sold.

- ▶ When it comes to ceilings, two out of three respondents prefer nine-foot or higher ceilings on the first floor. Almost 40% prefer nine-foot or higher ceilings on the second floor.
- ▶ Nearly 40% of the respondents said they would like a minimum of four bedrooms; 49% would accept three bedrooms. More than a third of new, single-family homes completed in 2002 had four or more bedrooms, according to the U.S. Commerce Department.
- ▶ One-fourth of respondents said that they wanted at least a three-car garage, even considering the extra cost. The majority of respondents (54%) would settle for a two-car garage.
- ▶ Of 18 different kitchen features, a walk-in pantry topped the list, with 78% of respondents rating it as desirable or essential. After a walk-in pantry, respondents most favored island work areas (71%) and light wood cabinets (59%).
- ▶ A linen closet topped the list of desired bathroom features, with 88% of the respondents categorizing it as essential or desirable. Other desirable features included an exhaust fan (86%) separate shower enclosure (69%), water temperature control (67%), a whirlpool tub (58%) ceramic tile walls (55%) and a dressing room/make-up area (52%).
- ▶ Regarding extra rooms for convenience and luxury, 92% of respondents wanted a laundry room, 79% wanted a dining room, 58% wanted a home office, 54% wanted a den/library, and 46% wanted a sunroom. Media rooms (28%) and exercise rooms (29%) were not as popular.
- ▶ The people surveyed were frequently concerned about storage space, with only about one-third rating general storage space as adequate.
- ▶ Respondents were divided over whether they would prefer a larger home with fewer amenities or a smaller home with high quality

products and amenities. Fifty-one percent opted for a larger home, and 49% for a smaller house with high quality products and amenities.

▶ Most respondents strongly preferred one master bedroom suite and three standard bedrooms over two master suites with only one other bedroom.

▶ Respondents were divided over the question of whether the master bedroom should be on the first floor or second floor. Fifty-two percent opted for a master bedroom on the first floor and 48% opted for a second floor location.

▶ Home shoppers were divided over the preferred location for their clothes washer and dryer, with 26% preferring a location near the bedrooms, 26% near the kitchen, 23% in the basement and 10% in the garage.

▶ While respondents said they were willing to pay for their favorite amenities, they were willing to pay a median of only \$5,000 up-front in the purchase price of their next home to save \$1,000 every year in utility costs.

▶ Moreover, few of the respondents were willing to pay extra for a home built in a more environmentally friendly way.

▶ Among 22 community amenities, park areas and walking/jogging trails were the top rated amenities with 62% and 58% of the respondents, respectively, saying that these features would have an influence on their purchase.

Source: NAHB, *What 21st Century Home Buyers Want*.

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SECTION 2

Multifamily Housing

Every Community Needs Good Multifamily Housing

With one in four American households living in multifamily homes, this segment of the marketplace obviously serves an important role in consumers' housing choices. A wide variety of people choose to live in multifamily homes.

Convenient location, freedom from responsibility for maintenance and repair, and affordability are among the many reasons that people choose multifamily housing. Individuals who are young, move frequently and desire to live in urban settings are especially attracted to this market. In education and work status, the nation's approximately 26 million multifamily residents are similar to all U.S. households, but they have fewer children to send to public schools and make smaller demands on the roads and water systems.

Unfortunately, home builders who produce multifamily housing often face negative public perceptions about multifamily housing that are not always based in fact. Voters, elected officials and community leaders sometimes react negatively to planned multifamily developments without benefit of direct knowledge.

For this reason, NAHB has documented some concrete, measurable benefits of multifamily

homes to demonstrate why multifamily homes should be considered as part of every community's future housing needs.

Economic Impact

Multifamily construction generates large economic impacts nationally, including the construction and related jobs needed to develop the site and build the buildings; the jobs that produce the products that are used to build the buildings and are installed in the new homes; and the jobs that design, finance, and sell the buildings.

Nationally, the 2002 production of multifamily homes (347,000 units in buildings with two or more units) generated 357,000 jobs (in worker-years of employment), \$13.3 billion in wages and \$7.1 billion in federal, state, and local taxes, according to NAHB estimates.

Multifamily construction also generates local economic impacts within the market area where it is built. The impacts include development and construction jobs and sales of materials and goods used in construction. The local impacts also include the ripple effects of construction wages and profits being spent locally on other goods and services. Finally, the local economic

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With an average of 1,165 square feet and numerous amenities, today's multifamily housing is larger and more luxurious than ever before. More than half of all new multifamily units (56%) have two or more bathrooms, and 69% have two or more bedrooms.



impacts also include the stimulus from the new residents spending their money on locally produced and sold goods and services and the ripple that results from some of that money being spent in the local community again and again.

Housing economists have quantified the local economic benefits of new multifamily rental homes. A typical 100-unit project in an average city generates 559 jobs over 10 years (in worker-years of employment), \$161.7 million in local income over 10 years and \$25.5 million in local taxes and fees over 10 years.

Impact on Home Price Appreciation

The presence of multifamily buildings does not reduce home price appreciation in the neighborhood. Between 1997 and 1999, single-family house price appreciation was, in fact, slightly higher if multifamily buildings were in the vicinity. According to the American Housing Surveys for those years, the average annual appreciation rate for single-family homes within 300 feet of a multifamily building was 2.9% compared to 2.6% where no multifamily building was within 300 feet.

Lower Demand on Local Services

Multifamily housing places fewer demands on municipal services than other types of homes. Households who live in multifamily buildings have fewer school-aged children, save infrastructure costs with their higher density of

homes, demand less water service and appear to generate no difference in crime frequency, once demographic differences are taken into account.

Education Demand

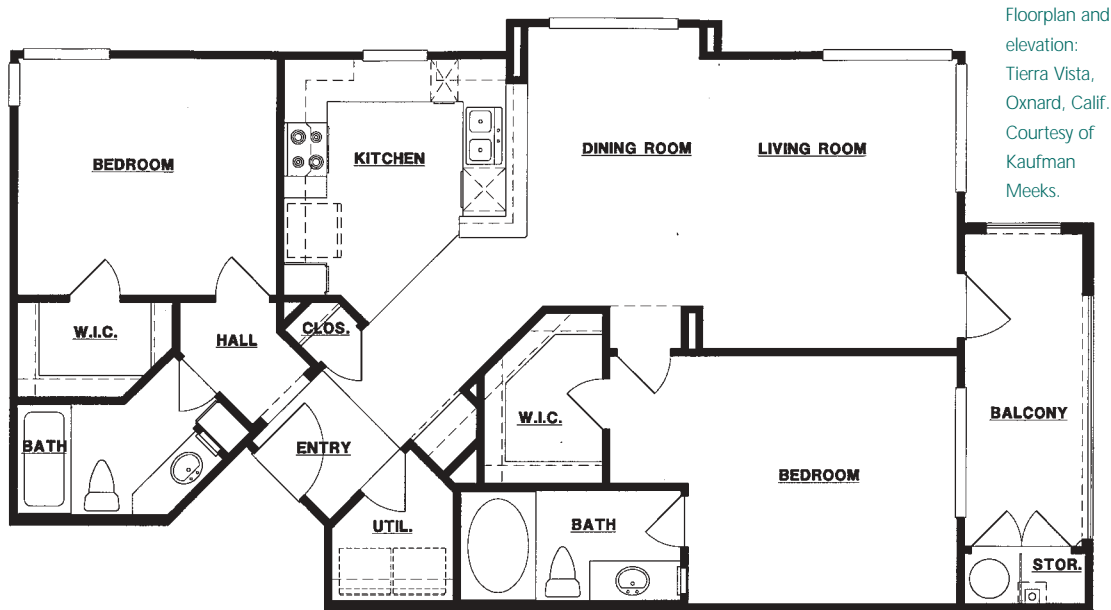
The residents of multifamily homes generate fewer students for the public school system than do single-family residents. One hundred typical homes generate an average of 54.7 school-aged children; but multifamily homes generate significantly fewer—36.7 school-aged children per 100 households. Newly constructed homes show a similarly wide gap in the demands placed on public education—all new homes generate 61.4 children per 100 homes, compared to 31.8 school-aged children per 100 new multifamily homes.

Higher Density and Lower Fiscal Costs

Because they are built at higher densities, multifamily homes reduce local governments' capital and operating costs. Although the differences vary by density, a fair representation from a 1973 British Columbia study shows that single-family homes at three per acre require \$2,361 in public services annually, while multifamily units at 30 per acre require only \$1,647 in public service expenditures per year.

Water Demand

The smaller household sizes and fewer bathrooms of multifamily residents also result in less water demand. An assessment of peak and average water demand by building type in



Westminster, Colo., found that the average daily water demand per year was 407 gallons for single-family houses, compared to only 213 gallons for multifamily homes. Average daily water demand during peak demand season was 1,290 gallons for single-family homes and 403 gallons for multifamily homes.

Traffic

Residents of multifamily homes own fewer vehicles, have fewer problems with traffic, generate fewer motor vehicle trips and use public transportation more frequently. The reduction in traffic congestion means that multifamily homes require fewer lanes of road to be built for every new home built and therefore impose lower costs on local fiscal budgets than single-family homes.

The 2001 American Housing Survey reports that tenants who had recently moved into multifamily housing chose their home, in part, because of its convenience to transportation. Eight percent of those moving into rental apartments in buildings with 5 or more units reported that they wanted to be near public

transportation while only 3% of those moving into single-family residences wanted proximity to public transportation. Moreover, 28% of those moving into rental apartments listed convenience to their jobs as the main reason for choosing their neighborhood, compared to only 13% of those moving into single-family detached homes.

Multifamily residents actually use public transportation more frequently than single-family residents and spend less time commuting. According to the 2000 Census, 19% of multifamily residents used public transportation or walked to work compared to 4% of the residents of single-family homes.

Residents of multifamily homes generate fewer motor vehicle trips, reducing the need for more roads and reducing environmental impacts. In recent years, the average number of vehicle trips generated per single-family dwelling unit was 9.57, while the number of trips per multifamily dwelling unit was 6.59 for homes in buildings with 1 to 2 stories and 4.2 for homes in buildings with three or more stories.

Taxes

The income tax law now allows home sellers to avoid capital gains taxation for virtually all appreciation (limits are \$500,000 for married couples and \$250,000 for single tax filers). The former law required re-purchase of a home of equal or greater value within two years in order to defer tax and a one-time exemption of \$125,000 in gain after age 55. The law now allows home owners to move to renting at any

age without incurring capital gains taxes and to stay in rental housing longer between moves from one owned home to another.

While these changes are primarily aimed at enhancing the value of homeownership and reducing the ultimate cost of home owning, they also increase the flexibility of all households and increase the incentives to move from owning to renting if other lifestyle or family changes occur.

Multifamily Starts by Intended Use and Design *(In Thousands)*

YEAR	ALL MULTIFAMILY		2-4 UNITS				5 OR MORE UNITS				
	FOR SALE	FOR RENT	TOTAL	FOR SALE TOTAL	FOR SALE CONDO	FOR RENT	TOTAL	FOR SALE	FOR RENT	CONVENTIONAL	TOWNHOUSE
1983	210	425	113	38	27	75	522	172	350	478	44
1984	206	459	121	43	31	78	544	163	381	504	40
1985	154	515	93	29	21	64	576	125	451	523	53
1986	143	483	84	32	22	52	542	112	431	488	53
1987	130	344	65	26	19	40	409	104	305	373	35
1988	99	307	59	24	19	35	348	76	272	318	30
1989	87	286	55	22	17	33	318	65	253	287	31
1990	56	241	38	13	9	25	260	44	216	241	20
1991	40	132	36	12	9	24	138	30	108	126	12
1992	41	128	31	11	9	20	139	31	108	125	14
1993	44	117	29	10	7	19	133	34	98	120	12
1994	53	206	35	13	9	22	224	39	184	204	19
1995	51	227	34	14	10	20	244	37	207	231	13
1996	59	257	45	15	10	31	271	45	226	256	15
1997	59	282	45	16	12	29	296	43	253	280	17
1998	59	287	43	17	13	26	303	42	261	292	11
1999	69	270	32	16	12	16	307	49	251	284	15
2000	75	263	39	17	13	19	299	55	238	279	16
2001	71	258	37	NA	NA	NA	293	NA	NA	NA	NA
2002	71	275	38	NA	NA	NA	308	NA	NA	NA	NA

Source: U.S. Census Bureau, Construction Reports, Series C-20 Housing Starts.

NA: Not available

Most multifamily construction is intended for rent, so multifamily construction is often separated into components that reflect different segments of the market. This table shows that in 2002, only 71,000 of the multifamily units started were intended for sale; 275,000 of the units started were intended to be rental units at the time construction began.

Nearly all of the units intended for sale in

buildings with five or more apartments were condominiums. Some of the multifamily units constructed have a townhouse design—where the housing units, although attached, are side-by-side with no other units above or below. Apartment buildings that are not townhouses are classified as "conventional," and the units in them often share a common basement, stairs or hallway.

Measures of Rental Demand

YEAR	RENTAL VACANCY RATES						ABSORPTION RATES		MEDIAN ASKING RENT
	U.S. TOTAL	5+ UNITS	NORTHEAST	MIDWEST	SOUTH	WEST	RENTAL APARTMENTS	CONDOS	
1983	5.7%	7.1%	4.0%	6.1%	6.9%	5.2%	69%	66%	\$386
1984	5.9	7.5	3.7	5.9	7.9	5.2	67	69	393
1985	6.5	8.8	3.5	5.9	9.1	6.2	65	65	432
1986	7.3	10.4	3.9	6.9	10.1	7.1	66	74	457
1987	7.7	11.2	4.1	6.8	10.9	7.3	63	74	517
1988	7.7	11.4	4.8	6.9	10.1	7.7	66	64	564
1989	7.4	10.2	4.7	6.5	9.1	6.9	70	66	590
1990	7.2	9.6	6.1	6.4	8.8	6.6	67	60	600
1991	7.4	10.4	6.0	6.7	8.9	6.5	74	60	614
1992	7.4	10.0	6.9	6.7	8.2	7.1	75	68	590
1993	7.3	10.2	7.1	6.6	8.0	7.5	80	76	573
1994	7.4	9.8	7.1	6.8	8.0	7.1	73	77	576
1995	7.6	9.5	7.2	7.2	8.3	7.5	72	74	655
1996	7.8	9.6	7.4	7.9	8.6	7.2	73	79	669
1997	7.7	9.1	6.7	8.0	9.1	6.6	73	80	729
1998	7.9	9.4	6.7	7.9	9.6	6.7	73	79	738
1999	8.1	8.8	6.3	8.6	10.3	6.2	72	77	790
2000	8.0	9.2	5.6	8.8	10.5	5.8	72	78	815
2001	8.4	9.2	5.6	8.8	10.5	5.8	64	73	881
2002	9.0	10.5	5.8	10.1	11.8	6.9	59	74	905

Sources: U.S. Census Bureau, Construction Reports, Series H-111, Housing Vacancies and Home Ownership, H-130, Market Absorption of Apartments.

There are several ways to gauge the strength of demand for rental apartments. One useful measure is the share of all units that are vacant at a particular time. As this table shows, on average in 2002, 9% of all housing units that were rented or being offered for rent were vacant. A measure that applies only to new construction is the share of apartments that are rented or (if they are

condominiums) sold within a certain time after they are completed. For apartments completed during 2002, 59% of the rental apartments and 74% of the condominiums were rented or sold within three months of their completion. Unit pricing, or asking rent, provides another means of gauging demand.

Profile of the Rental Market

	ALL 5+ RENTAL UNITS	REGION				METROPOLITAN STATUS			GOVT. SUBSIDY	
		NORTHEAST	MIDWEST	SOUTH	WEST	CENTRAL CITY	NON-METRO SUBURB	AREA	UNSUB- SIDIZED	SUBSIDIZED
Annual number of households moving into 5+ unit rental structures										
	3,532,000	529,000	708,000	1,287,000	1,007,000	1,807,000	1,437,000	288,000	3,252,000	195,000
Household size										
1 person	39.8%	42.5%	43.3%	38.2%	37.7%	41.3%	37.9%	39.0%	39.4%	44.4%
2 persons	32.3%	29.9%	36.8%	31.7%	31.0%	30.2%	33.8%	37.6%	33.0%	23.4%
3 persons	15.4%	14.6%	11.0%	17.2%	16.4%	15.6%	16.0%	10.8%	15.1%	16.5%
4 or more	12.6%	12.9%	8.8%	12.8%	14.8%	12.9%	12.3%	12.6%	12.5%	15.6%
Average size	2.1	2.1	1.9	2.1	2.2	2.1	2.1	2.0	2.1	2.1
Age of household head										
Under 25	28.7%	19.4%	33.0%	32.1%	26.3%	29.9%	24.5%	42.9%	28.4%	33.8%
25 to 29	20.9%	21.7%	19.6%	20.4%	22.1%	21.9%	21.0%	14.4%	21.7%	9.6%
30 to 34	13.8%	14.3%	11.5%	13.5%	15.8%	14.1%	14.9%	7.1%	14.3%	10.1%
35 to 44	16.5%	18.4%	13.7%	16.8%	17.2%	16.1%	18.0%	11.6%	16.8%	12.7%
45 to 54	9.9%	13.2%	10.9%	8.8%	9.1%	9.3%	10.6%	10.8%	9.9%	9.7%
55 to 64	4.8%	5.9%	5.2%	4.3%	4.5%	3.8%	5.5%	7.4%	4.6%	7.2%
65 or older	5.3%	7.2%	6.1%	4.2%	5.2%	4.9%	5.6%	5.8%	4.3%	17.2%
Average age	34.3	36.9	34.4	33.3	34.3	33.6	35.4	33.8	33.9	39.9
Race of household head										
White	64.4%	59.5%	72.6%	57.9%	69.5%	59.3%	67.9%	79.5%	65.3%	50.2%
Black	19.9%	22.0%	16.6%	29.5%	8.9%	23.4%	16.5%	15.1%	18.7%	37.9%
American Indian	0.8%	0.0%	1.3%	0.8%	1.0%	0.8%	0.7%	1.7%	0.8%	2.2%
Asian/Pacific Islander	6.4%	6.8%	4.8%	3.5%	11.1%	6.5%	7.3%	1.4%	6.8%	2.8%
Other	8.4%	11.8%	4.6%	8.4%	9.4%	10.0%	7.6%	2.3%	8.5%	6.9%
Hispanic	16.0%	16.6%	6.5%	17.7%	20.0%	19.0%	14.0%	6.5%	16.4%	9.9%
Household type										
Married couple	23.5%	22.7%	18.1%	25.0%	25.8%	22.8%	25.8%	16.4%	24.2%	15.2%
1 person—male	21.0%	23.0%	21.3%	17.7%	23.8%	21.9%	19.3%	23.5%	21.2%	16.9%
1 person—female	18.8%	19.5%	22.1%	20.5%	13.9%	19.4%	18.7%	15.5%	18.2%	27.5%
Other	36.8%	34.8%	38.6%	36.8%	36.4%	35.8%	36.3%	46.6%	36.4%	40.4%
Number of children under age 6										
None	82.5%	84.1%	88.6%	80.4%	81.8%	82.2%	83.2%	85.3%	83.7%	71.3%
One	12.5%	11.3%	8.4%	14.6%	13.4%	13.3%	12.3%	9.5%	12.1%	18.9%
Two or more	4.6%	4.5%	3.0%	4.9%	5.4%	4.6%	4.6%	5.2%	4.2%	9.8%
Average number of children	0.23	0.21	0.15	0.26	0.25	0.23	0.22	0.23	0.21	0.42

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Profile of the Rental Market *(continued)*

	ALL 5+ UNITS	REGION				METROPOLITAN STATUS			GOVT. SUBSIDY	
		NORTHEAST	MIDWEST	SOUTH	WEST	CENTRAL CITY	SUBURB	NON-METRO AREA	UNSUB-SIDIZED	SUBSIDIZED
Number of children age 6-17										
None	82.2%	82.4%	84.2%	81.3%	81.8%	82.4%	81.2%	85.8%	82.9%	76.1%
One	11.5%	9.9%	11.2%	12.3%	11.4%	10.8%	12.8%	8.6%	11.2%	11.0%
Two or more	6.3%	7.8%	4.6%	6.4%	6.8%	6.8%	5.9%	5.6%	5.9%	12.9%
Average number of children	0.26	0.27	0.21	0.26	0.27	0.26	0.26	0.22	0.24	0.41
Education: household heads with at least										
A bachelor's degree	25.6%	31.1%	25.7%	22.4%	26.9%	25.3%	28.5%	13.8%	27.1%	9.6%
Some college	58.3%	56.5%	56.4%	59.2%	59.4%	57.2%	61.0%	51.9%	60.3%	39.6%
A high school education	82.4%	80.9%	86.0%	81.9%	81.3%	81.0%	85.1%	77.9%	83.5%	68.2%
Where new tenants came from										
Previous home owner	10.8%	8.0%	13.5%	12.4%	8.4%	9.1%	12.2%	14.7%	10.5%	12.2%
Previous renter	55.6%	52.5%	56.7%	56.2%	55.9%	55.7%	57.2%	47.5%	56.0%	48.6%
New household formed	23.0%	23.2%	20.5%	22.9%	24.7%	23.2%	22.0%	26.9%	22.7%	31.6%
Immigrant	5.0%	8.8%	3.4%	4.2%	5.2%	6.3%	4.2%	1.0%	5.3%	1.9%
Unknown	5.5%	7.3%	6.0%	4.3%	5.8%	5.7%	4.4%	9.9%	5.5%	5.7%
Household income										
Under \$20,000	35.3%	32.8%	36.7%	36.5%	34.0%	37.7%	29.0%	51.4%	32.8%	61.1%
\$20,000 to \$39,999	33.3%	30.8%	35.4%	32.6%	33.9%	33.6%	33.1%	31.9%	34.0%	30.7%
\$40,000 to \$59,999	16.3%	13.8%	17.8%	17.0%	15.6%	14.6%	19.5%	10.7%	17.1%	5.5%
\$60,000 to \$79,999	7.9%	10.5%	6.6%	7.7%	7.7%	7.6%	9.3%	3.0%	8.3%	1.3%
\$80,000 to \$99,999	3.0%	4.4%	1.5%	2.7%	3.7%	2.5%	3.8%	1.9%	3.2%	0.6%
\$100,000 to \$149,999	2.3%	4.2%	0.9%	1.7%	3.0%	2.2%	2.6%	0.8%	2.4%	0.8%
\$150,000 or higher	2.0%	3.5%	1.1%	1.8%	2.2%	1.8%	2.6%	0.3%	2.2%	0.0%
Average household income	\$37,001	\$45,087	\$32,072	\$34,839	\$38,984	\$34,971	\$42,045	\$24,589	\$38,463	\$17,961
Share of households with at least \$25,000 in savings	10.4%	8.8%	9.4%	7.7%	14.7%	10.0%	10.0%	13.5%	11.1%	3.5%

Source: 2001 American Housing Survey, U.S. Census Bureau and HUD. Table based on households that moved into rental apartments in privately owned buildings with at least five housing units in the two-year period prior to the survey.

The Census Bureau's American Housing Survey provides information on those who rent housing. The table shows characteristics of households that moved into 5-unit or larger multifamily rental buildings during 1999-2001. Of an average 3.5 million tenants moving into such apartments annually, nearly 40% were one-person households, almost two-thirds were headed by a white person, and 82% had no school-age children (age 6-17).

The average age of the household head was 34.3 years, and the average household income was \$37,000. Households moving into units receiving a government subsidy tended to be somewhat older and to have considerably lower incomes. Most of the new tenants were households moving from one rental unit to another, although a substantial number were the result of new household formations.

Characteristics of New Multifamily Units

ITEM	1971	1980	1990	2000	2002
Square Feet					
Less than 800 sq. ft.	35%	34%	25%	12%	12%
800–999 sq. ft.	32%	28%	32%	24%	25%
1,000 sq. ft. or more	33%	38%	44%	60%	63%
Average sq. ft.	1,011	979	1,005	1,039	1,165
Median sq. ft.	887	915	955	1,060	1,069
Bedrooms					
Efficiency	—	—	—	3%	2%
1 bedroom	37%	36%	33%	30%	29%
2 bedrooms	50%	54%	55%	50%	49%
3 bedrooms or more	13%	10%	12%	18%	20%
Bathrooms					
1 bathroom	NA	58%	48%	40%	39%
1½ bathrooms	NA	12%	8%	6%	5%
2 bathrooms or more	NA	30%	44%	55%	56%
Central Air Conditioning					
Yes	NA	84%	83%	90%	92%

About 25%
of American
households live
in multifamily
homes.

Source: U.S. Bureau of the Census, C-25.

NA—Not Available

Top 50 Metro Markets for Multifamily Permits in First 9 Months of 2003 *(In Thousands)*

RANK	CITY	MULTIFAMILY UNITS	RANK	CITY	MULTIFAMILY UNITS
1	New York, N.Y.	15.03	26	Detroit, Mich.	2.85
2	Houston, Texas	12.22	27	Sacramento, Calif.	2.54
3	Chicago, Ill.	9.25	28	Orange County, Calif.	2.54
4	Atlanta, Ga.	8.78	29	Indianapolis, Ind.	2.43
5	Las Vegas, Nev.	7.45	30	Newark, N.J.	2.43
6	Los Angeles-Long Beach, Calif.	7.39	31	Raleigh-Durham-Chapel Hill, N.C.	2.43
7	Tampa-St. Petersburg, Fla.	7.13	32	Charlotte-Gastonia-Rock Hill, N.C.	2.30
8	Dallas, Texas	6.88	33	Denver, Colo.	2.30
9	San Diego, Calif.	6.67	34	Ft. Worth-Arlington, Texas	2.26
10	Washington, D.C.	6.03	35	Kansas City, Mo./Kan.	2.15
11	Miami, Fla.	5.67	36	Naples, Fla.	2.02
12	Minneapolis-St. Paul, Minn.	4.80	37	Milwaukee-Waukesha, Wisc.	1.92
13	Riverside-San Bernardino, Calif.	4.69	38	Jacksonville, Fla.	1.81
14	Seattle-Bellevue-Everett, Wash.	4.36	39	Baltimore, Md.	1.69
15	W. Palm Beach-Boca Raton, Fla.	4.29	40	Austin-San Marcos, Texas	1.67
16	Ft. Myers-Cape Coral, Fla.	4.14	41	Madison, Wisc.	1.66
17	Phoenix-Mesa, Ariz.	3.99	42	Salt Lake City-Ogden, Utah	1.63
18	Portland-Vancouver, Ore./Wash.	3.96	43	St. Louis, Mo.	1.59
19	Columbus, Ohio	3.57	44	Daytona Beach, Fla.	1.52
20	Ft. Lauderdale, Fla.	3.57	45	Cincinnati, Ohio	1.43
21	Orlando, Fla.	3.40	46	San Francisco, Calif.	1.42
22	San Jose, Calif.	3.26	47	San Antonio, Texas	1.40
23	Oakland, Calif.	3.25	48	Anchorage, Alaska	1.23
24	Philadelphia, Pa.	3.10	49	McAllen-Edinburg-Mission, Texas	1.17
25	Boston, Mass.	2.89	50	Norfolk-Va. Beach-Newport, Va.	1.17

Source: Bureau of the Census.

SECTION 3

How Housing Affects the Economy

Housing's Impact on GDP

Housing is a powerful force in the economy. Single-family and multifamily construction plus remodeling account for about 15 percent of the nation's total economic activity. During economic recoveries, housing's impact on the economy is even greater, accounting for up to one-third of the change in the gross domestic product (GDP).

Taxes, Wages, Jobs Created by Housing

Housing is a vital sector of local, state and national economies, creating jobs and generating taxes and wages that positively influence the quality of life.

The construction of 1,000 single-family homes generates:

- 2,448 jobs in construction and construction-related industries
- approximately \$79.4 million in wages, and more than \$42.5 million in federal, state and local tax revenues and fees

The construction of 1,000 multifamily homes generates:

- 1,030 jobs in construction and related industries
- approximately \$33.5 million in wages, and more than \$17.8 million in federal, state and local tax revenues and fees

Spending on a Newly Purchased Home

Housing's economic impact doesn't end when the home is sold and the new owners move in. In fact, housing continues to be an economic force long after the sale is closed.

In the first 12 months after purchasing a newly built home, owners spend an average of \$8,905 to furnish, decorate and improve their homes. Buyers of existing homes spend \$3,766 more than non-moving home owners during the 12 months after purchasing the home, and renters spend significant amounts on furnishing their new homes.

New home buyers are more likely to spend their money on improvements such as landscaping, decks, patios, fences and driveways. Buyers of existing homes are more likely to spend money on remodeling rooms, plumbing repairs, and heating or air conditioning.

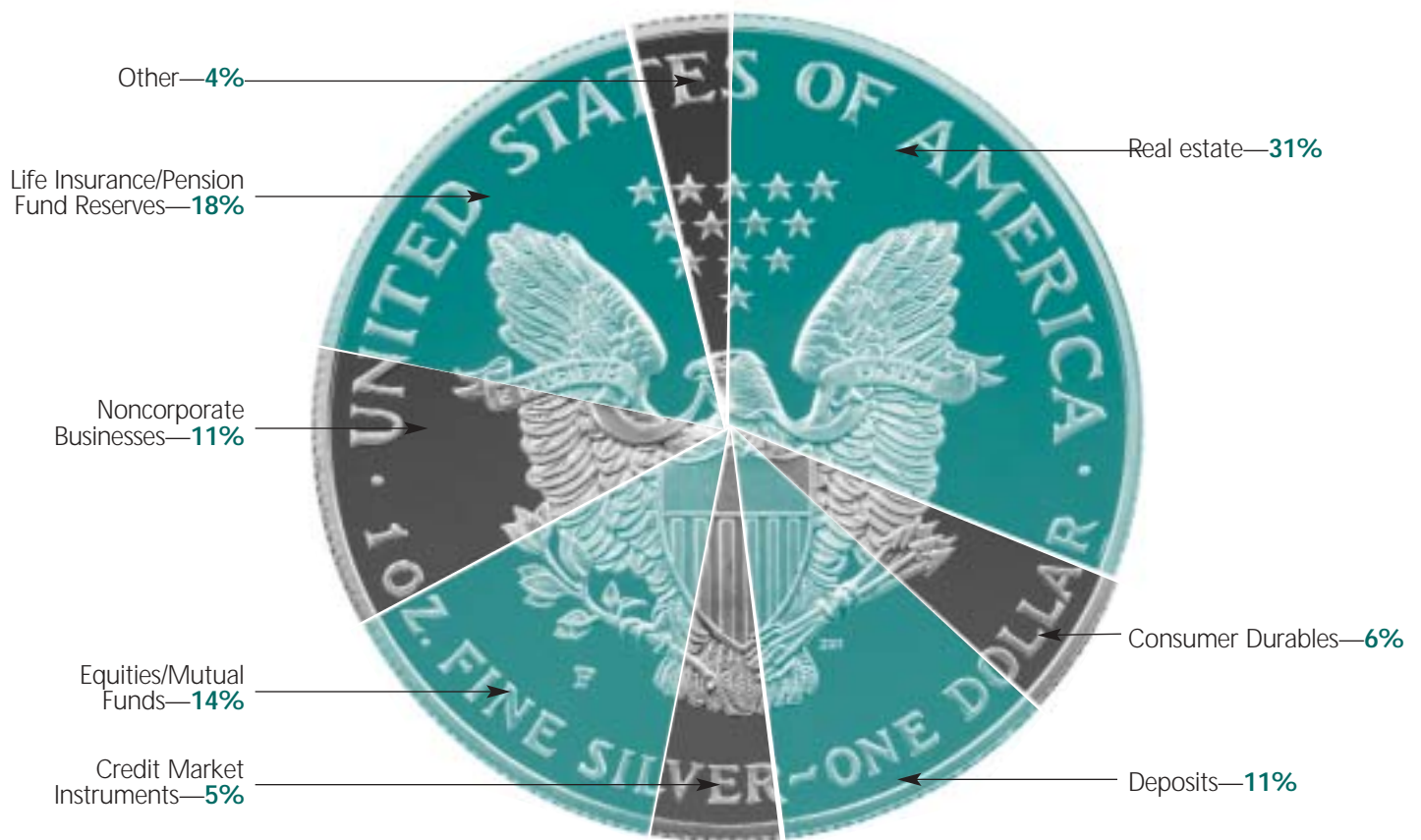
Although it is highly decentralized and made up primarily of small businesses, the collective might of the housing industry is huge—accounting for about 15 cents of every dollar spent in America during a typical year.

Spending by New Home Buyers in First Year After Purchase

CATEGORY	DOLLAR AMOUNT
Property alterations	\$3,194
Furnishings	3,632
Appliances	2,079
Total	\$8,905

Source: NAHB

Household Wealth, Third Quarter of 2003 Billions of Dollars



Housing accounts for the largest portion, 31%, of total household wealth in the United States. The total value of the U.S. housing stock is more than \$15 trillion, and home owners have a total of about \$8.0 trillion in home equity.

Source: Federal Reserve Flow of Funds report

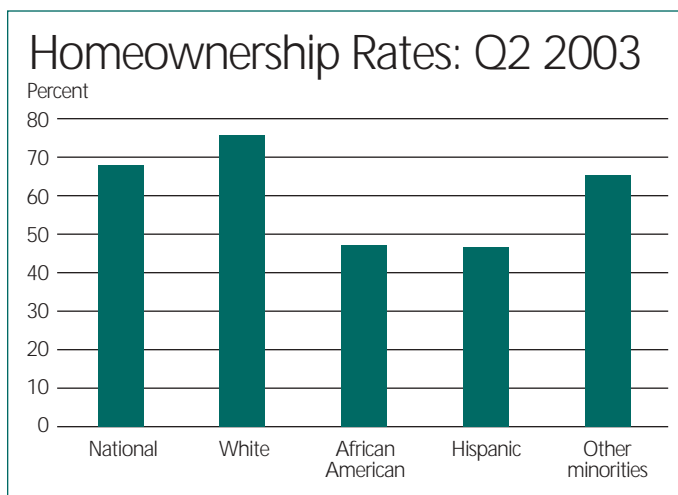
SECTION 4

Housing Affordability

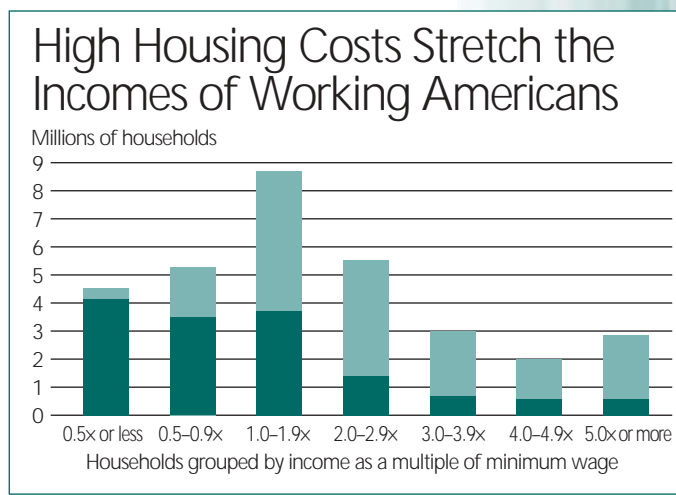
Although the nationwide homeownership rate has climbed to about 68.0 percent and the vast majority of American families have benefited from expanding housing opportunities, favorable interest rates and rising home values in recent years, millions of others have been left behind. Here are the facts:

- ▶ One in four households, or more than 31 million American families, spend more on housing than the federal government considers affordable and appropriate (more than 30 percent of income).
- ▶ This burden falls disproportionately on minority households. More than three-quarters of all white American households own their own homes, while less than half of African American and Hispanic American families are homeowners.

- ▶ While millions of working families need affordable housing to buy or rent, “the already scarce supply of smaller, less costly housing is shrinking, with especially sharp losses among two- to four-unit apartment buildings,” according to “The State of the Nation’s Housing 2003,” a report by the Joint Center for Housing Studies of Harvard University. Moreover, “regulatory and natural constraints on land are driving up land costs in and around many of the nation’s metropolitan areas, restricting development of affordable housing,” the report noted.
- ▶ In high-growth, major metropolitan areas, thousands of people commute 100 miles or more to work because of the lack of affordable housing in the communities where they work.



Source: U.S. Census Bureau.



Legend: Moderately burdened (light blue), Severely burdened (dark blue)

Severely burdened households spend more than 50 percent of their incomes on housing; moderately burdened households spend 30-50 percent of their incomes on housing

Note: Categories are groups of households by the ratio of household income to the full-time annual equivalent minimum wage (\$10,712 in 2001).

Source: JCHS tabulations of the 2001 American Housing Survey

Mortgage interest rates are one of the most important factors affecting housing affordability. Typically, as interest rates decline, fewer people use adjustable rate mortgages.

Mortgage Interest Rates, 1980–2003

YEAR	FIXED ¹	ADJUSTABLE ²	ARM SHARE ³
1980	13.77%	NA	NA
1981	16.64	NA	NA
1982	16.09	NA	41%
1983	13.23	NA	37
1984	13.87	11.51%	61
1985	12.42	10.05	50
1986	10.18	8.42	31
1987	10.20	7.82	43
1988	10.33	7.90	58
1989	10.32	8.81	39
1990	10.13	8.36	28
1991	9.25	7.10	23
1992	8.40	5.63	20
1993	7.33	4.59	20
1994	8.36	5.34	39
1995	7.95	6.07	33
1996	7.81	5.67	27
1997	7.60	5.61	22
1998	6.95	5.58	12
1999	7.43	5.98	22
2000	8.06	7.04	25
2001	6.97	5.83	12
2002	6.54	4.62	17
2003*	5.90	3.80	NA

(1) Freddie Mac survey of major lenders of contract rates on commitments for fixed-rate, 80 percent loan-to-value mortgages. Does not incorporate points.

(2) Effective closing rate for conventional adjustable rate mortgages, as reported by Freddie Mac.

(3) Share of all home loans closed by all major lenders that are adjustable. (Federal Housing Finance Board)

NA - Not available.

*NAHB estimate

Sources: Freddie Mac and Federal Housing Finance Board.

HOUSING OPPORTUNITY INDEX:

The Most Affordable Places to Live in the U.S.

YEAR	QUARTER	CITY	YEAR	QUARTER	CITY
1992	Q1	Manchester, N.H.	1997	Q1	Kokomo, Ind.
1992	Q2	Jackson, Mich.	1997	Q2	Kokomo, Ind.
1992	Q3	Champaign-Urbana, Ill.	1997	Q3	Kokomo, Ind.
1992	Q4	Saginaw-Bay City-Midland, Mich.	1997	Q4	Kokomo, Ind.
1993	Q1	Lima, Ohio	1998	Q1	Kokomo, Ind.
1993	Q2	Champaign-Urbana, Ill.	1998	Q2	Kokomo, Ind.
1993	Q3	Jackson, Mich.	1998	Q3	Kokomo, Ind.
1993	Q4	Jackson, Mich.	1998	Q4	Augusta, Ga.–Aiken, S.C.
1994	Q1	Vineland-Milville-Bridgeton, N.J.	1999	Q1	Rockford, Ill.
1994	Q2	Kokomo, Ind.	1999	Q2	Kokomo, Ind.
1994	Q3	Lima, Ohio	1999	Q3	Springfield, Ill.
1994	Q4	Lima, Ohio	1999	Q4	Kokomo, Ind.
1995	Q1	Elkhart, Ind.	2000	Q1	Muncie, Ind.
1995	Q2	Binghamton, N.Y.	2000	Q2	Rockford, Ill.
1995	Q3	Kansas City, Mo./Kan.	2000	Q3	Springfield, Ill.
1995	Q4	Lima, Ohio	2000	Q4	Des Moines, Iowa
1996	Q1	Racine, Wis.	2001	Q1	Kokomo, Ind.
1996	Q2	Rockford, Ill.	2001	Q2	Kokomo, Ind.
1996	Q3	Jamestown, N.Y.	2001	Q3	Rockford, Ill.
1996	Q4	Binghamton, N.Y.	2001	Q4	Rockford, Ill.
			2002	Q1	Elkhart-Goshen, Ind.

Source: NAHB Housing Opportunity Index (NAHB has discontinued the Housing Opportunity Index.)

Cost of Lumber in a 2,300-Square-Foot Home

The cost of lumber and wood products accounts for about one-third of the total cost of materials used to build a home.

COST PER 1,000 FT*	FRAMING LUMBER	STRUCTURAL PANEL	LUMBER COSTS PER HOUSE
\$200	\$4,048	\$1,518	\$ 5,566
250	5,060	1,898	6,958
300	6,072	2,277	8,349
350	7,084	2,657	9,741
400	8,096	3,036	11,132
450	9,108	3,416	12,524
500	10,120	3,795	13,915
550	11,132	4,175	15,307
600	12,144	4,554	16,698
650	13,156	4,934	18,090
700	14,168	5,313	19,481
750	15,180	5,693	20,873
800	16,192	6,072	22,264

*Cost per 1,000 board-feet of framing lumber or 1,000 square feet of structural panels such as plywood, marked up 10% to cover costs of taxes, financing and brokerage fees.

Source: NAHB.

The Effect of Lumber Prices on the Cost of Housing

The cost of lumber and wood products accounts for one-third of the cost of materials used to build a home, so increases in lumber costs can have a significant effect on housing affordability. At \$400 per 1,000 board feet, the lumber package for a 2,300-square-foot home costs over \$11,000; at \$600 per 1,000 board feet, the cost is more than \$16,000.

SECTION 5

Homeownership and Demographics

The nation's annual homeownership rate is expected to continue rising as increasing numbers of households achieve the American Dream.

Homeownership Rates by Age of Householder, 1982-2003

YEAR	TOTAL	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75+
1982	64.8%	19.3%	38.6%	57.1%	67.6%	73.0%	76.0%	78.8%	80.0%	80.1%	77.9%	75.2%	71.0%
1983	64.6	18.8	38.3	55.4	66.5	72.8	75.3	78.8	80.1	79.8	78.7	75.4	71.9
1984	64.5	17.9	38.6	54.8	66.1	72.3	74.6	78.4	80.1	79.9	79.3	75.5	71.5
1985	63.9	17.2	37.7	54.0	65.4	71.4	74.3	77.5	79.2	79.9	79.5	76.8	69.8
1986	63.8	17.2	36.7	53.6	64.8	70.5	74.1	78.1	80.0	79.8	79.4	77.2	70.0
1987	64.0	16.0	36.4	53.5	64.1	70.8	74.6	77.8	80.0	80.4	79.5	77.7	70.8
1988	63.8	15.8	35.9	53.2	63.6	70.7	74.4	77.1	79.3	79.8	80.0	77.7	70.8
1989	63.9	16.6	35.3	53.2	63.4	70.2	74.1	77.2	79.1	80.1	80.0	77.8	71.2
1990	63.9	15.7	35.2	51.8	63.0	69.8	73.9	76.8	78.8	79.8	80.0	78.4	72.3
1991	64.1	15.3	33.8	51.2	62.2	69.5	73.7	76.1	79.5	80.5	81.4	78.8	73.1
1992	64.1	14.9	33.6	50.5	61.4	69.1	74.2	76.2	79.3	81.2	80.8	79.0	73.3
1993	64.0	14.8	33.6	50.8	61.8	68.6	73.7	77.2	78.9	80.9	80.7	79.9	73.4
1994	64.0	14.9	34.1	50.6	61.2	68.2	73.8	76.8	73.4	80.1	80.6	80.1	73.5
1995	64.7	15.9	34.4	53.1	62.1	68.6	73.7	77.0	78.8	80.2	81.0	80.9	74.6
1996	65.4	18.0	34.7	53.0	62.1	69.9	74.4	77.2	79.4	80.7	82.4	81.4	75.3
1997	65.7	17.7	35.0	52.6	62.6	69.7	74.2	77.7	79.7	80.5	81.9	82.0	75.8
1998	66.3	18.2	36.2	53.6	63.7	70.0	73.9	77.8	79.8	82.1	81.9	82.2	76.2
1999	66.8	19.9	36.5	53.8	64.4	69.9	74.5	77.8	80.7	81.3	82.9	82.8	77.1
2000	67.4	21.7	38.1	54.6	65.0	70.6	74.7	78.5	80.4	80.3	83.0	82.6	77.7
2001	67.8	22.5	38.9	54.8	65.5	70.8	75.4	78.2	81.8	81.8	82.4	82.5	78.1
2002	67.9	23.0	39.0	55.0	65.2	71.7	74.9	77.8	80.8	81.5	82.8	82.5	78.4
2003Q3	68.4	23.3	40.2	56.6	65.6	71.7	75.3	77.8	80.4	81.8	83.0	82.3	78.9

Source: U.S. Census Bureau

National Homeownership Rates by Quarter, 1982–2003

	YEAR	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	1982	64.8%	64.9%	64.9%	64.5%
	1983	64.7	64.7	64.8	64.4
	1984	64.6	64.6	64.6	64.1
	1985	64.1	64.1	63.9	63.5
	1986	63.6	63.8	63.8	63.9
	1987	63.8	63.8	64.2	64.1
	1988	63.7	63.7	64.0	63.8
	1989	63.9	63.8	64.1	63.8
	1990	64.0	63.7	64.0	64.1
	1991	63.9	63.9	64.2	64.2
	1992	64.0	63.9	64.3	64.4
	1993	63.7	63.9	64.2	64.2
	1994	63.8	63.8	64.1	64.2
	1995	64.2	64.7	65.0	65.1
	1996	65.1	65.4	65.6	65.4
	1997	65.4	65.7	66.0	65.7
	1998	65.9	66.0	66.8	66.4
	1999	66.7	66.6	67.0	66.9
	2000	67.1	67.2	67.7	67.5
	2001	67.5	67.7	68.1	68.0
	2002	67.8	67.6	68.0	68.3
	2003	68.0	68.0	68.4	

Source: U.S. Census Bureau.

Homeownership
is the
cornerstone of
family security,
stability and
prosperity.

Profile of General Demographic Characteristics for the U.S.: 2000 and 1990

POPULATION	2000		1990		% CHANGE
		% SHARE		% SHARE	2000 VS. 1990
Sex					
Male	138,053,563	49%	121,239,418	49%	14%
Female	143,368,343	51%	127,470,455	51%	12%
Total	281,421,906	100%	248,709,873	100%	13%
Age					
Under 5 years	19,175,798	7%	18,354,443	7%	4%
5 to 19 years	61,297,467	22%	52,967,443	21%	16%
20 to 24 years	18,964,001	7%	19,020,312	8%	0%
25 to 34 years	39,891,724	14%	43,175,932	17%	-8%
35 to 44 years	45,148,527	16%	37,578,903	15%	20%
45 to 54 years	37,677,952	13%	25,223,086	10%	49%
55 to 64 years	24,274,684	9%	21,147,923	9%	15%
65 to 74 years	18,390,986	7%	18,106,558	7%	2%
75 to 84 years	12,361,180	4%	10,055,108	4%	23%
85 years and over	4,239,587	2%	3,080,165	1%	38%
Total	281,421,906	100%	248,709,873	100%	13%
Race					
White	216,930,975	75%	NA	—	—
Black or African American	36,419,434	13%	NA	—	—
American Indian and Alaska Native	4,119,301	1%	NA	—	—
Asian	11,898,828	4%	NA	—	—
Native Hawaiian and other Pacific Islander	874,414	0%	NA	—	—
Some other race	18,521,486	6%	NA	—	—
Total	288,764,438	100%	NA	—	—
Households by Type					
Family households (families)	71,787,347	68%	64,517,947	70%	11%
With own children under 18 years	34,588,368	33%	30,877,675	34%	12%
Married-couple family	54,493,232	52%	50,708,322	55%	7%
With own children under 18 years	24,835,505	24%	23,494,726	26%	6%
Female householder, no husband present	12,900,103	12%	10,666,043	12%	21%
With own children under 18 years	7,561,874	7%	6,028,409	7%	25%
Non-family households	33,692,754	32%	27,429,463	30%	23%
Householder living alone	27,230,075	26%	22,580,420	25%	21%
Householder 65 years and over	9,722,857	9%	8,824,845	10%	10%
Total Households	105,480,101	100%	91,947,410	100%	15%
Average household size	2.59		2.63		-2%
Average family size	3.14		3.16		-1%
Housing Tenure					
Owner-occupied housing units	69,815,753	66%	59,024,811	64%	18%
Renter-occupied housing units	35,664,348	34%	32,922,599	36%	8%
Occupied housing units	105,480,101	100%	91,947,410	100%	15%

Source: US Bureau of the Census. Compiled by NAHB Economics.
NA—Not available.

Top 10 States with Largest Population Increases *(Numbers in millions)*

RANK	STATE	POPULATION		INCREASE IN 2000 OVER 1990	
		APRIL 2000	APRIL 1990	NUMBER	PERCENT
1	California	33.87	29.76	4.11	14%
2	Texas	20.85	16.99	3.86	23%
3	Florida	15.98	12.94	3.04	23%
4	Georgia	8.19	6.48	1.71	26%
5	Arizona	5.13	3.66	1.47	40%
6	North Carolina	8.05	6.63	1.42	21%
7	Washington	5.89	4.87	1.02	21%
8	Colorado	4.30	3.29	1.01	31%
9	New York	18.98	17.99	0.99	6%
10	Virginia	7.08	6.19	0.89	14%
Total (Top 10 states)		128.32	108.80	19.52	18%
Total U.S.		281.42	248.71	32.71	13%
Top 3 states as % of Total U.S.		25.1%	24.0%		
Top 10 states as % of Total U.S.		45.6%	43.7%		

Source: U.S. Bureau of Census. Compiled by NAHB Economics.

Top 10 States with Largest Percentage Increases in Population *(Numbers in millions)*

RANK	STATE	POPULATION		INCREASE IN 2000 OVER 1990	
		APRIL 2000	APRIL 1990	NUMBER	PERCENT
1	Nevada	2.00	1.20	0.80	67%
2	Arizona	5.13	3.66	1.47	40%
3	Colorado	4.30	3.29	1.01	31%
4	Utah	2.23	1.72	0.51	30%
5	Idaho	1.29	1.01	0.28	28%
6	Florida	15.98	12.94	3.04	23%
7	Texas	20.85	16.99	3.86	23%
8	North Carolina	8.05	6.63	1.42	21%
9	Washington	5.89	4.87	1.02	21%
10	Georgia	8.19	6.98	1.21	17%

Source: U.S. Bureau of Census. Compiled by NAHB Economics.

Population by Race and Hispanic or Latino Origin, for the United States, Regions, Divisions, and States, and for Puerto Rico: 2000

U.S. REGION/DIVISION/ STATE	TOTAL POPULATION	WHITE	BLACK OR AFRICAN AMERICAN	AMERICAN INDIAN AND ALASKA NATIVE	ASIAN	NATIVE HAWAIIAN AND OTHER PACIFIC IS- LANDER	SOME OTHER RACE	TWO OR MORE RACES	HISPANIC OR LATINO (OF ANY RACE)	WHITE ALONE, NOT HISPANIC OF LATINO
UNITED STATES	281,421,906	211,460,626	34,658,190	2,475,956	10,242,998	398,835	15,359,073	6,826,228	35,305,818	194,552,774
NORTHEAST	53,594,378	41,533,502	6,099,881	162,558	2,119,426	20,880	2,429,670	1,228,461	5,254,087	39,327,262
New England	13,922,517	12,050,905	719,063	42,257	374,361	5,316	448,315	282,300	875,225	11,686,617
Maine	1,274,923	1,236,014	6,760	7,098	9,111	382	2,911	12,647	9,360	1,230,297
New Hampshire	1,235,786	1,186,851	9,035	2,964	15,931	371	7,420	13,214	20,489	1,175,252
Vermont	608,827	589,208	3,063	2,420	5,217	141	1,443	7,335	5,504	585,431
Massachusetts	6,349,097	5,367,286	343,454	15,015	238,124	2,489	236,724	146,005	428,729	5,198,359
Rhode Island	1,048,319	891,191	46,908	5,121	23,665	567	52,616	28,251	90,820	858,433
Connecticut	3,405,565	2,780,355	309,843	9,639	82,313	1,366	147,201	74,848	320,323	2,638,845
Middle Atlantic	39,671,861	29,482,597	5,380,818	120,301	1,745,065	15,564	1,981,355	946,161	4,378,862	27,640,645
New York	18,976,457	12,893,689	3,014,385	82,461	1,044,976	8,818	1,341,946	590,182	2,867,583	11,760,981
New Jersey	8,414,350	6,104,705	1,141,821	19,492	480,276	3,329	450,972	213,755	1,117,191	5,557,209
Pennsylvania	12,281,054	10,484,203	1,224,612	18,348	219,813	3,417	188,437	142,224	394,088	10,322,455
MIDWEST	64,392,776	53,833,651	6,499,733	399,490	1,197,554	22,492	1,417,388	1,022,468	3,124,532	52,386,131
East North Central	45,155,037	36,826,856	5,405,418	177,014	880,635	13,686	1,123,544	727,884	2,478,719	35,669,945
Ohio	11,353,140	9,645,453	1,301,307	24,486	132,633	2,749	88,627	157,885	217,123	9,538,111
Indiana	6,080,485	5,320,022	510,034	15,815	59,126	2,005	97,811	75,672	214,536	5,219,373
Illinois	12,419,293	9,125,471	1,876,875	31,006	423,603	4,610	722,712	235,016	1,530,262	8,424,140
Michigan	9,938,444	7,966,053	1,412,742	58,479	176,510	2,692	129,552	192,416	323,877	7,806,691
Wisconsin	5,363,675	4,769,857	304,460	47,228	88,763	1,630	84,842	66,895	192,921	4,681,630
West North Central	19,237,739	17,006,795	1,094,315	222,476	316,919	8,806	293,844	294,584	645,813	16,716,186
Minnesota	4,919,479	4,400,282	171,731	54,967	141,968	1,979	65,810	82,742	143,382	4,337,143
Iowa	2,926,324	2,748,640	61,853	8,989	36,635	1,009	37,420	31,778	82,473	2,710,344
Missouri	5,595,211	4,748,083	629,391	25,076	61,595	3,178	45,827	82,061	118,592	4,686,474
North Dakota	642,200	593,181	3,916	31,329	3,606	230	2,540	7,398	7,786	589,149
South Dakota	754,844	669,404	4,685	62,283	4,378	261	3,677	10,156	10,903	664,585
Nebraska	1,711,263	1,533,261	68,541	14,896	21,931	836	47,845	23,953	94,425	1,494,494
Kansas	2,688,418	2,313,944	154,198	24,936	46,806	1,313	90,725	56,496	188,252	2,233,997
SOUTH	100,236,820	72,819,399	18,981,692	725,919	1,922,407	51,217	3,889,171	1,847,015	11,586,696	65,927,794
South Atlantic	51,769,160	37,283,595	11,026,722	233,192	1,101,965	25,762	1,175,288	922,636	4,243,946	34,575,917
Delaware	783,600	584,773	150,666	2,731	16,259	283	15,855	13,033	37,277	567,973
Maryland	5,296,486	3,391,308	1,477,411	15,423	210,929	2,303	95,525	103,587	227,916	3,286,547
District of Columbia	572,059	176,101	343,312	1,713	15,189	348	21,950	13,446	44,953	159,178
Virginia	7,078,515	5,120,110	1,390,293	21,172	261,025	3,946	138,900	143,069	329,540	4,965,637

Continued on next page ►

SECTION 5 Homeownership and Demographics

Population by Race and Hispanic or Latino Origin, for the United States, Regions, Divisions, and States, and for Puerto Rico: 2000 *(continued)*

U.S. REGION/DIVISION/ STATE	TOTAL POPULATION	WHITE	BLACK OR AFRICAN AMERICAN	AMERICAN INDIAN AND ALASKA NATIVE	ASIAN	NATIVE HAWAIIAN AND OTHER PACIFIC IS- LANDER	SOME OTHER RACE	TWO OR MORE RACES	HISPANIC OR LATINO (OF ANY RACE)	WHITE ALONE, NOT HISPANIC OF LATINO
West Virginia	1,808,344	1,718,777	57,232	3,606	9,434	400	3,107	15,788	12,279	1,709,966
North Carolina	8,049,313	5,804,656	1,737,545	99,551	113,689	3,983	186,629	103,260	378,963	5,647,155
South Carolina	4,012,012	2,695,560	1,185,216	13,718	36,014	1,628	39,926	39,950	95,076	2,652,291
Georgia	8,186,453	5,327,281	2,349,542	21,737	173,170	4,246	196,289	114,188	435,227	5,128,661
Florida	15,982,378	12,465,029	2,335,505	53,541	266,256	8,625	477,107	376,315	2,682,715	10,458,509
East South Central	17,022,810	13,113,106	3,418,542	57,850	136,378	5,741	121,441	169,752	299,176	12,967,670
Kentucky	4,041,769	3,640,889	295,994	8,616	29,744	1,460	22,623	42,443	59,939	3,608,013
Tennessee	5,689,283	4,563,310	932,809	15,152	56,662	2,205	56,036	63,109	123,838	4,505,930
Alabama	4,447,100	3,162,808	1,155,930	22,430	31,346	1,409	28,998	44,179	75,830	3,125,819
Mississippi	2,844,658	1,746,099	1,033,809	11,652	18,626	667	13,784	20,021	39,569	1,727,908
West South Central	31,444,850	22,422,698	4,536,428	434,877	684,064	19,714	2,592,442	754,627	7,043,574	18,384,207
Arkansas	2,673,400	2,138,598	418,950	17,808	20,220	1,668	40,412	35,744	86,866	2,100,135
Louisiana	4,468,976	2,856,161	1,451,944	25,477	54,758	1,240	31,131	48,265	107,738	2,794,391
Oklahoma	3,450,654	2,628,434	260,968	273,230	46,767	2,372	82,898	155,985	179,304	2,556,368
Texas	20,851,820	14,799,505	2,404,566	118,362	562,319	14,434	2,438,001	514,633	6,669,666	10,933,313
WEST	63,197,932	43,274,074	3,076,884	1,187,989	5,003,611	304,246	7,622,844	2,728,284	15,340,503	36,911,587
Mountain	18,172,295	14,591,933	523,283	614,553	353,429	38,508	1,541,704	508,885	3,543,573	12,883,812
Montana	902,195	817,229	2,692	56,068	4,691	470	5,315	15,730	18,081	807,823
Idaho	1,293,953	1,177,304	5,456	17,645	11,889	1,308	54,742	25,609	101,690	1,139,291
Wyoming	493,782	454,670	3,722	11,133	2,771	302	12,301	8,883	31,669	438,799
Colorado	4,301,261	3,560,005	165,063	44,241	95,213	4,621	309,931	122,187	735,601	3,202,880
New Mexico	1,819,046	1,214,253	34,343	173,483	19,255	1,503	309,882	66,327	765,386	813,495
Arizona	5,130,632	3,873,611	158,873	255,879	92,236	6,733	596,774	146,526	1,295,617	3,274,258
Utah	2,233,169	1,992,975	17,657	29,684	37,108	15,145	93,405	47,195	201,559	1,904,265
Nevada	1,998,257	1,501,886	135,477	26,420	90,266	8,426	159,354	76,428	393,970	1,303,001
Pacific	45,025,637	28,682,141	2,553,601	573,436	4,650,182	265,738	6,081,140	2,219,399	11,796,930	24,027,775
Washington	5,894,121	4,821,823	190,267	93,301	322,335	23,953	228,923	213,519	441,509	4,652,490
Oregon	3,421,399	2,961,623	55,662	45,211	101,350	7,976	144,832	104,745	275,314	2,857,616
California	33,871,648	20,170,059	2,263,882	333,346	3,697,513	116,961	5,682,241	1,607,646	10,966,556	15,816,790
Alaska	626,932	434,534	21,787	98,043	25,116	3,309	9,997	34,146	25,852	423,788
Hawaii	1,211,537	294,102	22,003	3,535	503,868	113,539	15,147	259,343	87,699	277,091
PUERTO RICO	3,808,610	3,064,862	302,933	13,336	7,960	1,093	260,011	158,415	3,762,746	33,966

Source: U.S. Census Bureau, Census 2000 Redistricting Data (PL 94-171) Summary File for states and Census 2000 Redistricting Summary File for Puerto Rico, Tables PL1 and PL2.

SECTION 6

Building Greener, Building Better, Conserving Resources

Broadly defined as building new homes in a manner that conserves resources, green building can include numerous elements affecting virtually every aspect of construction. Most often, it involves one or more of the following:

- ▶ Land planning and design techniques that preserve the natural environment and minimize disturbance of the land.
- ▶ Site development to reduce erosion, minimize paved surfaces and runoff and protect vegetation, especially trees.
- ▶ Water conservation indoors and outdoors.
- ▶ Energy efficiency in heating/cooling systems, appliances, lighting and the building envelope.
- ▶ Selection of materials based on recyclability, durability and the amount of energy used to create the material.
- ▶ Waste reduction, reuse and recycling during construction and throughout the life of the home.

A particularly important aspect of green building is that it is not an “all or nothing” endeavor. When carefully selected and implemented, even modest measures can result in significant conservation of resources. Furthermore, green building is uniquely local. Because local climates, customs and preferences vary so much throughout the nation, green building measures that are essential in some areas may not be at all appropriate for others.

Nor does green building require sacrificing

comfort, convenience and style or using space-age technologies. Although they are inherently more resource efficient than their non-green counterparts, today’s green-built homes are visually indistinguishable from other homes.

While green building encompasses many aspects of the home building process—from planning to site design, preservation of natural features and more—some of the most dramatic and significant advances in recent years have occurred in the structure of the house itself, as shown in the illustration on the following page. From increased insulation to recycled materials, energy-efficient appliances, water conserving fixtures and more, today’s typical new home is a testament to the commitment of builders and consumers alike to conserve and make better use of precious resources.

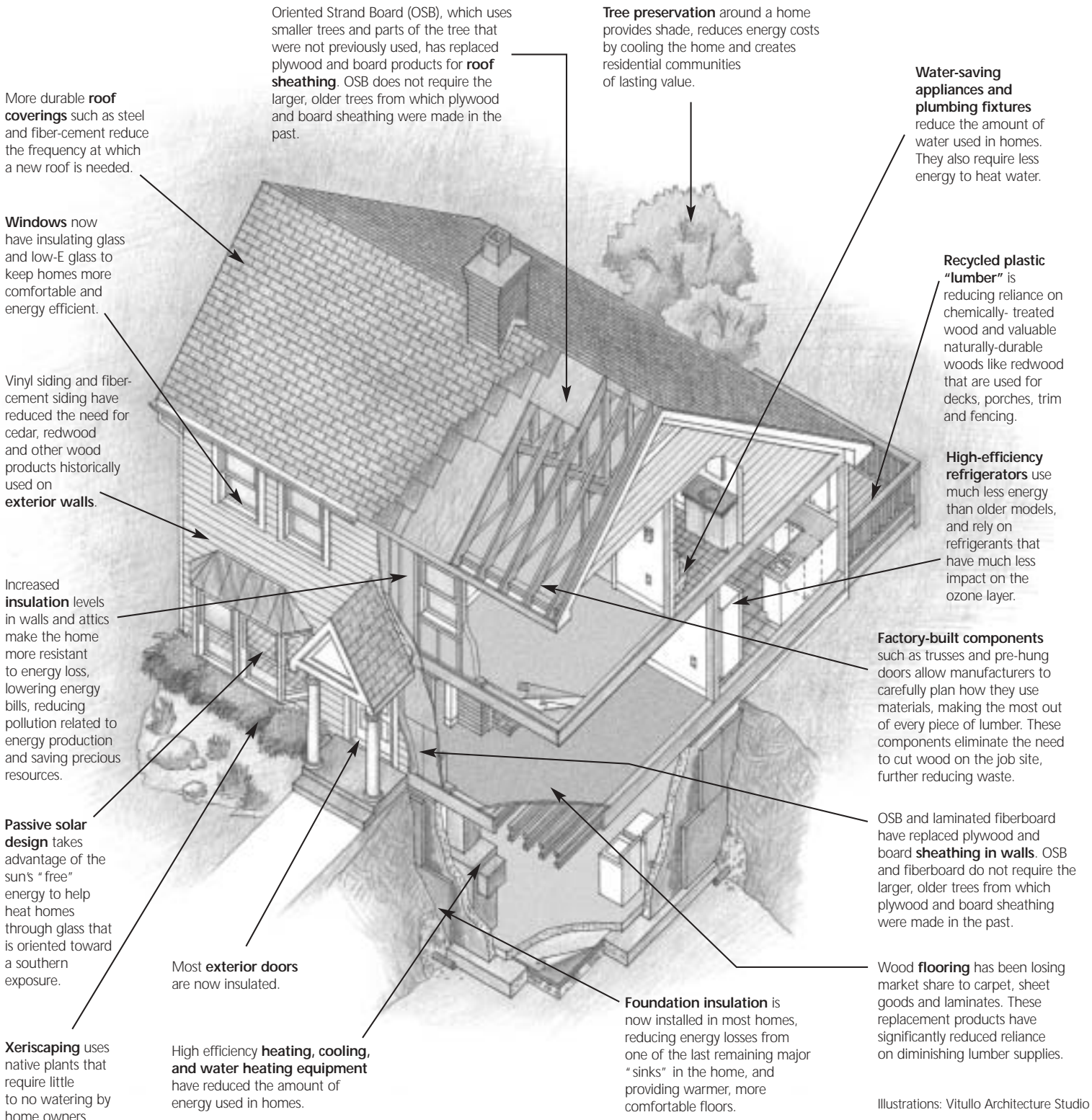
Perhaps the most significant aspect of the quiet revolution in green building is that it is largely market driven and voluntary. With the encouragement and acceptance of home buyers, members of the housing industry are voluntarily doing a great deal to conserve resources as they construct new homes to meet the needs of the nation’s rapidly growing population.

Lacking unwarranted government intervention in the form of onerous regulations, and with the ongoing support of the public that it serves, the home building industry can continue to make great strides in this crucial endeavor.

Green building—the most exciting and significant development in home building in the past three decades—is nothing less than a quiet revolution in the way that new homes and communities are planned and constructed.

Equally important, new homes today are 100% more energy efficient than homes built three decades ago.

Energy and Environmental Advances in Housing Construction



More durable **roof coverings** such as steel and fiber-cement reduce the frequency at which a new roof is needed.

Windows now have insulating glass and low-E glass to keep homes more comfortable and energy efficient.

Vinyl siding and fiber-cement siding have reduced the need for cedar, redwood and other wood products historically used on **exterior walls**.

Increased **insulation** levels in walls and attics make the home more resistant to energy loss, lowering energy bills, reducing pollution related to energy production and saving precious resources.

Passive solar design takes advantage of the sun's "free" energy to help heat homes through glass that is oriented toward a southern exposure.

Xeriscaping uses native plants that require little to no watering by home owners.

Most **exterior doors** are now insulated.

High efficiency **heating, cooling, and water heating equipment** have reduced the amount of energy used in homes.

Oriented Strand Board (OSB), which uses smaller trees and parts of the tree that were not previously used, has replaced plywood and board products for **roof sheathing**. OSB does not require the larger, older trees from which plywood and board sheathing were made in the past.

Tree preservation around a home provides shade, reduces energy costs by cooling the home and creates residential communities of lasting value.

Water-saving appliances and plumbing fixtures reduce the amount of water used in homes. They also require less energy to heat water.

Recycled plastic "lumber" is reducing reliance on chemically-treated wood and valuable naturally-durable woods like redwood that are used for decks, porches, trim and fencing.

High-efficiency refrigerators use much less energy than older models, and rely on refrigerants that have much less impact on the ozone layer.

Factory-built components such as trusses and pre-hung doors allow manufacturers to carefully plan how they use materials, making the most out of every piece of lumber. These components eliminate the need to cut wood on the job site, further reducing waste.

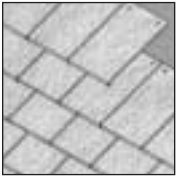
OSB and laminated fiberboard have replaced plywood and board **sheathing in walls**. OSB and fiberboard do not require the larger, older trees from which plywood and board sheathing were made in the past.

Wood flooring has been losing market share to carpet, sheet goods and laminates. These replacement products have significantly reduced reliance on diminishing lumber supplies.

Foundation insulation is now installed in most homes, reducing energy losses from one of the last remaining major "sinks" in the home, and providing warmer, more comfortable floors.

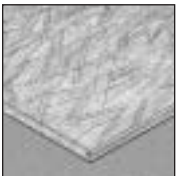
Illustrations: Vitullo Architecture Studio

Data: NAHB Research Center



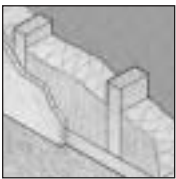
Roof sheathing and coverings

In 1978, plywood made up 89.1% of the roof sheathing market; by 1999, use of plywood in roof sheathing had dropped to 27%. Plywood has been replaced by Oriented Strand Board (OSB), which now comprises more than 70% of the market.



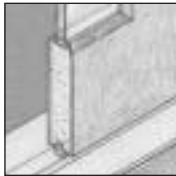
Floor sheathing

Use of plywood has declined, from 90% of the market in 1978 to 26.7% in 1999, largely due to OSB which made up 34% of the materials market as of 1999.



Insulation

Between 1978 and 1999, the typical level of insulation in walls increased from R-11 to R-13. Typical insulation levels rose from R-19 to R-30 in ceilings/attics.



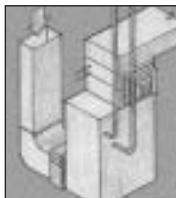
Exterior doors

Use of insulated doors increased from 44% in 1978 to 85.2% in 1999. Use of insulated steel doors increased from 38.5% in 1978 to 87% in 1999.



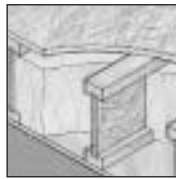
Windows

Between 1978 and 1999, use of low-E coated windows grew by almost 30%; the use of insulated glass increased from nearly 68% to 87%.



Heat pumps and furnaces

Gas and oil furnaces with greater than 80% efficiency comprised 89% of the market in 1999. Nearly one out of every three air conditioners manufactured in 1999 had a SEER (Seasonal Energy Efficiency Ratio) rating of 12 or above.



Roof and floor framing

The market share of more environmentally friendly floor trusses and I-joists went from 2% in 1978 to 29.2% in 1999, while use of dimensioned lumber for floor framing dropped by more than 20%.



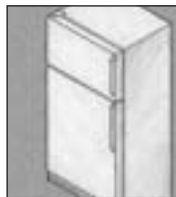
Plastic "lumber"

The use of plastic "lumber" in decks has grown steadily since 1978, helping reduce use of redwood in decks from 20.1% in 1978 to 6.3% in 1999.



Dishwashers

Typically, dishwashers manufactured in 1997 use 40% less energy than models manufactured in 1972, according to the Whirlpool Corporation.



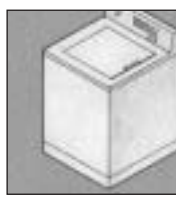
Refrigerators

In 1972, according to Whirlpool, a typical refrigerator had 18 cubic feet of capacity and used about 2000 kilowatt hours per year; by 1999, the amount of energy needed for a 20 cubic foot refrigerator had been reduced to 600-700 kilowatt hours per year.



Toilets

Toilets installed in homes in 1999 used only 1.6 gallons of water per flush, compared to 4 gallons per flush in the 1970s.



Washing machines

Use of energy by washing machines has declined by roughly 45%.

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SECTION 7

Remodeling

Expenditures for Maintenance and Repairs and Improvements

Seasonally Adjusted Annual Rate in Millions of Dollars

	TOTAL EXPENDITURES	MAINTENANCE AND REPAIRS	TOTAL IMPROVEMENTS	ADDITIONS AND ALTERATIONS	MAJOR REPLACEMENTS
1975					
First Quarter	\$ 22,600	\$ 9,100	\$13,500	\$ 9,900	\$ 3,600
Second Quarter	24,700	9,100	15,600	10,800	4,800
Third Quarter	25,800	9,600	16,100	11,600	4,500
Fourth Quarter	27,500	11,200	16,200	11,400	4,800
1980					
First Quarter	48,100	15,800	32,300	21,800	10,500
Second Quarter	44,700	15,100	29,600	20,200	9,400
Third Quarter	45,900	15,000	31,000	21,300	9,700
Fourth Quarter	47,100	15,100	32,000	22,100	9,900
1985					
First Quarter	79,200	33,900	45,400	29,700	15,600
Second Quarter	79,500	39,200	40,200	26,000	14,200
Third Quarter	76,300	33,200	43,100	28,400	14,600
Fourth Quarter	94,400	39,200	55,200	33,700	21,500
1990					
First Quarter	120,900	52,900	67,900	44,200	23,800
Second Quarter	113,600	55,700	57,900	40,100	17,900
Third Quarter	112,800	55,400	57,400	38,800	18,700
Fourth Quarter	115,800	58,500	57,300	37,900	19,400
1995					
First Quarter	131,200	49,100	82,100	55,300	26,800
Second Quarter	133,200	48,700	84,500	56,200	28,300
Third Quarter	127,900	48,800	79,100	48,300	30,900
Fourth Quarter	107,200	41,600	65,600	44,300	21,200

Expenditures for Maintenance and Repairs and Improvements *(continued)*

	TOTAL EXPENDITURES	MAINTENANCE AND REPAIRS	TOTAL IMPROVEMENTS	ADDITIONS AND ALTERATIONS	MAJOR REPLACEMENTS
2000					
First Quarter	156,300	44,900	111,400	74,300	37,100
Second Quarter	144,400	43,800	100,600	68,100	32,500
Third Quarter	156,700	42,300	114,400	83,800	30,600
Fourth Quarter	156,300	38,500	117,800	85,500	32,300
2002					
First Quarter	169,900	43,600	126,200	87,600	38,600
Second Quarter	168,800	47,200	121,500	87,700	33,800
Third Quarter	175,300	45,000	130,500	91,900	38,600
Fourth Quarter	175,700	52,800	122,900	86,400	36,500
2003					
First Quarter	179,700	53,200	126,500	90,200	36,300
Second Quarter	173,200	41,000	132,200	91,900	40,300

Source: U.S. Census Bureau.

Most Common Remodeling Jobs in 2002

TYPE OF JOB	PERCENT
Kitchen remodeling	63%
Bathroom remodeling	61%
Room additions	58%
Windows/doors replacements	44%
Whole house remodeling	38%
Bathroom addition	36%
Roofing	32%
Enclosed/added porch	31%
Handyman jobs	31%
Siding	28%
Add a deck	26%
Finished basement	24%
Plumbing	21%
Insurance repair	20%
Second story addition	19%
Finished attic	11%
Historic preservation	8%

Source: NAHB Quarterly Survey of Remodelers

Remodelers throughout the country consistently report that the three most popular remodeling jobs are kitchen remodeling, bathroom remodeling and room additions.

Expenditures by Type of Job, Owner-Occupied Properties: 1993 to 2002

(Millions of dollars. Components may not add to totals due to rounding)

	1993	1995	1997	1999	2001	2002
Total expenditures	\$79,800	\$83,911	\$93,962	\$99,281	\$109,642	\$121,507
Additions	14,909	9,784	12,057	10,773	11,638	17,778
Decks and porches	1,890	2,466	2,911	2,407	1,305	3,239
Attached garages	2,332	2,227	472	544	1,189	1,499
Rooms	10,688	5,092	8,674	7,822	9,144	13,040
Alterations	20,209	20,022	26,566	33,678	37,016	39,355
Plumbing	892	919	1,587	1,297	1,140	892
HVAC	972	1,229	1,952	2,127	1,602	1,681
Electrical	537	495	556	628	482	678
Flooring	1,823	1,970	2,573	2,999	5,209	5,052
Kitchen remodeling	2,769	2,781	5,064	4,823	2,714	6,608
Bathroom remodeling	1,593	1,532	3,281	2,498	2,425	4,492
Kitchen and bathroom remodeling	641	600	171	180	2,745	2,124
Finishing space	1,122	1,172	1,216	1,284	1,696	2,956
Interior restructuring	1,456	2,363	3,639	3,151	8,451	3,588
Siding	994	369	1,164	1,328	384	566
Windows and doors	863	320	620	756	100	223
Other alterations	6,547	6,271	4,741	12,606	10,069	10,493
Outside Additions and Alterations	7,402	8,824	9,805	11,351	13,307	15,383
Detached buildings	587	1,492	3,235	1,464	1,912	1,402
Patios and terraces	529	495	1,357	794	1,495	1,090
Driveways and walkways	885	866	1,240	1,292	1,058	2,631
Fences	1,475	1,441	1,564	2,079	1,817	2,186
Other outside additions and alterations	3,925	4,530	2,409	5,723	7,025	8,075
Major Replacements	14,749	18,086	18,206	19,229	23,063	25,339
Plumbing	1,684	2,029	1,555	1,334	1,202	1,557
HVAC	3,684	5,307	4,603	3,120	4,892	4,314
Siding	1,190	1,110	1,105	1,972	1,764	1,684
Roofing	3,060	3,732	5,450	5,375	5,221	5,974
Driveways and walkways	774	435	551	990	1,033	890
Windows	1,871	2,436	2,959	3,291	3,892	3,861
Doors	975	846	1,008	1,188	1,364	1,354
Other major replacements	1,510	2,189	975	1,958	3,695	5,705

	1993	1995	1997	1999	2001	2002
Total Maintenance and Repairs	22,531	27,194	27,328	24,250	24,618	23,653
Painting and papering	6,956	7,379	7,958	6,788	8,219	7,607
Plumbing	2,038	2,218	2,687	2,548	2,471	2,646
HVAC	1,710	1,614	1,411	1,400	1,367	1,275
Electrical	492	610	516	524	549	446
Siding	595	634	725	1,003	790	116
Roofing	2,755	2,999	2,735	2,650	1,449	1,869
Flooring	788	1,407	1,681	1,520	1,255	893
Windows and doors	357	740	875	537	332	283
Materials to have on hand	2,001	1,982	2,796	362	31	15
Other maintenance and repairs	4,838	7,610	5,943	6,918	8,156	8,502

Source: U.S. Census Bureau, Expenditures for Residential Improvements and Repairs.

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SECTION 8

Seniors Housing

The Baby Boom Generation: Setting New Records, Breaking Old Rules

- ▶ The baby boomers—the generation born between 1946 and 1964—is fueling the fastest growing segment of the American population.
- ▶ In 2001 the first wave of baby boomers—about 3.2 million of them—turned 55.
- ▶ This is significant because according to the Fair Housing Law, at 55, a buyer is eligible to live in a legally “age-restricted” community.
- ▶ The home building industry is already feeling the impact of this demographic surge and seeing a growing demand for active adult housing which meets the needs, demands and lifestyle of this unique generation.
- ▶ The nation first became aware of the baby boomers as a group with an impact in the late 1960s, and they have been making their impression on the American culture, economy and lifestyle ever since.
- ▶ They are wealthy, controlling about 70% of the nation’s wealth and 50% of all discretionary income.

U.S. Seniors Population: July 2003 *(In millions)*

AGE	NUMBER
55–59	15.4
60–64	12.0
65–70	9.7
70–74	8.5
75+	17.5
Total 55+	63.0

Source: U.S. Census Bureau quarterly population projections, middle series.

The Baby Boom Effect: Persons Turning 55 Between 2003 and 2012 *(In millions)*

YEAR	NUMBER	CUMULATIVE
2003	3.5	3.5
2004	3.5	7.0
2005	3.7	10.8
2006	3.6	14.4
2007	3.9	18.3
2008	3.9	22.3
2009	4.1	26.3
2010	4.2	30.5
2011	4.2	34.8
2012	4.4	39.2

Source: U.S. Census Bureau quarterly population projections, middle series.

Housing Occupied by Seniors in 2001

	HOUSEHOLDS AGE 55 OR OLDER			
	IN AGE-RESTRICTED COMMUNITIES	IN UNRESTRICTED* SENIORS COMMUNITIES	IN OTHER COMMUNITIES	HOUSEHOLDS UNDER AGE 55
I. Single-Family				
Median square feet of living space	1,500	1,700	1,725	1,700
Number of rooms: fewer than 4	8.2%	1.8%	2.0%	2.7%
4	20.9%	9.8%	9.1%	9.4%
5	28.3%	26.5%	23.7%	22.2%
6	28.7%	27.9%	27.8%	26.4%
7 or more	14.0%	34.1%	37.4%	39.4%
Number of bedrooms: fewer than 2	10.4%	3.0%	2.9%	3.6%
2	57.1%	23.3%	21.1%	18.1%
3	27.2%	54.4%	52.3%	51.6%
4 or more	5.3%	19.2%	23.8%	26.6%
Full bathrooms: fewer than 2	40.1%	52.8%	52.2%	46.2%
2	54.2%	39.3%	39.1%	44.6%
3 or more	5.7%	7.9%	8.7%	9.2%
With at least 1/2 bath	22.8%	34.1%	36.5%	36.1%
In gated communities	25.9%	4.3%	3.0%	4.4%
with entry systems (e.g., cards or guards)	21.1%	2.2%	1.3%	2.2%
Community recreational facilities**	76.7%	35.9%	30.1%	32.2%
Community transportation or day care services	42.4%	22.6%	19.1%	20.0%
Number of housing units (000s)	713	6,303	20,240	47,280
II. Multifamily				
Median square feet of living space	700	900	850	850
Number of rooms: fewer than 3	5.7%	5.4%	4.7%	4.7%
3	59.5%	33.7%	29.1%	25.8%
4	23.2%	30.9%	35.2%	41.8%
5 or more	11.6%	30.0%	31.0%	27.7%
Number of bedrooms: fewer than 2	72.1%	46.1%	41.1%	37.9%
2	27.0%	44.3%	45.3%	48.9%
3 or more	0.9%	9.5%	13.6%	13.2%
Full bathrooms: fewer than 2	85.5%	75.0%	82.7%	83.0%
2	14.3%	23.9%	16.9%	16.4%
3 or more	0.2%	1.1%	0.4%	0.5%
With at least 1/2 bath	5.3%	12.2%	12.9%	11.9%
In gated communities	25.0%	13.9%	12.3%	14.1%
with entry systems (e.g., cards or guards)	18.7%	9.5%	7.1%	9.3%
In a building with an entry system	57.6%	34.8%	21.6%	18.6%
Community recreational facilities**	73.4%	51.0%	35.7%	36.8%
Community transportation or day care services	53.0%	29.5%	22.4%	20.2%
Number of housing units (000s)	1,087	1,281	3,859	18,390

*Includes naturally occurring seniors communities and those designed for seniors but not restricted.

**Includes any combination of the following: walking/jogging trails, community center or clubhouse, golf course, and private or restricted access beaches.

Source: NAHB tabulations of the 2001 *American Housing Survey*, U.S. Census Bureau and the Department of Housing and Urban Development.

Mover Households by Age and Type of Housing

	TOTAL	<55	55-64	65-74	75+
Number of households moving per year (000s)	13,368	11,735	870	429	334
Into age-restricted housing communities	1.7%	0.0%	6.8%	15.6%	29.8%
Into other communities occupied mostly by seniors	2.5%	0.0%	20.1%	19.0%	22.8%
Into other (non-seniors) communities	95.8%	100.0%	73.2%	65.4%	47.5%
Moving into rental units	62.2%	64.0%	45.7%	46.3%	62.9%
Buying homes	37.8%	36.1%	54.3%	53.7%	37.1%
Share of buyers who purchase new homes	21.8%	20.7%	26.7%	28.8%	30.6%
Share of new home buyers who purchase custom homes	30.5%	29.2%	36.8%	41.2%	20.2%

Source: Tabulations of the 2001 *American Housing Survey*, U.S. Census Bureau and the Department of Housing and Urban Development.

The number of households moving per year was obtained by dividing the total movers over a two-year period in half. This slightly understates the annual number of movers, because some will have moved more than once during the period.

Seniors Share of the Housing Market

	HOUSEHOLD HEAD				SENIORS COMMUNITIES	
	55-64	65-74	75+	TOTAL 55+	AGE-RESTRICTED	UNRESTRICTED
All recent movers	6.5%	3.2%	2.5%	12.2%	1.7%	2.5%
Movers into rental units	4.8%	2.4%	2.5%	9.7%	2.0%	1.8%
Home buyers	9.3%	4.6%	2.4%	16.3%	1.2%	2.5%
Existing home buyers	8.8%	4.1%	2.2%	15.1%	0.9%	3.5%
New home buyers	11.4%	6.0%	3.4%	20.9%	2.4%	4.7%
New for-sale home buyers	10.4%	5.1%	3.9%	19.4%	3.1%	4.2%
New custom home buyers	13.8%	8.1%	2.3%	24.2%	0.7%	5.8%

Source: Tabulations of the 2001 *American Housing Survey*, U.S. Census Bureau and the Department of Housing and Urban Development.

Based on households moving into single-family and multifamily units in the two-year period prior to the survey.

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The National Association of Home Builders

The National Association of Home Builders (NAHB) is a Washington, D.C.-based trade association whose mission is to enhance the climate for housing and the building industry. NAHB's primary goal is to provide and expand opportunities for all consumers to have safe, decent and affordable housing. As "The Voice of America's Housing Industry," NAHB helps promote policies that will keep housing a national priority.

The NAHB federation is made up of more than 800 state and local associations. About one-third of NAHB's 215,000 members are home builders and/or remodelers. The remainder are involved in many aspects of the housing industry, including multifamily, sales and marketing, light commercial construction, building systems and building products and services.

Founded in 1942, NAHB has a professional staff of more than 300. Its various groups analyze policy issues, take the industry's story to the public through the media and other outlets, monitor and work toward improving the housing finance system, analyze and forecast economic and consumer trends, and educate, train and disseminate information to members. The association also represents the industry's interests on Capitol Hill and strives to ensure that housing remains a national priority when laws are made and policies are established. NAHB also works with federal agencies on regulations affecting the housing industry in areas such as mortgage finance, codes, energy and the environment.

NAHB's affiliates include the NAHB National Research Center, which develops, tests and evaluates new materials, methods, standards and equipment to improve the technology and the affordability of America's housing. Another important affiliate is the Home Builders Institute, NAHB's work force development arm, which develops and administers a wide range of educational and job training programs.





NAHB

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