

By 2040 the U.S. will add nearly 40 million households. During that time population growth is expected to slow, but continue to age, and become more diverse affecting where and how everyone is accommodated.

## U.S.. POPULATION CHANGES 2010 TO 2040

### Changing Population



**+97,300,000**  
more people

**+39,900,000**  
more households

*A large portion of the growth is expected to come from immigrants and their U.S. born children.*

### Aging Population



**1 in 3**  
are 50 or older (2010)



**1 in 5**  
are 65 or older (2030)

**72,100,000**  
older persons (2030)

*That's more than twice the number of older persons today.*

### Where will they go?



- Greenfield 35-40%
- Suburban Densification 40-45%
- Urban Infill 15-25%

source: U.S. Census Bureau; Pew Research Center; Urban Green and ULI Research



Families are no longer the largest housing segment in the U.S. Household demographics are changing (*nationally and locally*), but the current housing stock doesn't reflect that change.

TODAY'S FAMILY OF FIVE....



Traditional Families

BECOMES TOMORROW'S NEW HOUSEHOLDS  
(Future Demand)



Empty Nesters



Young Professionals



Couples w/out Children



Nontraditional Families



# U.S. housing stock still reflects the 1950s household. This results in about half of the housing market that doesn't want detached single-family homes on large lots.



**Married Couples**

**78%**  
in 1950

**48%**  
in 2010

*Younger generations are delaying marriage. Since 1960 the average age of a first-time bride increased by over 6 years, from 20 to 26.5 in 2011. Additionally more young folks are forgoing marriage all together, up from just 9 percent in 1960 to 20 percent in 2012.*



**Married Couples w/ Children**

**43%**  
in 1950

**20%**  
in 2010

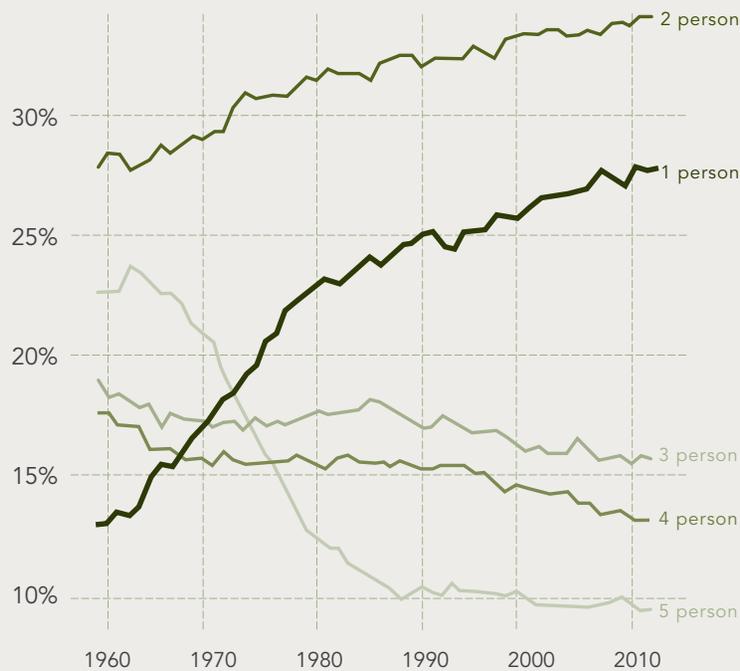
*Younger generations are waiting longer to start families. Over the last 45 years the median age of first-time mothers has increased by 5 years and American families have gotten smaller since 1960. But looking ahead, many predict more Millennial women will choose to have children than their Gen X counterparts.*

source: U.S. Census; New York Times, "Late Marriage and Its Consequences," 2013; Time "Why 25% of Millennials Will Never Get Married," 2014; NPR, "Average Age of First-Time Moms Keeps Climbing in the U.S.," 2016; Bloomberg, "Millennials Still Want Kids, Just Not Right Now," 2016



With millennials waiting longer for marriage and advances in healthcare that allow seniors to live longer, future housing demand is changing. Over the next 15 years, half of all demand will be from single-person households.

### CHANGE IN HOUSEHOLD SIZE

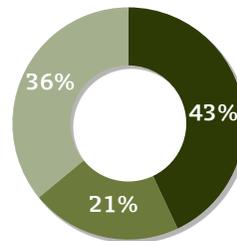


**Single-Person Households**

**44%**

growth by 2030

The proportion of Americans who live alone has grown considerably since the 1920s when only 5 percent of people lived alone. Today single-person households make up 27 percent of all households nationwide.



**Single-Person Households**

**65%**

working age

Historically, single-person households were often thought of as elderly widows. Today, about 65% of those living alone are working-age men and women. In Noblesville that number is even higher. Approximately 70 percent of single-person households are aged 15 to 64 years old.

■ 15 - 54 years ■ 55 - 64 years ■ >65 years

source: U.S. Census; The Pew Charitable Trusts, "Growing Number of People Living Solo Can Pose Challenges," 2014; Wall Street Journal "One in Four American Households Is One Person Living Alone," 2014



**Serving, housing, and employing Baby Boomers** (*those born between 1946-1964*) has dominated the economy for the last 60 years. No longer the largest generation, their needs will continue to influence the economy.

## BABY BOOMERS' INFLUENCE ON THE HOUSING MARKET



**Empty Nesters**

- Most likely to live in the suburbs
- More likely to downsize over the next 5 years and consider renting
- About 60% of all seniors will change housing types between the ages of 65 and 85
- A majority want “safe urbanism,” or walkable communities with urban amenities, culture, and education
- Desire “third places,” or places to spend time outside of home or work
- Willing and able to pay for what they want and where they want it (*even though many will delay retirement*)

source: ULI, “America in 2015”; RCLCO National Consumer Survey; American Housing Survey



As today's largest generation, Millennials (*those born between 1981-1999*) will dominate the economy for the next 20 years. The most diverse generation, much of their growth will come from immigration.



Young Professionals



First-Time Home Buyers

## MILLENNIALS' INFLUENCE ON THE HOUSING MARKET

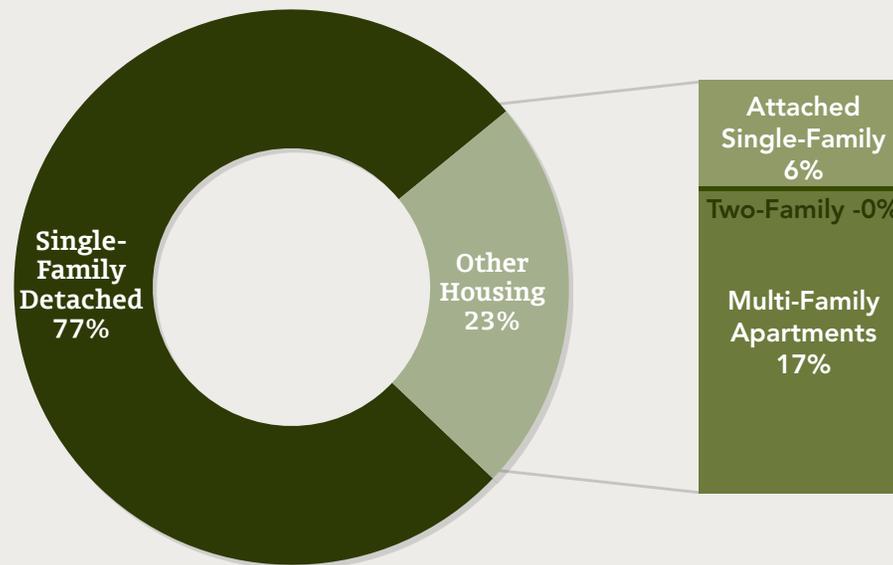
- Want diversity, walkability, and proximity to jobs (however, just 33 percent are willing to pay for it which emphasizes the importance of price)
- High preference for urban living (77 percent)
- Emphasize design over size
- Attracted to denser neighborhoods with smaller homes, with a general shift towards denser living regardless of location
- Twice as many expect to be living in an attached single-family or townhome in the future
- Want less reliance on cars with 63 percent desiring to live in "car optional" places

source: ULI, "America in 2015"; RCLCO National Consumer Survey; American Housing Survey



Today, about 90 percent of what gets built (in the US, 77 percent in Noblesville) is single-family detached. But only half of consumers prefer that, leaving a third of households wanting something else without a way to get it.

### DEMAND NOT DRIVING SUPPLY

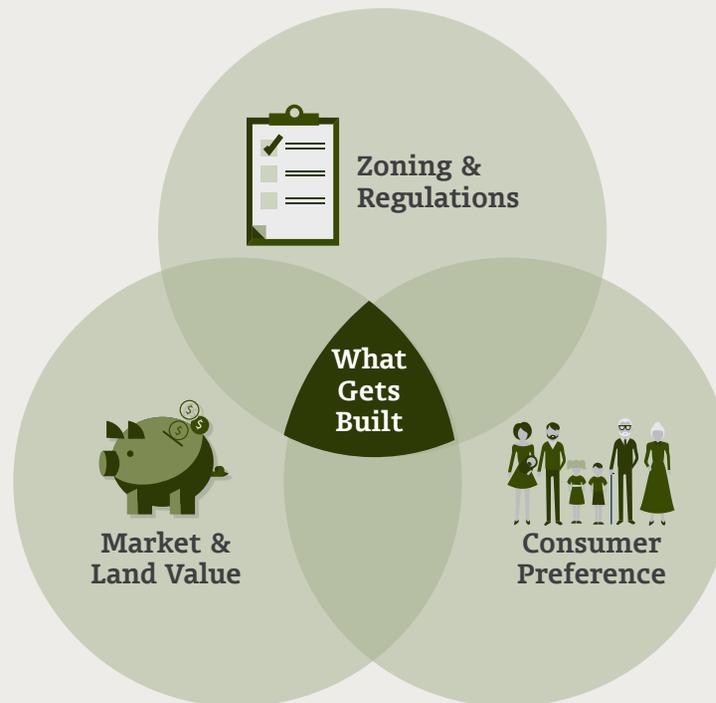


source: City of Noblesville, 2015 residential building construction



Consumer preference is not the only factor influencing what actually gets built in most communities. Zoning, local regulations, and land values guide new construction.

## NEW CONSTRUCTION NOT SOLELY DEPENDENT ON CONSUMER DEMAND

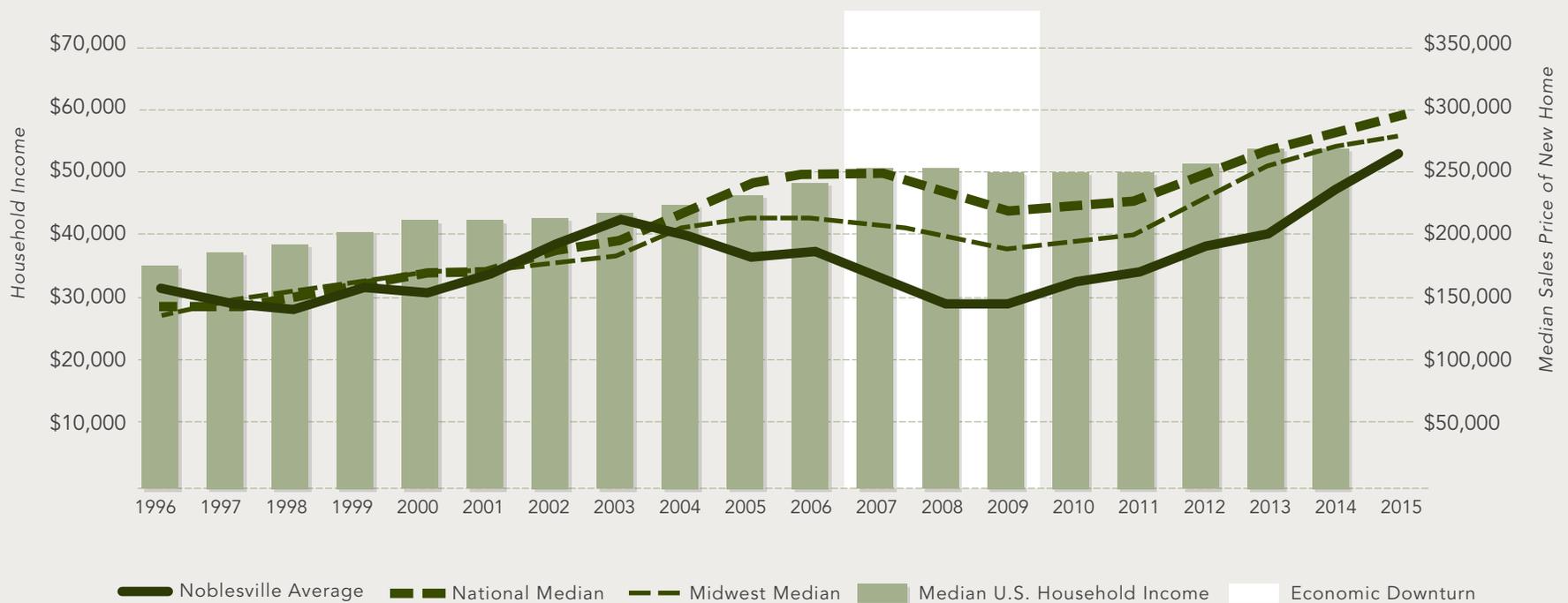


*source: adapted from RCLCO ULI Colorado Winter Symposium, 2016*



Over the last 20 years the median price of a new homes increased by over 100 percent, while median household incomes increased by just 50 percent. When adjusted for inflation, incomes actually only experienced a 1 percent increase.

### MEDIAN PRICES OF NEW HOMES ARE ALSO CLIMBING

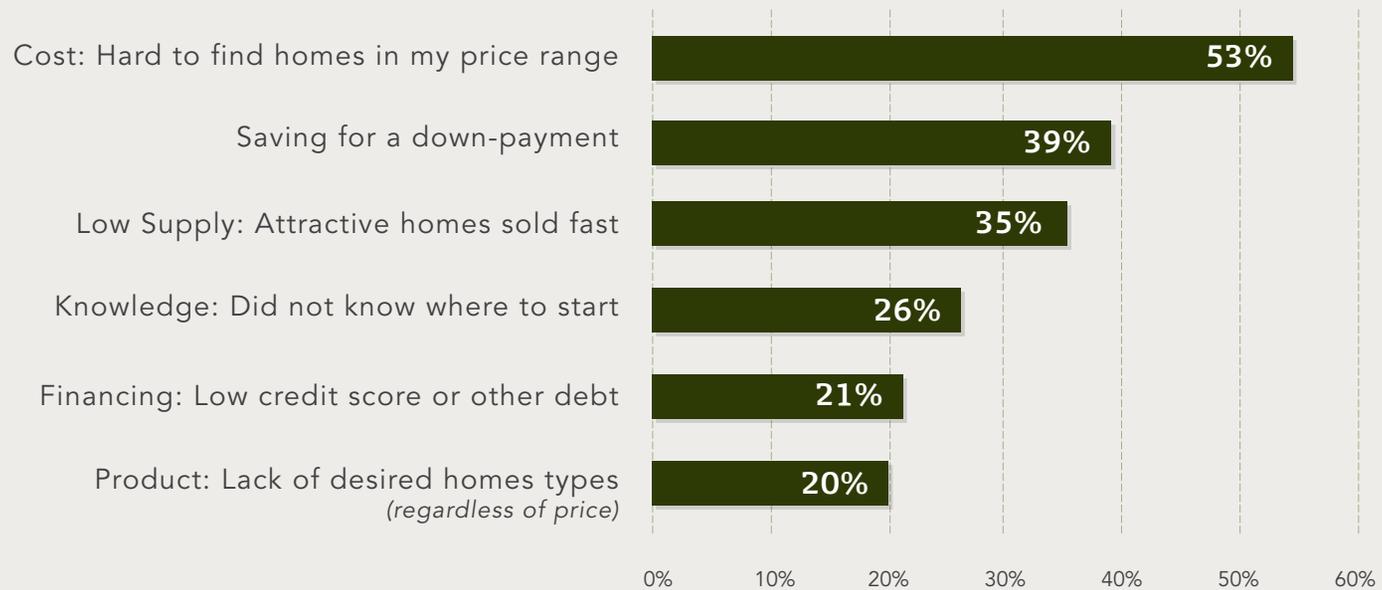


source: U.S. Census Bureau



Availability and cost both affect housing choice. A lack of right-cost, right-sized housing seriously undermines economic development efforts to attract and retain talent, *as well as businesses.*

### PRICE IS #1 DETERRENT TO FIRST-TIME HOME BUYERS

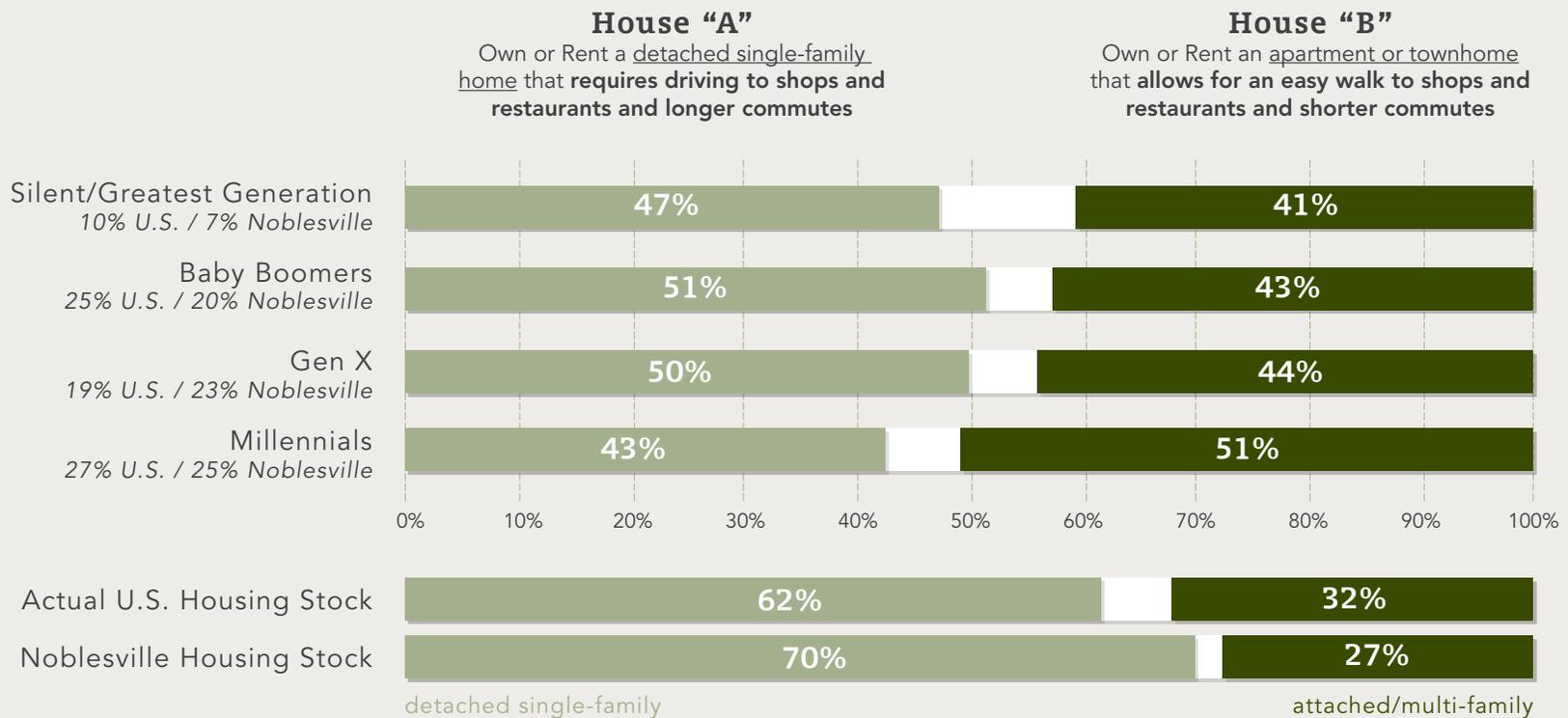


source: RCLCO National Survey of First-Time Home Buyers, 2015



There is a disparity between what people want and what's actually being built. Nearly one-third of the local housing market is not being served by the current housing supply.

## CONVENTIONAL PRODUCT IS LESS APPEALING TO YOUNGER GENERATIONS

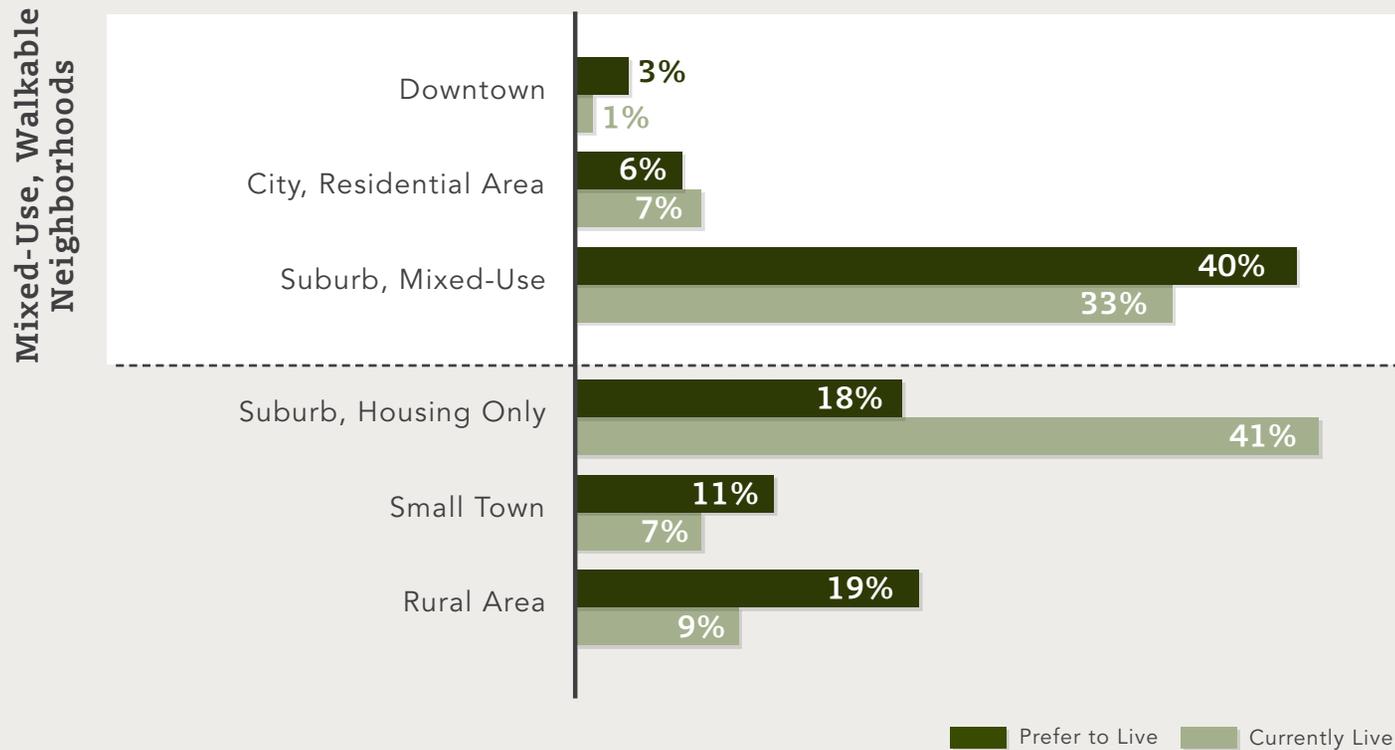


source: National Association of Realtors, 2015; U.S. Census Bureau American Community Survey, 2015  
Silent/Greatest, before 1946; Baby Boomers, 1946-1964; Gen X, 1965-1980; and Millennials, 1981-1999



This is not just a national trend. A significant portion of Hamilton County households (living in housing-only neighborhoods) would prefer to live in a different neighborhood setting.

### HOUSING-ONLY NEIGHBORHOODS ARE PREFERRED BY SMALL SHARE OF THE MARKET



Source: 2012 Indy MPO / MIBOR Consumer Preference Survey for Hamilton County



Many of today's home buyers place a significant value on neighborhood amenities, even above the housing stock itself. Policies that allow older neighborhoods to evolve become critical to addressing today's demand.

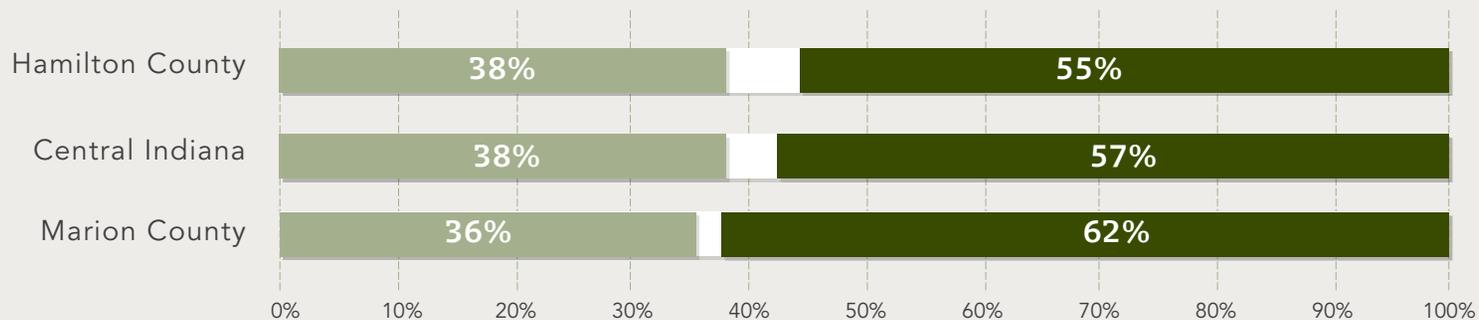
## CONSUMERS VALUE NEIGHBORHOOD AMENITIES BEFORE HOUSING

### House Qualities

If you were to purchase a home in Central Indiana, the qualities of the home itself, like size and features would be more important

### Neighborhood Qualities

If you were to purchase a home in Central Indiana, the qualities of the neighborhood the house is in, including shops and amenities nearby, would be more important



A 2014 national survey found that respondents who prefer existing homes are more likely to mention the neighborhood as a reason to prefer an existing home. This suggests that for many Americans, the ideal home might be a new home in an established neighborhood.

source: MIBOR / MPO Housing Preference Survey, 2012; Trulia Housing Preference Survey, 2014



Having the right mix of housing is important to Noblesville's competitiveness locally and regionally. There are serious implications for the City if housing stock and neighborhoods continue to lack diversity.

## WHAT HAPPENS IF YOU DON'T RESPOND?

"Economic and demographic factors are influencing the housing market as it deals with issues around providing the type of housing desired by the peak of the baby boom generation, aging millennials, a population making an urban/suburban choice, and finding a way to provide affordable housing to support a vibrant workforce." — ULI Emerging Trends in Real Estate, 2016

### Municipal Revenues Lost



**10x revenue**  
per acre

Smart growth development generates 10 times more tax revenue per acre compared to conventional suburban development.

A recent Indianapolis study by Smart Growth America found that typical drivable suburban development, composed mainly of single-family homes actually generates negative fiscal impacts.

### Talent Attraction Harder



**Skilled Labor**

#1 Relocation Factor for Businesses

Companies across the U.S. are moving to and investing in walkable downtown locations, in large part because these places help to attract and retain talented workers. Ideal neighborhoods amenities include a wide range of home types that allow them to be affordable to employees of all income levels; walkability; and access to restaurants, shops, entertainment, and cultural attractions.

### Volatile Housing Cycles



**Stability**

Diversity Provides Protection

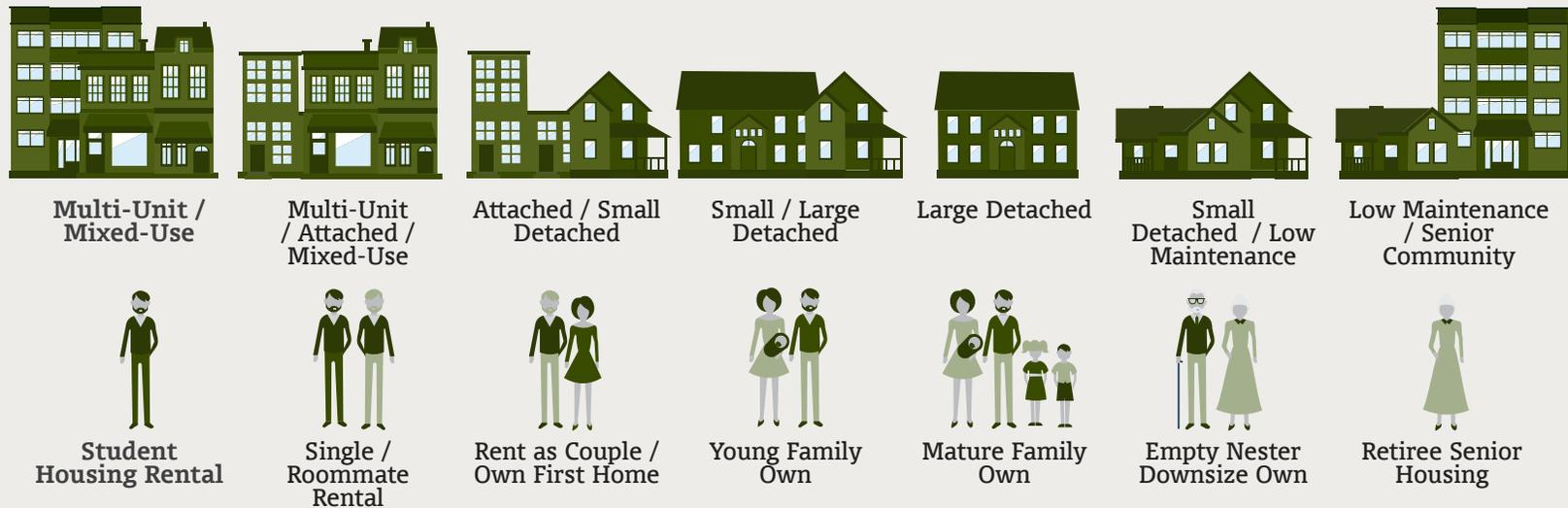
New construction single-family homes are more susceptible to changes in the market as noted by the MIBOR data for Noblesville during the last market downturn. In contrast, existing homes (resale) retained value and have grown gradually since the recession, indicating a diverse housing market can be more stable than a new homogeneous market.

source: *The Fiscal Implications of Development Patterns: Indianapolis, 2016*; *Amazing Place: Six Cities Using the New Recipe for Economic Development, 2016*; *Core Values: Why American Companies are Moving Downtown, 2015*



Noblesville's homogeneous housing development primarily serves middle-aged households - not the two largest generations. Housing diversity attracts and retains people at all life-stages.

### HOUSING TYPE BY GENERATION



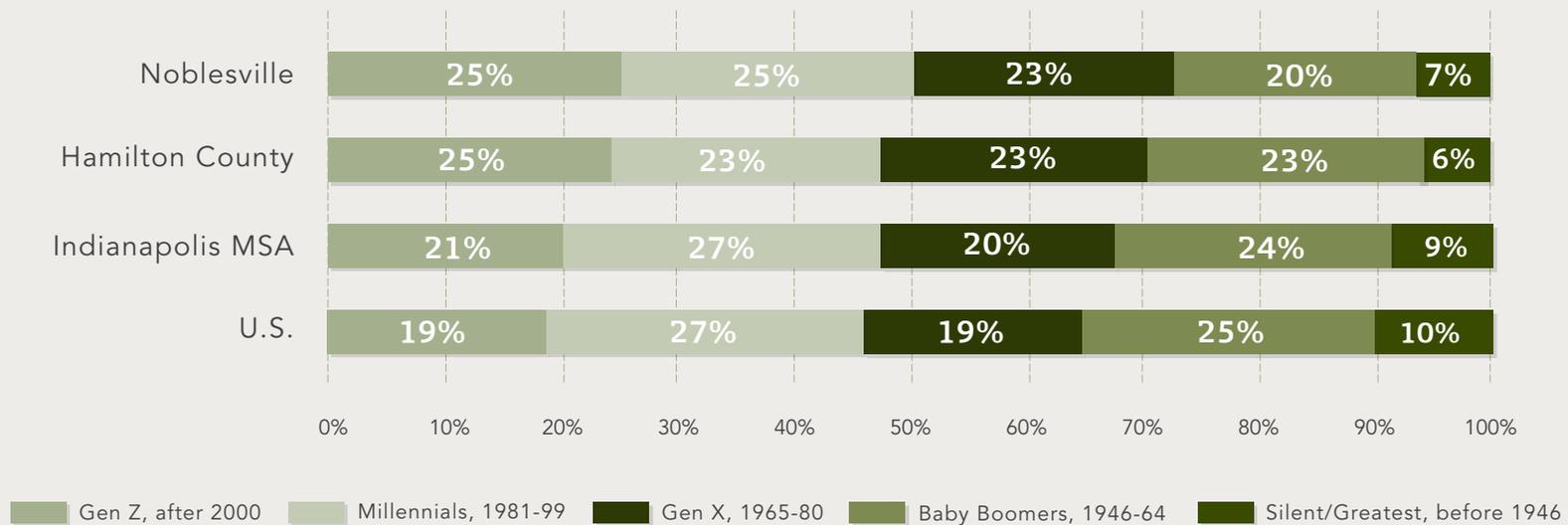
2015	Millennial	Millennial	Millennial	Millennial	Gen X	Baby Boomer / Gen X	Eisenhower / Baby Boomer
2020	Gen Z	Millennial	Millennial	Millennial	Gen X / Millennial	Gen X	Baby Boomer
2025	Gen Z	Gen Z	Millennial	Millennial	Gen X / Millennial	Gen X	Baby Boomer

source: Adapted from RCLCO; U.S. Census Bureau; Greenstreet analysis  
 Silent/Greatest, before 1946; Baby Boomers, 1946-1964; Gen X, 1965-1980; and Millennials, 1981-1999; Gen Z, after 2000



Over the next 5 years, senior-headed households are projected to grow, generating increased demand for alternative housing types that allow seniors to down size and age in place.

### POPULATION BY GENERATION



source: ESRI



Recent permit activity indicates investment focused on the far ends of the housing spectrum - single-family detached and large multi-family apartment complexes, increasing the homogeneity of the housing stock.

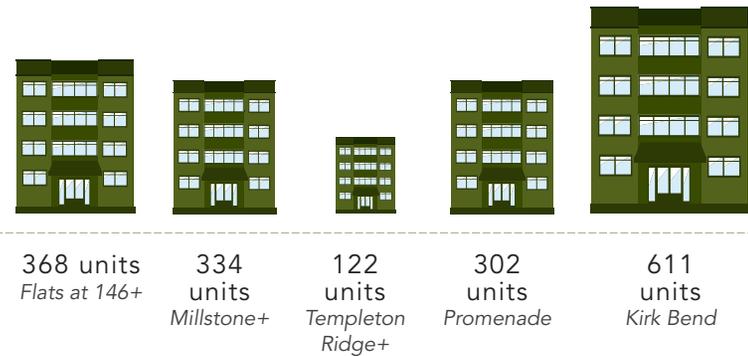
## HISTORIC PERMIT ACTIVITY



source: City of Noblesville  
 \* Data reflects total units, not number of permits

Focusing only on the "average" home buyer or renter will not result in a diverse, and therefore more competitive, housing market. Additionally, it can open a community up to greater risk during economic downturns. Take the recent recession and housing crisis. Communities with vast amounts of homogeneous detached single-family units suffered from more foreclosures and lost revenues than communities with diverse housing stocks that included a mix of rental, owner-occupied, and attached housing product.

### Recently Approved Multi-Family



+ Under construction at the time of report.



Compact development and varied housing types are both ways to increase affordability, meet the growing demand for walkable neighborhoods, decrease municipal service delivery, and result in higher revenue for the city.

## EXAMPLES OF COMPACT DEVELOPMENT AND HOUSING TYPES



Source: [missingmiddle.com](http://missingmiddle.com)



Density is often associated with over crowding, monotony, lack of privacy, not enough green space. Many of these characteristics are the result of poor design, not density.

## UNIFORMITY AND MONOTONY, NOT DENSITY



Source: Lincoln Institute of Land Policy, Visualizing Density



Recent discussions have focused around the idea that development should “pay for itself,” with the assumption that large lot sub-urban development results in the most benefit for the municipality.

### HYPOTHETICAL DEVELOPMENT SCENARIOS

	Low Density Sub-Urban	Medium Density Sub-Urban	Compact Development
Total Units	3,000	3,000	3,000
Single-Family Detached	1,950	1,950	450
Single-Family Attached	150	150	750
Multi-Family Units (for-rent)	450	450	900
Multi-Family Units (for-sale)	450	450	900
Total Gross Acres	952	409	210
Net Residential Density	4.2	10.3	20.3
Population	8,231	8,231	8,001
Commercial Square Feet	488,000	488,000	488,000

source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015



The development efficiency is intended to be a high level analysis for use in illustrating the different cost and revenue associated with various development scenarios.

## DEVELOPMENT EFFICIENCY METRICS

### Expenditures

Roads (maintenance costs)	<i>road length and area needed per capita</i>
Fire Protection / EMS* (capital costs)	<i>not included, Noblesville Fire Dept. investigating</i>
School (transportation costs)	<i>cost per student outside "walk zone"</i>
Police	<i>annual spending per capita</i>
Non Density Related Expenditures	<i>not included, assumed to be the same regardless of density</i>

### Revenues

Property Taxes	<i>average property tax based on property classification</i>
Income Taxes	<i>income tax generated from residents living in development</i>

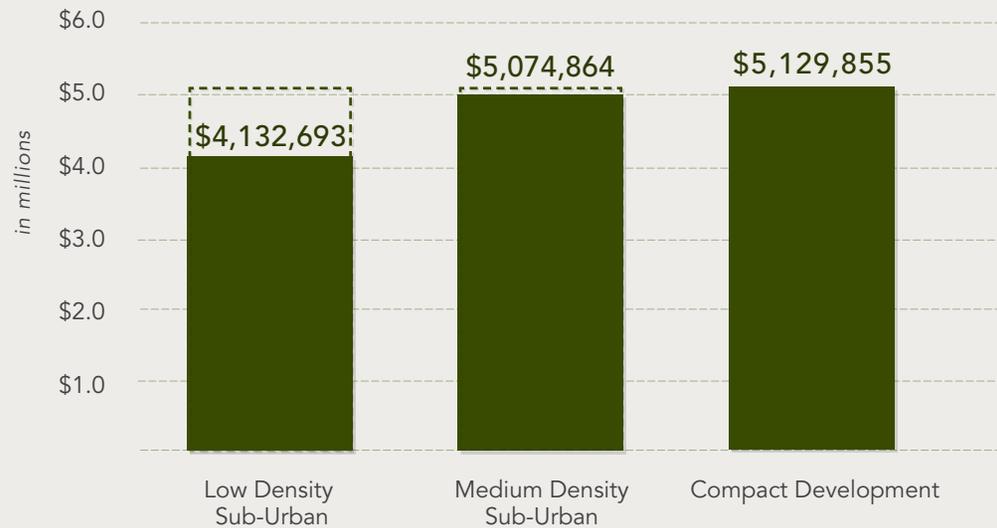
### Net Fiscal Impact

*source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015*  
*\*Fire Protection / EMS is affected by density, primarily driven by EMS runs which increases as density increases*



When both revenues and expenditures are taken into account, compact development has a higher net fiscal impact than the lower density sub-urban options.

### ANNUAL NET FISCAL IMPACTS

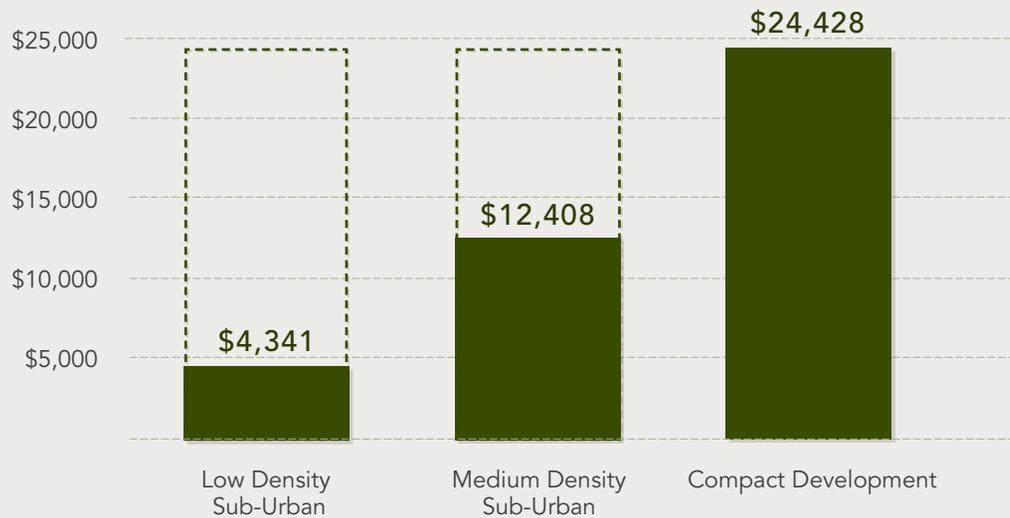


source: adapted from Smart Growth America, *Fiscal Implications of Development Patterns - Indianapolis, IN, 2015*; Greenstreet, Ltd.



Considering fiscal impact at the per acre level, an even greater benefit is derived from compact development. Furthermore, denser development optimizes land for future growth and development.

### ANNUAL NET FISCAL IMPACT PER ACRE



### Why Choose Compact Development?



Compact development **costs one-third less** for upfront infrastructure.

On average it **saves 10 percent** on on-going delivery of city services.

It generates **10 times more tax revenue** per acre than conventional suburban development.

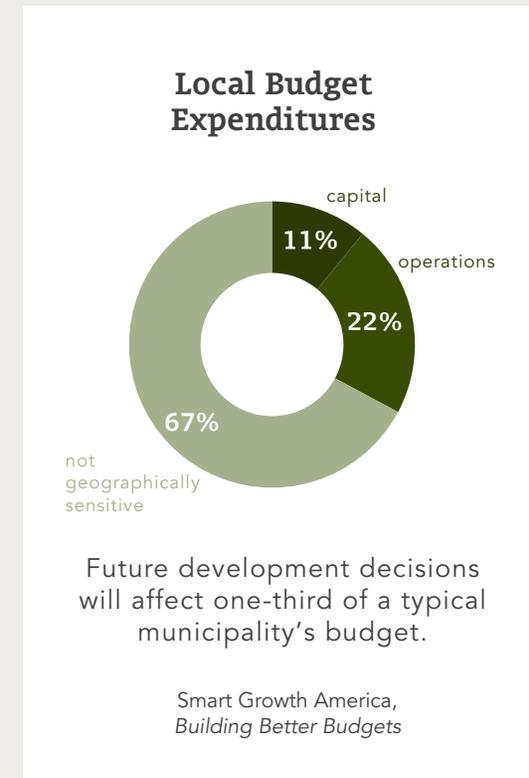
Smart Growth America,  
*Building Better Budgets*

source: adapted from Smart Growth America, *Fiscal Implications of Development Patterns - Indianapolis, IN, 2015*; Greenstreet, Ltd.



Proximity to services and the cost related to transporting these services to sub-urban locations combined with higher potential revenues results in a significantly greater fiscal impact to municipalities.

		Total	Per Capita	Per Acre
<b>REVENUE</b>	Low Density Sub-Urban	\$8,937,045	\$991	\$9,388
	Medium Density Sub-Urban	\$8,937,045	\$991	\$21,851
	Compact Development	\$7,597,560	\$843	\$36,179
<b>COST TO SERVICE</b>	Low Density Sub-Urban	\$4,804,351	\$533	\$5,047
	Medium Density Sub-Urban	\$3,862,181	\$428	\$9,443
	Compact Development	\$2,467,705	\$274	\$11,751
<b>NET FISCAL IMPACT</b>	Low Density Sub-Urban	\$4,132,693	\$458	\$4,341
	Medium Density Sub-Urban	\$5,074,864	\$563	\$12,408
	Compact Development	\$5,129,855	\$569	\$24,428



source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015; Greenstreet, Ltd.