

...are both healthy.
■ Young people avoid risky behaviors (obesity; drugs and alcohol; sexually

eradication can tell you, is a life experience fraught with its own adverse effects on education, income and health.

Little is president of United Way of Metropolitan Atlanta Inc.

A 'new normal' takes shape in housing

Atlanta's economy has long been fueled by the housing sector and its very shape defined by the outward expansion of suburban housing and, in recent years, by intown high-rise condominiums. With nascent indicators of reaching the bottom, what will the metro area's housing sector look like post-recession?

At the recent Atlanta Regional Housing Forum, we asked the question, "What will the 'new normal' look like?" Will the "pipe farms" in the northern reaches revert to farmland? Will the nearly vacant condo towers in Midtown and Buckhead turn to rental?

What is virtually certain is that demographics, more stringent lending criteria, and changing family composition will spell fewer single-family homes. The home ownership rate peaked four years ago at 69 percent and will almost certainly settle out lower. As subprime loans are gone as a source of mortgage financing, lower-income households most assuredly will find buying a home more difficult. Offsetting these trends to some degree, housing prices may remain at lower levels, with a return to relative affordability a silver lining of the carnage.

Demographics are a primary driver of housing markets. As has been widely reported, the traditional American household — two parents with children — now constitutes less than half of all households, and that percentage is falling. On the other

hand, the aging of the "echo-boomers" should reinvigorate the housing market as they begin to form households. Driving up rental demand are the aging baby boomers as their housing preferences change with their incomes.

The net result? Over time, the combination of pent-up demand from deferred household formation and lower levels of home building will

reduce the level of excess inventory and finally send housing starts upward again.

In addition to demographic drivers, the rental sector will benefit from the shift away from the emphasis on home ownership. Rental will gain market share vis a vis for-sale housing, both in upper-end units to renters by choice and at the lower end of workforce and subsidized housing.

As a "new normal" takes shape, the cost of energy and the environment have emerged as permanent factors in the housing market.

"Compact development" will be the new



VIEWPOINT
Bruce Gunter

norm. The success of these efforts will depend on creating more densely settled, transit-oriented and mixed-use communities and on encouraging businesses to expand in or relocate to these areas. Remember when Atlanta was a poster child of sprawl? We may have witnessed the high water mark of sprawl here, as both public and private economics rein in outward growth in favor of denser development.

However, perhaps the biggest housing challenge facing Atlanta is how to create housing for the workforce, which now accounts for over 65 percent of all households in the core metropolitan region. Workforce households are spending an astonishing 61 percent of their disposable income on housing and commuting. Putting workforce housing where the jobs and transit are located should be a priority of any land-use policy.

Being one of the lowest density cities in the world and with the promising Beltline concept making steady progress, Atlanta is well-situated to emerge strongly from the recession.

When growth does reappear, there will be winners and losers: bet on intown, sell the exurbs.

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