

## **THE IMPACT OF CHANGE ON HOUSING**

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Over the past 25 years, national and international changes have had a direct or an indirect impact on housing. We have witnessed the movement to a worldwide economy and the beginning of the globalization of the housing industry. Mass production techniques and technological improvements have been an important factor in raising the American standard of living, but the industrialization of housing has been slow. Our building industry has lagged in implementing possible cost reductions and then passing such savings along to American consumers. Transportation, climate differences, local building codes, design limitations and zoning restrictions all have been contributing factors. The world's largest housing producer, MISAWA in Japan, however, has reduced its production costs by half through technological innovations in the construction of wall systems.

Perhaps the most publicized housing is "Habitat," designed by Moshe Safdie and built for the Montreal Expo in 1967. This housing project is flourishing but has never been successfully repeated. Habitat was designed to combine the concept of the suburban bungalow and the urban apartment. Concrete boxes were stacked so that each of the 158 units in the 11 stories has a terrace garden, windows on all sides and complete acoustical privacy.

In metropolitan areas most new housing has been built by large developers and sold upon completion. The consumer has limited options of redesign changes if the housing is purchased early in the building process. But, custom-built housing takes longer and costs more to build. Several floor plans in a recent Parade of Homes in a city near Washington, DC were excellent, but others contained poor traffic patterns, inadequate storage space, dining rooms too small to be functional, and poorly located doors.

In recent years, housing costs, including utility payments, insurance and maintenance, have increased more rapidly than the rate of inflation. These costs, coupled with fluctuating interest rates, have made it difficult for low- and moderate-income consumers to purchase a home, especially a first home. Condominium ownership, however, has increased at a faster rate than ownership of single-family housing. Since 1980, home ownership has decreased from 66 to 44 percent. The housing market has been sluggish in many parts of the country for the past several years.

Consumers and builders expect more amenities such as fireplaces, patios, porches, decks, balconies, central heating and air-conditioning systems, and central cleaning systems. These extras, along with increasing costs of land development, labor and overhead, account for much of the increase in housing costs today. Having built my first house more than 20 years ago and another one this year, I am well aware of the rising costs; but like so many other consumers, my wants have also increased over the years.

Although the number of housing units has increased, the number has not kept pace with the need for housing, especially low-cost housing. Current demographic data revealed a slowing in the rate of household formation, which may result in a decrease in demand and overall price pressure. Many older homes have been maintained or improved due to an increasing interest in restoration and home improvement. Often, the

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time, labor and cost involved can be spread over several years, thus making an older home affordable.

Housing surpluses or shortages have developed in certain areas where consumers were attracted to more favorable climates, new jobs or lower living costs. According to the 1987 American Housing Survey by the Bureau of the Census, new construction and the population have shifted to the suburbs and to the southern and western United States.

Housing needs of consumers are better understood today. There has been progress in the provision of housing to meet our changing life-styles, but there is still room for improvement. Housing for the elderly, the fastest growing segment of the population, is still inadequate in many desirable locations. Furthermore, this segment of the population will continue to increase for the next 25 years.

The 1973 oil embargo caused a sharp increase in the cost of energy, especially gasoline and home heating oil. As a result of energy-related housing research and development, housing today is much more comfortable and energy-efficient. With the unstable situation in the Middle East, we are indeed fortunate that this research and development has been effectively implemented.

Environmental concerns have affected the location of housing, the use of some building material and the well-being of the housing occupants. Chemicals used in the past and now known to be hazardous are found in and around our homes and in our drinking water. Twenty-five years ago, we heard little and knew less about how lead paint, radon, asbestos, nitrates and tobacco smoke could affect our environment and our health.

In 1949, the federal government passed a housing act which included a decree that every American family should be able to have a decent home and suitable living environment. Over the years, a variety of actions have been taken toward making this dream a reality. As I think back over the years, I recall a variety of events that have affected housing production or quality:

1. the creation of a Department of Housing and Urban Development in 1965,
2. passage of major legislation, including several Housing and Rural Development Acts, the Fair Housing Act, the Civil Rights Act, the Demonstration Cities and Metropolitan Act, and several Farm Bills affecting rural housing,
3. the oil embargo and energy crisis, and
4. a moratorium on housing following the housing scandals in the early 1970s and in the late 1980s, and the Savings and Loan scandal and bail-out in the late 1980s.

Some of the programs initiated as a result of the various legislation were effective, but others were not. The role of the federal government has changed in recent years, shifting more of the responsibility to the state and local governments. The recent introduction of the "Smart House" should enhance housing with its innovations for convenience, safety and security. In a few years, we can look back to see the impact these innovations have made toward improving housing and our well-being.

In summary, many changes have occurred over the past 25 years that have affected our economy, our resources, our social values and our way of life. The papers that follow will address how academic programs, research and Extension programs have changed to meet the challenge.