

# New Ideas Needed for an Underserved Market

**H**ome builders are remarkably adept at creating different types of homes as the needs and desires of the population change. One has only to look at the recent rising and falling of the square footage of newly built housing to see that builders quickly adapt to a changing housing market. After the recession, houses grew to accommodate the higher-income buyers who could pay cash or qualify for difficult-to-come-by mortgages. Now that household formations consisting of younger and entry-level buyers are increasing, houses are starting to shrink.

The same goes for the shift of single-family builders toward rentals. Long the province of developers and large construction companies, rental units are now being built by more than 13 percent of the single-family builders that reported their data for our Housing Giants survey for 2014. Very large companies such as Lennar and Toll Brothers have gotten a lot of press for moving into rentals, but most of the builders that have diversified in this way are relatively smaller companies.

Another segment of the population could benefit from this kind of entrepreneurial thinking by builders: single-person households. According to an article on the subject by George Masnick, a senior research fellow at the Harvard Joint Center for Housing Studies, Census Bureau numbers from 1940 pegged the share of single persons living alone at 7.8 percent. Numbers in 2013 show that their share has increased tremendously: At 28 percent, the single-person household is now the second largest household type. The only category that outnumbered it, married couples without minor children, comes in just one point higher at 29 percent.

There are singles living alone in all age groups, but a preponderance of them, 72 percent, are 45 years of age and older. Even more surprising, most in this group own their own homes, with the majority of them living in single-family detached homes. Often, these homeowners reside in large homes they shared with a now divorced or deceased spouse or with children who have since gone out on their own. They would like to downsize, but they would also

like to stay in the area they're familiar with, where they can remain in close proximity to friends, doctors, and other community support systems.

Some singles are cobbling together solutions, such as sharing homes with others or moving into cohousing communities. Others remain in their homes but join groups such as the Village Movement, a social network that will find service providers to help with all kinds of needs: plumbers, drivers, even invitations to social events.

Home builders can offer better options to what will surely be an increasingly large segment of homeowners. A good start would be to incorporate universal design features in every home, making all homes available to all buyers. These can be fairly easy changes, such as wider doorways, offering a flex space on the first floor that can serve as a bedroom when needed, and providing grab bars, curbless showers, and varying height countertops in the kitchen. These features make your homes more attractive to many types of buyers, not just seniors.



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Another possibility is building pocket neighborhoods or compact communities in areas where aging single persons already live. A newer version of California's bungalow courts, these small communities offer single-family living in smaller homes, often with both private and shared green space. Sited carefully to ensure privacy, these homes offer the best of both worlds—a place to call completely your own, but with opportunities to establish relationships with neighbors.

There are undoubtedly lots of other ideas that could be viable. Come up with some good ones and you might wind up helping this demographic, and the industry as a whole.

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