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# Research Notes: Apartments Versus Schools Redux (March 2014)

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## Apartments Versus Schools Redux

In this era of tight budgets, local governments have to be mindful of potential additional costs to public services. Many local governments' finances suffered significant deterioration as a result of the recent economic downturn. Income and sales tax revenue fell as jobs and spending declined, while the bursting of the house price bubble took a toll on property tax collections.

However, often these budgetary concerns are unjustly leveraged to slow new development, including apartments. One of the enduring obstacles thrown at apartment developers in many local jurisdictions is this assumption: A new apartment property will bring in too many children and overburden the local school district. But the facts are otherwise.

An earlier *Research Notes* ([July 2002](#)) illustrated this, but more recent and more detailed data allow us to update this earlier analysis. The overall conclusion is the same: The average number of children in apartments is less than the average for single-family dwellings (both owned and rented). The difference is even greater for recently built homes.

What's more, apartments are taxed at a higher rate than single-family homes, thereby contributing more to local government coffers. Given this information, this overburdening argument appears to have much more to do with biases against both renting versus owning and compact development, community misperception about the economic and social value of apartments, density fears and not-in-my-back-yard (NIMBY) movements than with effective local fiscal planning.

## Background

Apartment developers often face obstacles beyond just development and construction costs or financing. In many parts of the country, there are both formal and, more commonly, informal barriers to the construction of new multifamily residences. (Multifamily for-sale developers often face similar barriers as well, though typically to a lesser

extent.) These barriers take many forms, including municipal bans on new multifamily development, lack of permit approval without explanation, height restrictions that make multifamily projects unfeasible and vocal neighborhood opposition.

Often this opposition is based on claims that apartments will bring in many schoolchildren and that the local government cannot afford to educate these incoming children. Demographic trends, however, suggest something quite different.

Declining birth rates and increased longevity have reduced the share of children (defined here as those under 18 years of age) in the population; from a high of more than 40 percent in 1900, the percentage of children in the population has slipped to a low of 23 percent. Similarly, the number of households with children has also undergone a long-running decline from a baby boom-driven postwar high of 49 percent in 1957 to under 29 percent today.

Together, these facts show that there are more people than ever to share the costs of primary and secondary education for the nation's children who, at the same time, have a shrinking share in the nation's demographic makeup.

#### Households with Children

The number of children under 18 years of age is almost 74 million, higher than at any time before 2006 (and only marginally lower than the 2009 high). They are not spread proportionately among different kinds of housing units, however. For example, single-family rentals house the households with the most children while condo owners are the least likely to have children.

FIGURE 1

#### Children, Tenure and Housing Structure

	Total	Single-family renter	Single-family owner	Multifamily renter	Multifamily owner
Households (millions)	116.0	14.5	65.4	17.7	2.4
HHs with at least one child	37.5	6.9	20.9	4.3	0.3
Share of HHs with children (%)	32	48	32	24	12
Children per 100 HHs	60	96	59	41	17

SOURCE: NMHC TABULATIONS OF CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY, 2012

Note: Multifamily refers to buildings with five or more units; as such, "total" includes two- to four-unit multifamily homes, which are not shown separately.

Of the 116.0 million households in the U.S., 37.5 million (32 percent) have at least one child under 18. Among single-family owner households, the share is the same. Almost half (48 percent) of single-family renter households have children. At the other end of the spectrum, only 12 percent of multifamily owners (in buildings with at least five units) have children. For apartments, the corresponding figure is 24 percent—well below the overall average and that of single-family owners and single-family renters.

On average, there are 60 children for every 100 households in the nation. The figure is about the same for single-family owner households (59), but much higher for single-family renters (96). In contrast, for every 100 apartment households, there are 41 children; for condos the figure is 17.

These data show that, on average, there are significantly fewer children in apartments than in single-family homes, whether renter- or owner-occupied. The difference is even greater among recently built homes.

FIGURE 2

## Children Per 100 Households

	Total	Single-family renter	Single-family owner	Multifamily renter	Multifamily owner
All	60	96	59	41	17
Built before 1990	54	92	50	42	17
Built 1990-2004	70	108	74	40	*
Built 2005-2012	80	120	91	38	*

SOURCE: NMHC TABULATIONS OF CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY, 2012

\*Sample size too small to produce reliable data for multifamily owner homes built after 1989.

Note: Multifamily refers to buildings with five or more units; as such, "total" includes two- to four-unit multifamily homes, which are not shown separately.

For every 100 households living in all homes built since 2005, there are 80 children. Among single-family renters in newly built houses, the figure is 120, while among single-family owners it is 91. By contrast, there are only 38 children per 100 apartment households living in newly built properties.

## School-age Children

If we narrow the focus to just school-age children—traditionally defined as those between 6 and 17 years of age—apartments contribute even less to demand for schooling than the analysis above might suggest. Overall, 25 percent of all households have at least one school-age child. The figure is about the same for single-family owners (26 percent). Among single-family renters, 37 percent of households have school-age children. But only 16 percent of apartment households (and 7 percent of condo households) have school-age children.

The difference is greater still in newly constructed homes (completed since 2004): Fully 35 percent of single-family owners (and 42 percent of single-family renters) have school-age children. The corresponding figure for apartments is only 13 percent, meaning that 87 percent of newly constructed apartment homes have no school-age children. Moreover, there are far fewer school-age children in new apartments overall—only 22 per 100 households, compared with 58 for single-family owners and 77 for single-family renters.

To put this differently, 100 new apartment homes will have the same number of schoolchildren on average as just 35 new single-family owner-occupied houses.

FIGURE 3

## School-Age Children Per 100 Households

	Total	Single-family renter	Single-family owner	Multifamily renter	Multifamily owner
All	42	65	43	24	9
Built before 1990	38	62	36	25	*
Built 1990-2004	51	75	56	23	*
Built 2005-2012	51	77	58	22	*

SOURCE: NMHC TABULATIONS OF CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY, 2012

\*Sample size too small to produce reliable data for multifamily owner homes built after 1989.

Note: Multifamily refers to buildings with five or more units; as such, "total" includes two- to four-unit multifamily homes, which are not shown separately.

## Fiscal Burden

All these data make clear that apartments put much less of a burden on local school systems than single-family homes. In addition, apartments are taxed at higher rates than single-family houses. The average property tax rate for the median-value house in urban areas across the country is 1.41 percent; for apartments, the rate is 1.83 percent. As such, apartments contribute more to the local government revenue base than single-family houses.

There is a broader point to be made as well. The number of children (and school-age children) in the nation isn't determined by the number or type of housing units available. Given the choice families make about whether to have children (and, if so, how many and when), the real question is where, and how, these children are to be housed and educated. While one local jurisdiction can try to push this misconstrued burden onto another through regulation and political pressure, these types of activities don't help solve the problem. What's more, any apparent benefit may be short-lived; communities with a variety of different types of housing and real estate—mixed-use, mixed-income, single-family and multifamily—appear to be in greater demand than ever before. One of the common arguments neighbors make against proposed new apartment properties is that they will increase traffic congestion and parking problems. But do they? Residents opposing apartments because of traffic and congestion concerns typically make a faulty comparison; they assume that the choice is between a new apartment property in their neighborhood and no new development at all. But "no development" really isn't an option given our population growth projections.

In the next 20 years, the U.S. population is expected to grow by 68 million people – the equivalent of adding two more Californias. The real question is: where and how will we house these additional people? The answer to that question will go a long way toward determining the future course of our traffic congestion and parking problems. There is growing research that our worsening traffic problems are exacerbated by our sprawling development patterns and are exacting a growing financial cost from many of America's working families.

Questions or comments on *Research Notes* should be directed to Mark Obrinsky, NMHC's Vice President of Research and Chief Economist, at [mobrinsky@nmhc.org](mailto:mobrinsky@nmhc.org) or 202/974-2329.

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## APARTMENT LEADERSHIP RESIDES HERE

National Multifamily Housing Council  
1850 M Street, N.W., Suite 540  
Washington, D.C. 20036-5803

(202) 974-2300

(202) 775-0112 FAX

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