St. Louis County Housing Study

Prepared for
The Office of Community Development, St. Louis County Department of Planning

and the

East West Gateway Council of Governments

May 2012
Introduction: Scope

St. Louis County Housing Study

- Survey Affordable Rental Properties
- Analyze County Foreclosure Data
- Research Policy Tools
Introduction: Areas of Focus
Intro

Job Creation

Community Attractive to Prospective Employers

Pent-up Demand

New Residents/Household Growth

Quality of Life

Diverse Housing Stock and Skilled Workforce

Demand for New Housing
Defining the Problem

Problems: A partial list

- Low median home values ($88,000)
- Declining population (-$21,000)
- Below average median HH Income ($45,000)
- Elevated housing vacancy (12%)
- Concentrated poverty
- Concentrated foreclosures
- Property depreciation
- Decline in manufacturing jobs
- Fragmented governance
- Few well-defined centers
- Aging housing stock
- Limited government resources
Defining the Problem: Income Inequality

Median Household Income Comparison
Source: Esri, 2012

North County
St. Louis County
St. Charles County
St. Louis MSA
Defining the Problem: Population Loss

2000-2010
MSA: ↑ 114,000
St. Charles: ↑ 77,000
North County: ↓ 21,000
Lemay: ↓ 570
Defining the Problem: Foreclosures

Add to this the prospect of out-of-state investors buying large single family rental portfolios...
Data Analysis: Foreclosures

Cumulative St. Louis County Foreclosures (2005-2011)

2005 - 2011: 24,000 foreclosures, including 17,000 in North County

Source: St. Louis County
Data Analysis: Foreclosures

County Foreclosures by Year
Source: St. Louis County, 2012

North County
South County
West County
Central County
Data Analysis: Foreclosures

Cumulative Foreclosures per 100 Households
Source: St. Louis County, 2005-2011

1 Foreclosure = 1% loss in value for nearby properties
Data Analysis: Assessed Values

All years 2005-2011

Percentage Change of Total Assessed Values

- Decline
- 0
- Increase
Changes in Property Values: 1996-2011

Source: Zillow

Saint Louis County Ferguson Florissant Hazelwood
Data Analysis: Assessed Values

Home Values: 1996-2012
Source: Zillow

- Saint Louis County
- Ferguson
- Florissant
- Hazelwood
- Jennings
- Lemay
- Spanish Lake

Values: 1996-2012
Data Analysis: Assessed Values

Percentage of Below Poverty Households (2010)

Source: ESRI
Data Analysis: Affordable Rental Database

208 Properties surveyed
- Quality and Condition Ratings
- 60 with 50+ Units
- 11 “At-risk” properties

Share of Affordable Housing Units by Location
Source: Development Strategies, 2012

- West County: 150
- Central County: 1,219
- South County: 1,047
- North County: 4,180
Assets and Opportunities

Assets
- Boeing
- Express Scripts
- Emerson Electric
- Lambert International
- UMSL
- Christian Northeast Hospital
- NorthPark
- MetroLink
- River City Casino
- Jefferson Barracks
Small Business Growth

In Metro areas, a 10% increase in the number of companies per worker in 1977 is associated with 9 percent more employment growth between 1977 and 2000.*

Growth in Businesses, 2002-2007

<table>
<thead>
<tr>
<th>Category</th>
<th>Minority-owned businesses</th>
<th>All businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Growth</td>
<td>46%</td>
<td>18%</td>
</tr>
<tr>
<td>Receipt Growth</td>
<td>55%</td>
<td>33%</td>
</tr>
</tbody>
</table>

*Edward Glaeser, Triumph of the City
Chart Source: PolicyLink
Demographic Transition

Demographics are Changing

- More Seniors
- More Singles
- Smaller Families

→Demand will increase for smaller homes

Decline in Households with Kids

<table>
<thead>
<tr>
<th>Household</th>
<th>1960</th>
<th>2000</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Children</td>
<td>48%</td>
<td>33%</td>
<td>28%</td>
</tr>
<tr>
<td>Without Children</td>
<td>52%</td>
<td>67%</td>
<td>72%</td>
</tr>
<tr>
<td>Single</td>
<td>13%</td>
<td>26%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Census for 1960 and 2000; adapted from Martha Farnsworth.
Demographic Transition: Marriage

People are marrying later, if at all

Current Marital Status, 1960-2010

%  
Never married | Widowed | Divorced or separated | Married
15          | 9       | 5                  | 72
9           | 5       | 6                  | 14
5           | 7       | 6                  | 51

Source: Based on adults ages 18 and older. Percents may not total 100% due to rounding.
Source: Pew Research Center analysis of Decennial Census (1960-2000) and American Community Survey data (2008, 2010), IPUMS.

Median Age at First Marriage, 1960-2011

in years

Men  
1960 | 22.8  
1970 | 23.9  
1980 | 26.1  
1990 | 26.5  
2000 | 28.7  
2010 |  

Women  
1960 | 20.3  
1970 |  
1980 |  
1990 |  
2000 |  
2010 |  


PEW RESEARCH CENTER
Housing Preferences are Changing

- More Segmented
- Greater Mix of Uses*
- One-third of suburbanites would prefer to live somewhere walkable**
- 80 million Millennials: 88% want to be in an urban setting ***

**SMARTRAQ 2007  ***”No McMansions for Millennials, WSJ, January 13, 2011."
Opportunity and Demographic Transition

Regional Housing Market

Conventional Suburban Housing Market

Market for Walkable Communities

TND Communities ↔ First Ring Suburbs ↔ Urban Infill and T.O.D.

Downtown ↔ Uptown ↔ Midtown ↔ Urban Neighborhoods
Opportunity and Demographics

For-Sale Market Demand by Product Pricing
North St. Louis County
Development Strategies, 2012

- **Luxury**
- **Upscale**
- **Midscale**
- **Subsidized**
- **Affordable**
IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

ADDRESS HOUSING PROBLEMS

Target Opportunity Areas
Placemaking
Public-Private Partnerships
Land Banking
Web/ Data Tools
Reduce Foreclosures
Housing Programs

Housing Goals Diagram © DEVELOPMENT STRATEGIES 2012 Matthew Wetli
IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

ADDRESS HOUSING PROBLEMS

Target Opportunity Areas
- TOD
- Main Streets
- Town Centers
- Historic Districts

Placemaking
- Mixed Use
- Public Space
- Walkability

Public-Private Partnerships
- Equity Fund
- CDCs
- Corporate Engagement

Housing Goals Diagram © Matthew Wetli
DEVELOPMENT STRATEGIES 2012
IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

ADDRESS HOUSING PROBLEMS

IMPROVE DECISION MAKING

Placemaking

Mixed Use
Public Space
Walkability

Housing Goals Diagram © DEVELOPMENT STRATEGIES 2012
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Housing Policy: Placemaking

Where the place is inviting, shoppers stay longer and spend more.*

*Alexander Babbage 2009
Housing Policy: Placemaking

Great places create value for residential development
Housing Policy: Placemaking

The market places a premium on historic, walkable communities.
Housing Policy: Placemaking

New places can be created to add value to residences

<table>
<thead>
<tr>
<th>Town Center</th>
<th>Market</th>
<th>2 BR Rent psf</th>
<th>2 BR Rent</th>
<th>Avg. Metro Rent</th>
<th>% Higher Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>SouthSide Works</td>
<td>Pittsburgh</td>
<td>$1.50</td>
<td>$1,750</td>
<td>$693</td>
<td>153%</td>
</tr>
<tr>
<td>Easton Town Center</td>
<td>Columbus</td>
<td>$1.10</td>
<td>$1,150</td>
<td>$652</td>
<td>76%</td>
</tr>
<tr>
<td>The Greene</td>
<td>Dayton</td>
<td>$1.05</td>
<td>$1,050</td>
<td>$571</td>
<td>84%</td>
</tr>
</tbody>
</table>

Sources: REIS, Red Capital Group, DEVELOPMENT STRATEGIES, 2010-2011
Housing Policy: Placemaking

Key Office Market Indicators, Class A and B Space
Select Submarkets, 2006 and 2010

<table>
<thead>
<tr>
<th>Submarket</th>
<th>2006 Rate*</th>
<th>2006 Vacancy</th>
<th>2010 Rate*</th>
<th>2010 Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country Club Plaza</td>
<td>$29</td>
<td>6%</td>
<td>$23</td>
<td>16%</td>
</tr>
<tr>
<td>College Boulevard</td>
<td>$22</td>
<td>9%</td>
<td>$22</td>
<td>21%</td>
</tr>
<tr>
<td>Downtown</td>
<td>$16</td>
<td>17%</td>
<td>$21</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>$20</td>
<td>14%</td>
<td>$21</td>
<td>18%</td>
</tr>
<tr>
<td>Clayton</td>
<td>$24</td>
<td>14%</td>
<td>$26</td>
<td>12%</td>
</tr>
<tr>
<td>Creve Coeur</td>
<td>$24</td>
<td>18%</td>
<td>$24</td>
<td>11%</td>
</tr>
<tr>
<td>Highway 40/Chesterfield</td>
<td>$23</td>
<td>15%</td>
<td>$23</td>
<td>11%</td>
</tr>
<tr>
<td>Downtown</td>
<td>$19</td>
<td>8%</td>
<td>$19</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>$22</td>
<td>11%</td>
<td>$22</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: CoStar  
*Refers to weighted average asking gross lease rates, per square foot

Employment centers that reinforce place are highly valued in Missouri
DEVELOPMENT STRATEGIES

IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

ADDRESS HOUSING PROBLEMS

IMPROVE DECISION MAKING

Target Opportunity Areas

TOD
Town Centers
Main Streets
Historic Districts

Housing Goals Diagram © DEVELOPMENT STRATEGIES 2012 Matthew Wetli
In Cleveland, opportunity areas were identified for concentrated investment.
Housing Policy: Opportunity Areas: TOD

Transit-friendly Design*

- Density: 20 to 30 units per acre for light rail.
- Density Gradient
- Mix of Uses
- Short Block Lengths: 300 to 500 feet lengths are considered ideal
- Continuous, wide sidewalks
- Calm traffic (with few exceptions)
- Street-oriented Buildings

*Reid Ewing, 1999
Property premiums for TOD range from 7 to 24 percent.*

*Victoria Transport Policy Institute, 2011
Diagram provided by Peter Calthorpe
Beyond Housing: A TOD plan in Pagedale
Housing Policy: Opportunity Areas: TOD

Pagedale Plan: Rock Road Station

- 15 years, $135 million
- $52M in private investment
- $70M in tax credits (LIHTC & NMTC)
- $13M
  - PILOTS
  - Special Assessments
  - HOME funds
Housing Policy: Town Centers

Belmar (Suburban Denver)*

- Phase I: 2004
- Median HH Income (5 min drive): $55K
- $207 million economic impact (2004 to 2008)
- Property values: increased 392 percent from 2002 to 2008 (within Belmar Redevelopment Area)

*Source: City of Lakewood
Housing Policy: Town Centers

Jamestown Mall Plan
Housing Policy: Main Streets

City of Ferguson

- Complete Streets
- Form-based Code and Zoning

Image provided by Design Workshop for South Grand Avenue in St. Louis
Many historic neighborhoods have significant latent value

German Village; Value: $327K; 1,850 s.f.

Old West Austin; Value: $316K; 1,225 s.f.

Average Home Sale Increase Since 1996
Source: Zillow 2011

Many historic neighborhoods have significant latent value
Some neighborhoods could realize greater value in the future, if preserved today.
IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

ADDRESS HOUSING PROBLEMS

Public-Private Partnerships
Equity Fund
CDCs
Corporate Engagement
Housing Policy: Public-Private Partnerships

Question: How can North County’s existing assets be best-leveraged?

- Boeing
- Express Scripts
- Emerson Electric
- UMSL
- Healthcare
- Lambert
- MetroLink and TOD
- Town Centers
- Historic Neighborhoods
- Main Streets
Housing Policy: Public-Private Partnerships

Public Sector
Housing Policy: Public-Private Partnerships
Housing Policy: Public-Private Partnerships

- Tax Credits
- Infrastructure
- PILOTS, Etc.

- Equity
- Loans
- Philanthropy

Increased Tax Revenue

Equity Returns
Improved Neighborhoods

Community Development Corporation Diagram ©
DEVELOPMENT STRATEGIES 2012
Matthew Wetli
Housing Policy: Public-Private Partnerships

Case Study: Over the Rhine and 3CDC
Housing Policy: Public-Private Partnerships

Case Study: Over the Rhine
Case Study: Over the Rhine and 3CDC

Board Members
American Financial Group *
American Modern Insurance Group
Castellini Company
Cincinnati Bell
Cincinnati Enquirer
Cincinnati USA Regional Chamber
Cintas
Convergys Corporation
Deloitte
Dinsmore & Shohl
Duke Energy
Fifth Third Bank *
First Financial Bank
General Electric
Global Novations
Humana
Huntington Bank
Jack Rouse Associates
KPMG
Macy's *
North American Properties
Peck, Shaffer & Williams
PNC Bank
Procter & Gamble *
Scripps Interactive
The Kroger Company *
Towne Properties
Toyota Motor
United Way
Uptown Consortium
Western & Southern Financial Group *

* Fortune 500 Headquartered Companies
Case Study: 3CDC

Broad Powers

- Developer
- Master Developer
- Asset Manager
- Lender/Fund Manager
Housing Policy: Public-Private Partnerships

Case Study: 3CDC

Targeted Area
Housing Policy: Public-Private Partnerships

**3CDC**

**OTR ACTION STEP: LAND BANKING**

- CEF/CNMF has invested over $27 million in private funding to land bank properties in the Washington Park section of OTR
- 3CDC owns or controls:
  - 200 buildings
  - 169 vacant parcels
- Over $700,000 in annual carrying costs
### Housing Policy: Public-Private Partnerships

#### Completed Developments:

<table>
<thead>
<tr>
<th>Project</th>
<th>Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTR Land Banking</td>
<td>27,509,479</td>
</tr>
<tr>
<td>Gateway I</td>
<td>6,896,093</td>
</tr>
<tr>
<td>Gateway II</td>
<td>21,581,113</td>
</tr>
<tr>
<td>Gateway III</td>
<td>31,264,665</td>
</tr>
<tr>
<td>Vine Street Streetscape</td>
<td>2,600,000</td>
</tr>
<tr>
<td>Gateway Quarter Parking Lot</td>
<td>800,000</td>
</tr>
<tr>
<td>Fine Arts Fund/Artworks</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Parvis Lofts Apartments</td>
<td>10,722,907</td>
</tr>
<tr>
<td>Westfalen Lofts</td>
<td>3,381,849</td>
</tr>
<tr>
<td>Saengerhalle Office</td>
<td>8,100,006</td>
</tr>
<tr>
<td>24 East 14th Street</td>
<td>460,000</td>
</tr>
<tr>
<td>Lackman Bar</td>
<td>565,895</td>
</tr>
<tr>
<td>Washington Park</td>
<td>47,571,582</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>162,453,789</strong></td>
</tr>
</tbody>
</table>

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3CDC Projects
- Future/Land Bank
- Complete

![3CDC Projects Map]
Housing Policy: Public-Private Partnerships
Housing Policy: Public-Private Partnerships

Case Study: Over the Rhine and 3CDC
IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

ADDRESS HOUSING PROBLEMS

Land Banking

Site Preparation

Urban Farms

Site Assembly

Watershed Restoration

Image Source: Cleveland Urban Design Collaborative

Housing Goals Diagram © DEVELOPMENT STRATEGIES 2012 Matthew Wetli
Agriculture alone will not drive North County and Lemay’s economies...

...but decline cannot be ignored.
Policy: Respond to Shifting Markets

Repurposing Vacant Land: NorthPark (Kinloch, Ferguson, Berkeley)
Policy: Respond to Shifting Markets

Greenways, Parks, Stormwater Management, Green Infrastructure

Image Source: Cleveland Urban Design Collaborative
Policy: Respond to Shifting Markets

Urban Farms, Soil Remediation ("Phytoremediation")

Image Source: Cleveland Urban Design Collaborative
Policy: Respond to Shifting Markets

Site Preparation

Image Source: Cleveland Urban Design Collaborative
Policy: Respond to Shifting Markets

What does this have to do with housing?

- Parks and open space increase property values
- Reduce supply
- Remove blight
- Reduce cost of services
- Prepare sites for development

Green Infrastructure

- MSD to invest $100 million in St. Louis region
Policy: Respond to Shifting Markets

Case Study: Cuyahoga Land Bank

- Dedicated Revenue Stream:
  - Penalties from unpaid taxes (Ohio)
  - Captured taxes from properties put back into use (Michigan)
- Broad Powers: Proactive
- Unrestricted Geographies
IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

ADDRESS HOUSING PROBLEMS

DEVELOPMENT STRATEGIES

Housing Goals Diagram ©

DEVELOPMENT STRATEGIES 2012

Matthew Wetli

Image Source: The Reinvestment Fund
Case Study: Foreclosure Counseling

- 2008 Study: Beyond Housing
- HH’s delinquent on payments
- 84 percent remained in homes one year later (an estimated 60% improvement)
- 26% received loan modifications

**The Cost of Foreclosure**

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowner Costs</td>
<td>$7,200</td>
</tr>
<tr>
<td>Lost equity, moving expenses, etc.</td>
<td></td>
</tr>
<tr>
<td>Community Costs</td>
<td>$1,508</td>
</tr>
<tr>
<td>Decrease in adjacent values</td>
<td></td>
</tr>
<tr>
<td>Local Government</td>
<td>$19,227</td>
</tr>
<tr>
<td>Loss in taxes</td>
<td></td>
</tr>
<tr>
<td>Lenders</td>
<td>$50,000</td>
</tr>
<tr>
<td>Loss on property, maintenance, appraisal, legal fees, insurance, marketing, clean-up</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$77,935</strong></td>
</tr>
</tbody>
</table>

Sources: Joint Economic Committee of Congress, 2008; Standard and Poor's, 2008; Mortgage News Daily 2008
Case Study: Reselling Homes

- Boston Community Capital: SUN Initiative
- Reduced monthly payments by $1,150 for at-risk households
- Paycheck deposits, direct withdrawal, reserves required
- Avoiding “Moral Hazard”: shared-appreciation second mortgage

<table>
<thead>
<tr>
<th>Owner-occupied properties **</th>
<th>SUN clients</th>
<th>Homeowners City of Boston *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median family income</td>
<td>$57,387</td>
<td>$86,827</td>
</tr>
<tr>
<td>Median property value</td>
<td>$199,531</td>
<td>$419,500</td>
</tr>
<tr>
<td>Pre-SUN median monthly housing expenses, including mortgages</td>
<td>$2,728</td>
<td>$2,352</td>
</tr>
<tr>
<td>Post-SUN median monthly housing expenses, including mortgages</td>
<td>$1,563</td>
<td>$2,352</td>
</tr>
</tbody>
</table>
Policy: Address Housing Problems

Housing Programs

- Zoning and Incentives
  - Inclusionary Zoning: Montgomery County (Maryland)—12-15%
  - “Hybrid” Inclusionary Zoning: Chicago—10-20%
- Voucher Counseling
- Voucher Anti-discrimination
  - Montgomery County: cannot screen “Source of Income”
- Technical Assistance: LIHTC, TIF, NMTC, etc.
- Proactive Code Enforcement: Rental licensing; responsible landlord program
  - Ferguson, University City, St. Peters (MO), Grandview (MO)
IMPROVE THE MARKET

ADDRESS HOUSING PROBLEMS

RESPOND TO SHIFTING MARKETS

IMPROVE DECISION MAKING

Searchable Database
Affordable Housing Map
Market Value Analysis
Web/ Data Tools

Housing Goals Diagram ©
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Policy Tools: Data/Web Tools

Affordable Properties Database

St. Louis County Affordable Properties Database

Legend
- LIHTC Affordable Properties (20-plus units)
- LIHTC Affordable Properties (Under 20 units)
- Section 8 Properties (75-plus units)
- Section 8 (Under 75 units)
- NSP Boundary
- stl_boundary

Conditions
- OCCRAT
- ARCHQUAL
- BLDGQUAL
- LANDQUAL
- GROUNDQUAL
- LOCATIONQUAL

Map with various markers and layers showing the distribution of affordable properties in St. Louis County.
## Market Value Analysis

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Choice/HighValue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>$769,673</td>
<td>5.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Average</td>
<td>$409,204</td>
<td>6.9</td>
<td>12.8</td>
</tr>
<tr>
<td>Average</td>
<td>$289,767</td>
<td>5.9</td>
<td>10.5</td>
</tr>
<tr>
<td>Steady</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>$217,360</td>
<td>5.3</td>
<td>9.8</td>
</tr>
<tr>
<td>Average</td>
<td>$150,477</td>
<td>6.9</td>
<td>14.7</td>
</tr>
<tr>
<td>Transitional</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>$110,958</td>
<td>7.7</td>
<td>16.4</td>
</tr>
<tr>
<td>Average</td>
<td>$85,717</td>
<td>7.4</td>
<td>23.1</td>
</tr>
<tr>
<td>Distressed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>$64,312</td>
<td>10.2</td>
<td>24.9</td>
</tr>
<tr>
<td>Average</td>
<td>$38,444</td>
<td>14.9</td>
<td>24.1</td>
</tr>
</tbody>
</table>

St. Louis County MVA With Foreclosures

Sources: ESRI, St. Louis County, Development Strategies, The Reinvestment Fund
Cooperation

- Municipalities
- Organizations (CDC’s), Land Banks, etc.

Public-Private Partnerships

A Comprehensive Approach
Long and Short-term Strategies
IMPROVE THE MARKET

ADDRESS HOUSING PROBLEMS

RESPOND TO SHIFTING MARKETS

IMPORVE DECISION MAKING

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Matt Wetli: mwetli@development-strategies.com