

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



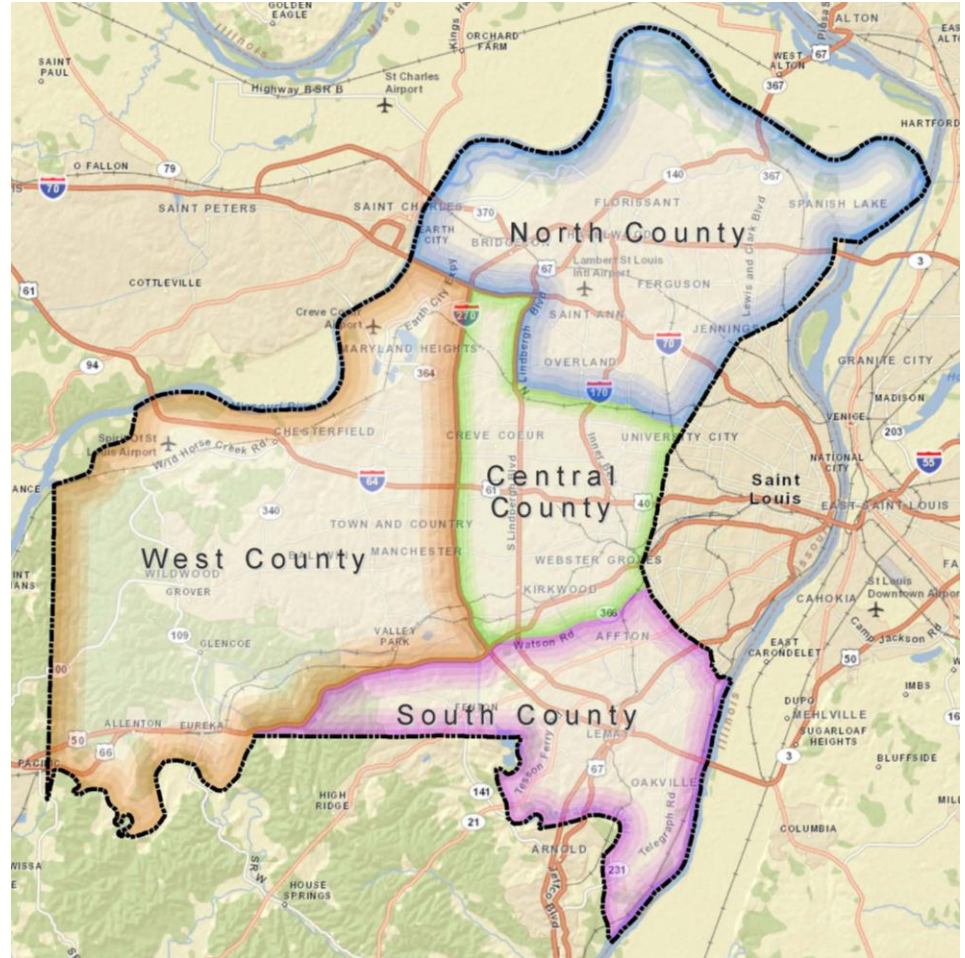
DEVELOPMENT STRATEGIES[®]



Introduction: Scope

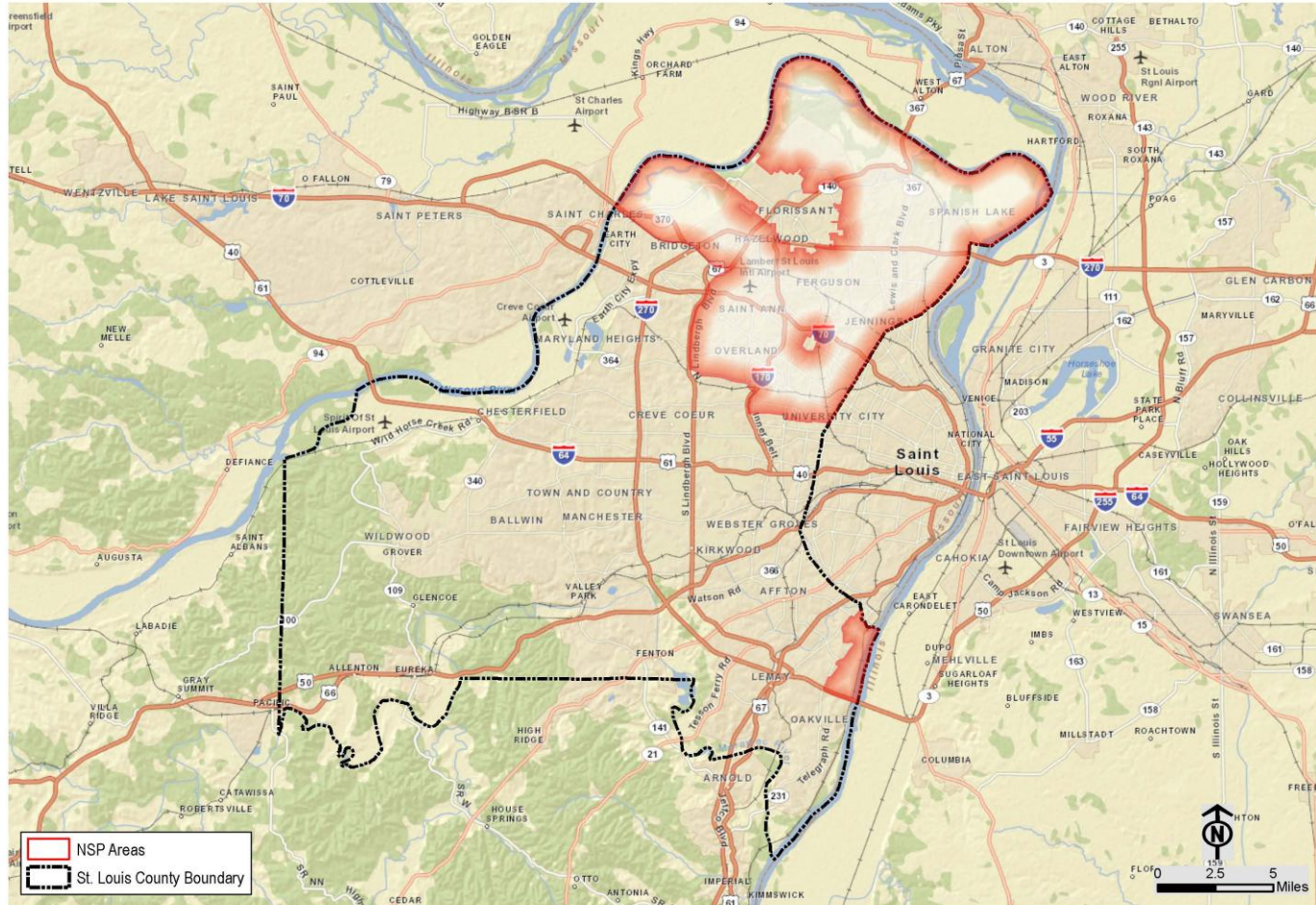
St. Louis County Housing Study

- Survey Affordable Rental Properties
- Analyze County Foreclosure Data
- Research Policy Tools





Introduction: Areas of Focus



NEIGHBORHOOD STABILIZATION PROGRAM AREAS

St. Louis County, Missouri



April 2012



Intro





Defining the Problem

Problems: A partial list

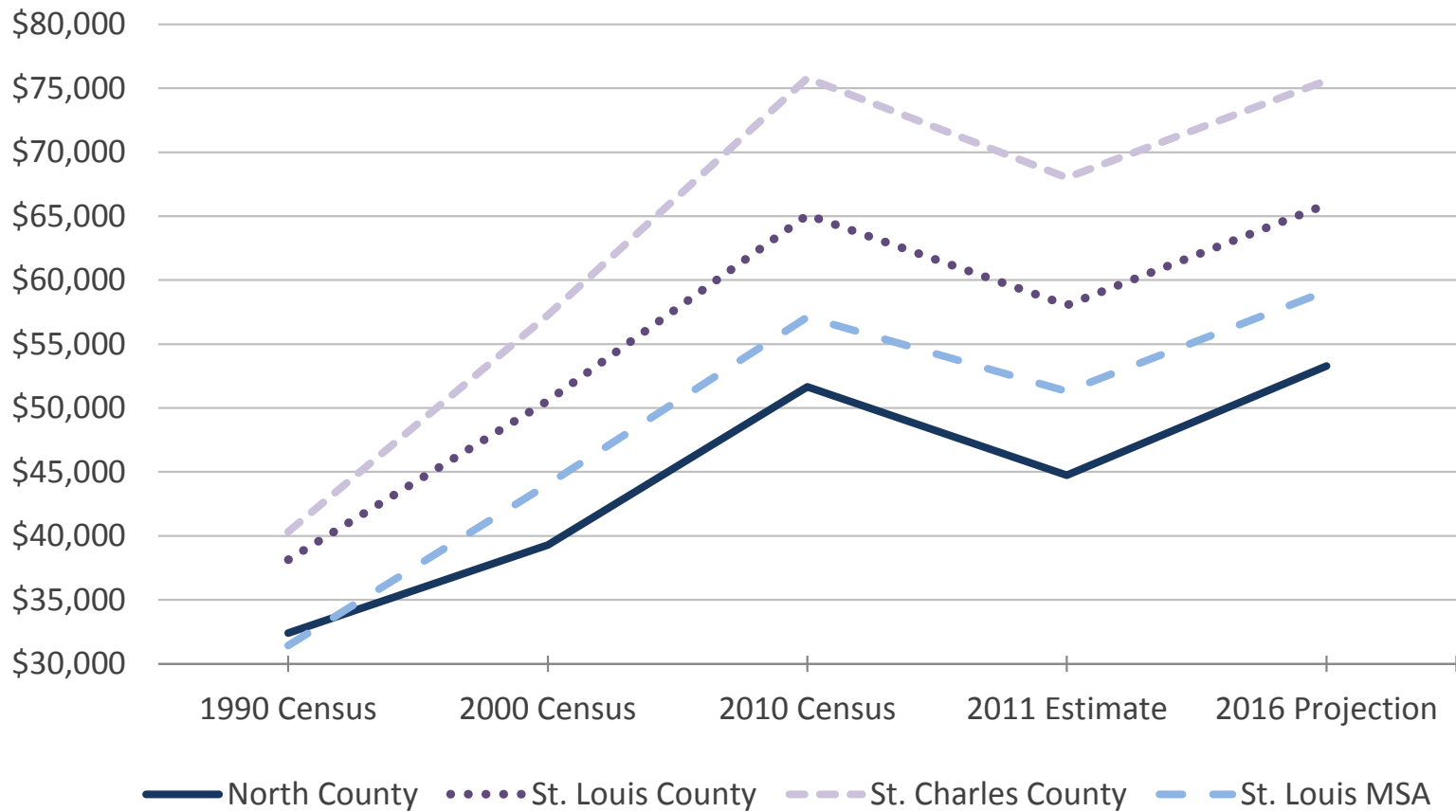
- **Low median home values (\$88,000)**
- **Declining population (-\$21,000)**
- **Below average median HH Income (\$45,000)**
- Elevated housing vacancy (12%)
- Concentrated poverty
- **Concentrated foreclosures**
- Property depreciation
- Decline in manufacturing jobs
- Fragmented governance
- Few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



Defining the Problem: Income Inequality

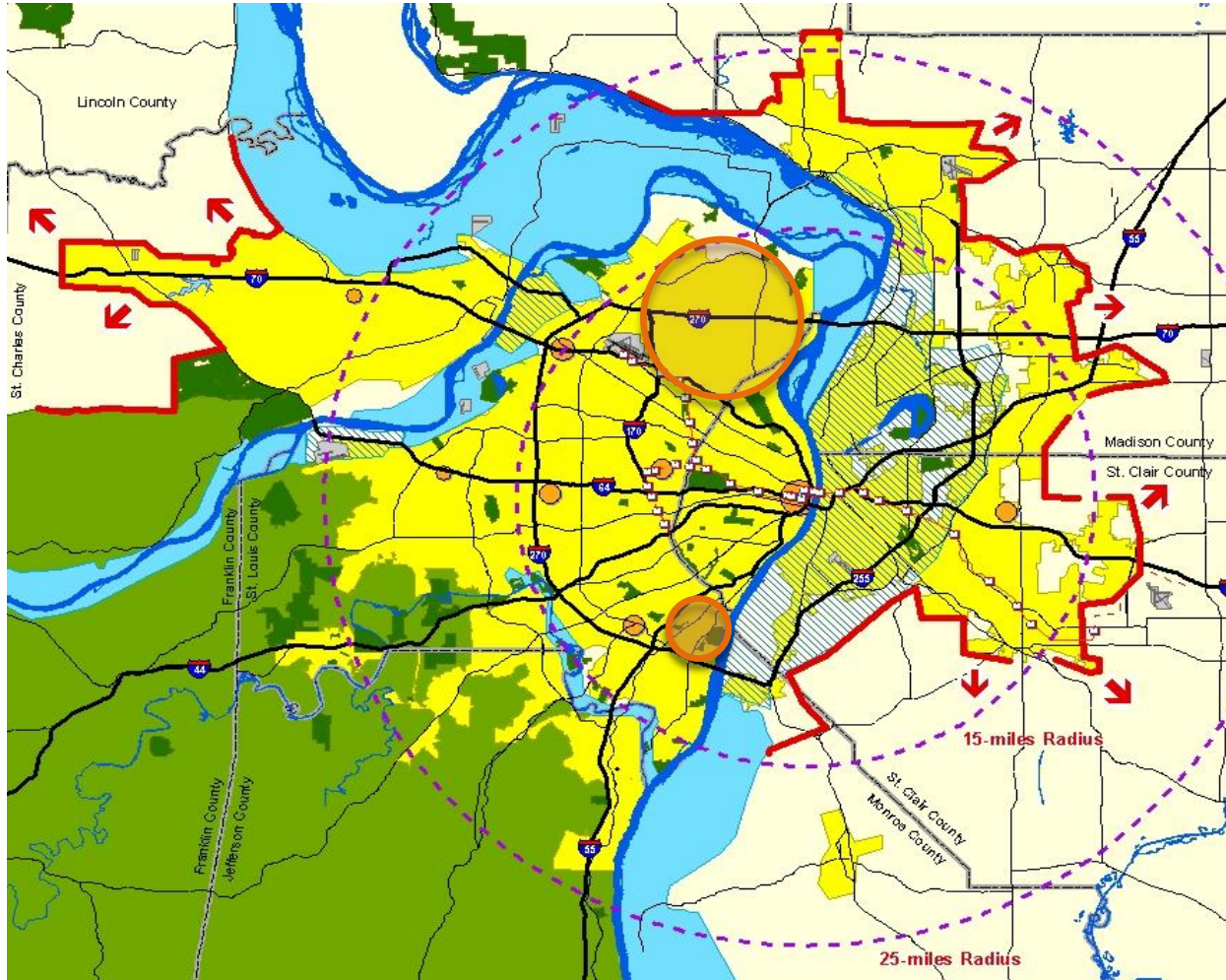
Median Household Income Comparison

Source: Esri, 2012





Defining the Problem: Population Loss



2000-2010

MSA: ↑ 114,000

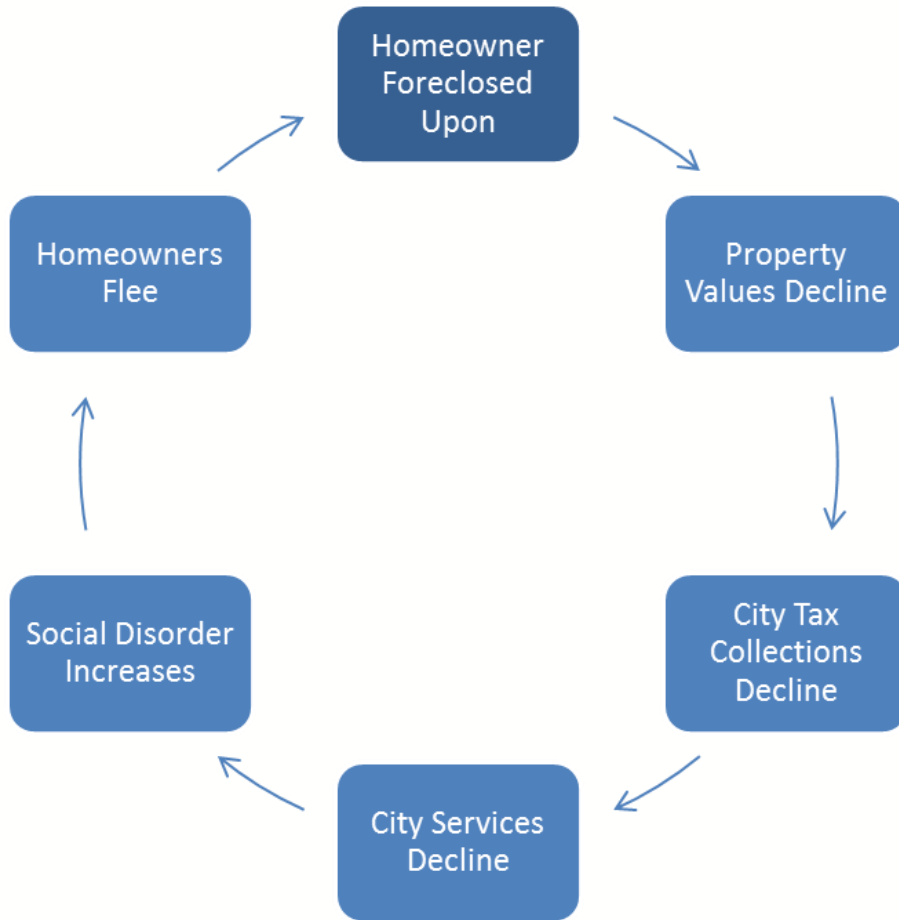
St. Charles: ↑ 77,000

North County: ↓ 21,000

Lemay: ↓ 570



Defining the Problem: Foreclosures

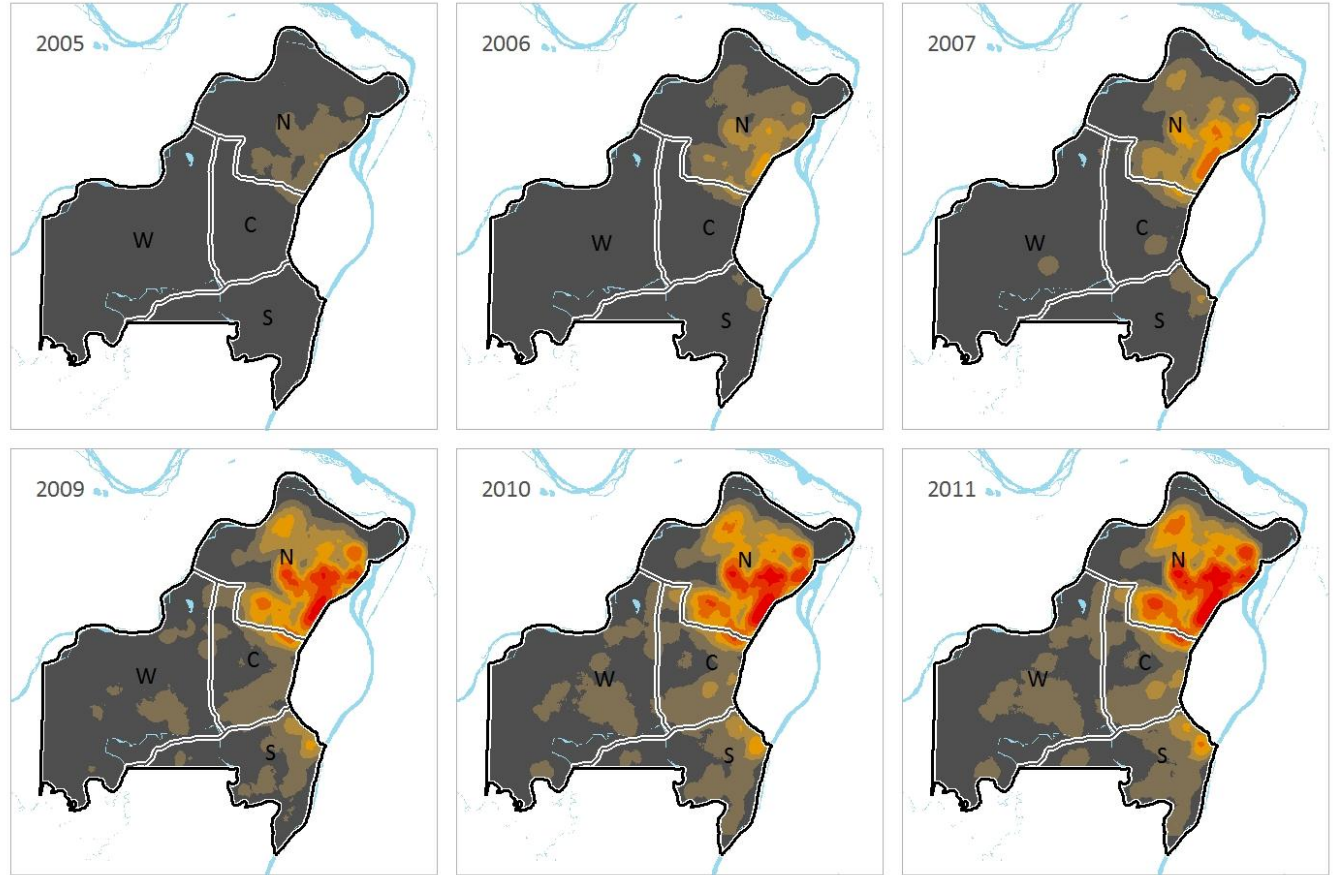


Add to this the prospect of out-of-state investors buying large single family rental portfolios...





Data Analysis: Foreclosures


Cumulative St. Louis County Foreclosures (2005-2011)



Source: St. Louis County

 St. Louis County Boundary

 County Sub-Areas

Cumulative Concentration of Foreclosures

Low High

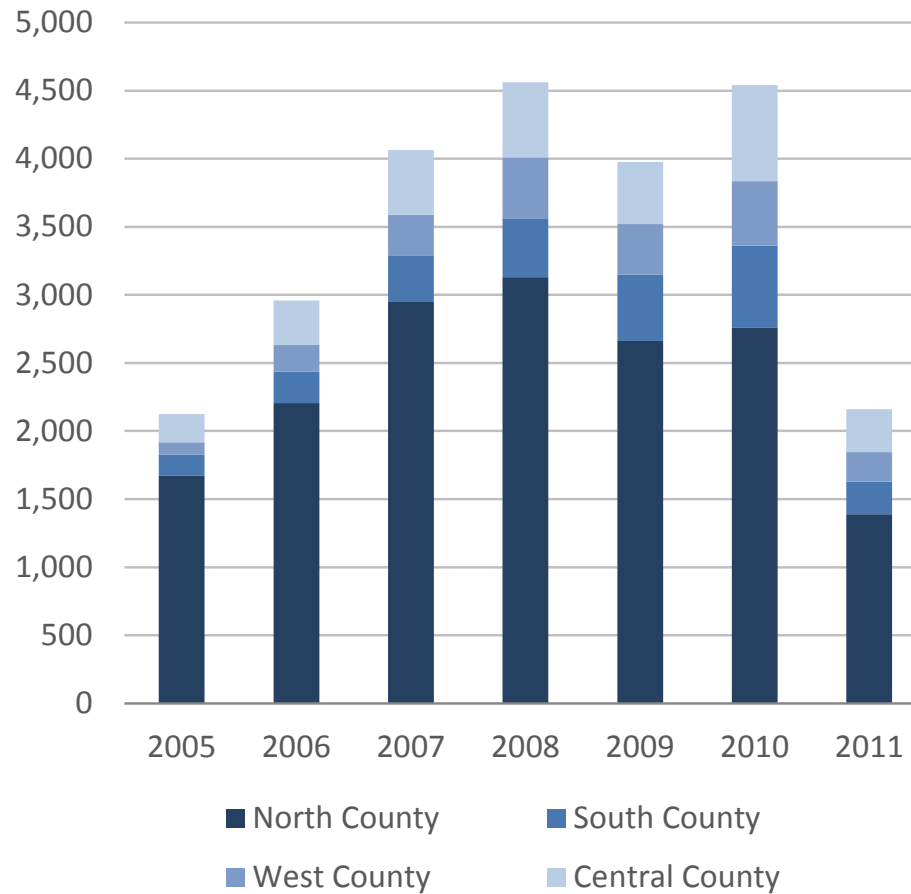
2005-2011: 24,000 foreclosures, including 17,000 in North County



Data Analysis: Foreclosures

County Foreclosures by Year

Source: St. Louis County, 2012

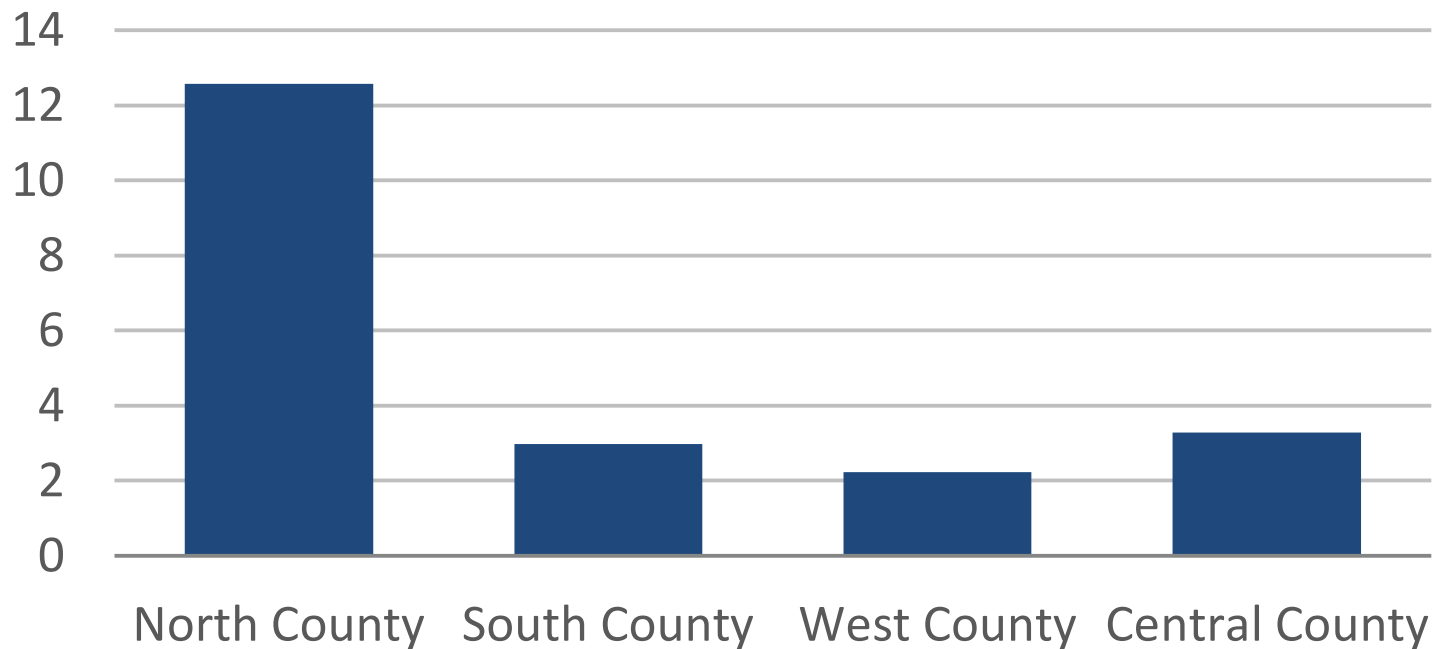




Data Analysis: Foreclosures

Cumulative Foreclosures per 100 Households

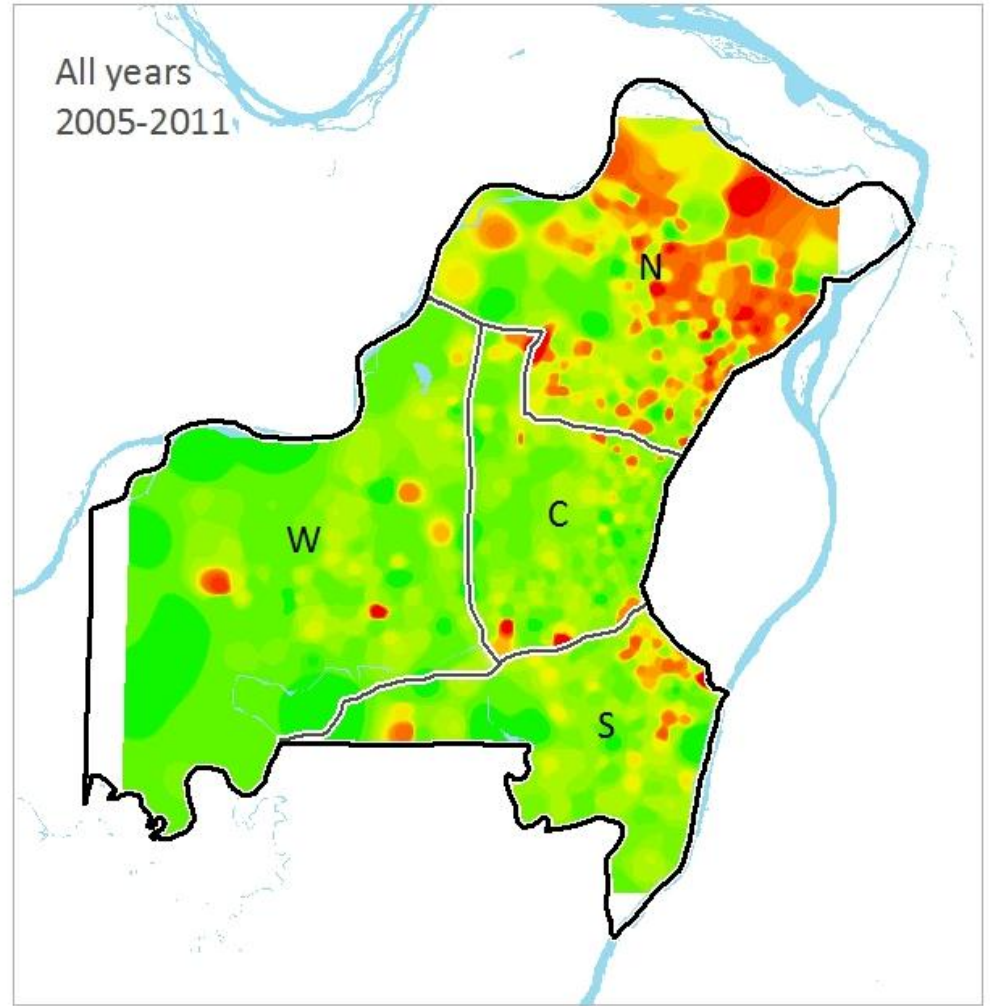
Source: St. Louis County, 2005-2011



1 Foreclosure = 1% loss in value for nearby properties



Data Analysis: Assessed Values

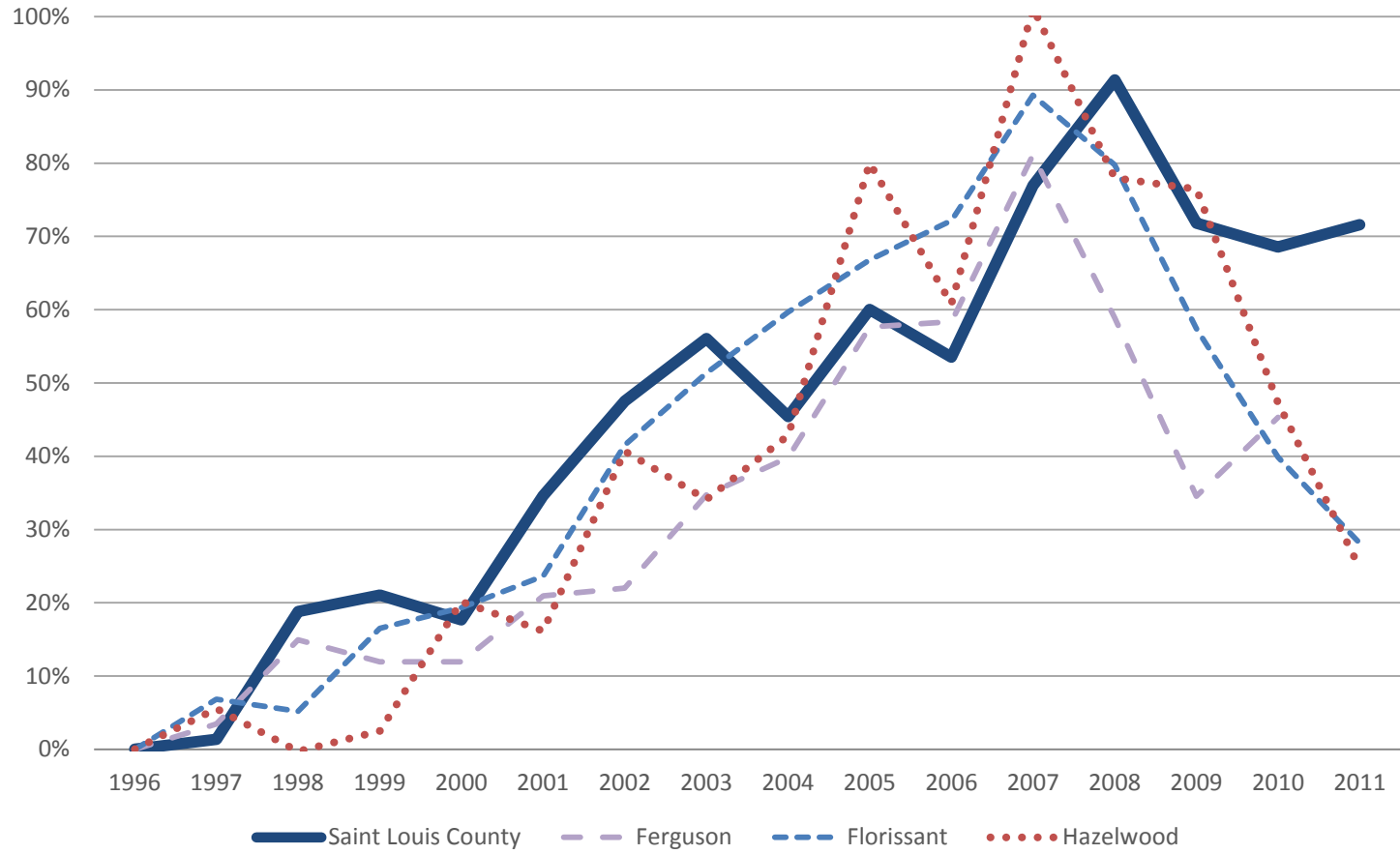




Data Analysis: Property Values

Changes in Property Values: 1996-2011

Source: Zillow

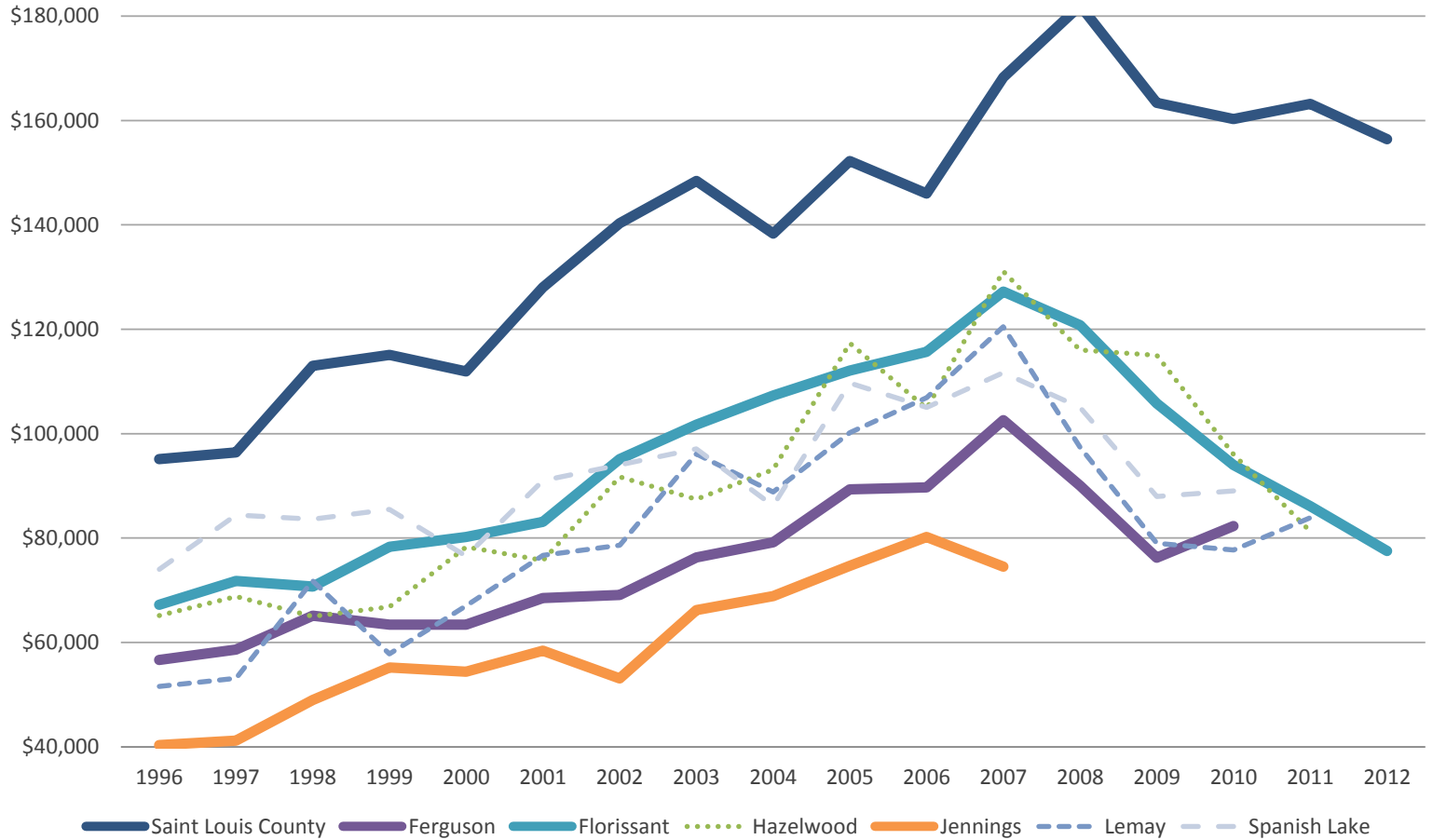




Data Analysis: Assessed Values

Home Values: 1996-2012

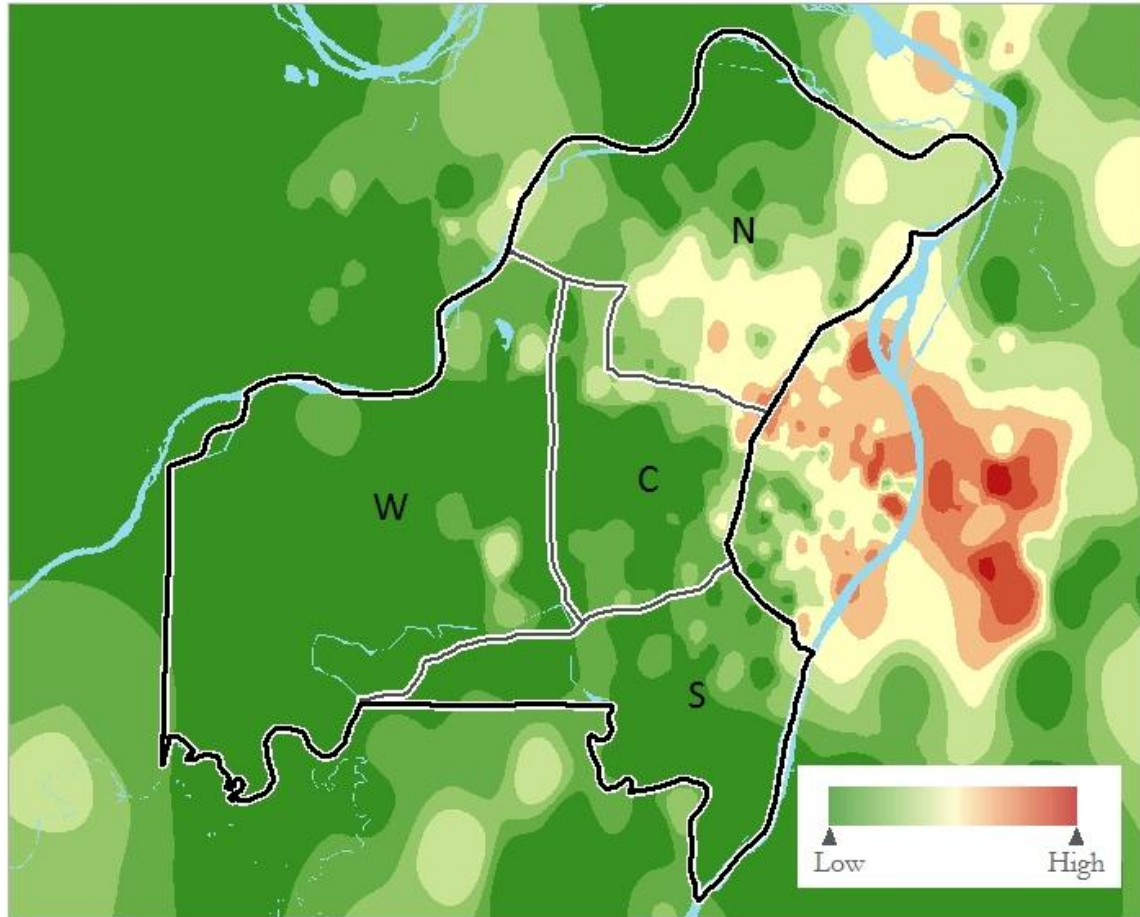
Source: Zillow





Data Analysis: Assessed Values

Percentage of Below Poverty Households (2010)



Source: ESRI



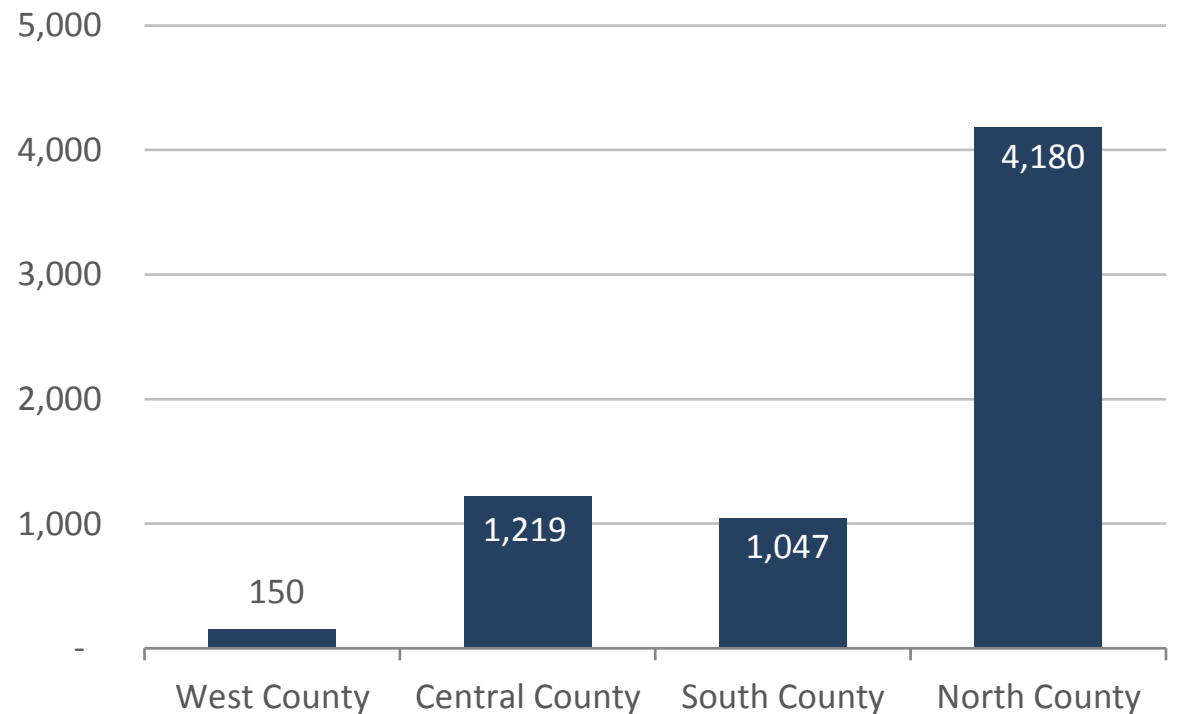
Data Analysis: Affordable Rental Database

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





Assets and Opportunities

Assets

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



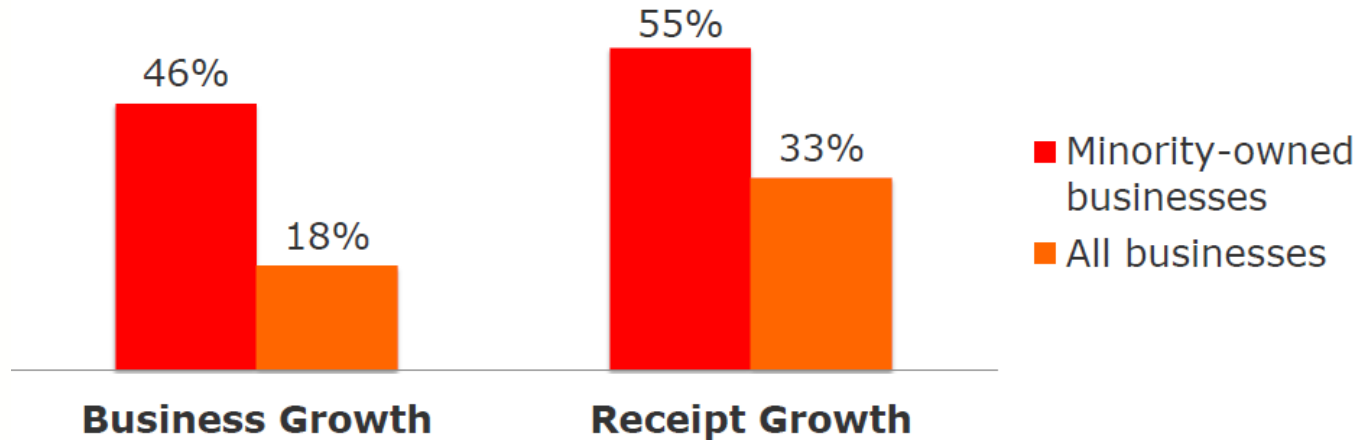


Assets and Opportunities

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



*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

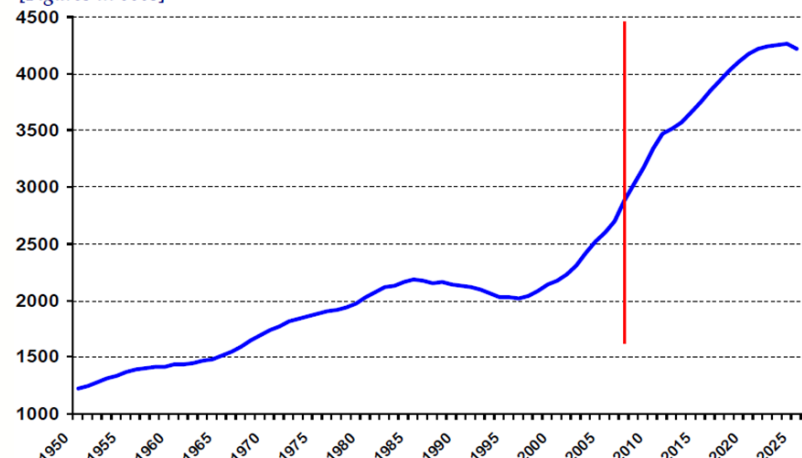
Decline in Households with Kids

Household	1960	2000	2025
With Children	48%	33%	28%
Without Children	52%	67%	72%
Single	13%	26%	28%

Source: Census for 1960 and 2000; adapted from Martha Farnsworth

Americans Turning 65 Each Year

[Figures in 000s]



Source: US Census Bureau – 65+ in the United States: 2005; Wan He, Manisha Sengupta, Victoria A. Velkoff, & Kimberly A DeBarros. December 2005.

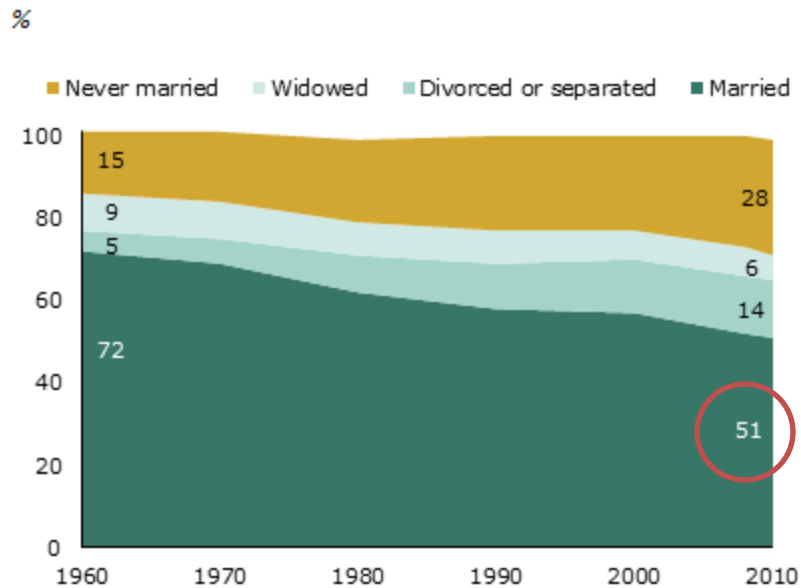
Source: Census for 1960 and 2000, 2025 adapted from Martha Farnsworth Riche, How Changes in the Nation's Age and Household Structure Will Reshape Housing Demand in the 21st Century, HUD (2003).



Demographic Transition: Marriage

People are marrying later, if at all

Current Marital Status, 1960-2010



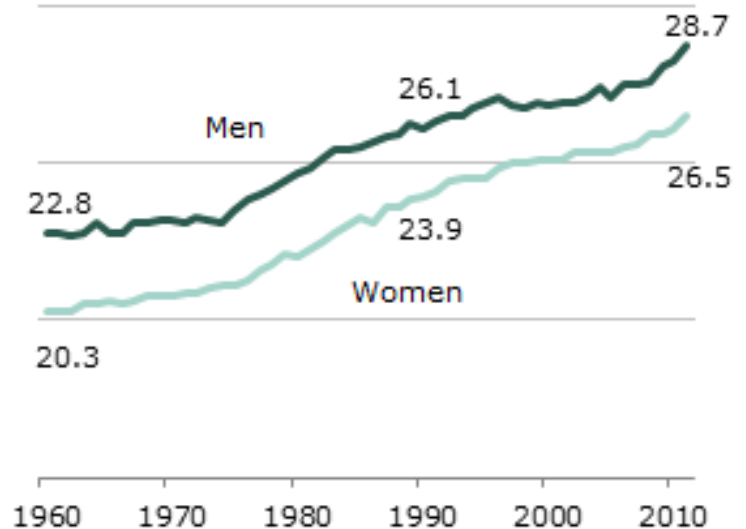
Note: Based on adults ages 18 and older. Percents may not total 100% due to rounding.

Source: Pew Research Center analysis of Decennial Census (1960-2000) and American Community Survey data (2008, 2010), IPUMS.

PEW RESEARCH CENTER

Median Age at First Marriage, 1960-2011

in years



Source: Current Population Survey, March and Annual Social and Economic Supplements.

PEW RESEARCH CENTER



Demographic Transition

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 ***

Preference Demand vs. Supply

House Type	Nelson	RCLCo	NAR	AHS
Attached	38%	38%	39%	28%
Small Lot	37%	37%	37%	29%
Large Lot	25%	25%	24%	43%

Source: Nelson (2006), RCLCo (2008), Myers & Gearin (2001), NAR (2011), AHS (2010)

*National Association of Realtors: The 2011 Community Preference Survey, 2011

SMARTRAQ 2007 *"No McMansions for Millennials, WSJ, January 13, 2011.



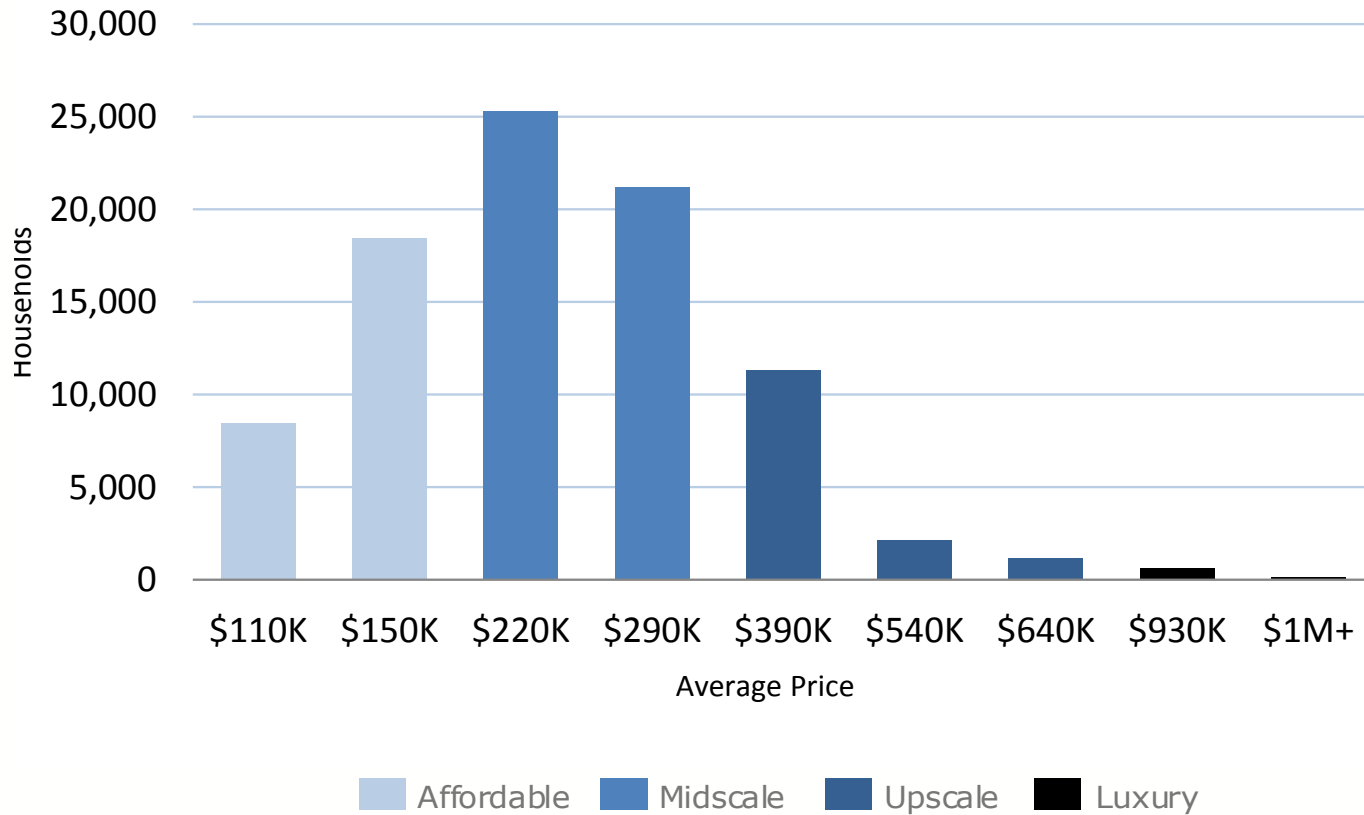
Opportunity and Demographic Transition

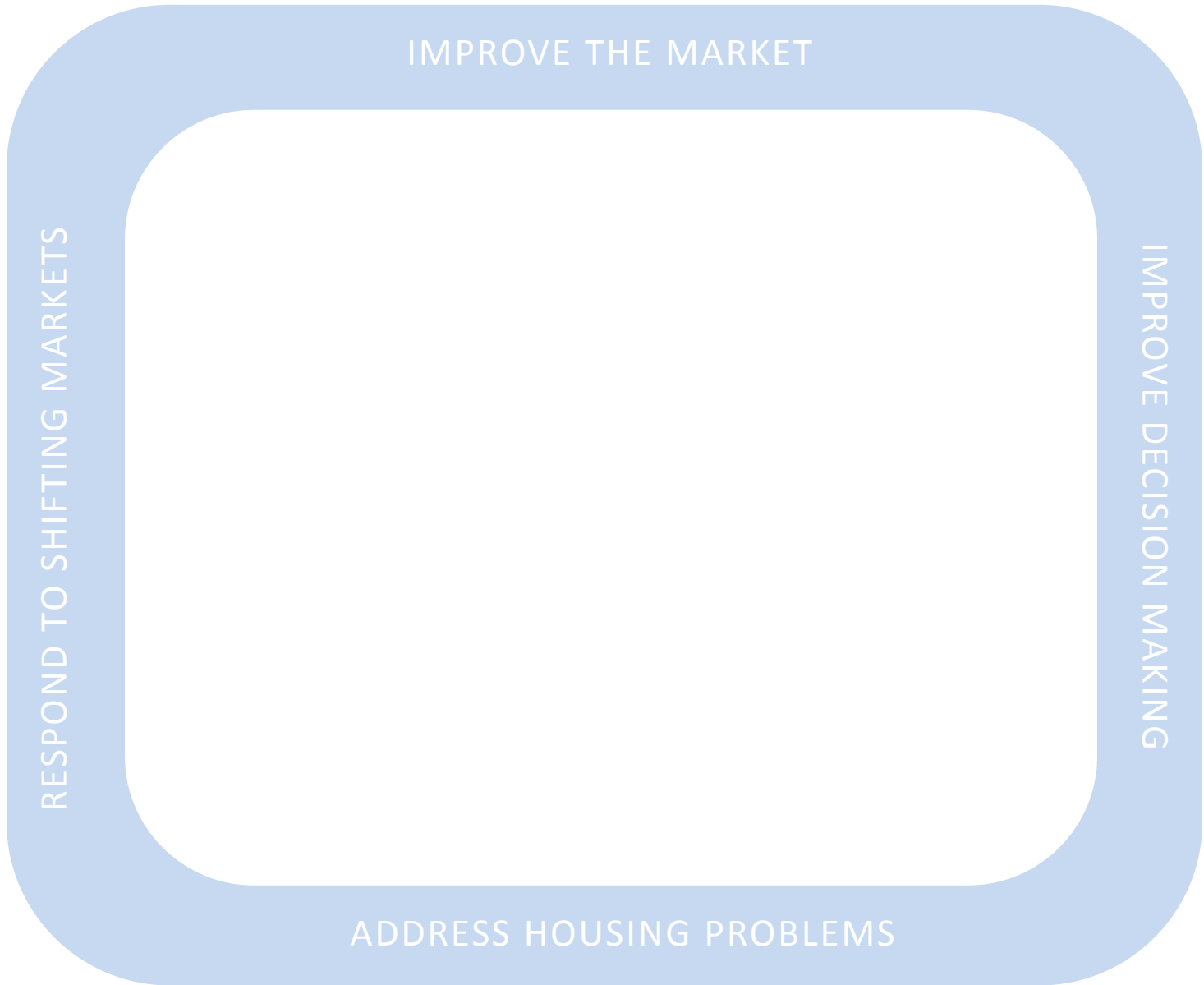




Opportunity and Demographics

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

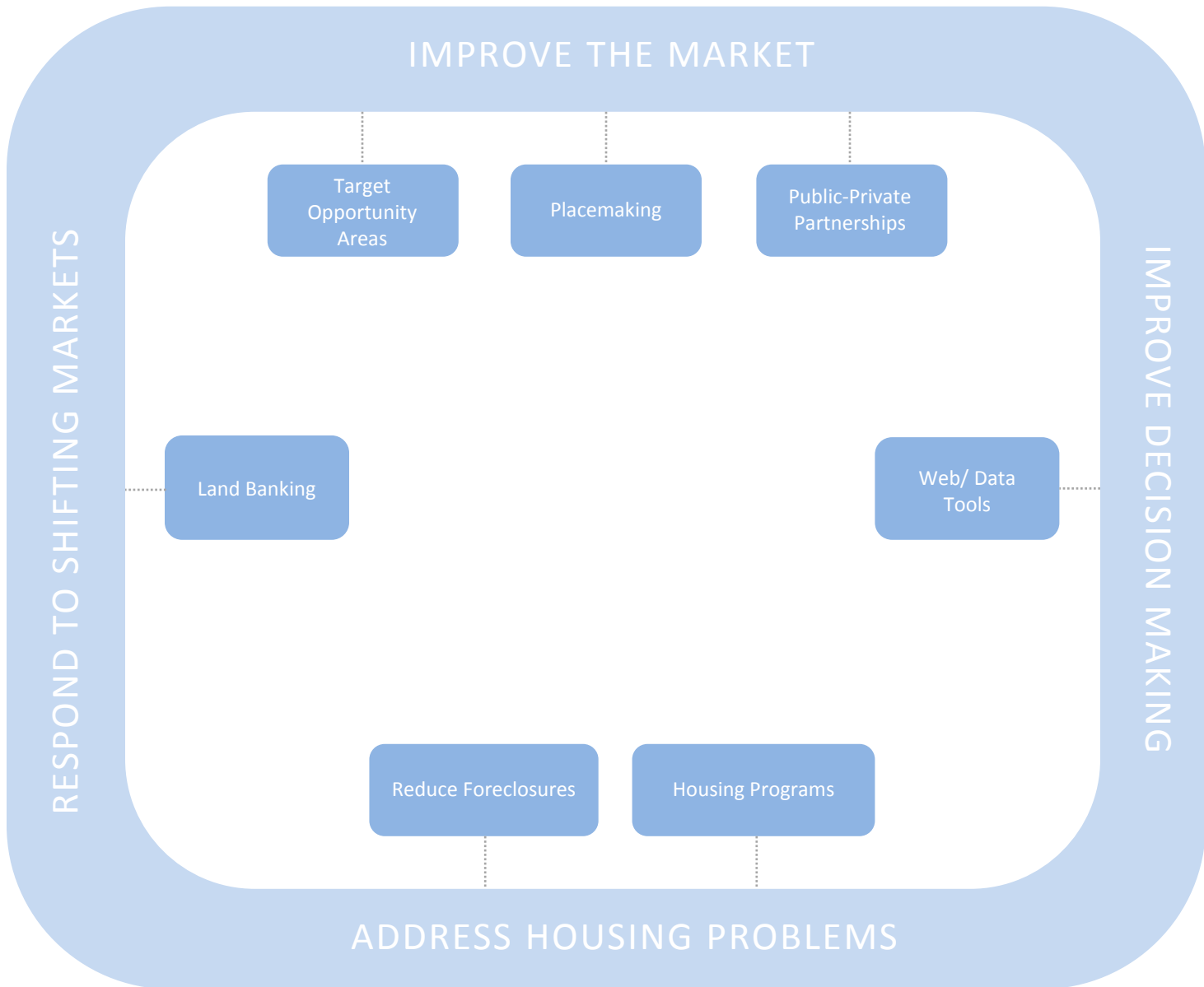




Housing Goals Diagram ©

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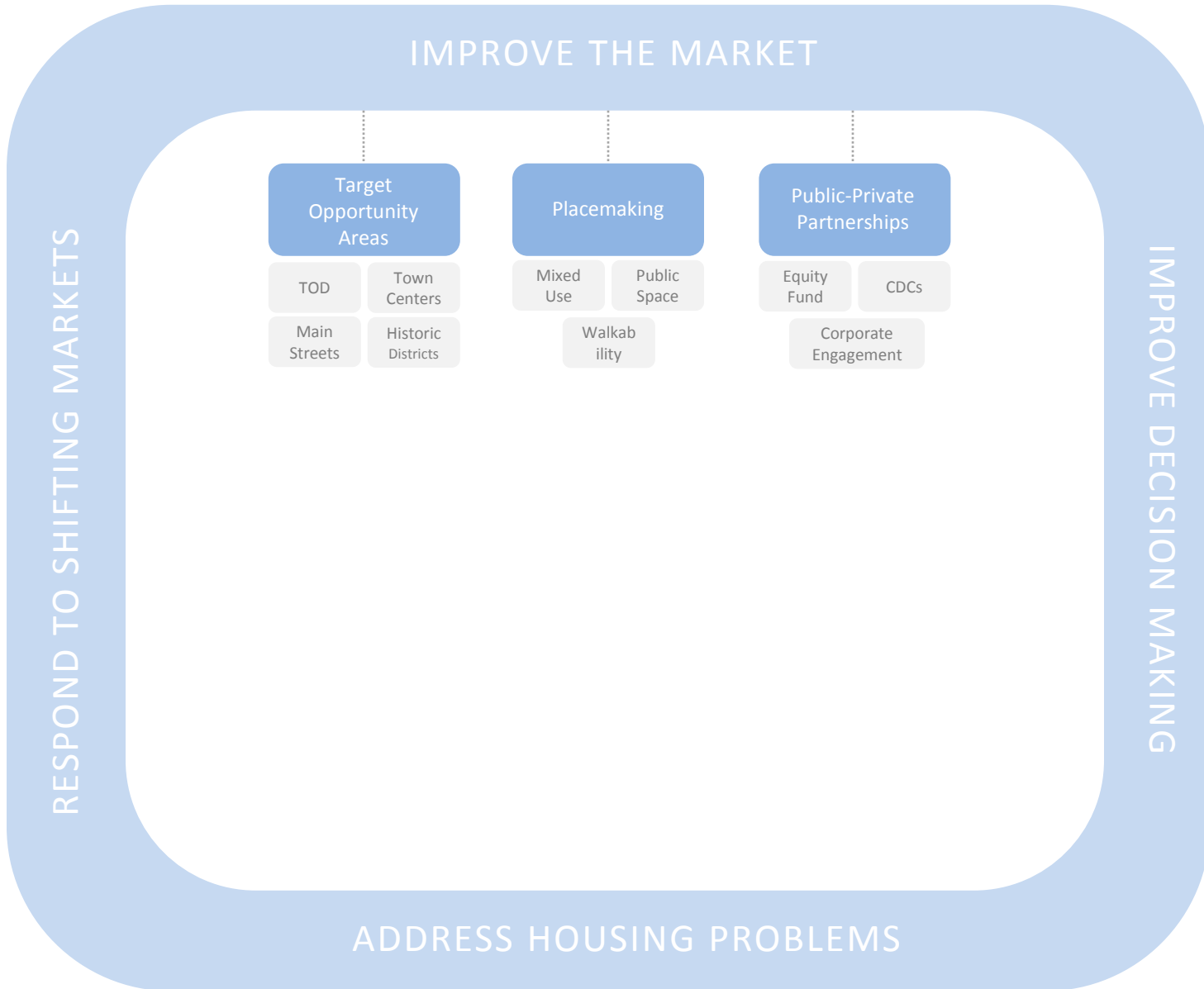
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Housing Goals Diagram ©

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IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

IMPROVE DECISION MAKING



ADDRESS HOUSING PROBLEMS

Housing Goals Diagram ©

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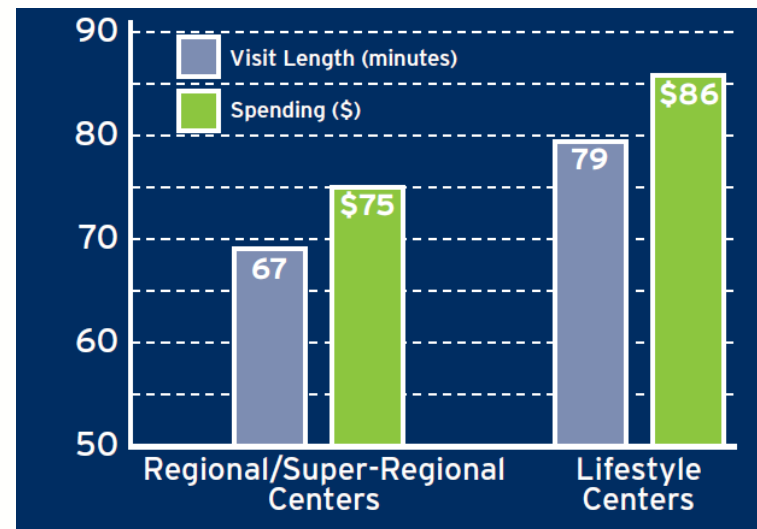
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Housing Policy: Placemaking



Easton Town Center, Columbus, Ohio



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

*Alexander Babbage 2009



Housing Policy: Placemaking



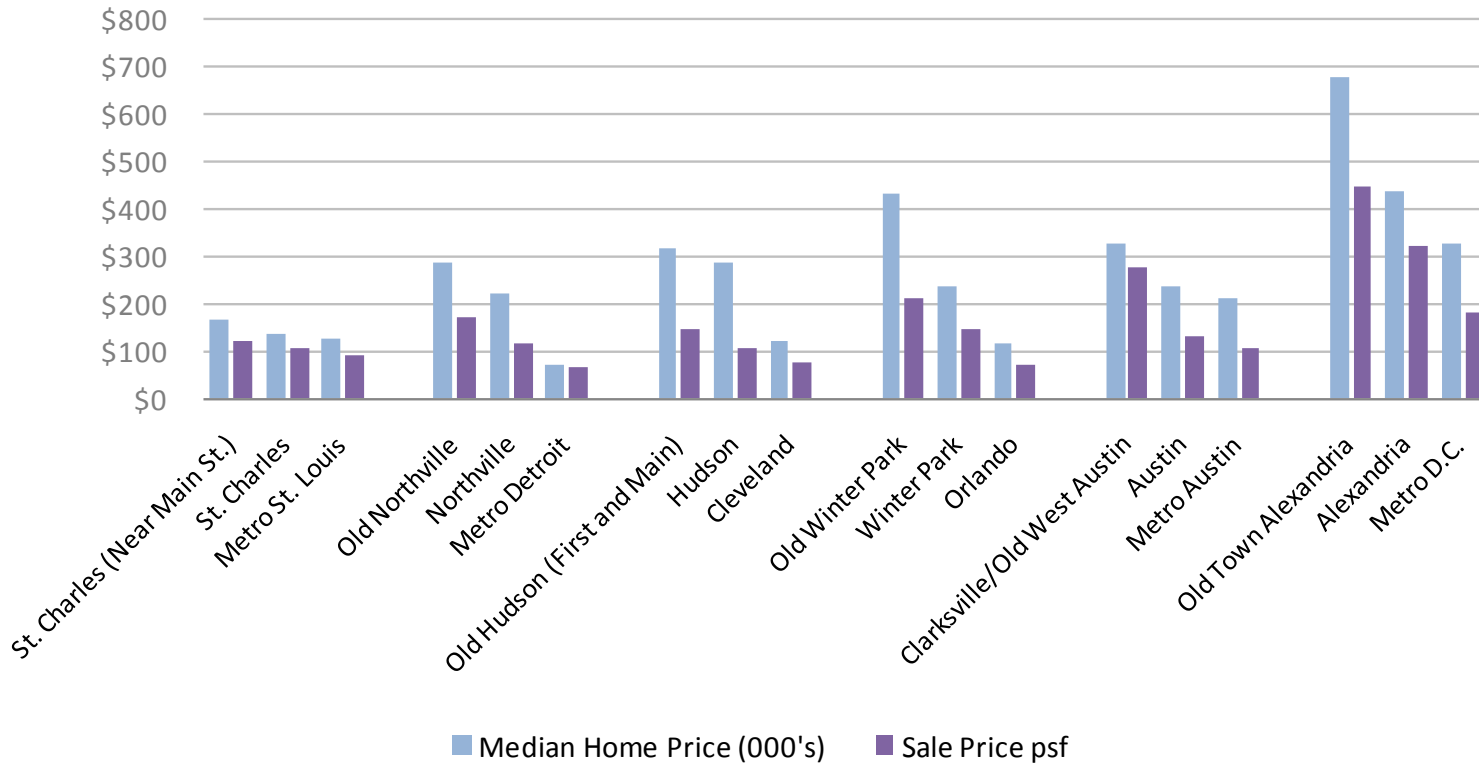
Great places create value for residential development



Housing Policy: Placemaking

Sales Data for Historic, Walkable Communities

Sources: Zillow, DEVELOPMENT STRATEGIES 2011



The market places a premium on historic, walkable communities



Housing Policy: Placemaking



Town Center Apartments Selected Cities

Town Center	Market	2 BR Rent psf	2 BR Rent	Avg. Metro Rent	% Higher Rent
SouthSide Works	Pittsburgh	\$1.50	\$1,750	\$693	153%
Easton Town Center	Columbus	\$1.10	\$1,150	\$652	76%
The Greene	Dayton	\$1.05	\$1,050	\$571	84%

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

New places can be created to add value to residences



Housing Policy: Placemaking

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

	2006		2010	
	Rate*	Vacancy	Rate*	Vacancy
Kansas City				
Country Club Plaza	\$29	6%	\$23	16%
College Boulevard	\$22	9%	\$22	21%
Downtown	\$16	17%	\$21	25%
<i>Overall</i>	<i>\$20</i>	<i>14%</i>	<i>\$21</i>	<i>18%</i>
St. Louis				
Clayton	\$24	14%	\$26	12%
Creve Coeur	\$24	18%	\$24	11%
Highway 40/Chesterfield	\$23	15%	\$23	11%
Downtown	\$19	8%	\$19	13%
<i>Overall</i>	<i>\$22</i>	<i>11%</i>	<i>\$22</i>	<i>12%</i>

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



Employment centers that reinforce place are highly valued in Missouri

IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

IMPROVE DECISION MAKING

Target
Opportunity
Areas

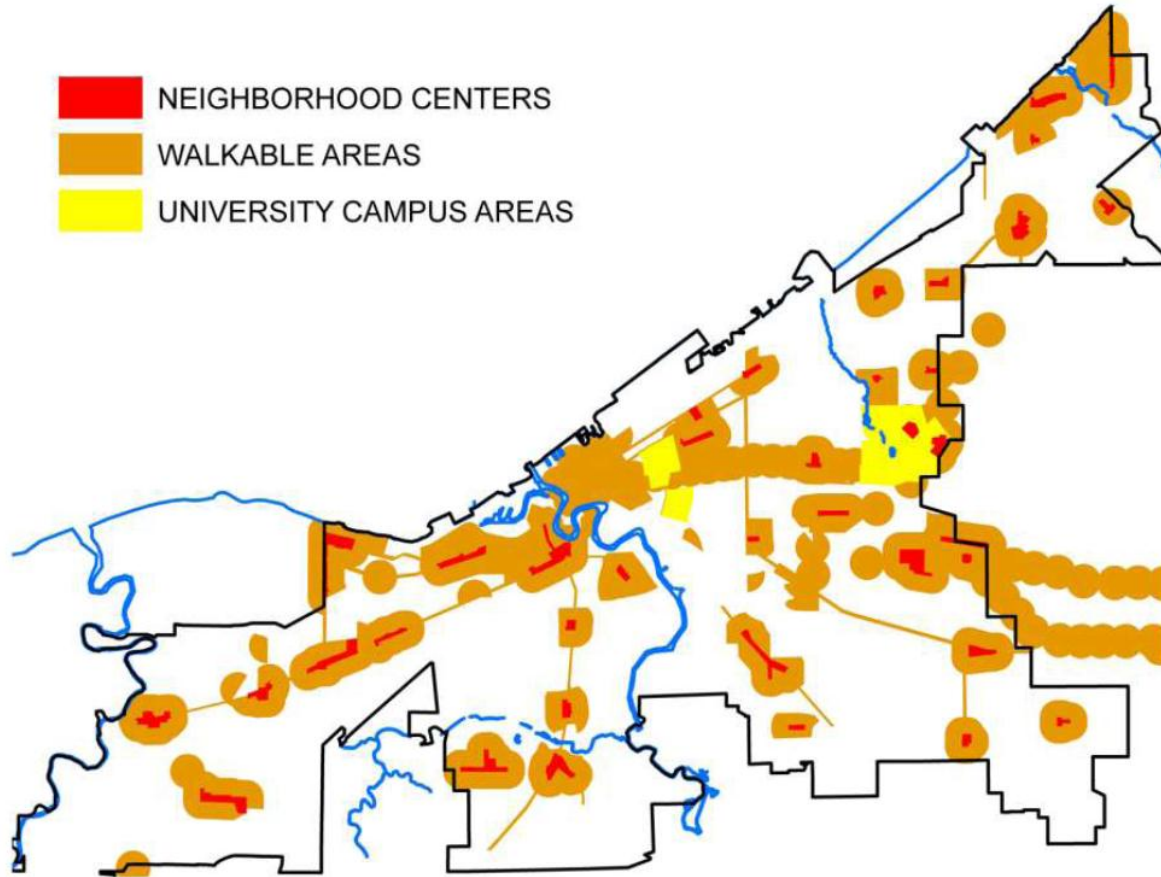
- TOD
- Town Centers
- Main Streets
- Historic Districts



ADDRESS HOUSING PROBLEMS



Housing Policy: Opportunity Areas



In Cleveland, opportunity areas were identified for concentrated investment.



Housing Policy: Opportunity Areas: TOD

Transit-friendly Design*

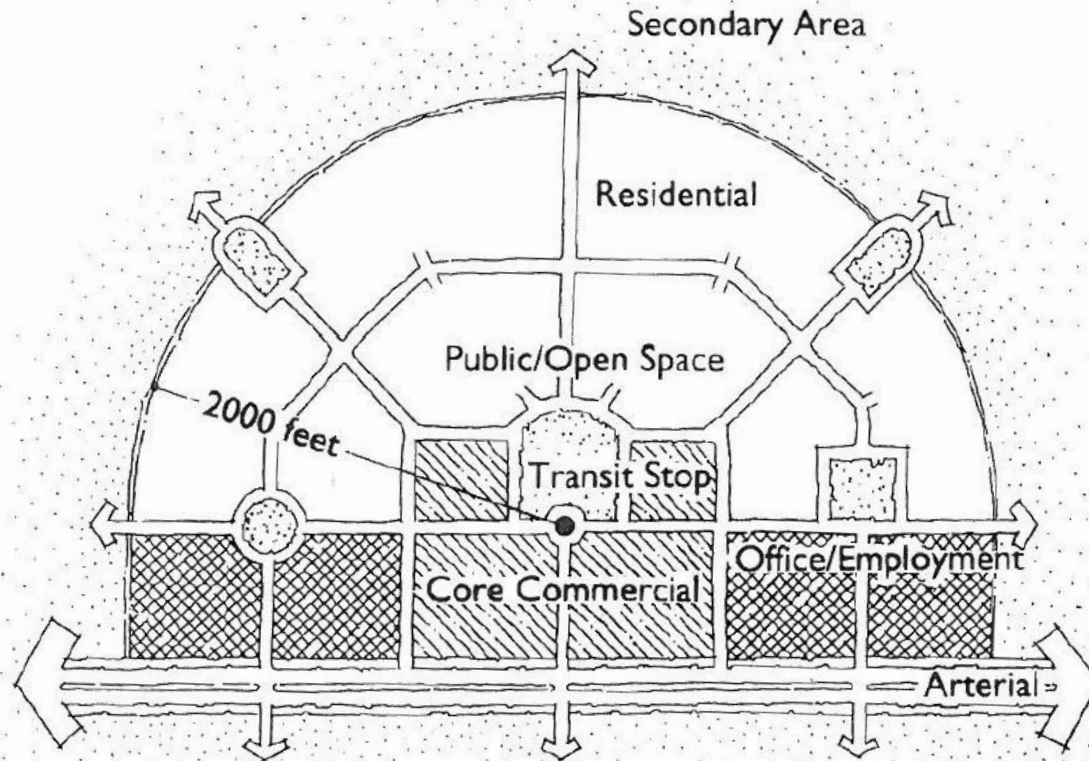
- Density: 20 to 30 units per acre for light rail.
- Density Gradient
- Mix of Uses
- Short Block Lengths: 300 to 500 feet lengths are considered ideal
- Continuous, wide sidewalks
- Calm traffic (with few exceptions)
- Street-oriented Buildings



*Reid Ewing, 1999



Housing Policy: Opportunity Areas: TOD



Property premiums for TOD range from 7 to 24 percent.*

*Victoria Transport Policy Institute, 2011
Diagram provided by Peter Calthorpe



Housing Policy: Opportunity Areas: TOD



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



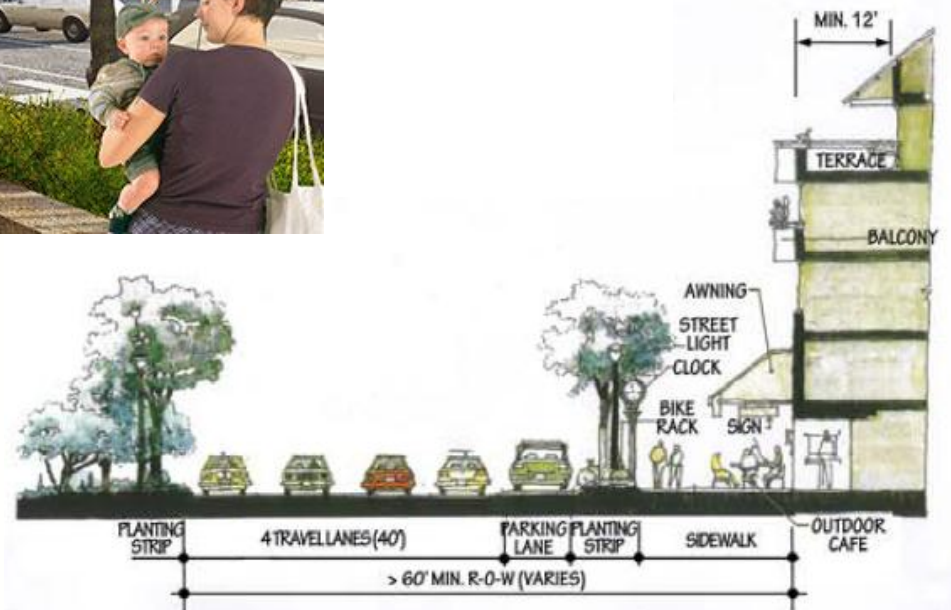
Housing Policy: Main Streets



Image provided by Design Workshop for South Grand Avenue in St. Louis

City of Ferguson

- Complete Streets
- Form-based Code and Zoning

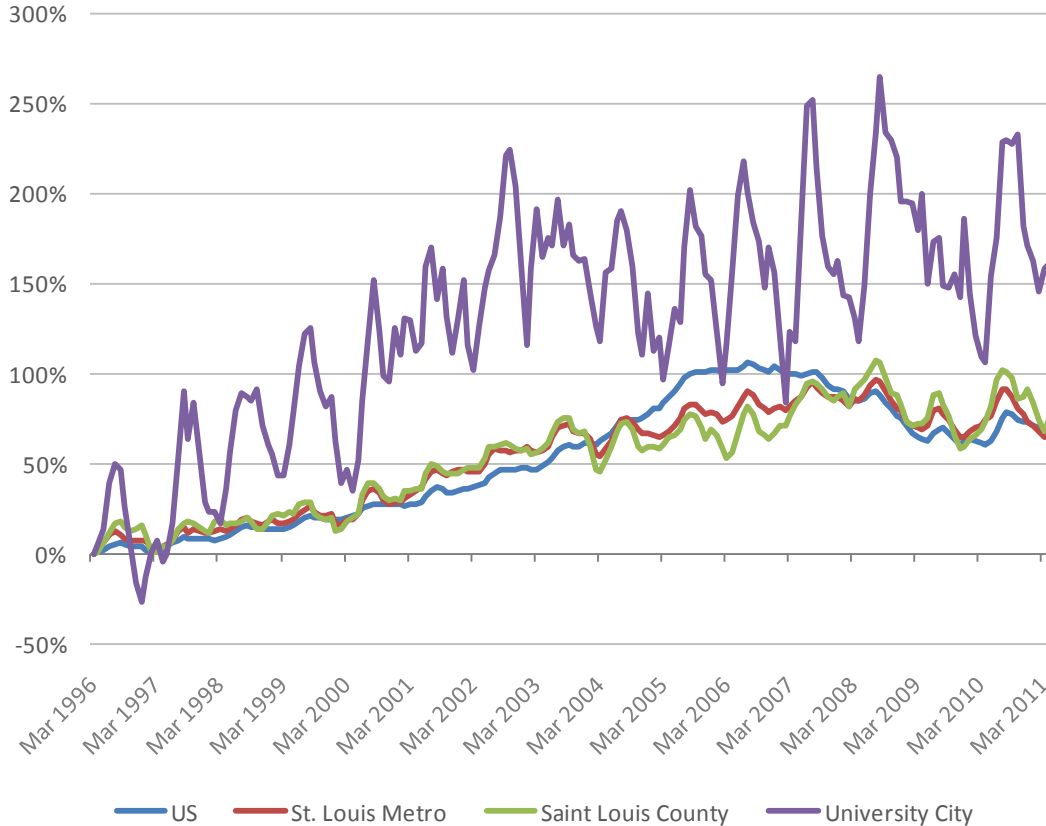




Housing Policy: Historic Districts

Average Home Sale Increase Since 1996

Source: Zillow 2011



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



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

Many historic neighborhoods have significant latent value

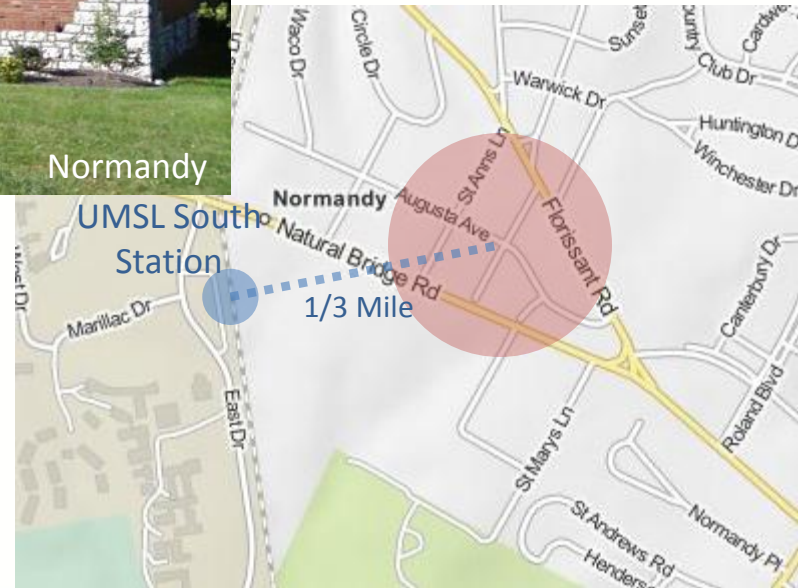


Housing Policy: Historic Districts



Normandy

Some neighborhoods could realize greater value in the future, if preserved today.



IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

Public-Private Partnerships

Equity Fund

CDCs

Corporate Engagement



IMPROVE DECISION MAKING

ADDRESS HOUSING PROBLEMS

Housing Goals Diagram ©

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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



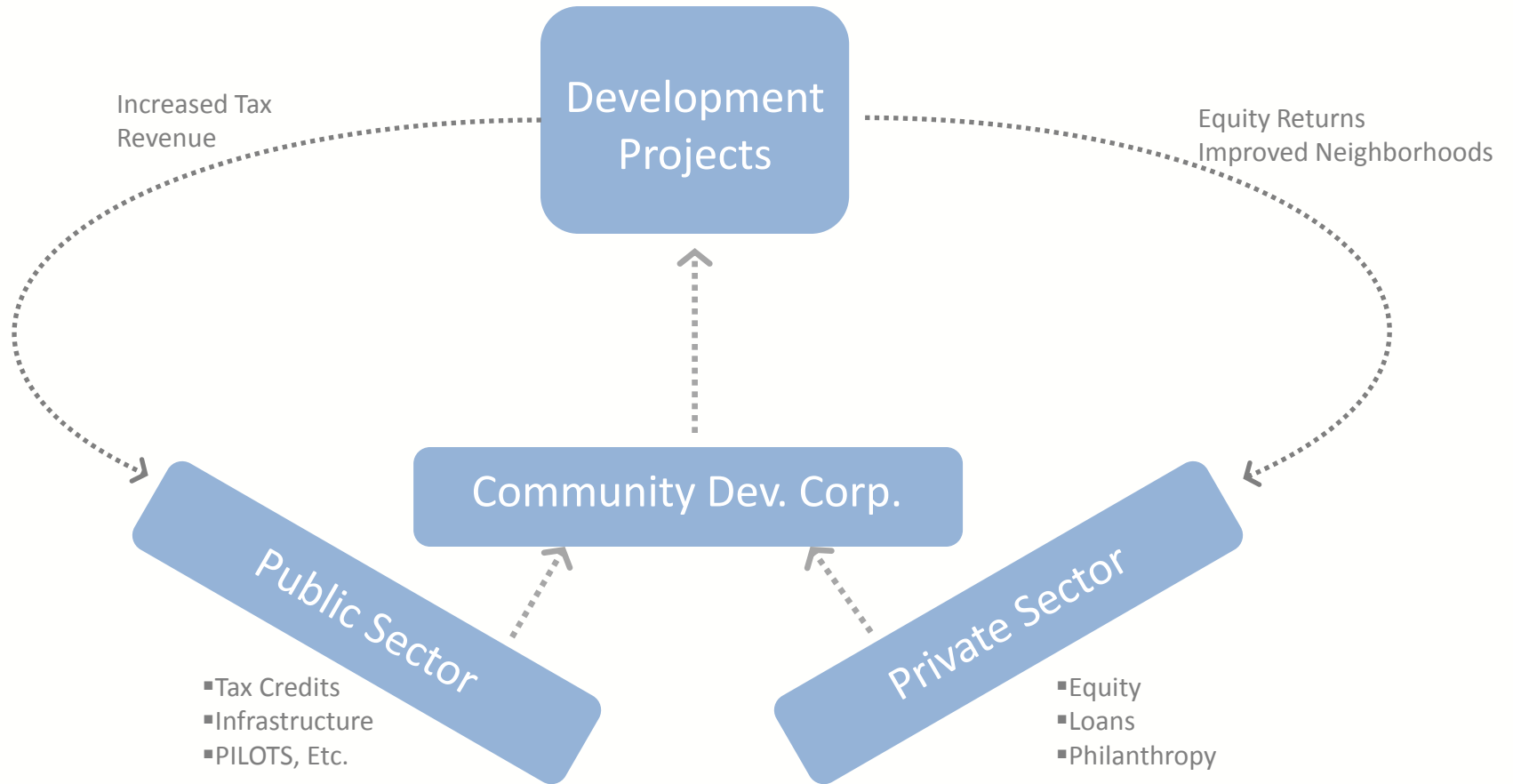
Housing Policy: Public-Private Partnerships



Private Sector



Housing Policy: Public-Private Partnerships



Community Development Corporation Diagram ©
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Housing Policy: Public-Private Partnerships

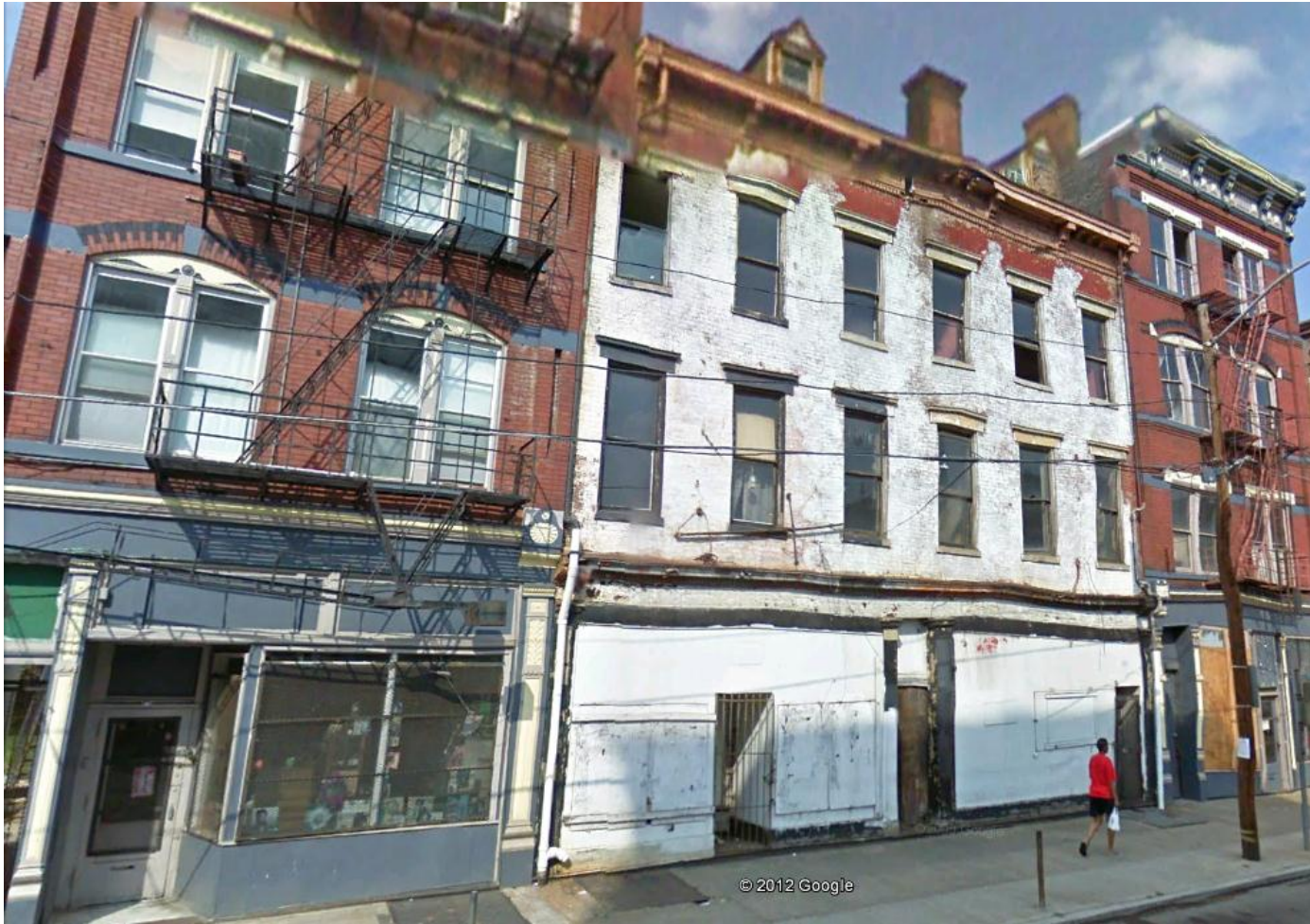
Case Study: Over the Rhine and 3CDC





Housing Policy: Public-Private Partnerships

Case Study: Over the Rhine





Housing Policy: Public-Private Partnerships

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 *



Western & Southern
Financial Group

* Fortune 500 Headquartered Companies



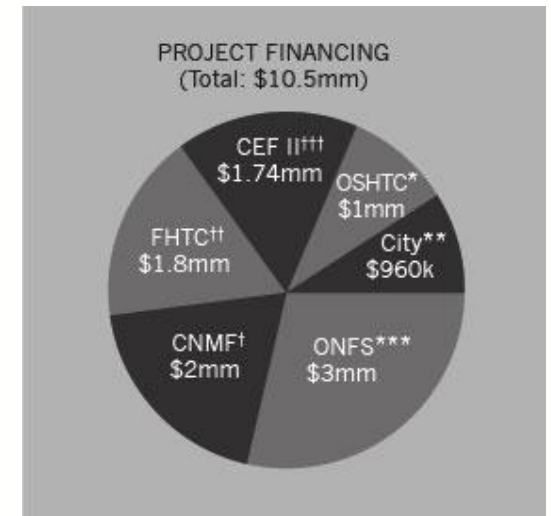
Housing Policy: Public-Private Partnerships

Case Study: 3CDC



Broad Powers

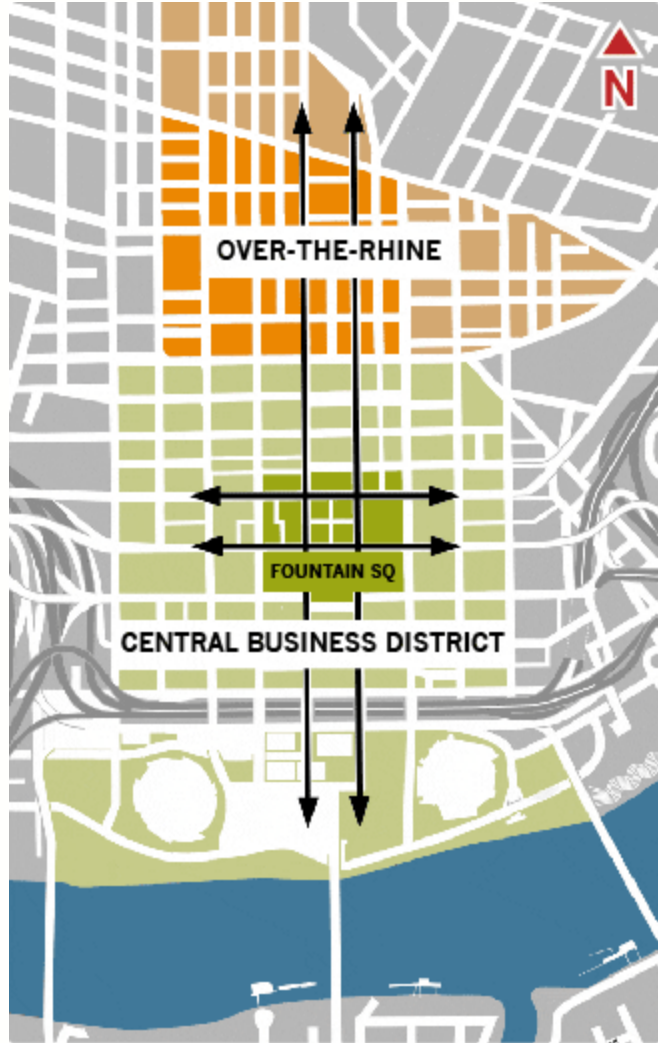
- Developer
- Master Developer
- Asset Manager
- Lender/Fund Manager



- *Ohio State Historic Tax Credits
- **City of Cincinnati Grant
- ***Ohio National Financial Services Loan
- † Cincinnati New Markets Fund
- †† Federal Historic Tax Credits
- ††† Cincinnati Equity Fund II



Housing Policy: Public-Private Partnerships



Case Study: 3CDC
Targeted Area

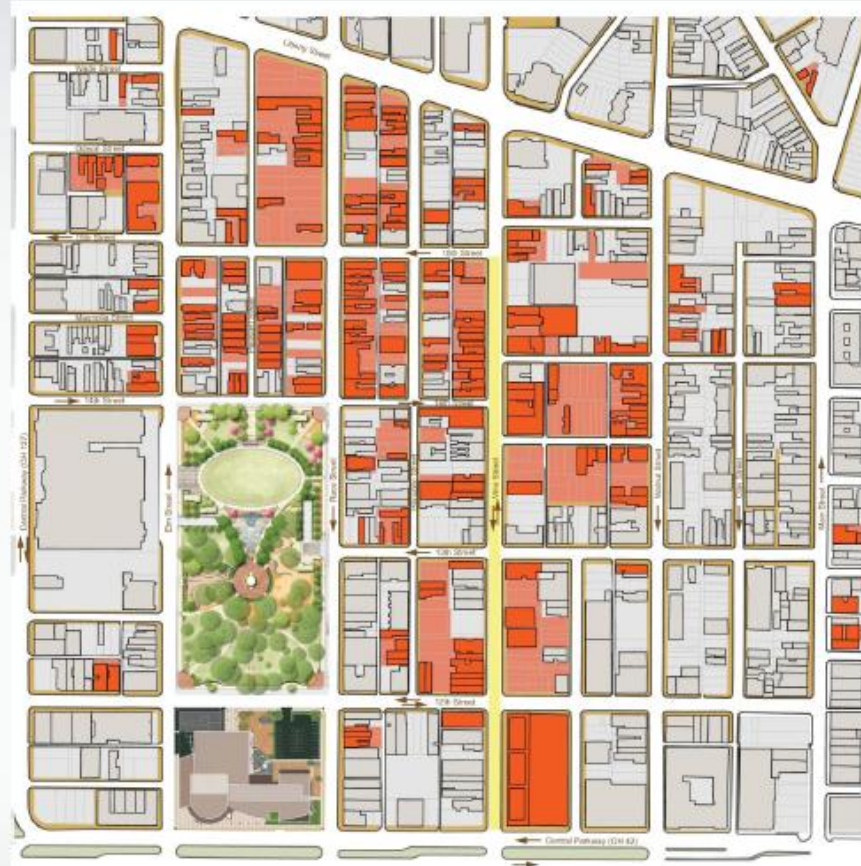


Housing Policy: Public-Private Partnerships



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



3CDC Projects
3CDC Owned



CINCINNATI
CENTER CITY
DEVELOPMENT
CORPORATION

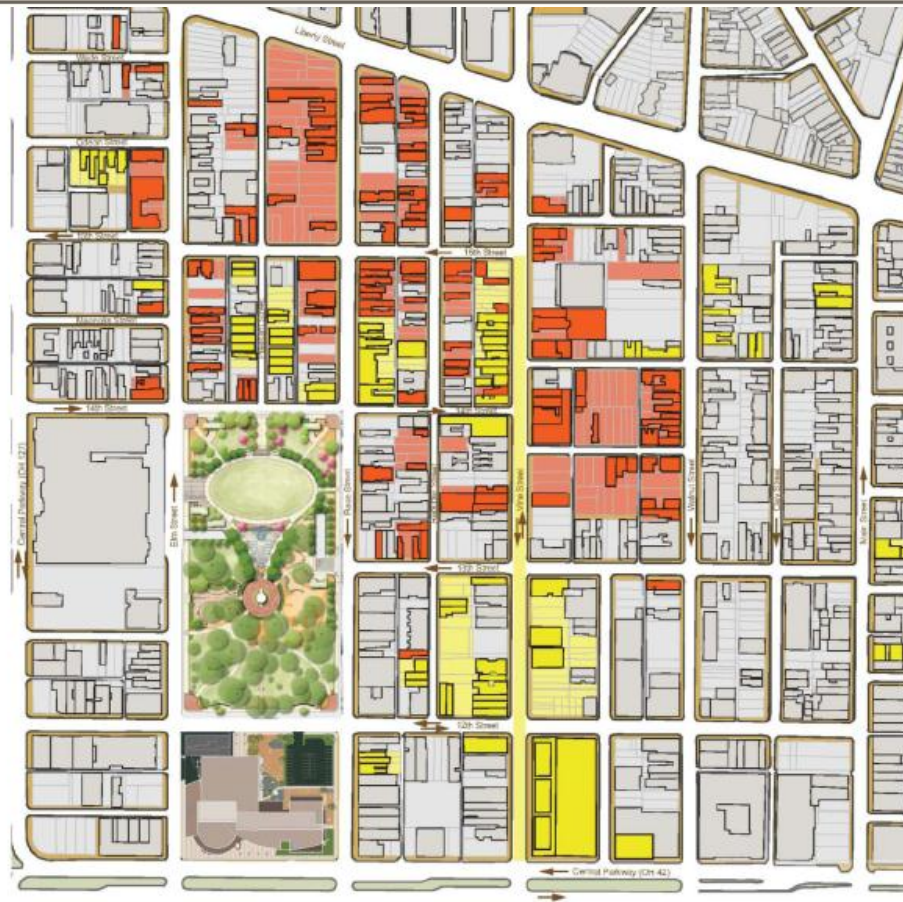


Housing Policy: Public-Private Partnerships



COMPLETED DEVELOPMENTS:

<u>Project</u>	<u>Total Investment</u>
OTR Land Banking	27,509,479
Gateway I	6,896,093
Gateway II	21,581,113
Gateway III	31,264,665
Vine Street Streetscape	2,600,000
Gateway Quarter Parking Lot	800,000
Fine Arts Fund/Artworks	1,000,000
Parvis Lofts Apartments	10,722,507
Westfalen Lofts	3,381,849
Saengerhalle Office	8,100,606
24 East 14th Street	460,000
Lackman Bar	565,895
Washington Park	47,571,582
TOTAL	162,453,789



3CDC Projects
■ Future/ Land Bank
■ Complete



CINCINNATI
 CENTER CITY
 DEVELOPMENT
 CORPORATION

Updated: 07-25-2011



Housing Policy: Public-Private Partnerships





Housing Policy: Public-Private Partnerships

Case Study: Over the Rhine and 3CDC



IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS



IMPROVE DECISION MAKING

ADDRESS HOUSING PROBLEMS

Housing Goals Diagram ©

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Image Source: Cleveland Urban Design Collaborative



Policy: Respond to Shifting Markets

Agriculture alone will not drive North County and Lemay's economies...



Image Source: Cleveland Urban Design Collaborative



...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

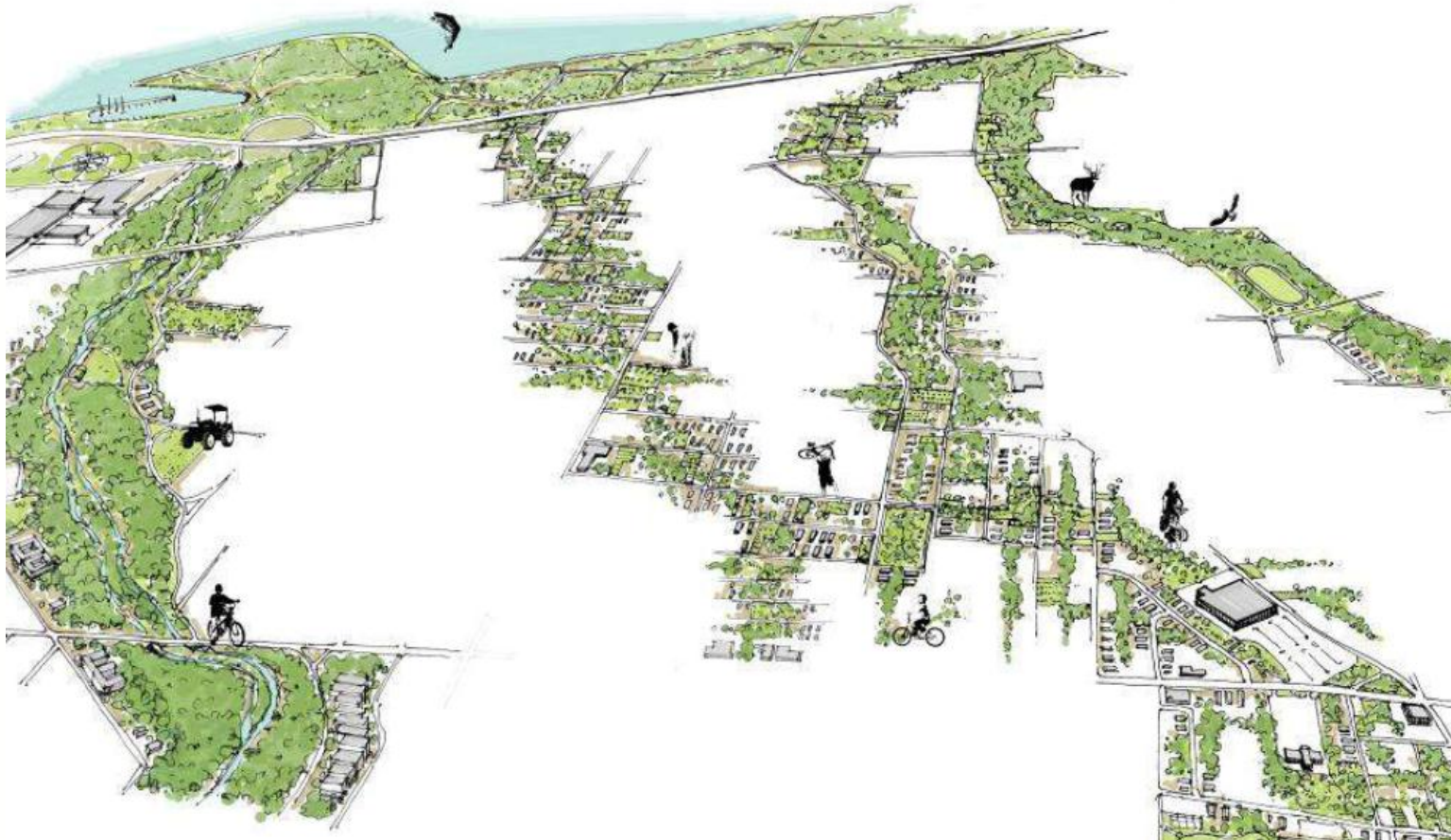


Image Source: Cleveland Urban Design Collaborative



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



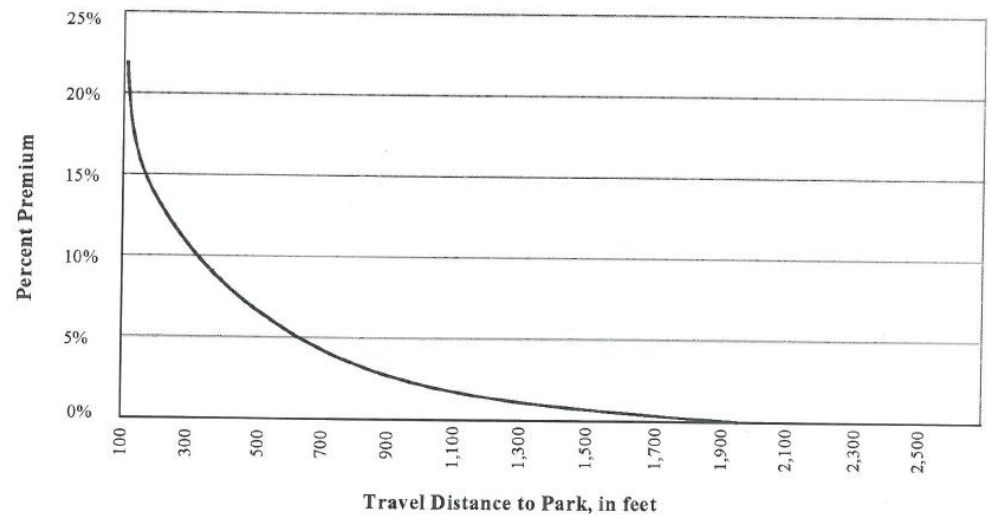
Policy: Respond to Shifting Markets

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

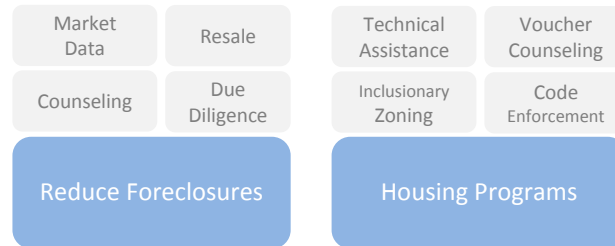
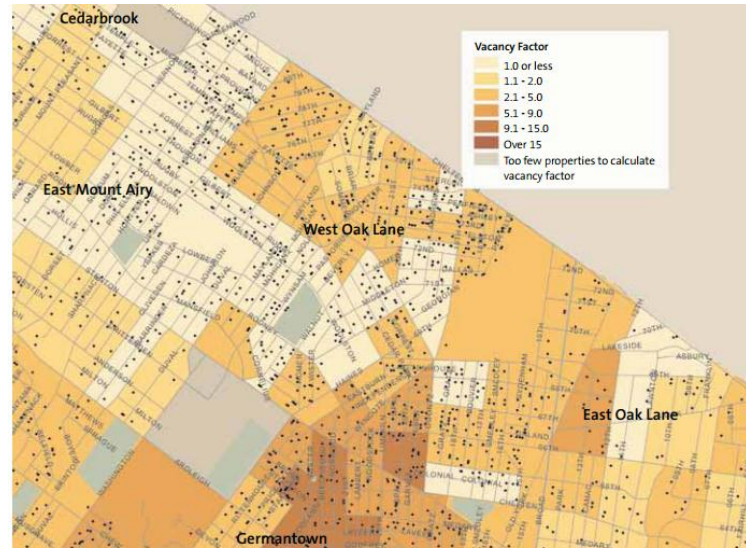


Image Source: Cuyahoga Land Bank

IMPROVE THE MARKET

RESPOND TO SHIFTING MARKETS

IMPROVE DECISION MAKING



ADDRESS HOUSING PROBLEMS

Housing Goals Diagram ©

DEVELOPMENT STRATEGIES 2012

Matthew Wetli

Image Source: The Reinvestment Fund



Policy: Address Housing Problems

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

Homeowner Costs	\$7,200
Lost equity, moving expenses, etc.	
Community Costs	\$1,508
Decrease in adjacent values	
Local Government	\$19,227
Loss in taxes	
Lenders	\$50,000
Loss on property, maintenance, appraisal, legal fees, insurance, marketing, clean-up	
Total Cost	\$77,935

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





Policy: Address Housing Problems

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



SUN Clients Compared to City of Boston Homeowners

	SUN clients	Homeowners City of Boston*
Owner-occupied properties **		
Median family income	\$57,387	\$86,827
Median property value	\$199,531	\$419,500
Pre-SUN median monthly housing expenses, including mortgages	\$2,728	\$2,352
Post-SUN median monthly housing expenses, including mortgages	\$1,563	\$2,352



Policy: Address Housing Problems

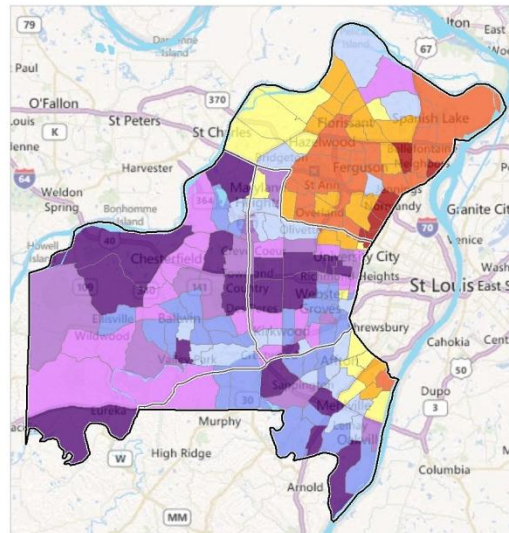
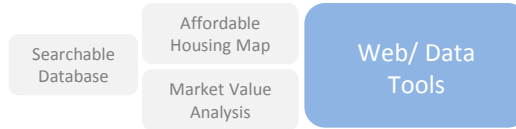
Housing Programs

- 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

RESPOND TO SHIFTING MARKETS

IMPROVE DECISION MAKING



ADDRESS HOUSING PROBLEMS



Policy Tools: Data/Web Tools

Affordable Properties Database

ArcGIS | St. Louis County Affordable Properties Database

New Map My Content Help Sign In

Details Add Edit Basemap Save Share Print Measure Bookmarks Find address or place

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

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Map showing St. Louis County Affordable Properties Database. The map displays various property types and boundaries. A popup window shows details for a selected property:

(1 of 5)

OCCRATE	100
ARCHQUAL	Average
BLDGQUAL	Excellent
LANDQUAL	Good/Above Average
GROUNDQA	Good/Above Average
LOCATIONQU	Average

Conditions

Zoom to

Map showing St. Louis County Affordable Properties Database. The map displays various property types and boundaries. A popup window shows details for a selected property:

(1 of 5)

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Conditions

Zoom to

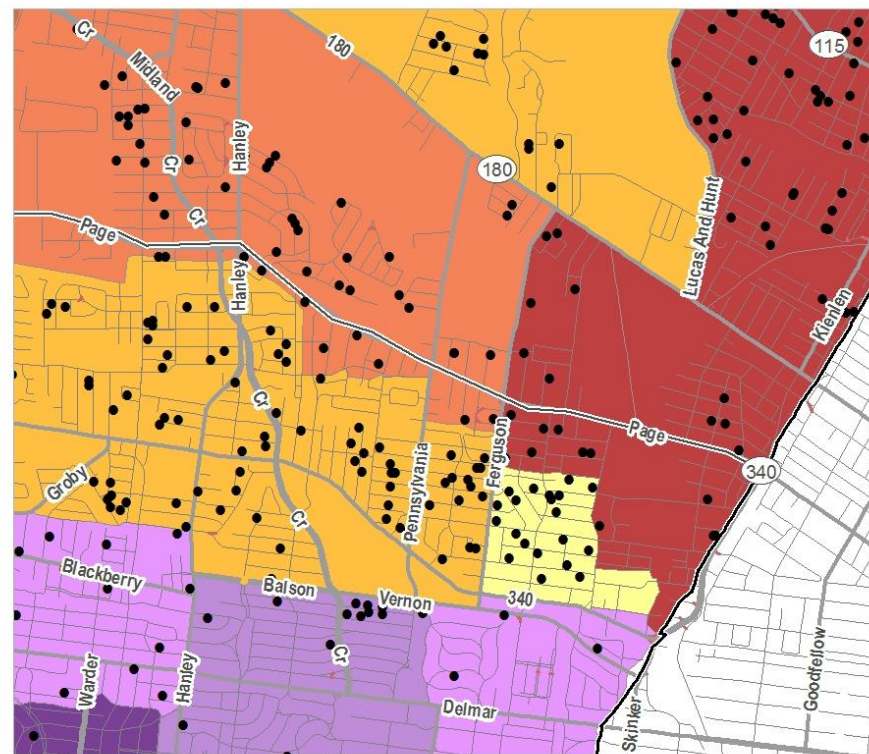


Policy Tools: Data/Web Tools

Market Value Analysis

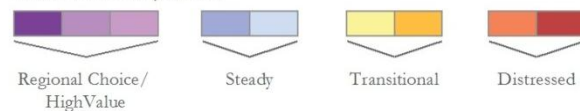
Market Value Analysis 2010-2011		Median Sales Price 2010	Percent Vacant Units 2011	Foreclosures As Percentage of Sales 2010/2011
Regional Choice/ HighValue	Average	\$ 769,673	5.8	9.9
	Average	\$ 409,204	6.9	12.8
	Average	\$ 289,767	5.9	10.5
Steady	Average	\$ 217,360	5.3	9.8
	Average	\$ 150,477	6.9	14.7
Transitional	Average	\$ 110,958	7.7	16.4
	Average	\$ 85,717	7.4	23.1
Distressed	Average	\$ 64,312	10.2	24.9
	Average	\$ 38,444	14.9	24.1

St. Louis County MVA With Foreclosures



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

Market Value Analysis, 2011



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Cooperation

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

Public-Private Partnerships

A Comprehensive Approach

Long and Short-term Strategies

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Housing Goals Diagram ©

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