

# Appendix A Background Information

## Housing

### INTRODUCTION

St. Charles County's sustained prosperity and its ability to attract new residents is due in a large part to the high quality of life it offers. Residential development in the county can strive to provide housing opportunities for all its citizens in a variety of housing choices and in a range of prices. Such residential development may be accomplished while protecting the natural environment and providing a balance of land use patterns which minimizes land use conflict.

A review of the existing conditions relating to housing in St. Charles County reveals that approximately 83 percent of the total estimated housing units were owner occupied. Between 2002 and 2007 there were 24,867 housing units constructed. The sale prices of new and existing homes have increased substantially since 2000, while the increase in median family income has lagged far behind. Such a situation has created problems in housing affordability for many citizens.

Subjects covered in this report include the total housing units over time and number and type of occupied housing units, prices of homes, housing affordability, factors affecting new housing costs, new residential construction data, household sizes, apartment occupancies, and future housing demands.

### GENERAL CHARACTERISTICS

According to the 2006 American Community Survey administered by the Bureau of the Census, St. Charles County had an estimated 131,245 housing units. This compares with 105,514 housing units recorded in the 2000 Census. This represents an increase of approximately 24.3 percent in the number of housing units in the county during this six-year period. In 1990 there were a total of 79,113 total housing units.

Of the total estimated housing units, 125,368 were classified as occupied units, and 5,877 were classified as vacant units. This compares with a total of 101,663 occupied housing units in 2000, and 3,851 vacant units. In 1990, 74,331 units were occupied and 4,782 were vacant.

Relating to housing tenure, the 2006 American Community Survey estimated that 101,694 housing units were owner-occupied while 23,674 were estimated as renter-occupied. In 2000 owner-occupied units numbered 83,363 and renter-occupied were at 18,300 units. These numbers compare with 56,789 owner-occupied units in 1990 and 17,542 renter-occupied units. The amount of development for multiple-family rental units has fallen far behind those housing units built for prospective homeowners. Reasons for this include the escalating cost of raw acreage and the rent structure for new apartments dictated by higher development costs which does not compete well with older existing apartment complexes. The higher land acquisition and development costs directly impact the rent structure of new apartment units. See Table I.



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**TABLE I**  
**GENERAL HOUSING CHARACTERISTICS**

	1980	1990	2000	2006
<b>Total Housing Units</b>	49,523	79,113	105,514	131,245
<b>Occupied Housing Units</b>	46,471	74,331	101,663	125,368
<b>Vacant Housing Units</b>	3,052	4,782	3,851	5,877
<b>Owner-Occupied Units</b>	37,311	56,789	83,363	101,694
<b>Renter-Occupied Units</b>	9,160	17,542	18,300	23,674

Source: Bureau of the Census

### SALE PRICES OF HOMES

According to data reviewed by the St. Charles County Community Development Department, the median sale price of a new single-family detached home in the county between 2000 and 2007 increased by 41.2 percent. Utilizing data from the St. Charles County Assessor's Office, the median sale price of a new single-family detached home in 2007 was \$275,074. See Table II.

The 2007 median sale price for an existing single-family detached home was \$190,950. This price was an approximate 36.5 percent increase or \$51,128 from the median sale price in 2000. The median sale in 2007 was also a decrease of 4.0 percent from the 2005 median sale price of \$199,081 for an existing single-family detached home, although registering a slight increase in the median sale price of \$186,500 in 2006.

The median sale prices of multiple-family residential units sold during 2007 in St. Charles County were as follows: garden condo apartments - \$125,060; townhomes - \$165,000; and villas - \$271,821. Due to the type of reporting system in the County Assessor's Office before 2004, an accurate comparison of median sale prices for comparable multiple-family residential units in 2000 was not possible. During the period before 2004 multiple-family residential units were not categorized by type of housing unit.



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**TABLE II**  
**RESIDENTIAL REAL ESTATE MEDIAN PRICES IN 2000 & 2007**

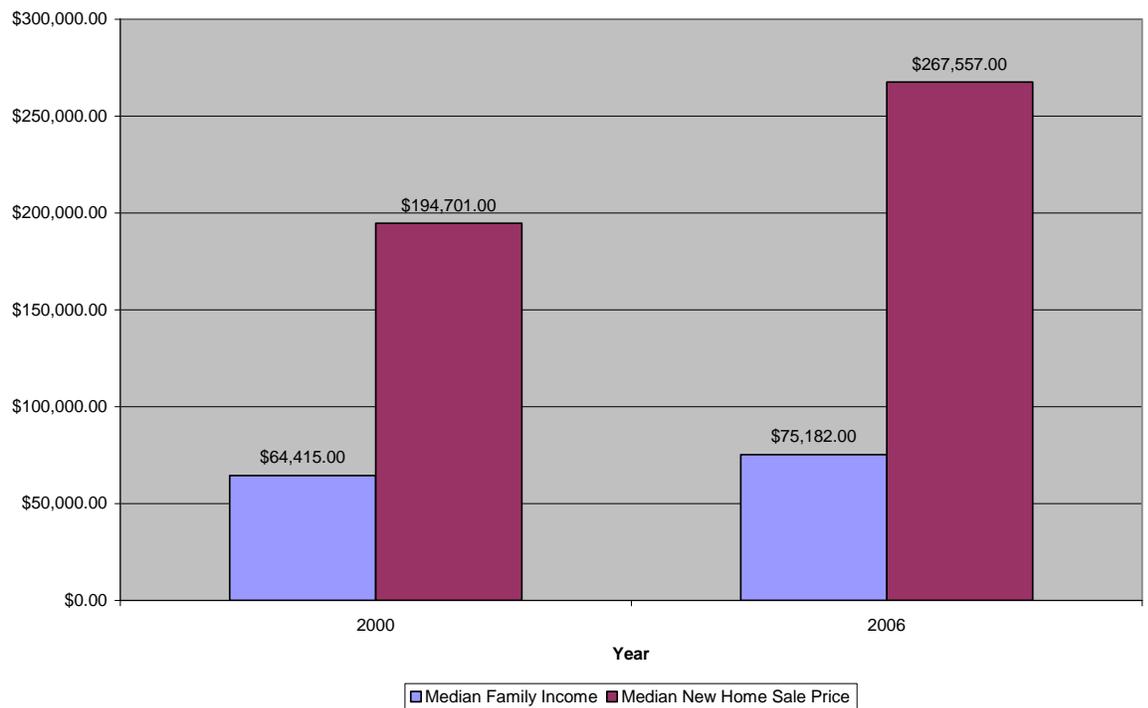
Type of Housing	2000	2007	Change	Percent
New Single Family Detached	\$194,701	\$275,074	\$80,373	41.2%
Existing Single Family Detached	\$139,822	\$190,950	\$51,128	36.0%

Source: St. Charles County Assessor's Office

### HOUSING AFFORDABILITY

The cost of a new single-family home is escalating at a rate of more than two times the percentage increases in median family income. Between 2000 and 2006 median family income in St. Charles County rose from \$64,415 to \$75,182, an accumulative increase of 16.7 percent. During this same period of 2000 to 2006 the median price of a new single-family detached home increased from \$194,701 to \$267,557. This represents an increase in housing costs in this five-year period of 37.4 percent or \$72,856. See Chart 1.

Chart 1. Housing Affordability Analysis



Sources: Bureau of the Census and St. Charles County Assessor's Office



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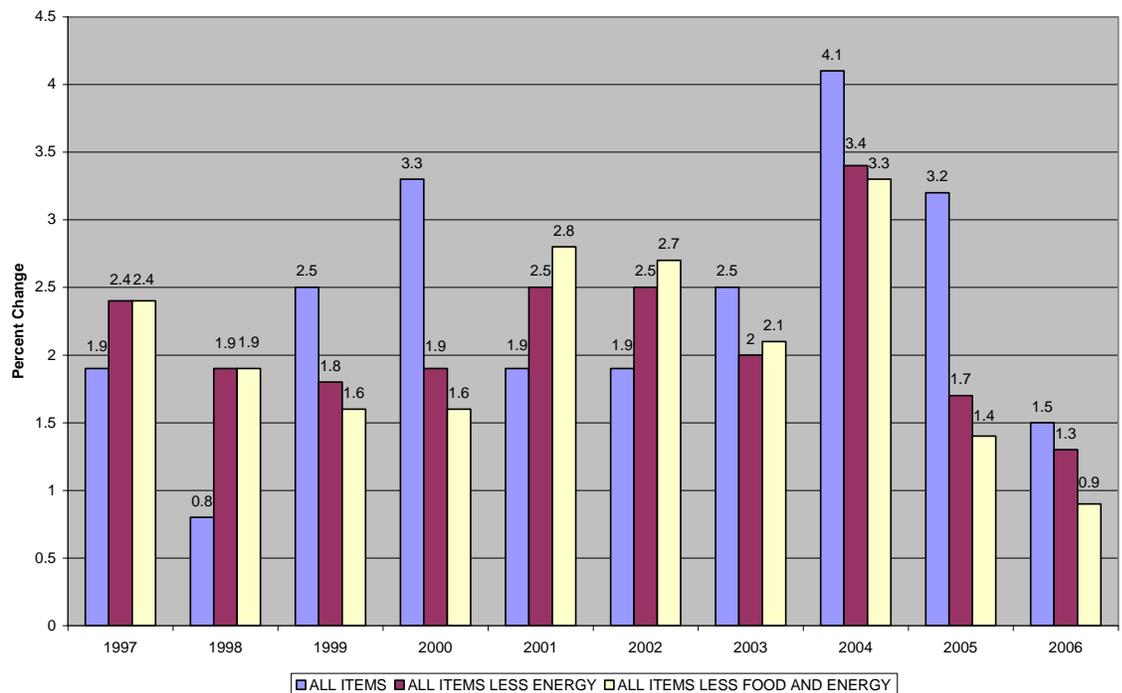
With the 2006 median family income of \$75,182, the 2006 median sale price of \$267,557 for a new single-family detached home may not be attainable for a family with this level of income. Assuming the financial ability of the family to cover a five percent down payment for a home, the total sale price of the home which could be purchased is approximately \$253,000. To purchase a new single-family detached home with a sale price of \$267,557, a family would need an annual income of approximately \$78,600, provided they can make a five percent down payment.

### FACTORS AFFECTING NEW HOUSING COSTS

The six major factors reviewed in this report which are contributing to the rise of new housing costs in St. Charles County are inflation, land acquisition costs, development costs, construction financing, the increased size of homes, and building costs.

**Inflation:** In the St. Louis Metropolitan Area inflation was 1.9 percent from the second half of 2005 to the second half of 2006 according to the Consumer Price Index. Without factoring in energy costs the rate was 1.3 percent. The general inflation rate increases the cost of building new homes in the same fashion as maintaining a household. A review of the Consumer Price Index for St. Louis Metropolitan Area between the second half of 1997 to the second half of 2006 is presented in Chart 2.

Chart 2.  
St. Louis, MO-IL Metropolitan Area, CPI-U Annual Percentage Change Second Half 1997 to Second Half 2006



Source: Dept. of Labor, Bureau of Labor Statistics



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**Land Acquisition:** No component directly affects the costs of new housing more than acquisition costs for undeveloped acreage for residential subdivisions. The continuing escalation of the cost of raw acreage within St. Charles County has steadily driven the median sale prices for new single-family detached homes to higher levels. The prices being paid for undeveloped land either served by utilities (water service and sanitary sewers) or to which utilities can be readily extended is reported to be in the range of \$80,000 to \$130,000 per acre. A development of 2.9 units per acre would therefore have \$27,586 of acquisition costs for each proposed lot if the land were purchased at \$80,000 per acre.

**Development Costs:** Land improvement costs (including surveying and engineering, grading and excavation, streets, sanitary sewers, storm water control, etc.) for a typical 2.9 housing unit per acre development would be within the range of \$28,000 to \$50,000 per lot depending upon development constraints. In addition, administrative costs, marketing, and profit would add about 25 percent to the total acquisition and development costs. Based upon land acquisition costs of \$80,000 per acre, development costs of \$28,000 per lot, and administrative/marketing costs and profit, the total developed lot cost would be approximately \$69,500. As a rule of thumb, the developed lot cost represents approximately 25 percent of the total home cost. Therefore a total package price for a home on the lot would be approximately \$278,000. It should be noted that if land acquisition costs would be \$100,000 per acre, the total price of the home would increase to approximately \$312,400.

**Construction Financing Costs:** For those who develop residential subdivisions, construction loans for the placement of infrastructure (streets, sanitary sewers, storm sewers, water service, etc.), and the construction of homes are major factors in calculating costs. Construction loans which are short-term loans command much higher interest rates than conventional mortgages. The current average rates for short-term construction loans are between 7 1/4 percent and 8 percent. Each time the Federal Reserve Board raises the overnight borrowing rate short-term borrowing is directly affected. The higher interest rate for construction loans is directly passed on to those who purchase new homes.

**Increasing Size of Homes:** Building permits from the St. Charles County Building and Code Enforcement Division indicate that in 2000 the average size of a single-family detached home in the unincorporated area was 2,285 square feet. By the year 2007 permit data analyzed indicated an average size of a single-family detached home was 3,219 square feet. This represents a 40.8 percent increase in house size during this period. With the exceptions of 2001 and 2006 each preceding year recorded a larger house size. See Chart 3. The National Home Builders Association recorded that the average size of a new home in 2006 nationally was 2,456 square feet. This was the latest year available.

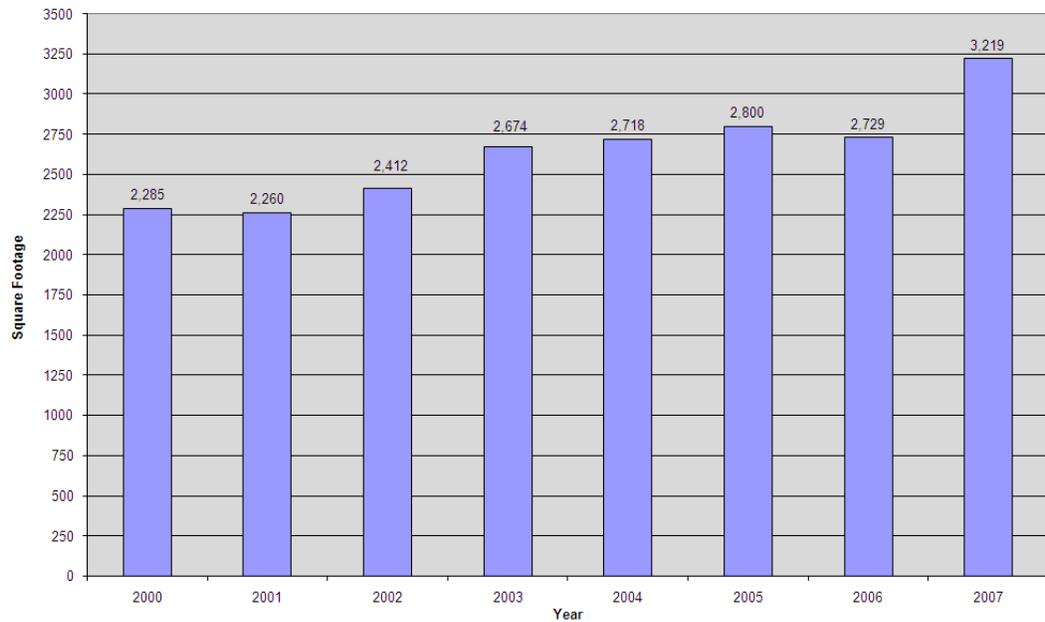


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**CHART 3**

Average Size of Single Family Detached Homes Built



Source: St. Charles County Building Division

**Building Cost:** Utilizing the average size of 2,729 square feet for a single-family detached home built within the unincorporated county during 2006, the total cost of the home with a three-car garage, full basement, built on a developed lot in a subdivision would be \$372,451. Square footage cost figures were supplied by the county building plan review staff. The breakdown in cost is depicted in Table III.

**TABLE III**

**ESTIMATED COST OF A NEW SINGLE-FAMILY DETACHED HOME**

2,729 sq. ft. home @ \$95.91 per sq. ft.	= \$261,738
1,370 sq. ft. basement @ \$15.00 per sq. ft. (unfinished)	= \$ 20,550
2-car garage, 420 sq. ft. @ \$37.34 per sq. ft.	= \$ 15,683
12,000 sq. foot subdivision lot	+ \$ 74,480

TOTAL COST \$372,451



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## NEW RESIDENTIAL CONSTRUCTION

The period of 2002 thru 2005 was very strong for new residential construction within St. Charles County. In both 2002 and 2004 the total number of housing units developed exceeded 5,000. Total housing construction starts moderated to lower levels in both 2006 and 2007. This was especially true for single-family detached housing units in 2007 which numbered 2,124 compared to 3,286 in 2005. This represented a decrease in the development of this type of housing unit of approximately 35.3 percent compared with those constructed during 2005.

Between the years 2002 and 2007 there was a total of 24,867 housing units built in St. Charles County. Of this amount, 18,166 were single-family housing units. The remaining 6,701 units were multi-family housing. This classification includes apartment complexes, condominium developments, villa developments, certain senior retirement centers, and other forms of multi-family developments. Multi-family housing starts registered a slight decrease in 2007 with 878 units developed. This compares with 985 multi-family housing units developed in 2006, a decrease of 10.8 percent. See Table IV.

**TABLE IV**

**New Housing Construction Trends**

Saint Charles County, Missouri

Year	Single Family Units	Multiple Family Units	Total
2002	3,228	1,841	5,069
2003	3,352	769	4,121
2004	3,643	1,362	5,005
2005	3,286	866	4,152
2006	2,533	985	3,518
2007	2,124	878	3,002

Source: St. Charles County Building Code Enforcement Division

## BUILDING PERMIT SPLITS

Except in 2002, single-family detached housing units garnered a total of 67 percent or greater of all residential units constructed in St. Charles County on an annual basis. In 2002 single-family detached units accounted for 63.6 percent of all residential dwellings built during that year.

In 2007 housing development dropped to the lowest level of production for the decade. Housing units built decreased by 14.6 percent from the year before, and 27.6 percent from those constructed in 2005. Multiple family housing units accounted for 29.1 percent of all housing constructed during 2007. In 2006 this type of housing represented 27.9 percent of the total units built.



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### AVERAGE HOUSEHOLD SIZE

According to the 2006 American Community Survey the average household size in St. Charles County was estimated at 2.67 persons. This compares with an estimated average of 2.61 for the United States. See Table V for the trend in household sizes within the county since 1980.

Also the 2000 Census reported that the average household size of an owner-occupied unit was 2.88 persons, while the average household size of a renter-occupied unit was 2.18.

**TABLE V**  
**AVERAGE HOUSEHOLD SIZE**  
**ST. CHARLES COUNTY**

<u>YEAR</u>	<u>SIZE</u>
1980	2.91
1990	2.8
2000	2.76
2006	2.67

Source: Bureau of the Census

It is anticipated by staff analysis that in a ten-year period the average household size for an owner-occupied unit will be 2.75, while that of a renter-occupied unit will remain at 2.18. The overall average household size is estimated at 2.66.

### APARTMENT OCCUPANCY RATES

A survey conducted by Keith M. Kraemer Associates, Inc., a real estate consulting firm, found increasing occupancy rates in the St. Charles County apartment rental market. Overall occupancy rates increased to 92.5 percent in 2006, up from 89.1 percent the previous year. The survey included 37 apartment complexes with 10,030 apartment units. These represented the larger apartment rental properties in the county.

Older and more moderately priced complexes fared better in rental occupancy than newer, more expensive properties. Of the seven newest apartment complexes, six were found to have the majority of vacant units. The overall occupancy rate for these was 77.4 percent, up from 61.2 percent in 2005.

The average rent according to the Keith M. Kraemer Associates, Inc, survey was found to be \$1,076 a month on a three-bedroom unit. For a two-bedroom, two-bath unit the average rent was \$816 per month. The average rent for a one-bedroom unit was \$634 a month. The rents in 2006 were to have increased on average by 1.34 percent for all types of apartment units when compared to the year before.



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### FUTURE HOUSING DEMANDS

The 2006 American Community Survey estimated a total of 125,368 occupied housing units in St. Charles County. These occupied housing units had an estimated population of 335,053. This would equate to approximately 2.67 persons per housing unit.

The projected population for St. Charles County in 2020 is 457,446 with an estimated 2.66 persons per household. This would equate to a total of 171,972 occupied housing units needed at that time. Projecting fourteen years forward from 2006 an estimated 46,604 housing units would have to be developed to accommodate anticipated population growth.

The median age of the general population will increase in this time period which will have direct correlation on the types of housing units to be constructed. While single-family detached homes were the predominant choice in housing during the period of 2000–2006, there will be a shift toward more multi-family housing within the planning period. As more baby boomers near retirement a move toward downsizing their current housing situation will occur. In place of their present single-family detached housing will be more multi-family housing such as townhomes, villas, condo garden apartments, and retirement communities.

Due to this phenomenon, the ratio of housing developments will change to approximately 70 percent for

single-family detached housing and 30 percent for multi-family housing alternatives. Given the projected need for 46,604 additional housing units by 2020, the estimated projection will be for the development of 32,623 single-family detached housing units and 13,981 multi-family housing units. See Table VI.

**TABLE VI**

**FUTURE HOUSING DEVELOPMENT CRITERIA**

<b>HU in 2006</b>	<b>HU Projected 2020</b>	<b>Additional HU Need</b>	<b>Single Family</b>	<b>Multi Family</b>
125,368	171,972	46,604	32,623	13,981

The projected 46,604 additional housing units to be developed in the county by 2020 can be converted into acres for projecting future land use requirements. Of these 46,604 units, 32,623 single-family detached housing units are anticipated to be developed at a density of 2.7 units per acre. This would result in allocating approximately 12,083 acres for this single-family land use. The remaining 13,981 units are anticipated to be developed as multi-family units at a density of approximately eight to ten units per acre. This would generate an estimated 1,748 acres of land allocation by 2020 for multi-family housing units.

