LAKE OF THE OZARKS
REGIONAL HOUSING STUDY

ACKNOWLEDGMENTS

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We would also like to thank the partner organizations, Lake of the Ozarks Regional Economic Development Council who financially supported this study and provided their leadership. A special thanks to everyone involved.

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CHAPTER 1:
Introduction

INTRODUCTION

The Lake of the Ozarks Regional Housing Study represents an in-depth study of the housing conditions of the three counties that constitute the Lake of the Ozarks Regional Economic Development Council (LOREDC). This includes the counties of Camden, Miller, and Morgan and the commercial centers of Camdenton, Eldon, Lake Ozark, Osage Beach, and Versailles. Additionally, analysis of Laclede County is provided within a separate chapter. Laclede is not part of the LOREDC area but is part of the Lake of the Ozarks Council of Governments, a potential partner in the implementation of housing strategies. This study was managed by the Lake of the Ozarks Regional Economic Development Council (LOREDC) with assistance from Lebanon Regional Economic Development (LRED) for the Laclede analysis.

The communities of the study area display unique personalities and housing challenges. Yet, these challenges can best be met on a cooperative basis, pooling the resources and capabilities of the region into a unified housing program. The study examines the unique situations of each county and the major population centers within those communities, using this analysis to derive common themes that can be addressed by cooperative actions.

WHY A HOUSING STUDY

As LOREDC assembled economic development plans and initiatives for the region, housing has come up frequently as a major economic development factor. To be successful, the area must provide a variety of housing types. The diverse economy of the region, which includes both tourism-oriented businesses close to the Lake and industrial jobs away from the Lake, has successfully attracted a growing population of people who seek to enjoy the environment offered in the region. However, since the end of the recession, housing has not always followed this population, especially for those households filling the service and industrial jobs.

More and more communities are realizing that quality housing is essential to economic diversity. The region must attract new enterprises, the creative entrepreneurs, and the young households who will become the future civic and business leaders. These people (including our region's own children and grandchildren) must find a place to establish themselves in the Lake Region.

Strong communities must also consider the condition of their buildings and the continued need to renew themselves – to use resources effectively, to establish goals, and to execute policies that help meet these goals.

Indeed, housing development is economic development. Without available, affordable, quality housing, regions and individual communities will not be able to accommodate the people they need to move forward.

ROLE OF THE HOUSING STUDY

The Housing Study is designed to be a strategic and frequently used road map to identify and meet current and future housing priorities. This tool can be used by a number of groups and individuals, including:

- Development organizations such as LOREDC, LRED, the Council of Local Governments, and other groups who make policy, conceive and execute programs, and seek funding to meet housing needs
- Service providers who serve specific populations and need information to support their work and evaluate their effectiveness
- Local and county governments, who establish priorities, evaluate development proposals, and establish the plans that become the basis for action
- Housing professionals, including developers, builders, real estate agents, and financial institutions, who make decisions that influence the supply and construction of housing
- Existing and prospective businesses, who use housing supply to influence their investment decisions
- Consumers, prospective residents, and a wide variety of other users

ORGANIZATION OF THE STUDY

The Housing Study includes a thorough analysis of all aspects of the region's housing market, along with practical recommendations and tools to help address housing issues and opportunities. The document is organized in a way that allows individual counties and communities to easily access local analysis with implementation tools that can be leveraged at the local or regional level. The study is organized as follows:

- Chapter 2 looks at the region as a whole, examining housing, demographic, and economic trends across the region.
- Chapters 3 through 6 are the profiles of the individual counties, assessing county-wide data, census tract highlights, and survey trends by zip code. Additionally, a profile of the major population centers within each county offers a closer assessment of housing, population, and economics on the local level.
- Chapter 7 summarizes the housing issues, resources, and challenges to establish overall Housing Goals. Building on these goals, the strategies, programs, and policies are identified that will move the region forward.

DEVELOPMENT OF THE STUDY

The Lake of the Ozarks Regional Housing Study included a comprehensive public engagement process to help understand the vision and needs of the region. The planning team worked closely with two steering committees. One of those committees included representatives from those counties touching the Lake, which includes Camden, Miller, and Morgan Counties. The second committee reflected different interest groups within Laclede County and Lebanon. Both groups included representatives from both the public and private sectors.

In an effort to broaden the public input, a series of stakeholder groups and public meetings were held in each of the counties, and a survey of the general public received more than 580 responses.

Building on the community input, a wide variety of sources were used to develop the demographic and economic analysis. These included:

- The U.S. Decennial Census and American Community Survey;
- County, city, and fire district data on building activity;
- County GIS Departments;
- Missouri GIS Consortium (MODIS); and
- USGS and NRCS mapping data.

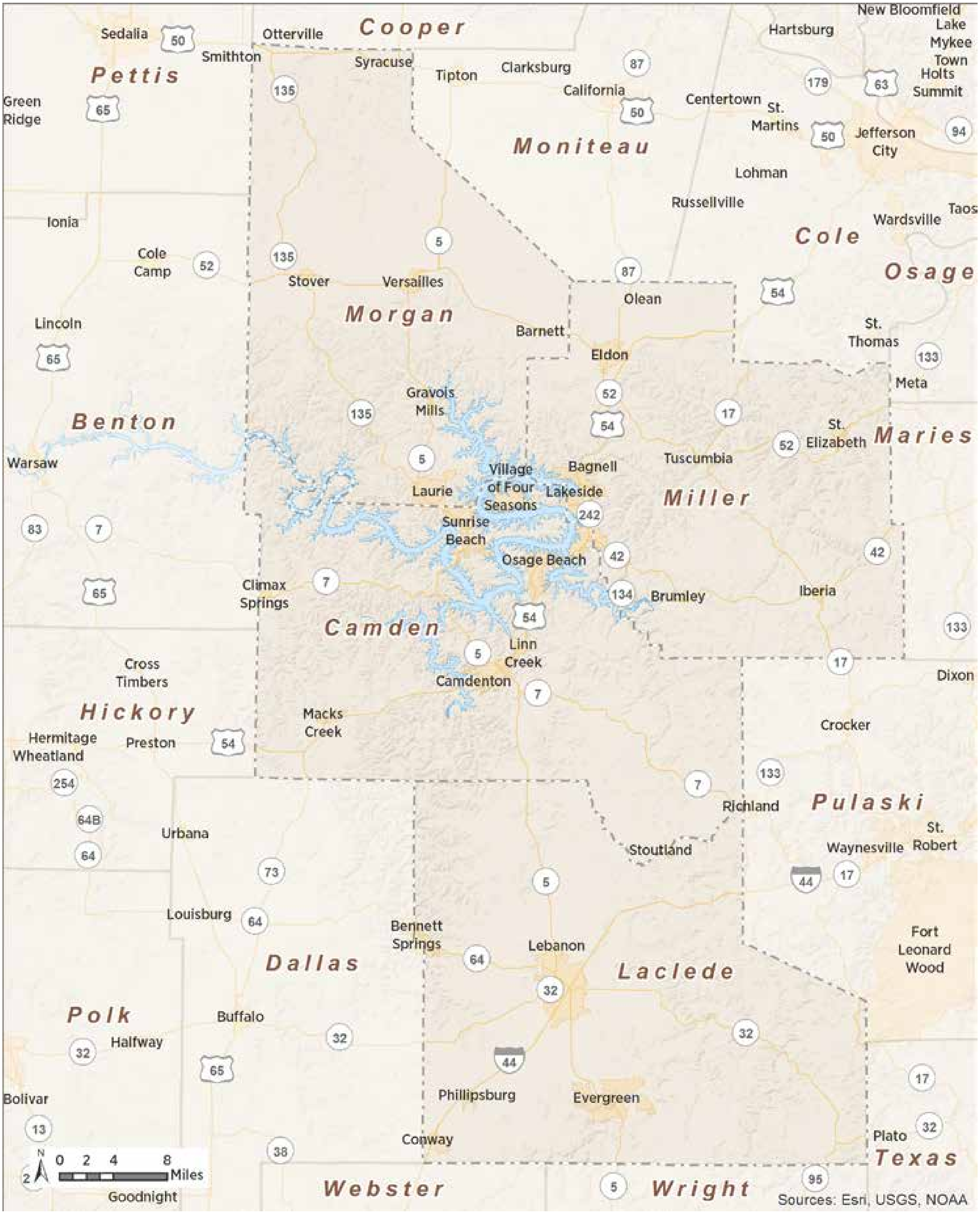
CHAPTER 2:
Profile of the Region

A PROFILE OF THE REGION

The Lake of the Ozarks region is a rich tapestry of Missouri culture and environmental assets. To understand the region, it is important to understand the counties and communities that form the fabric of the area. This section will provide a broad overview of the region as a whole. For the most part, this story will be told through a series of maps that illustrate the story and trends found within the region.

Map 2.1 can be used as a map key for the counties and communities within the region. These include:

- Morgan County
    - Versailles
    - Stover
    - Gravois Mills
    - Laurie
    - Barnett
    - Syracuse
- Miller County
    - Eldon
    - Lake Ozark
    - Tuscumbia
    - Iberia
    - Brumley
    - St. Elizabeth
    - Bagnell
    - Olean
    - Lakeside
- Camden
    - Camdenton
    - Osage Beach
    - Linn Creek
    - Macks Creek
    - Climax Springs
    - Village of Four Seasons
    - Sunrise Beach
- Laclede
    - Labanon
    - Conway
    - Phillipsbrg
    - Bennett Springs
    - Stoutland
    - Evergreen



Map 2.1: Lake of the Ozarks Regional Housing Study Area

POPULATION CHARACTERISTICS AND CHANGE

This section reviews the region's demographic trends - historical population growth, trends in age distribution, and geographic distribution.

HISTORIC TRENDS

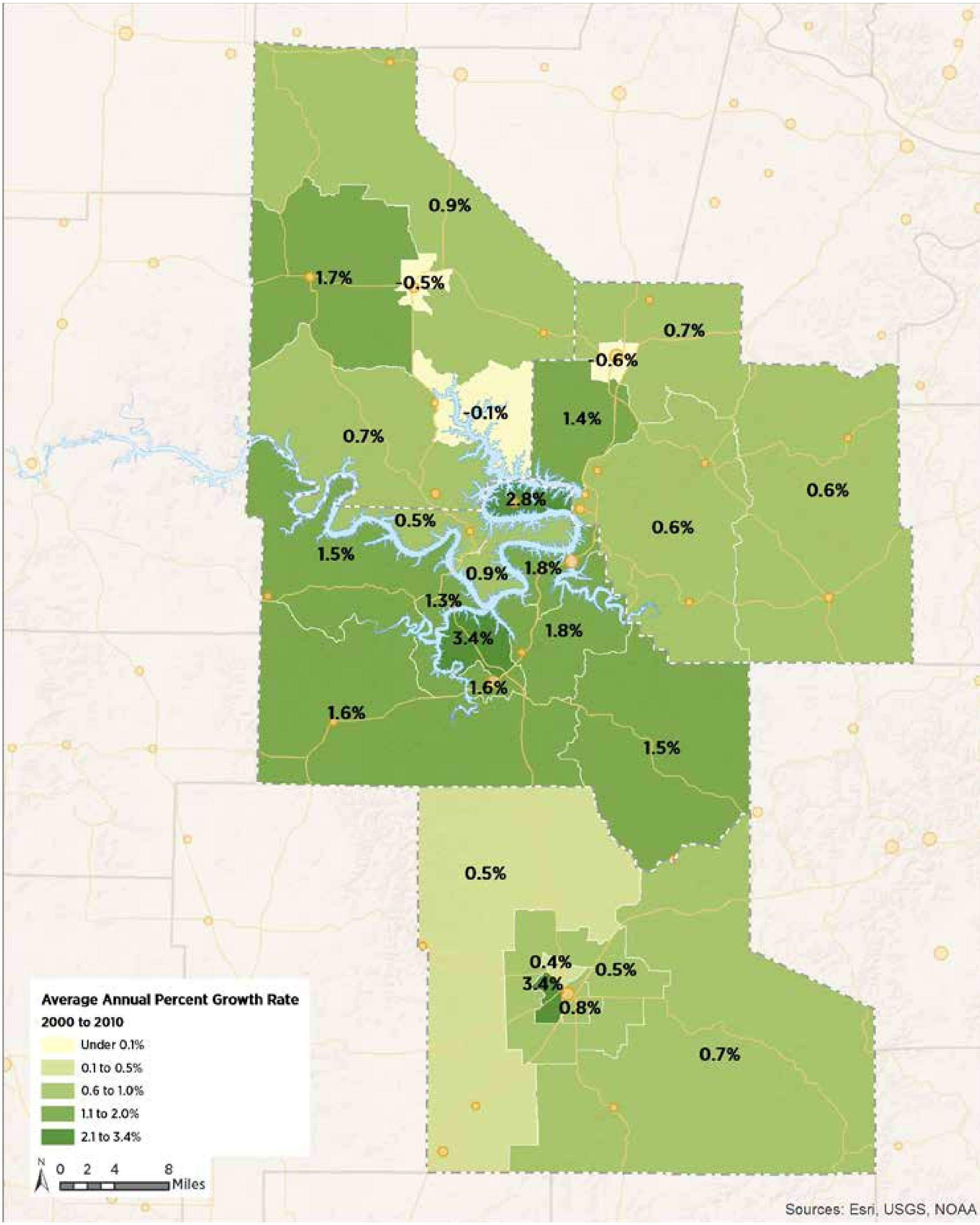
Overall, the region has experienced strong growth since the 1980s. Maps 2.2 and 2.3 illustrate the region's population trends while Figures 2.1, 2.2 and 2.3 present the historic trends. These figures and maps show:

- Strong growth across all the counties, especially in Camden County which grew by 120% between 1980 and 2010. Much of this growth was driven by developments around the Lake, outside incorporated areas.
- Unlike many regions in the Midwest, the population within rural areas has grown over the years and actually remained a higher percentage of the population than those living within incorporated areas.
    - While the rural population is heavily dominated by residents around the Lake, the number of residents living away from the Lake but outside the incorporated areas is also significant. This is best illustrated in Laclede County, where over 50% of the county's population lives outside incorporated areas but the county has no Lake of the Ozarks frontage.
- In the 2000s, the strongest growth rates occurred in unincorporated areas northwest of Camdenton with Lake and Highway 5 access, the Village of the Four Seasons, and the west side of Lebanon.
- In contrast to the above areas, Eldon, Versailles, and the census tract west of Gravois Mills declined in population between 2000 and 2010.

FIGURE 2.1: Historic Population Change

	1980	1990	2000	2010	2015 ESTIMATE	DIFFERENCE 2000-10	DIFFERENCE 1980-2010
CAMDEN COUNTY	20,017	27,495	37,051	44,002	44,237	6,951	23,985
MORGAN COUNTY	13,807	15,574	19,309	20,565	20,171	1,256	6,758
MILLER COUNTY	18,532	20,700	23,564	24,748	25,113	1,184	6,216
LACLEDE COUNTY	24,323	27,158	32,513	35,571	35,473	3,058	11,248
TOTAL CITIES*	26,302	28,536	34,874	39,953	41,029	5,079	13,651
TOTAL COUNTIES	76,679	90,927	112,437	124,886	124,994	12,449	48,207
TOTAL RURAL	50,377	62,391	77,563	84,933	83,965	7,370	34,556

Source: U.S. Census Bureau
*More information and analysis on individual cities will be provided in the County Chapters



Map 2.2: Annual Growth Rate 2000 to 2010 by Census Tract

MIGRATION PATTERNS

Figure 2.2 and Map 2.3 present the results of a cohort survival forecast compared to actual 2010 Census counts. The forecast is built from average birth and death rates for five year cohorts. This comparison indicates:

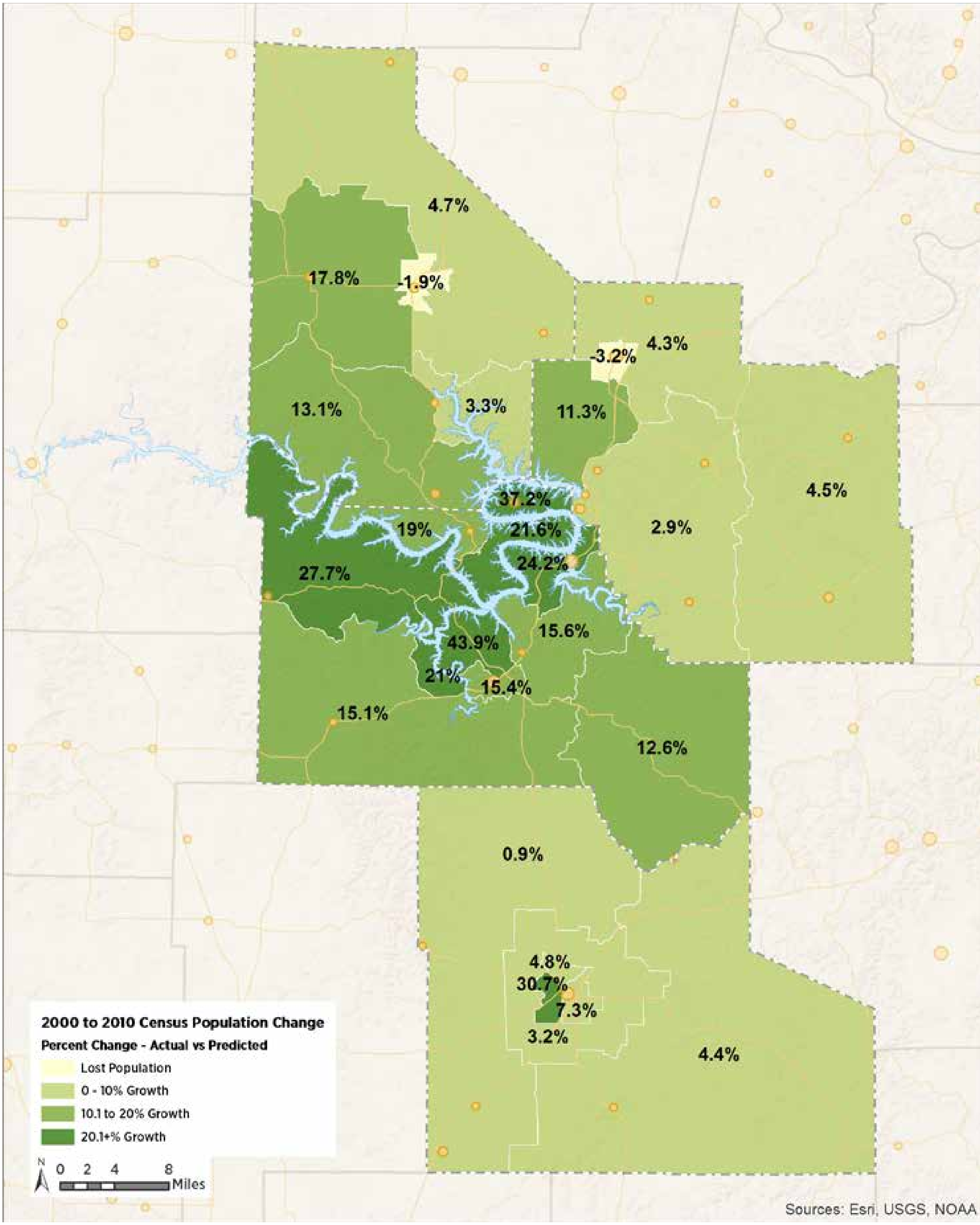
- Laclede and Miller counties were projected to grow naturally, a result of a higher number of births than deaths.
- Camden and Morgan counties were predicted to lose population, driven by an older population outside of their child bearing years. As illustrated in Map 2.4, Camden County has some of highest median ages in the region.
- Camden County experienced significant in-migration during the 2000s, adding over 8,000 residents over what would have been predicted.
- Those census tracts around the Lake with the highest median age also had some of the highest in-migrations. This supports the general understanding that these areas are most appealing to empty-nesters and retirees looking for a lake-oriented lifestyle.
- West Lebanon's young population spurred strong growth in the census tract and will likely support continued growth over the next 10 years before leveling out.

When compared to surrounding counties (Figure 2.3), Laclede, Miller, and Morgan counties grew at similar rates. The fact that all of these counties experienced growth over the 15-year period reflects on central Missouri's strong economy and quality of life. Pulaksi and Camden counties experienced strong growth patterns, driven by very different trends. For Camden County this growth is being generated by the environmental attractions that the Lake and rugged terrain create. Growth in Pulaksi is driven by Fort Leonard Wood and the industries that support the Fort and its population.

FIGURE 2.2: Predicted versus Actual Population

	2000 POPULATION	2010 PREDICTED	2010 ACTUAL	DIFFERENCE	PERCENT VARIANCE
CAMDEN COUNTY	37,051	35,977	44,002	8,025	22%
MORGAN COUNTY	19,309	19,111	20,565	1,454	8%
MILLER COUNTY	32,513	33,357	35,571	2,214	7%
LACLEDE	32,513	33,357	35,571	2,214	7%

Source: U.S. Census Bureau; RDG Planning & Design

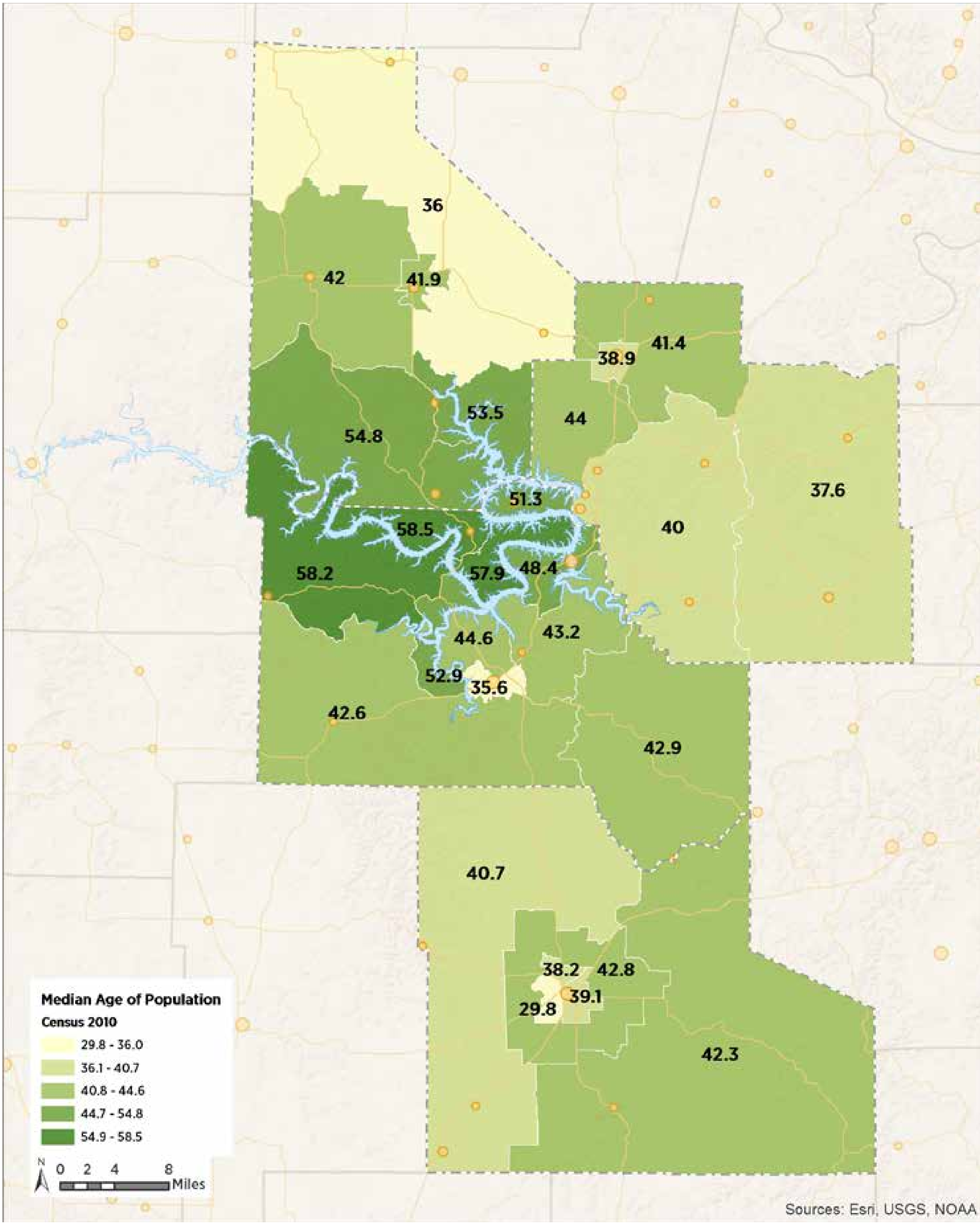


Map 2.3: Percent Change Predicted Versus Actual 2010 Population

FIGURE 2.3: Surrounding Counties Population Change

STUDY AREA:	2000	2010	2014	CHANGE	PERCENT CHANGE (00-14)
CAMDEN COUNTY	37,051	44,002	43,873	6,822	18%
MILLER COUNTY	23,564	24,748	24,905	1,341	6%
MORGAN COUNTY	19,309	20,565	20,314	1,005	5%
LACLEDE COUNTY	32,513	35,571	35,544	3,031	9%
SURROUNDING COUNTIES:					
BENTON COUNTY	17,180	19,056	18961	1,781	10%
COLE COUNTY	71,397	75,990	76426	5,029	7%
COOPER COUNTY	16,670	17,601	17,585	915	5%
DALLAS COUNTY	15,661	16,777	16632	971	6%
HICKORY COUNTY	8,940	9,627	9,420	480	5%
MARIES COUNTY	8,903	9,176	9,098	195	2%
MONITEAU COUNTY	14,827	15,607	15,719	892	6%
OSAGE COUNTY	13,062	13,878	13,812	750	6%
PETTIS COUNTY	39,403	42,201	42,213	2,810	7%
PULASKI COUNTY	41,165	52,274	53,343	12,178	30%
TEXAS COUNTY	23,003	26,008	25,796	2,793	12%
WEBSTER COUNTY	31,045	36,202	36,461	5,416	17%
WRIGHT COUNTY	17,955	18,815	18,565	610	3%

Source: U.S. Census Bureau



Map 2.4: Median Age by Census Tract

ECONOMIC ASSESSMENT

A region's economy, including industries, pay, and unemployment, all play a role in a household's housing options and ability to construct new housing. The following section provides an overview of basic economic characteristics and how these characteristics relate to housing.

HOUSEHOLD INCOME

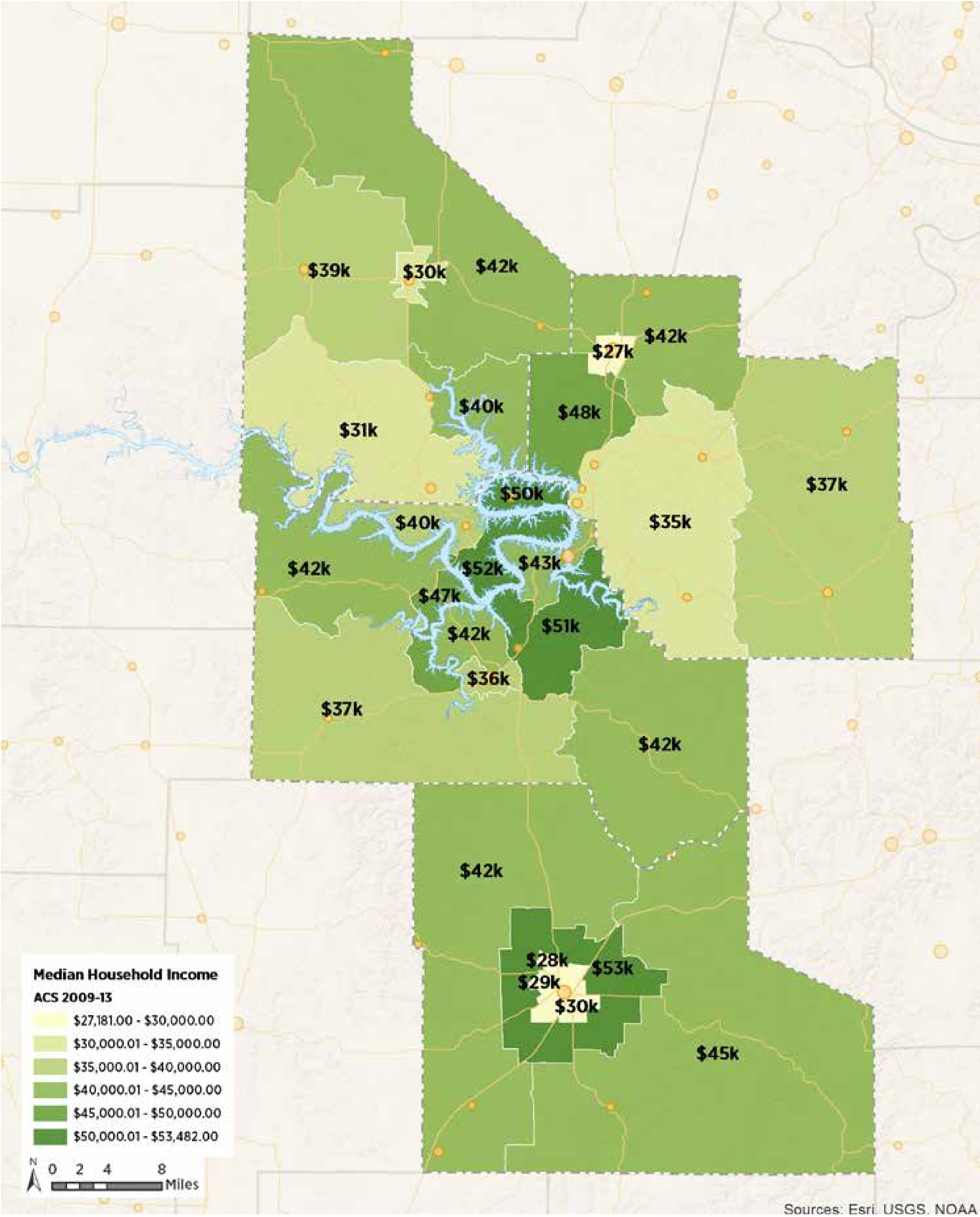
Figure 2.4, along with Maps 2.5, and 2.6 illustrate the region's incomes and net worth.

- All of the counties in the region are below the state's estimated household income.
- Population centers near the Lake in Camden, Morgan, and Miller have higher household incomes then those further away from the Lake.
- Income in the rural areas, outside of the Lake, are slightly higher than most population centers. This is likely driven by the stronger agricultural economy experienced between 2010 and 2014 and higher income earners not finding the housing options they desire within communities.
- Distribution of net worth is impacted by the Lake.
  - Residents looking to retire to the region, who likely have a higher net worth but possibly a lower annual income, are settling around the Lake.
  - Local residents working in the service and manufacturing jobs have a much lower net worth and are settling in rural areas and in established communities.
  - In these locations annual incomes my be similar across a county while net worth can double for those living by the Lake. This has a significant impact on a household's buying power.

FIGURE 2.4: Median Household Income

	2014 POPULATION	2014 ESTIMATED HOUSEHOLD INCOME	80% OF MEDIAN	50% OF MEDIAN
CAMDEN COUNTY	43,873	$43,498	$34,798	$21,749
MILLER COUNTY	24,905	$36,592	$29,274	$18,296
MORGAN COUNTY	20,314	$34,179	$27,343	$17,090
LACLEDE COUNTY	35,544	$38,693	$30,954	$19,347
BENTON COUNTY	18,961	$33,145	$26,516	$16,573
COLE COUNTY	76,426	$53,228	$42,582	$26,614
COOPER COUNTY	17,585	$44,102	$35,282	$22,051
DALLAS COUNTY	16,632	$38,314	$30,651	$19,157
HICKORY COUNTY	9,420	$31,897	$25,518	$15,949
MARIES COUNTY	9,098	$41,492	$33,194	$20,746
MONITEAU COUNTY	15,719	$47,386	$37,909	$23,693
OSAGE COUNTY	13,812	$52,479	$41,983	$26,240
PETTIS COUNTY	42,213	$39,624	$31,699	$19,812
PULASKI COUNTY	53,343	$49,604	$39,683	$24,802
TEXAS COUNTY	25,796	$35,822	$28,658	$17,911
WEBSTER COUNTY	36,461	$45,798	$36,638	$22,899
WRIGHT COUNTY	18,565	$30,029	$24,023	$15,015
STATE OF MISSOURI		$47,764	$38,211	$23,882

Source: American Community Survey, 2014



Map 2.5: Median Household Income

EMPLOYMENT

The data provided in the following tables is based on 2014 American Community Survey estimates. These estimates indicate a fairly high unemployment rate for all four of the counties. However, more recent data from the state does indicate that counties like Laclede have a much lower unemployment rate. Items of note as it relates to employment in the region include:

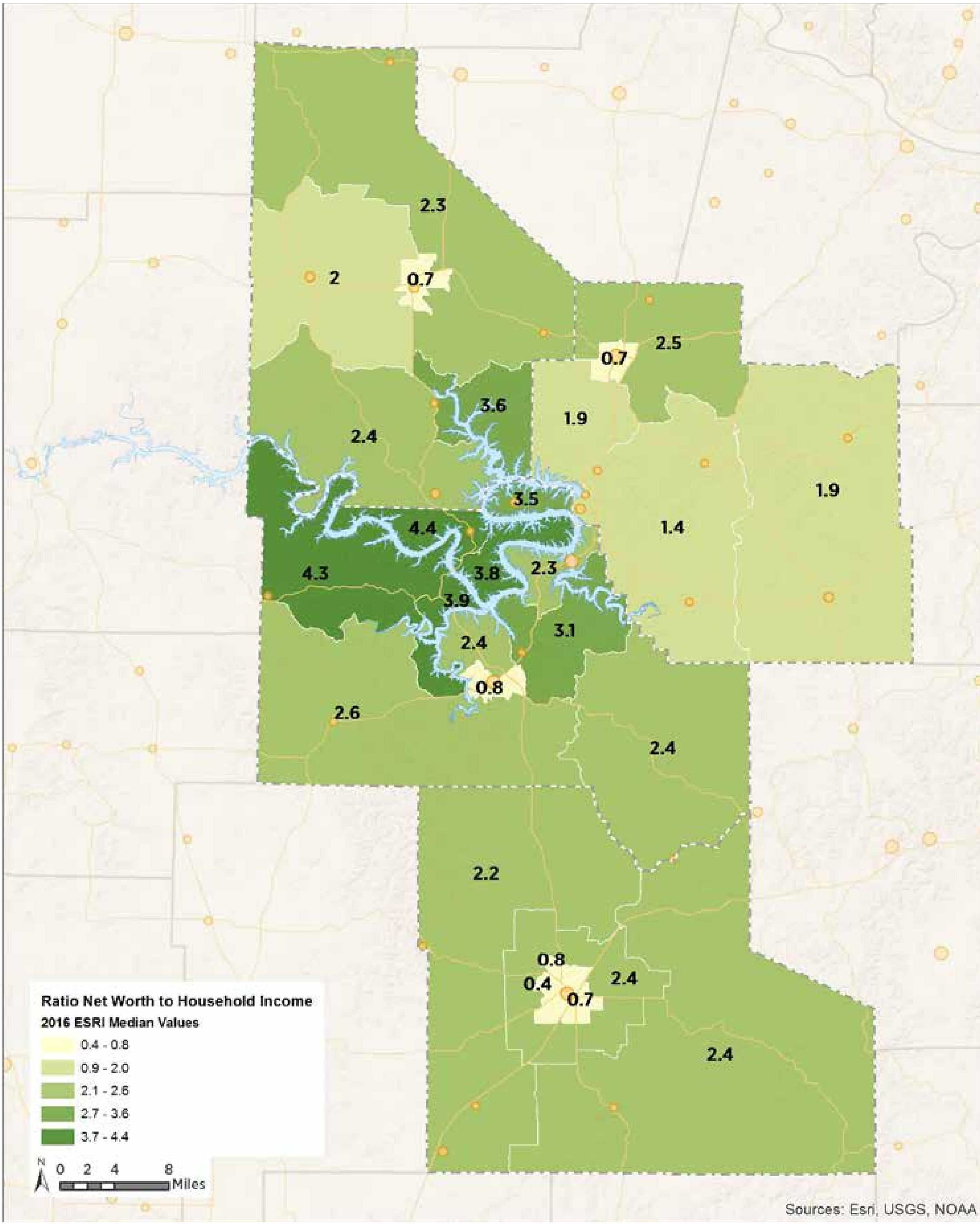
- Seasonal variations are based on the employment demand during the tourist/visitor season.
- Fluctuations at Fort Leonard Wood can impact Lebanon and Laclede County.
- Business and manufacturing closures since 2000 have impacted the northern portions of the region, resulting in a slower recovery from the recession.
- While unemployment rates may be down since 2014, many households nationally are working multiple jobs. This trend is probably not uncommon in the region and impacts a households ability to maintain housing.

Although the job market has improved since 2014, residents in rural areas, especially in the Versailles area, noted the continued need for more jobs. The struggle for every economic development organization lies in striking an appropriate balance between workforce development, housing, and job growth - all of these must go hand-in-hand.

FIGURE 2.5: Employment Trends

	2014 POPULATION	LABOR FORCE*	UNEMPLOYMENT RATE
CAMDEN COUNTY	43,873	17,782	8.9%
MILLER COUNTY	24,905	10,444	10.0%
MORGAN COUNTY	20,314	6,900	13.9%
LACLEDE COUNTY	35,544	14,474	9.5%
BENTON COUNTY	18,961	6,622	8.4%
COLE COUNTY	76,426	36,323	4.9%
COOPER COUNTY	17,585	7,880	7.3%
DALLAS COUNTY	16,632	6,161	14.4%
HICKORY COUNTY	9,420	3,002	13.1%
MARIES COUNTY	9,098	3,535	10.6%
MONITEAU COUNTY	15,719	6,627	7.2%
OSAGE COUNTY	13,812	6,694	3.2%
PETTIS COUNTY	42,213	18,905	6.3%
PULASKI COUNTY	53,343	15,086	13.9%
TEXAS COUNTY	25,796	9,253	8.1%
WEBSTER COUNTY	36,461	14,632	8.0%
WRIGHT COUNTY	18,565	6,645	9.7%

Source: American Community Survey, 2014



Map 2.6: Ratio of Net Worth to Household Income

JOBS & EDUCATION

The largest industries in the region would likely not be surprising to local residents:

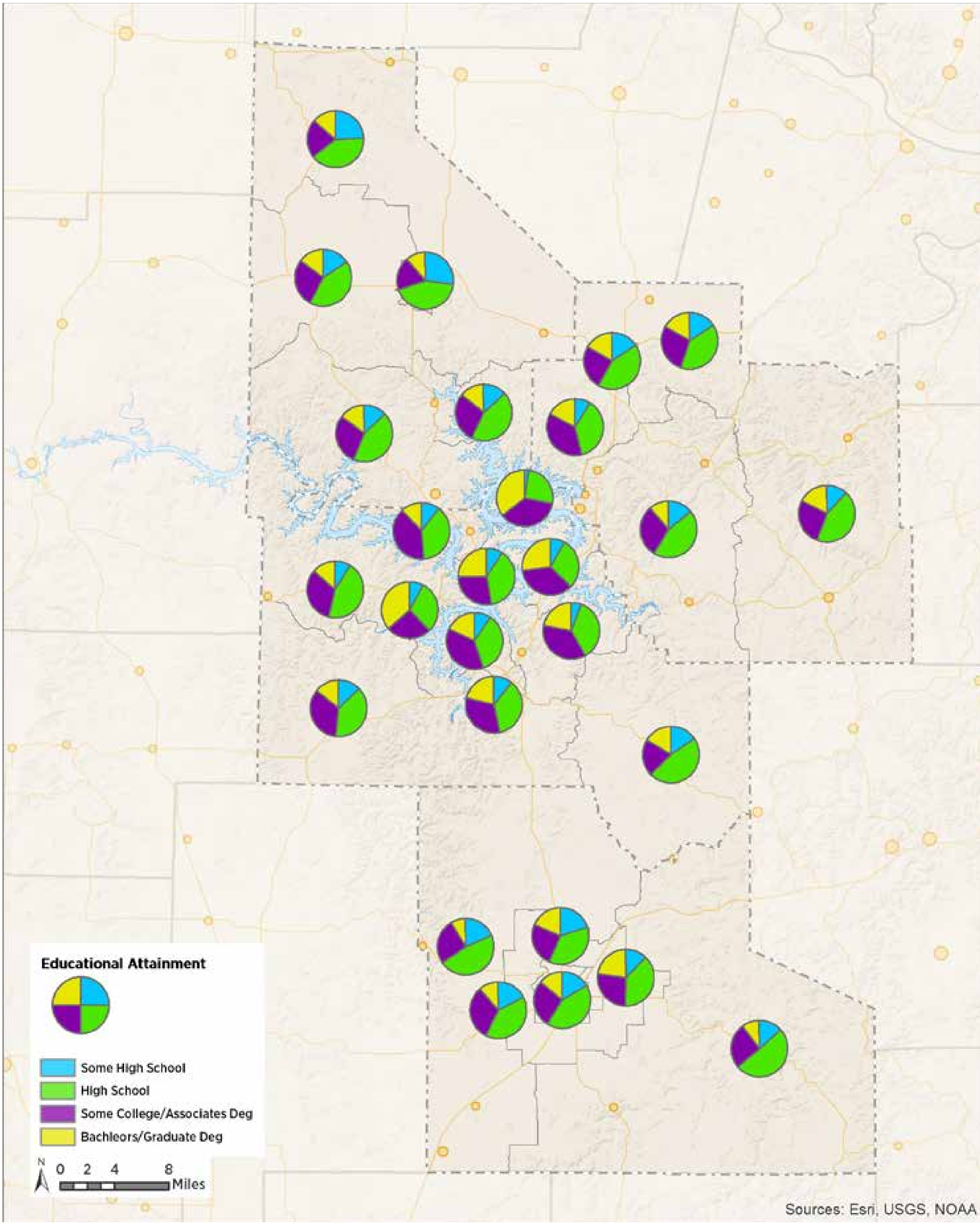
- Manufacturing in Laclede
- Educational services and healthcare in Camden and Miller
- Retail in all the counties and the largest employer in Morgan County

Industry patterns usually have a direct impact on the education and income levels of a region. The four county areas are no different. Education levels are the highest around the Lake in Camden and Morgan counties, where more of the region's high net worth retirees live and where those in healthcare and education tend to live. Laclede's manufacturing job base reflects the region's lower incomes and higher percentage of high school educated residents. These factors all impact the cost of housing and household buying power. Of additional note is the small percentage of residents employed in the construction industry. This is likely having an impact on the region's capacity to build more housing and an area of workforce development that will need to be considered in the coming years.

FIGURE 2.6: Percentage of Labor by Industry

	CAMDEN COUNTY	MILLER COUNTY	MORGAN COUNTY	LACLEDE COUNTY
AGRICULTURE, FORESTRY, FISHING AND HUNTING, AND MINING	1.20%	2.00%	7.70%	3.80%
CONSTRUCTION	7.60%	9.80%	9.20%	5.00%
MANUFACTURING	7.20%	9.80%	11.20%	25.90%
WHOLESALE TRADE	1.40%	1.50%	1.60%	2.10%
RETAIL TRADE	16.20%	17.20%	19.80%	13.70%
TRANSPORTATION AND WAREHOUSING, AND UTILITIES	3.30%	4.00%	4.00%	4.20%
INFORMATION	1.80%	1.40%	1.00%	1.30%
FINANCE AND INSURANCE, AND REAL ESTATE AND RENTAL AND LEASING	6.60%	4.40%	4.40%	4.60%
PROFESSIONAL, SCIENTIFIC, AND MANAGEMENT, AND ADMINISTRATIVE AND WASTE MANAGEMENT SERVICES	8.00%	7.00%	4.90%	5.50%
EDUCATIONAL SERVICES, AND HEALTH CARE AND SOCIAL ASSISTANCE	21.90%	19.50%	17.90%	16.80%
ARTS, ENTERTAINMENT, AND RECREATION, AND ACCOMMODATION AND FOOD SERVICES	14.10%	10.30%	6.00%	8.10%
OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION	6.20%	6.40%	6.80%	4.90%
PUBLIC ADMINISTRATION	4.50%	6.60%	5.50%	4.10%

Source: American Community Survey, 2014



Map 2.7: Educational Attainment

JOBS & COMMUTING PATTERNS

As noted earlier, the balance between jobs and housing has become an important economic development issue. Figure 2.7 and Map 2.8 illustrate the inflow and outflow of residents in the LOREDC area.

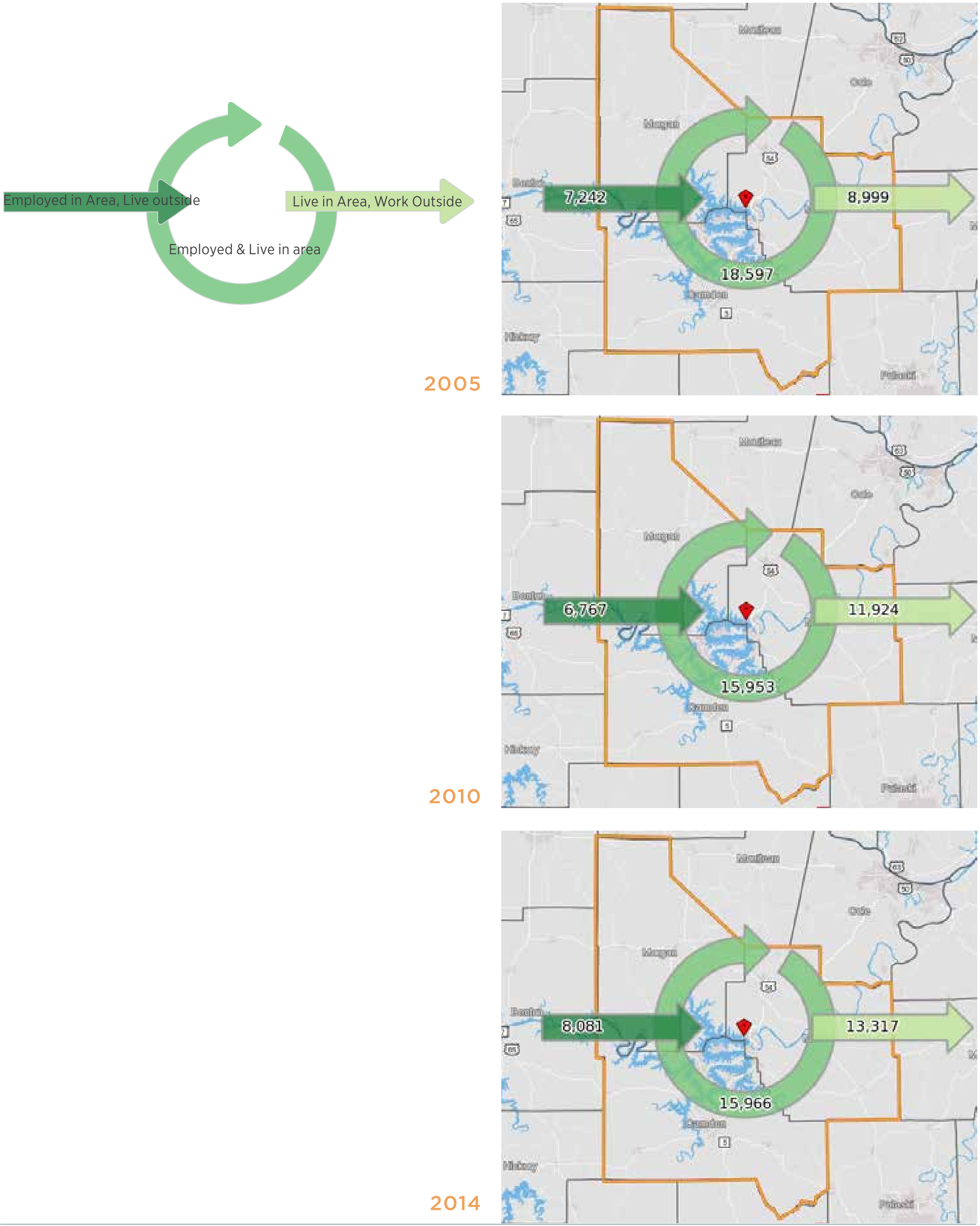
- Since 2005 the number of residents employed in the area, but living outside the region, increased by nearly 12%.
- Those living in the area, but working outside the region, increased by 48% and those living and working in the area increased by 14%.
- The recession impacted jobs, especially in Miller and Morgan counties, where the number of individuals living in those counties, but working outside the counties, is higher.
- Access to regional jobs and regional housing has become more and more important as economies become less local

Further analysis of commuting patterns will be provided within each county chapter.

FIGURE 2.7: Percentage of Labor by Industry

	2005	2010	2014
EMPLOYED IN AREA BUT LIVE OUTSIDE	7,242	6,767	8,081
LIVE IN AREA BUT WORK OUTSIDE	8,999	11,924	13,317
EMPLOYED & LIVE IN AREA	18,597	15,953	15,966

Source: U.S. Census Bureau



Map 2.8: Inflow/Outflow Job Counts for LOREDC Region

HOUSING & HOUSEHOLD ASSESSMENTS

In the following chapters an assessment of housing and household trends will be provided for each of the counties and larger cities. This section offers an opportunity to look at housing trends across the region and to identify trends between counties.

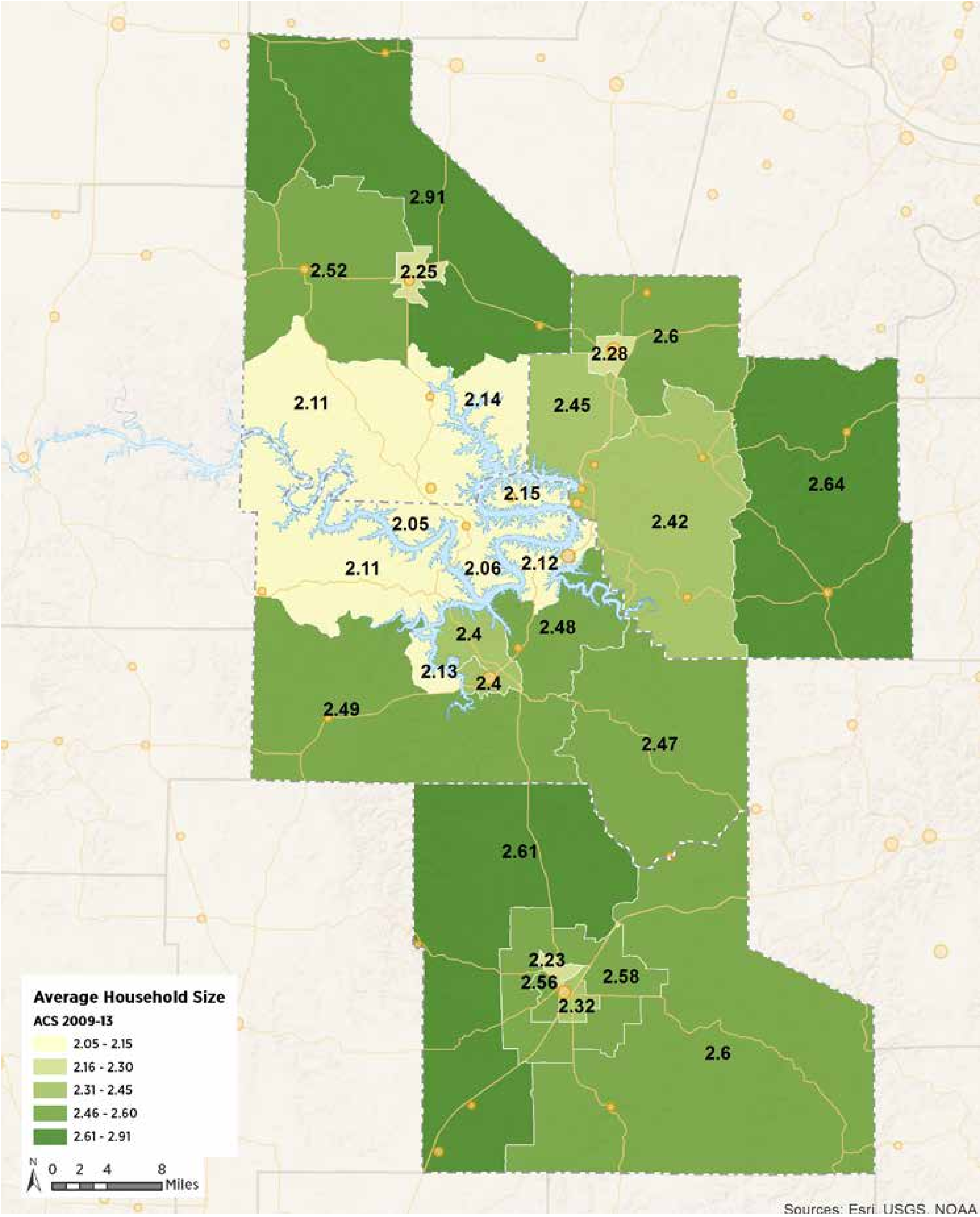
Building on the population characteristics discussed above, Map 2.9 illustrates the size of households across the region. Households around the Lake Area tend to be smaller, reflecting the older median age and the type of housing these populations demand. Young families are locating in the population centers and rural areas off of the Lake. Within Lebanon the highest growth areas also have the highest people per household. Over time this will level off, as every neighborhood tends to have cycles of young families that age into empty-nesters. It is not unusual to see a decrease in population within an area that still has strong housing occupancy. The decrease is driven by smaller household sizes.

HOUSING CHARACTERISTICS

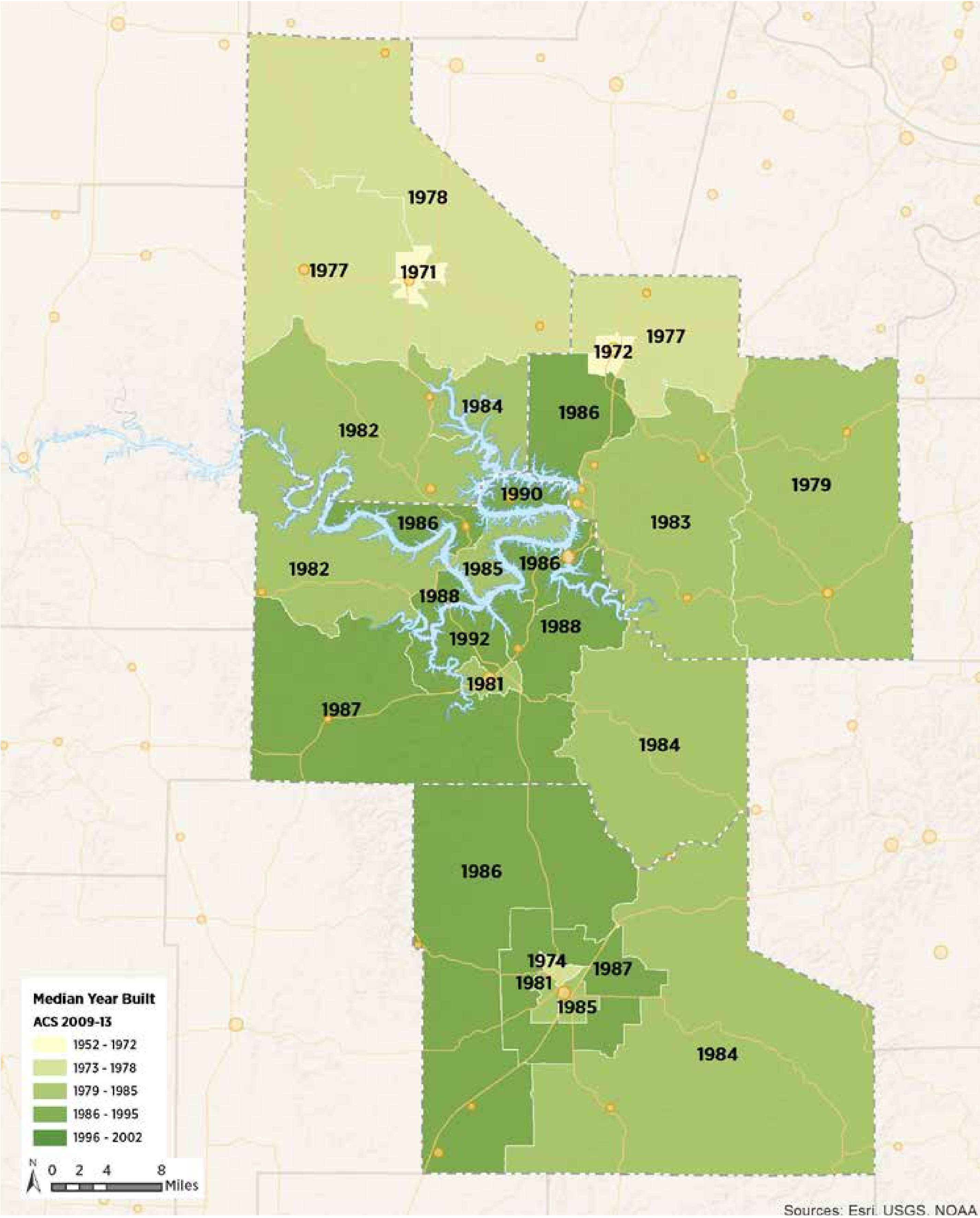
A region's occupancy and housing age can tell a lot about the makeup of the housing market, gaps, and opportunities.

Age of Housing

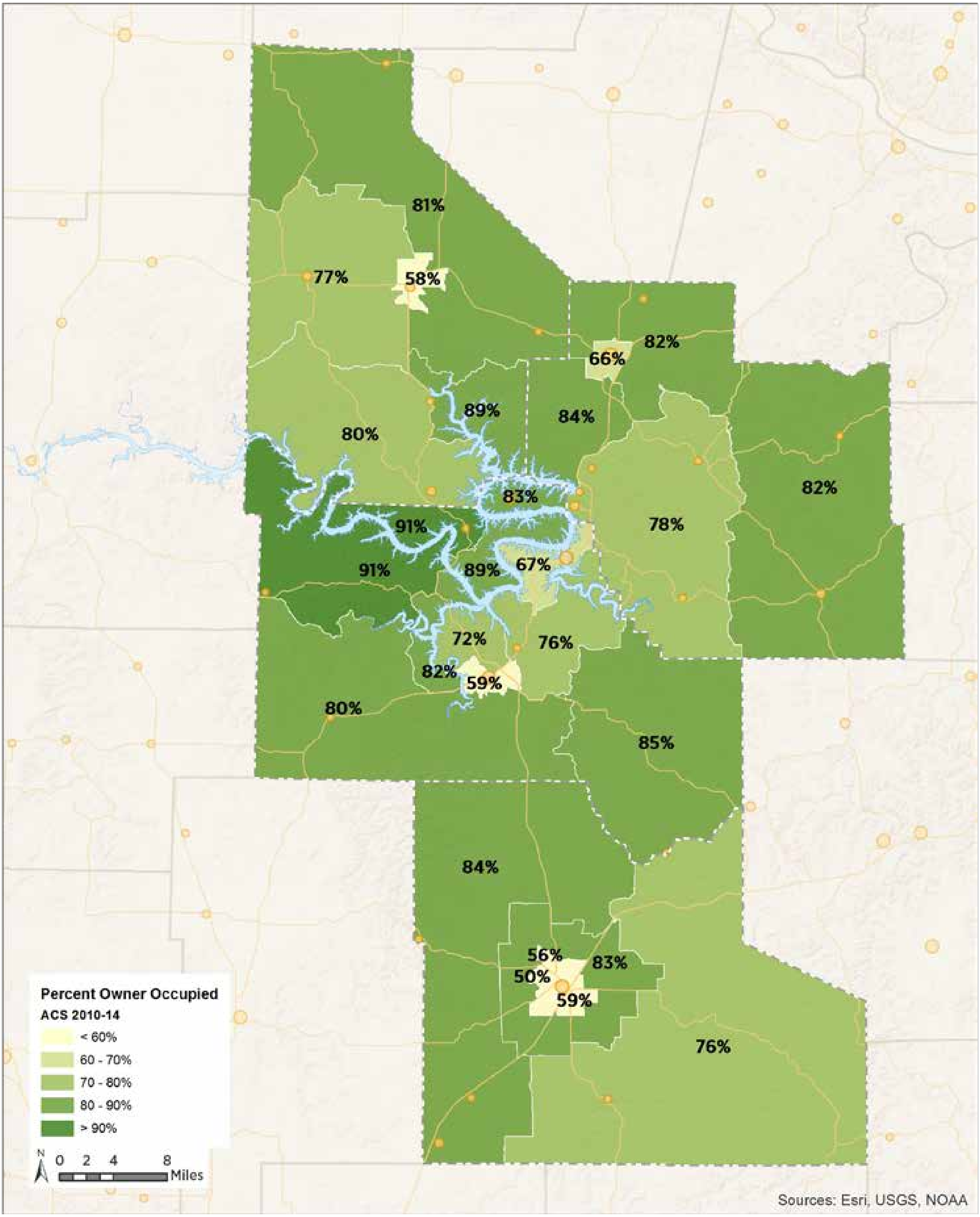
- The median age of structures is generally younger across the entire region. The oldest housing in the region has a median age of 45 years. For most rural areas the median age of housing is closer to 50 to 60 years of age.
- Significant building activity was taking place in the last 30 years across all census tracts.



Map 2.9: Average Household Size



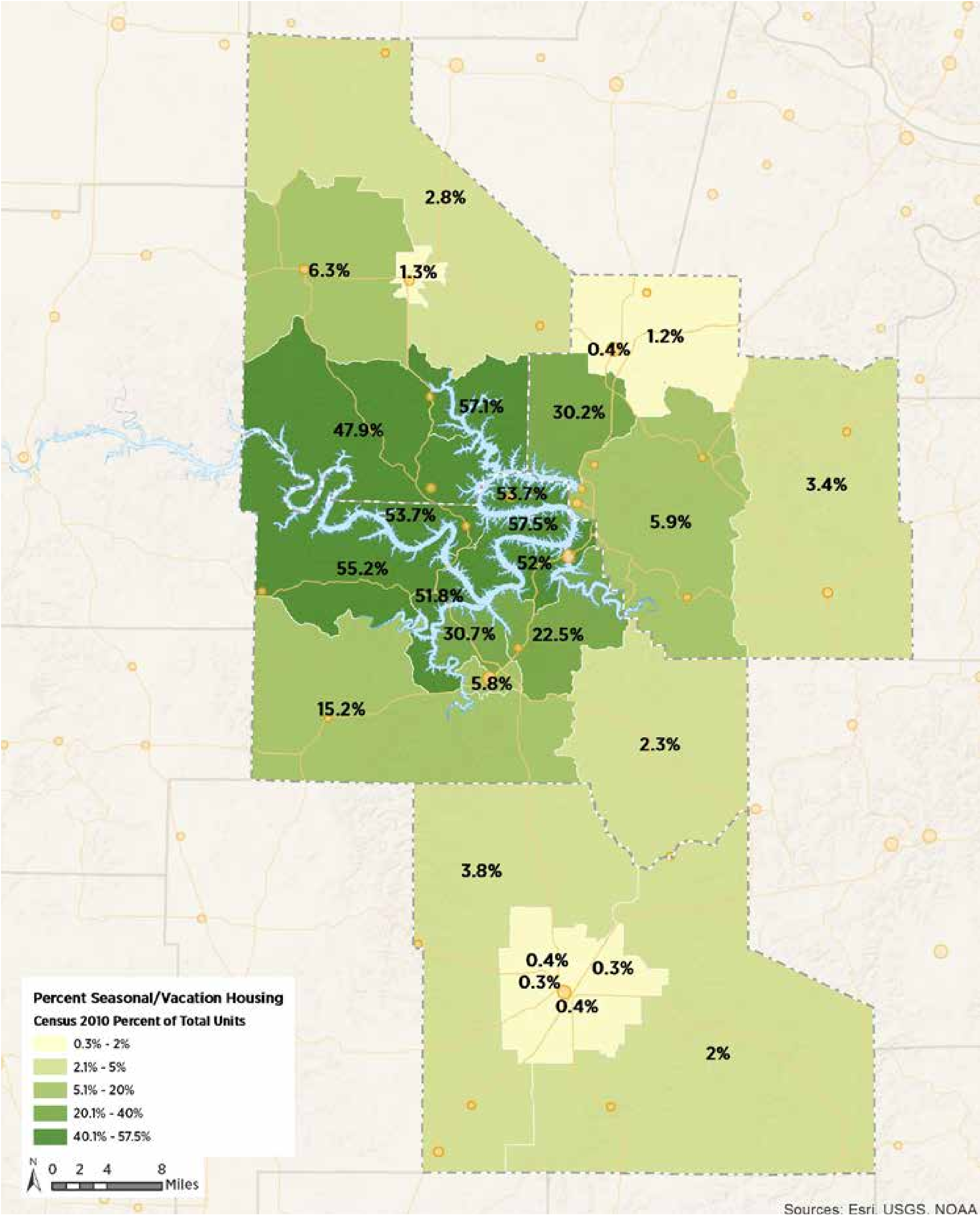
Map 2.10: Median Year Built



Map 2.11: Percent Owner Occupied

Occupancy

- Almost all census tracts have a high percentage of ownership among occupied units. Seasonally occupied units are counted as vacant housing units by the U. S. Census.
- Most of the rental housing for the region's workforce is located within the population centers of Versailles, Camdenton, Lebanon, and some in Osage Beach and Eldon.
- Vacancy rates in the region are much higher than traditional markets would experience. This is driven by the large number of seasonally vacant units.
- Seasonally vacant units not only impact owner-occupied second homes, but also units that are leased out on long and short term basis. This includes condos and cabins that owners rent to vacationers throughout the summer season, but leave vacant during the winter months.
- Seasonally vacant rental units are picked up by permanent residents in the off season, but often these renters need to have other options by May. The rents that seasonal units can demand also impact the cost of housing for permanent residents during the summer months.



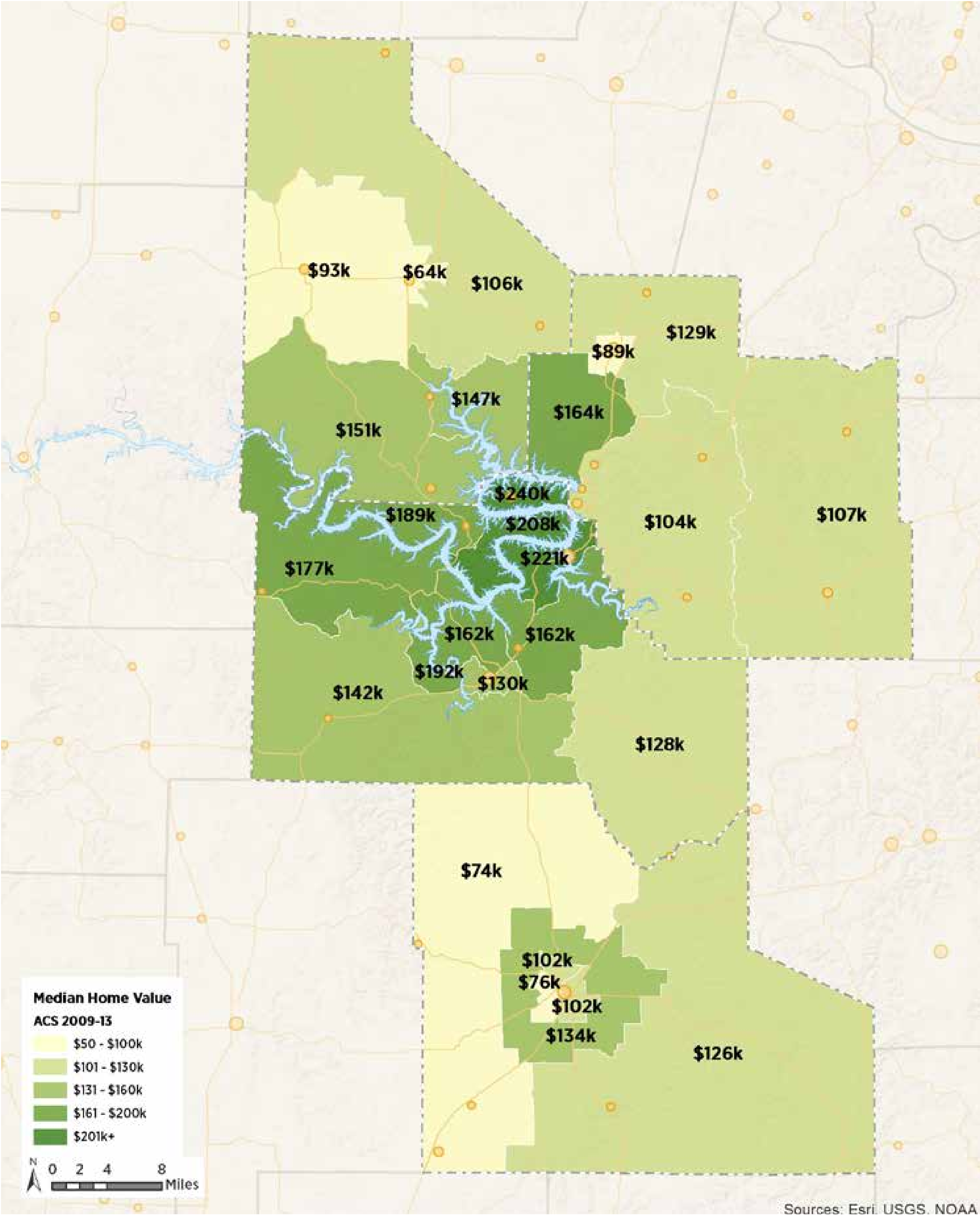
Map 2.12: Percent Seasonally Vacant Housing

HOUSING COST

This section will look at housing costs from different perspectives, including median home value, mortgages, rents, and cost of housing to income.

Home Values

- Median home values have a fairly significant variation across the county from a low of $65,000 in Versailles to a high of $240,000 in the Village of the Four Seasons area.
- Home values around the Lake are the highest in the region. This is not just driven by the types of homes that are being constructed in the area, although this is probably the biggest factor, but site costs also have a notable impact. Outside of the Lake, the natural features that make this area so appealing, including beautiful hilltop views, also increase the cost of construction. The hilly terrain and depth to bedrock increase the cost of water, sewer, and road services and foundational construction costs. These factors are important to note when considering appropriate locations for more affordable housing.
- Home values in communities away from the lake are well below construction costs. While this means that there is a good supply of entry level affordable housing, it raises questions that will be further explored in the document. These include:
    - Are values so low that they negatively impact appraisals and thus stagnate new construction?
    - Are the lower values a reflection of housing condition and maintenance, another factor that can stagnate new construction?
- Home values in the rural areas seem to be fairly strong as populations have remained high and even grown.
- Values within the Lake communities are slightly higher and likely force many of the services workers employed in these communities and around the Lake to drive substantially farther than other workers.

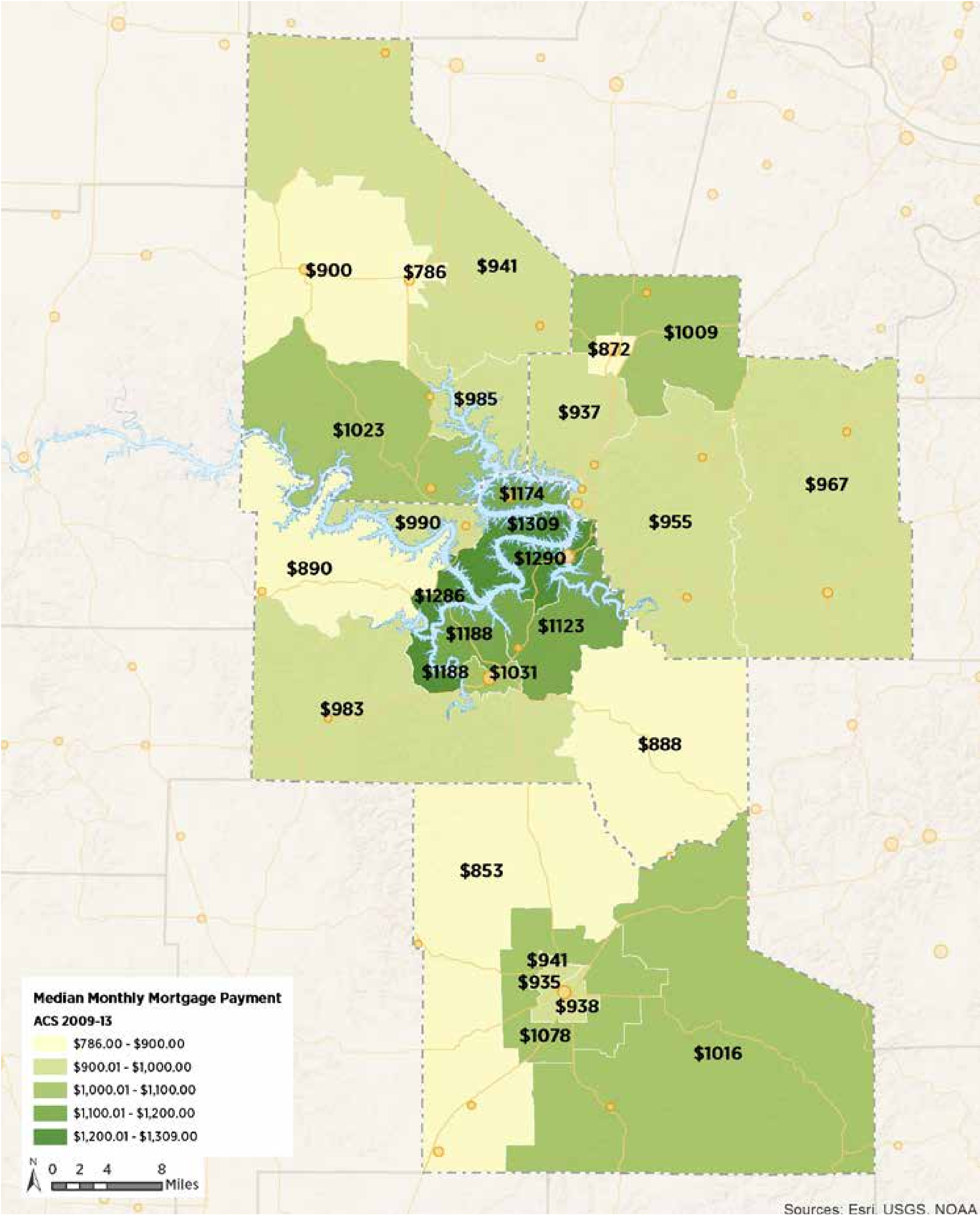


Map 2.13: Median Home Value

Mortgage and Rental Costs

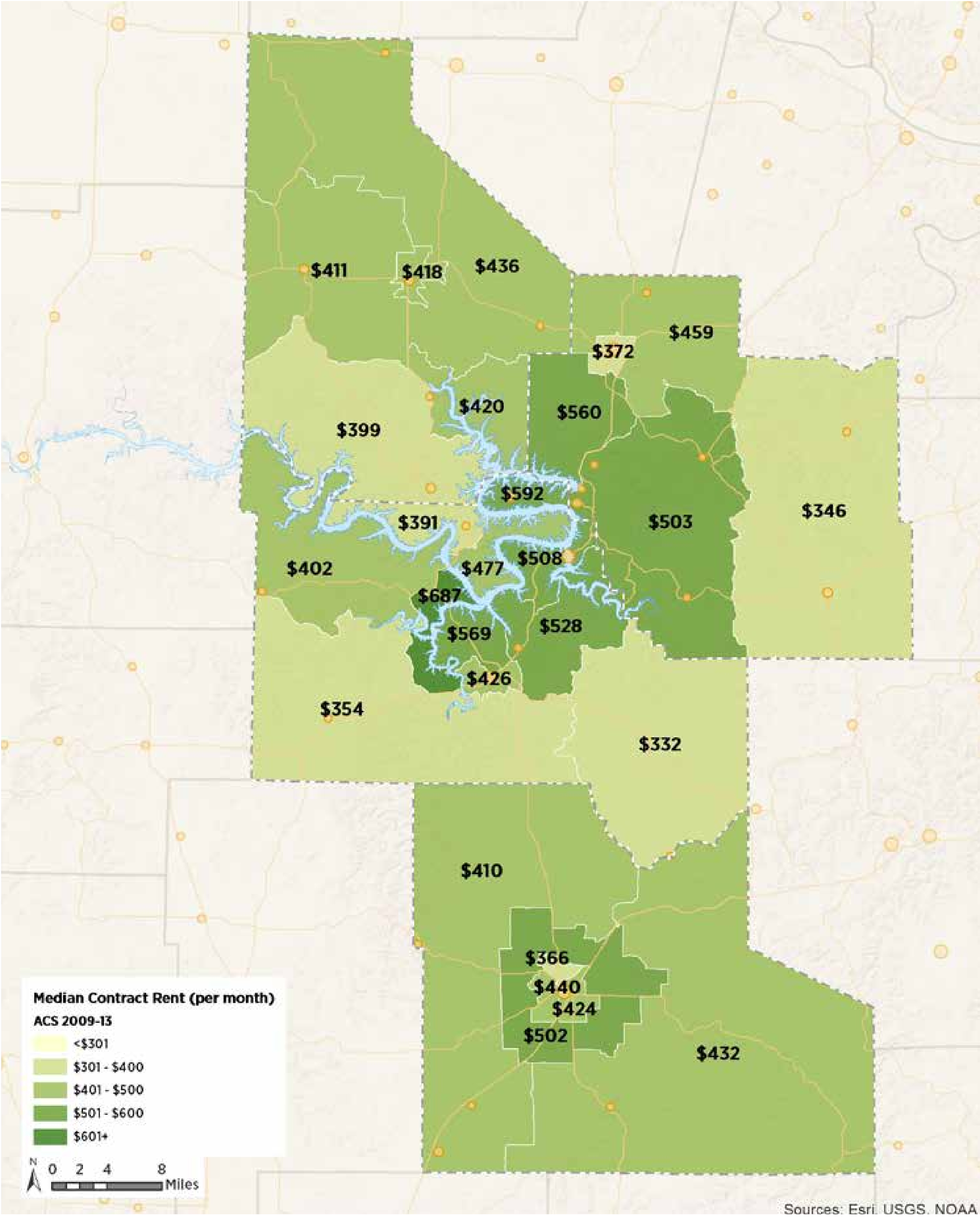
Monthly mortgage payments compared to home values and incomes begin to paint an interesting picture across the region.

- Median home values in northern Miller, southeast Camden, and southern Laclede fall between $126,000 and $129,000, but the median mortgage in southern Camden County is over $200 lower ($888 compared to $1,009 and $1,016). This could indicate several trends:
  - Home owners in the southern Camden County are older home owners who purchased their homes when values were lower.
  - Home owners in northern Miller and southern Laclede had less capital at the time of purchase and smaller downpayments.
- Home values in western Laclede County were substantially less than southern Camden ($74,000 to $128,000) but median mortgages are very close ($853 to $888). For these same areas, the household net worth and age of structures is also fairly similar. This likely indicates that residents in western Laclede county are newer home onwers with less capital in their housing.
- The impact of buying power is illustrated again in the census tract north of Village of the Four Seasons (median mortgage of $1,174) compared to Osage Beach. Median values are nearly $80,000 less in Osage Beach, but median mortgages are almost the same.
- Lower incomes and the ability to have larger downpayments are likely impacting the census tract on the western side of Lebanon. Incomes and median home values would indicate that housing is fairly affordable. This will be discussed further in the following pages. The mortgage rates in this census tract are similar to tracts with substantially higher median values.



Map 2.14: Median Monthly Mortgage Payment

- On the rental side of the market, rates around the Lake are naturally higher, driven by season rentals and the demand to be close to the Lake.
- Rental rates in the communities outside the Lake Area are comparable.
- Traditionally new construction of rental housing can only be supported by rental rates ranging around $1 per square foot. A lower rental market makes it more difficult to produce new rental housing, which results in older rental housing taking longer to be updated or replaced.
- In a lower valued home market, rental rates that are close to mortgages are hard for many to understand. However, the cost of construction and maintenance of rental units has continued to increase, just as new home construction has increased. Additionally, many households can afford the higher rents but still struggle to meet the credit requirements or stable income necessary to qualify for traditional home loans, creating a demand for quality rental housing.



Map 2.15: Median Contract Rent

Cost to Income

In the following chapters, a detailed assessment of housing characteristics, including an assessment of affordability within each county will be examined. Map 2.16 provides a broad overview of the cost of owner-occupied housing across the region. This assessment is based on a value to income ratio. For most households, an affordable owner-occupied home will be approximately 2.5 times the household's annual income. Housing that costs more than three times a household's income or less than two times both indicate issues in the market.

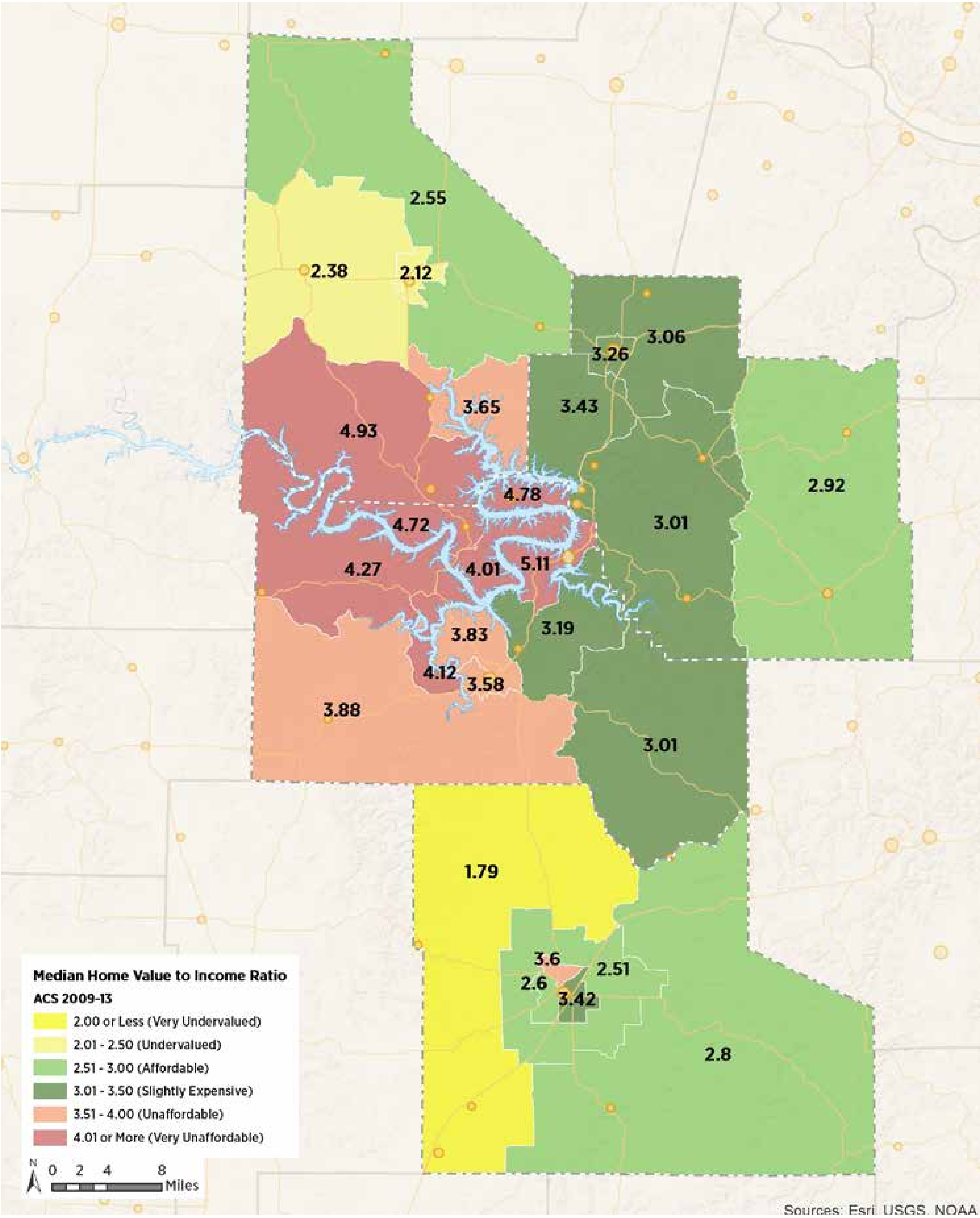
- Housing costs over three times a household's incomes results in housing costs that consume over 30% of a household's income, making it more difficult to find affordable housing, assemble adequate downpayments, or qualify for financing.
- Undervalued housing, that is, housing that is less than two times a household's income is also an issue. Undervalued markets often stagnate new construction driven by appraisals that are below construction costs or profit margins that are not worth the risk to construct new speculative housing.

Map 2.16 and Figure 2.8 illustrate the changes in housing affordability across the region.

- While housing around the Lake is well over three times the median household incomes, the net worth of the residents often supports the higher home values. Additionally, seasonal properties that are used as income properties can also drive up costs.
- Outside of specific pockets, values would appear to support new construction across the region.
- Based on input from local builders, the cost of construction in the region is comparable to affordable midwestern markets. Therefore in those areas, off of the Lake where home costs appear to be higher, the issue may not be the cost of housing, but lower overall incomes.

FIGURE 2.8: Estimated Housing Costs and Incomes

	MEDIAN HOUSEHOLD INCOME	MEDIAN CONTRACT RENT	MEDIAN HOME VALUE	VALUE TO INCOME RATIO
CAMDEN COUNTY	$43,498	$491	$167,100	3.84
MILLER COUNTY	$36,592	$433	$115,800	3.16
MORGAN COUNTY	$34,179	$434	$110,300	3.23
LACLEDE COUNTY	$38,693	$422	$99,900	2.58
BENTON COUNTY	$33,145	$409	$105,400	3.18
COLE COUNTY	$53,228	$459	$146,700	2.76
COOPER COUNTY	$44,102	$424	$125,800	2.85
DALLAS COUNTY	$38,314	$384	$94,600	2.47
HICKORY COUNTY	$31,897	$343	$101,200	3.17
MARIES COUNTY	$41,492	$365	$113,200	2.73
MONITEAU COUNTY	$47,386	$403	$110,500	2.33
OSAGE COUNTY	$52,479	$394	$129,000	2.46
PETTIS COUNTY	$39,624	$473	$100,100	2.53
PULASKI COUNTY	$49,604	$822	$126,000	2.54
TEXAS COUNTY	$35,822	$359	$100,300	2.80
WEBSTER COUNTY	$45,798	$435	$117,000	2.55
WRIGHT COUNTY	$30,029	$352	$90,100	3.00



Map 2.16: Value to Income Ratio

REGIONAL TRENDS

To understand a housing market, it takes more than just looking at census numbers and maps. To fully understand the market, local residents, realtors, builders, and the financial community must share their perspectives. Input from these and other stakeholders was gathered through both in-person meetings and two surveys. This section will provide a broad overview of community input, with more detailed look at individual county perspectives later in this document.

SURVEYS

Two surveys were conducted as part of this study. One was directed to those counties within the Lake of the Ozarks Regional Economic Development Council (LOREDC) and a second to Laclede and Lebanon. For the most part, the questions were exactly the same with some minor adjustments to clarify points related to the impact of the Lake. The following summary offers an overview of the LOREDC counties. Laclede's survey will be covered in Chapter 6.

Demographics of Respondents

- The majority of the respondents live in or near the population centers of Camdenton, Osage Beach, Village of the Four Season, Lake Ozark, Sunrise Beach, and Versailles.
- The age distribution was generally balanced between those 30-44, 45-59, and over 60. However, responses from those just entering the housing market, those 18-29 years of age, was very low.
- The majority of respondents, 91%, own their own home. Discussions with landlords, realtors, employers, and young professionals were conducted to better understand the rental market. The dominance of ownership within the survey may have influenced the understanding of the rental market for many respondents.
- Sixty-four percent had household incomes between $50,000 and $149,000 with only 24% of households making below $50,000.

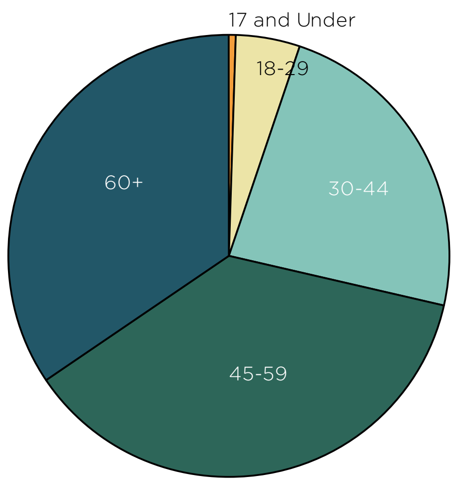


Figure 2.9: Age of Respondents

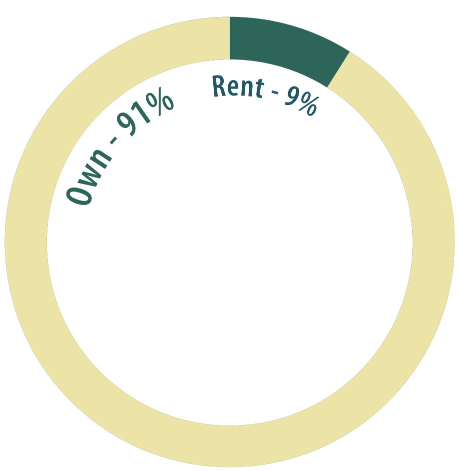


Figure 2.10: Tenure of Respondents

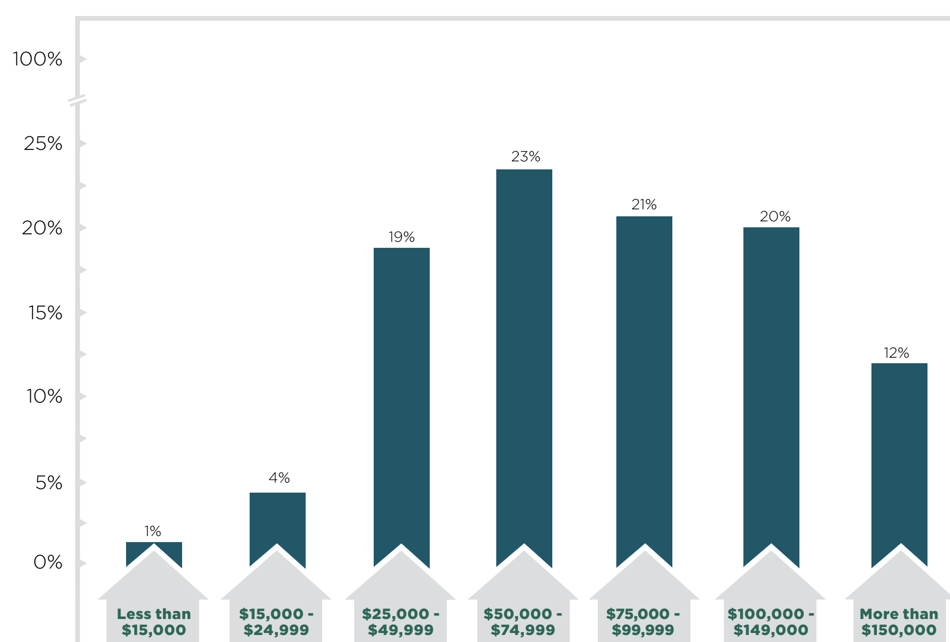
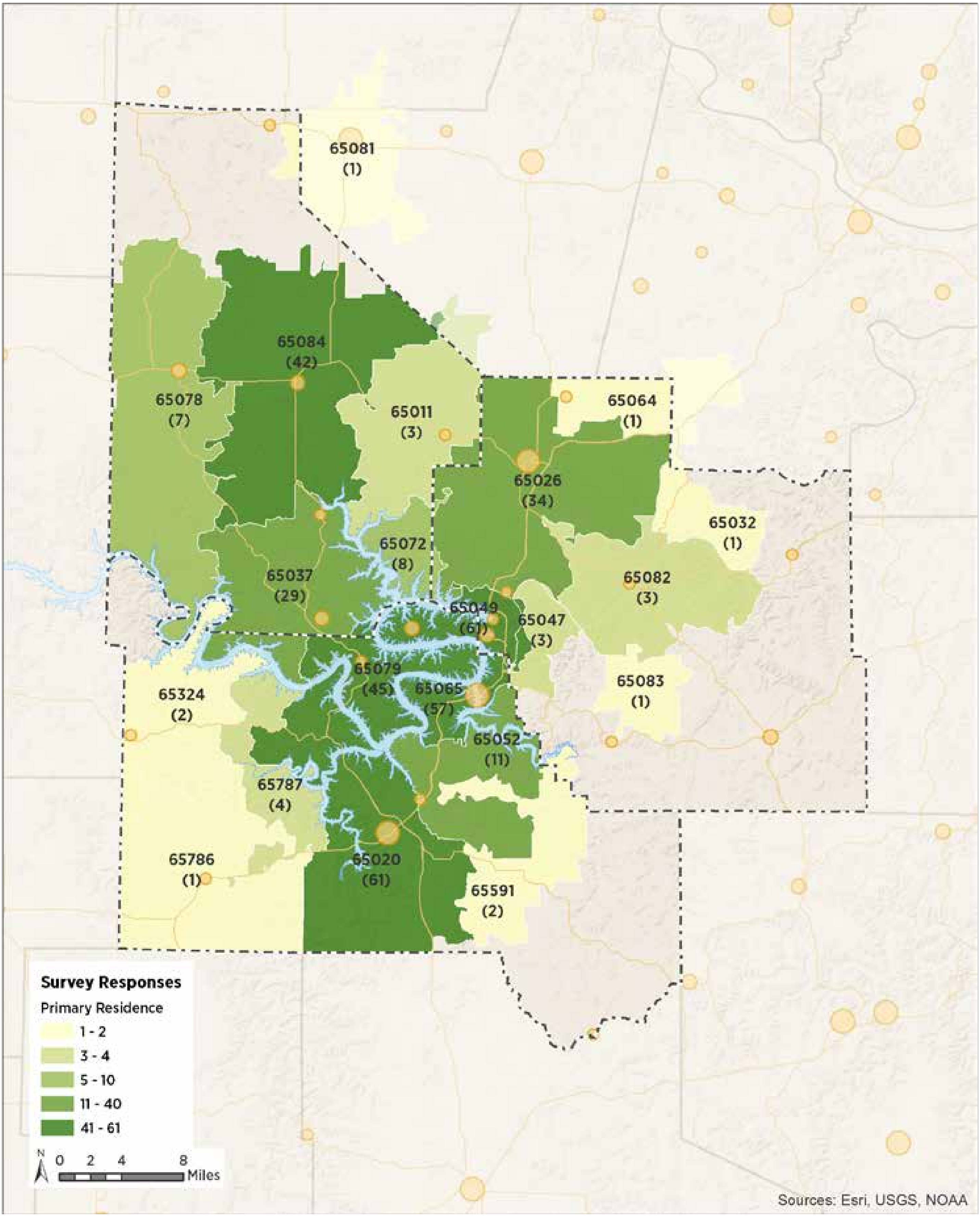


Figure 2.11: Estimated Annual Household Income of Respondents



Map 2.17: Responses by Zip Code

Perspectives on Housing:

- Over 50% of respondents felt that the current housing supply does not meet the needs of young families, multi-generational families, and the elderly.
- Most respondents identified the type of housing that would be appealing to young families and seniors as products with the greatest potential. These included mid- and small-sized homes, independent senior living, apartments, and townhomes.
- For seniors looking to live off of the Lake, respondents felt that owner-occupied homes with shared services (lawn and snow) and apartments with optional services (food, laundry, etc.) would be successful.

Additional open-ended questions were asked within the survey. The most frequent comments focused on:

- Property maintenance
- Gaps in the housing market from the workforce survey. Homes off of the Lake appeal to young families and a share of seniors
- Issues related to city and county zoning regulations. This includes under enforcement, inconsistent enforcement, and concern about location of higher density zoning
- The economy and jobs, especially the need for better paying jobs that can support quality housing
- The gap in the rental market and the need to provide adequate housing for the region's workforce

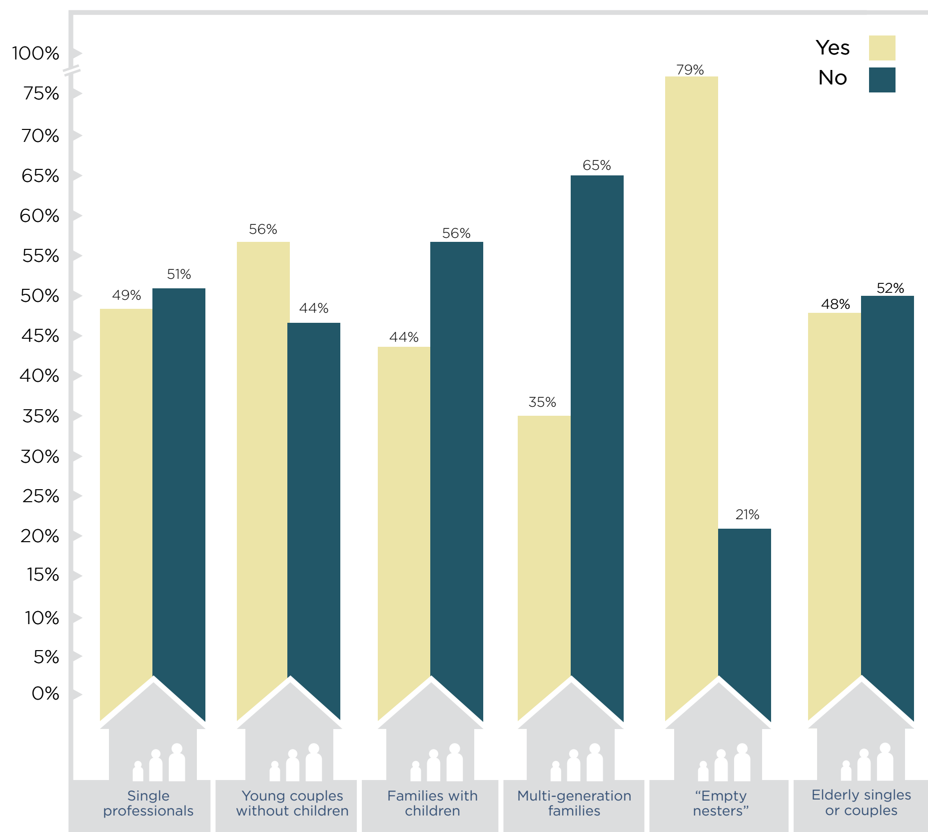


Figure 2.12: Adequacy of Current Housing Supply to Meet Demand

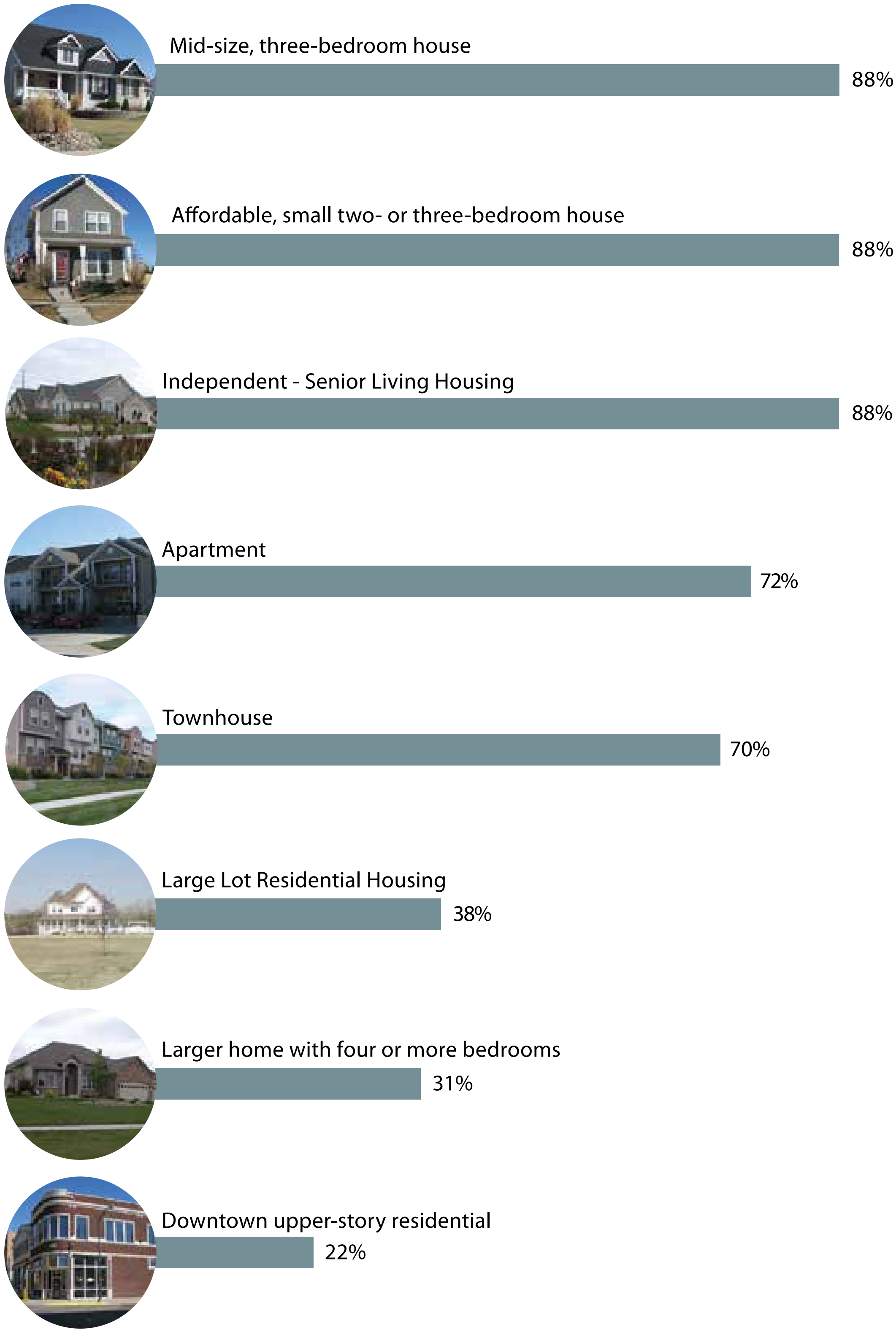


Figure 2.13: Housing Products Respondents Felt Would be Successful

STAKEHOLDER GROUPS

The planning process included a program of focus groups to define key housing issues in the Lake of the Ozarks region. These groups were defined by discipline and geography. Groups included local experts from financial institutions, builders and developers, real estate agents, business representatives and major employers, public sector, and landlords. Additional meetings were held based on geography and were open to the public. These meetings were held in Versailles, Eldon, Camdenton, Lake Ozark, and Osage Beach.

The following summarizes some of the broad themes of these meetings:

Workforce Housing

A significant demand exists, across the region, for adequate housing that meets the needs of entry level workers as well as housing that meets the needs of a diverse workforce. This includes workers in service industry positions working at or just above minimum wage to nurses, teachers, and doctors moving to the area.

Infrastructure

Infrastructure is what drives the cost of housing in or outside of the cities, but the issue is much more pronounced in those areas around the Lake and outside the city limits. Funding the installation and maintenance of this infrastructure is a challenge for cities without good funding sources. Currently, most infrastructure is installed by the development community with no way to offset high costs due to terrain and geology. These challenges make it difficult to bring more affordable lots to the market.

The large number of package and independent systems scattered across the region creates management and cost challenges. Addressing these issues is seen as one of the region's biggest challenges in the coming years.

New Development Areas

The lack of "buildable" lots was identified as an issue for contractors and developers. There is a supply of lots but many of those lots have slope, access, and infrastructure issues that push the final cost to price points well out of range for the region's workforce. Lots and potential lots on flatter ground within the non-Lake communities were identified and provide some potential to meet this market demand. As noted above, finding ways to efficiently develop those lots will need to be addressed.

Rental or Transitional Housing

New residents to an area and young adults first entering the housing market traditionally gravitate to the rental market. Over the past 20 years, the rental or multi-family market has frequently focused on the season units. These units tend to be out of the price range of most workers, are only available in the off-season, or are in configurations that are not familiar to those from outside the region.

Rehabilitation

The ability or interest in rehabilitation of existing housing has been slow in the communities further away from the Lake. The low value of existing housing and economic capacity are likely the most common reasons. Low value markets can stagnate reinvestment and even new construction in rural communities. When rehabilitation will cost more than the final appraisal of the property, there is little to no motivation to invest in housing stock.

Lake Regional Housing Assessment Public Meetings

The Lake of the Ozarks Regional Economic Development Council would like to invite you to participate in the Lake Regional Housing Assessment. Join the planning team at one of five open sessions that will be held around the region. At these sessions you will be invited to share your ideas, concerns, and issues regarding housing in the region.

April 5 at 8:00 a.m.	Versailles Court House Sims Room
April 5 at Noon	Eldon Community Center
April 5 at 5:30 p.m.	Camdenton City Hall
April 6 at 8:00 a.m.	Lake Ozark City Hall
April 6 at Noon	Osage Beach City Hall

Sessions will last one hour:
- 15 Minute presentation on current trends
- 45 Minute open discussion on housing gaps and opportunities

More information and a link to a survey can be found at www.loredc.com.

CHAPTER 3:
Camden County

A PROFILE OF CAMDEN COUNTY

The most populous county in the LOREDC region, Camden County is a primary center for retail trade and healthcare. Camden County is more diverse than many perceive. The north portion of the county is dominated by the Lake and the economic benefits it creates, but the southern portion of the county is more rural with a mixture of agricultural uses and pockets of residential development. The county's strong job base creates some of the strongest housing demand in the region. This demand varies from second homes or retirement living near the Lake to housing for service workers and professionals. The following chapter provides an overview of the issues and opportunities within Camden County and its three largest communities.

POPULATION CHARACTERISTICS

The population characteristics and trends shine a light on current housing demand and provide a base for projecting future population and housing demand.

HISTORIC TRENDS

- Over the past 30 years Camden County has experienced strong growth with its most significant growth in the 1990s.
- Figure 3.2 divides the county's population into three geographic areas: those living inside city limits; those living in townships that touch the Lake; and the balance of the population that resides outside of communities and away from the Lake.
    - This analysis indicates that not one single area dominated the county's growth during the 2000s.
    - The rural areas continued to grow, counter to most non-metropolitan counties in the Midwest. Over the past half century most counties have experienced a demographic shift from rural areas into cities. For the LOREDC region, growth in rural areas likely reflects the impact of new development occurring just outside city boundaries and scattered rural developments which meet a demand for affordable housing.
    - The impact of the recession drove population declines around the Lake and in rural areas since 2010. Loss of population in rural areas likely reflected those in the lowest income brackets who were finding affordable (often mobile home) housing in the rural areas and were impacted the most by the recession.
- Since 2010, population levels in the cities closest to the Lake have remained steady, while Climax Springs and Macks Creek have experienced small population decline.
- Between 2000 and 2010, the county's population was predicted to decline based on standard birth and death rates. However, the county attracted more than 8,000 new residents through in-migration (Figure 3.4).
    - During the 2000s, Camdenton was the only larger community in the county that was predicted to grow. This reflects the city's role as a home to many of the region's young families.

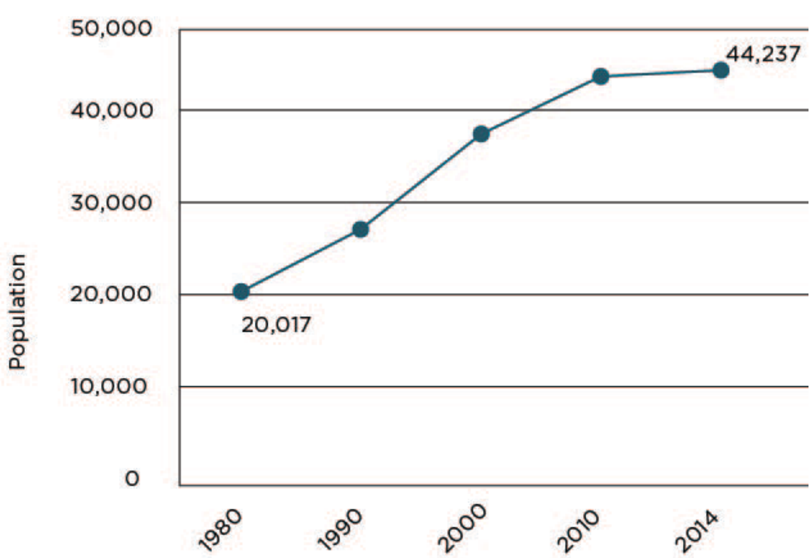


Figure 3.1: Camden County Historic Population Change

FIGURE 3.2: Camden County Regional Population Change

	2000	2010	2014	CHANGE 2010-2014	CHANGE 2000-2010	ANNUAL GROWTH RATE
CAMDEN COUNTY	37,051	44,002	43,873	-129	6,951	1.7%
Rural	9,399	11,058	10,777	-281	1,659	1.6%
Cities	8,816	11,160	11,728	568	2,344	2.4%
Lake Areas	18,836	21,784	21,368	-416	2,948	1.5%

Source: U. S. Census Bureau; RDG Planning & Design

FIGURE 3.3: Historic Population Change

	1980	1990	2000	2010	2014	ANNUAL GROWTH RATE 2000-10	ANNUAL GROWTH RATE 1990-2010
CAMDEN COUNTY	20,017	27,495	37,051	44,002	44,237	2%	2%
CAMDENTON	2,303	2,561	2,779	3,718	3,844	3%	2%
OSAGE BEACH	1,992	2,599	3,662	4,351	4,395	2%	3%
VILLAGE OF THE FOUR SEASONS	-	805	1,493	2,217	2,222	4%	5%
SUNRISE BEACH	148	181	368	431	428	1.59%	4.43%
CLIMAX SPRINGS	87	91	80	124	114	4%	2%
LINN CREEK	242	232	280	244	257	-	0.2%
MACKS CREEK	171	272	267	244	426	-	-

Source: U. S. Census Bureau; RDG Planning & Design

FIGURE 3.4: Predicted Versus Actual Population Change

	2000 POPULATION	2010 PREDICTED	2010 ACTUAL	PREDICTED VS. ACTUAL
CAMDEN COUNTY	37,051	35,977	44,002	+8,025
CAMDENTON	2,779	2,822	3,718	+896
OSAGE BEACH	3,662	3,498	4,351	+853
VILLAGE OF THE FOUR SEASONS	1,493	1,460	2,217	+757

Source: RDG Planning & Design

Figure 3.4 shows a comparison of the actual population in 2010 versus the population that would be predicted if there had been no migration between 2000 and 2010 (i.e. - natural population change based on birth and death rates). Places that have a discrepancy between predicted and actual population levels are likely the result of migration in or out of the community.

FIGURE 3.5: Population Projection, Camden County

	2000	2015	2020	2025	2030
0% MIGRATION	44,002	42,834	41,610	40,319	38,923
1.0% AGR	44,002	46,247	48,606	51,085	53,691
2.0% AGR	44,002	53,535	65,134	79,245	96,414

Source: RDG Planning & Design

ECONOMIC CHARACTERISTICS

Camden County's outdoor recreation and lake living have allowed the region to weather the recession and experience a growing economy over the past several years. The region's economy has a significant impact on housing and housing demand; this includes demand for workforce housing, second homes, and retirement living. A basic assessment of Camden County's economic trends indicates:

- As a center of regional health services and the largest school district in LOREDC area, many residents of the county are employed in educational services and healthcare.
  - Housing demand for these residents often includes quality market rate rentals as they are entering the market and smaller entry level owner-occupied housing. Most of these employees are looking to live away from the Lake in environments that are family friendly.
- Residents working in retail trade make up the second largest industry for county residents.
  - Retail positions tend to offer lower wages at, or just above, the minimum wage. These residents will need more affordable housing options, including some housing assistance depending on the size of the household.

FIGURE 3.6: Percentage of Labor by Industry Camden County*

AGRICULTURE, FORESTRY, FISHING AND HUNTING, AND MINING	1.20%
CONSTRUCTION	7.60%
MANUFACTURING	7.20%
WHOLESALE TRADE	1.40%
RETAIL TRADE	16.20%
TRANSPORTATION AND WAREHOUSING, AND UTILITIES	3.30%
INFORMATION	1.80%
FINANCE AND INSURANCE, AND REAL ESTATE AND RENTAL AND LEASING	6.60%
PROFESSIONAL, SCIENTIFIC, AND MANAGEMENT, AND ADMINISTRATIVE AND WASTE MANAGEMENT SERVICES	8.00%
EDUCATIONAL SERVICES, AND HEALTH CARE AND SOCIAL ASSISTANCE	21.90%
ARTS, ENTERTAINMENT, AND RECREATION, AND ACCOMMODATION AND FOOD SERVICES	14.10%
OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION	6.20%
PUBLIC ADMINISTRATION	4.50%

Source: American Community Survey, 2014
*For comparison with other counties see Figure 2.6

- Figure 3.7 provides an overview of the region's estimated household incomes.
  - At approximately 83% owner occupancy and home values significantly above Camdenton, the Village of the Four Seasons has some of the highest incomes in the region. (See Maps 2.10 and 2.12).
  - Households earning less than 80% of the area median income are considered to be low income. For households in Camden County, this income is $34,798 (dependent on household size) or, for a single income household an hourly wage of $16.73. In the region's service and retail trades, hourly wages below this threshold are common.
- Since 2005:
  - The number of employees commuting into Camden County has decreased
  - The number of residents living in Camden County and finding work outside the county has grown by 83%
  - Residents living and working in the county has remained fairly steady
- Residents leaving the county for work reflects the county's growing role as a center for regional housing and the demand to find employment outside of the county.

FIGURE 3.7: Median Household Income

	2014 POPULATION	2014 ESTIMATED HOUSEHOLD INCOME	80% OF MEDIAN	50% OF MEDIAN
CAMDEN COUNTY	43,873	$43,498	$34,798	$21,749
CAMDENTON	3,844	$35,089	$28,871	$17,545
OSAGE BEACH	4,395	$39,851	$31,881	$19,926
VILLAGE OF THE FOUR SEASONS	2,222	$56,838	$45,471	$28,419

Source: U. S. Census Bureau

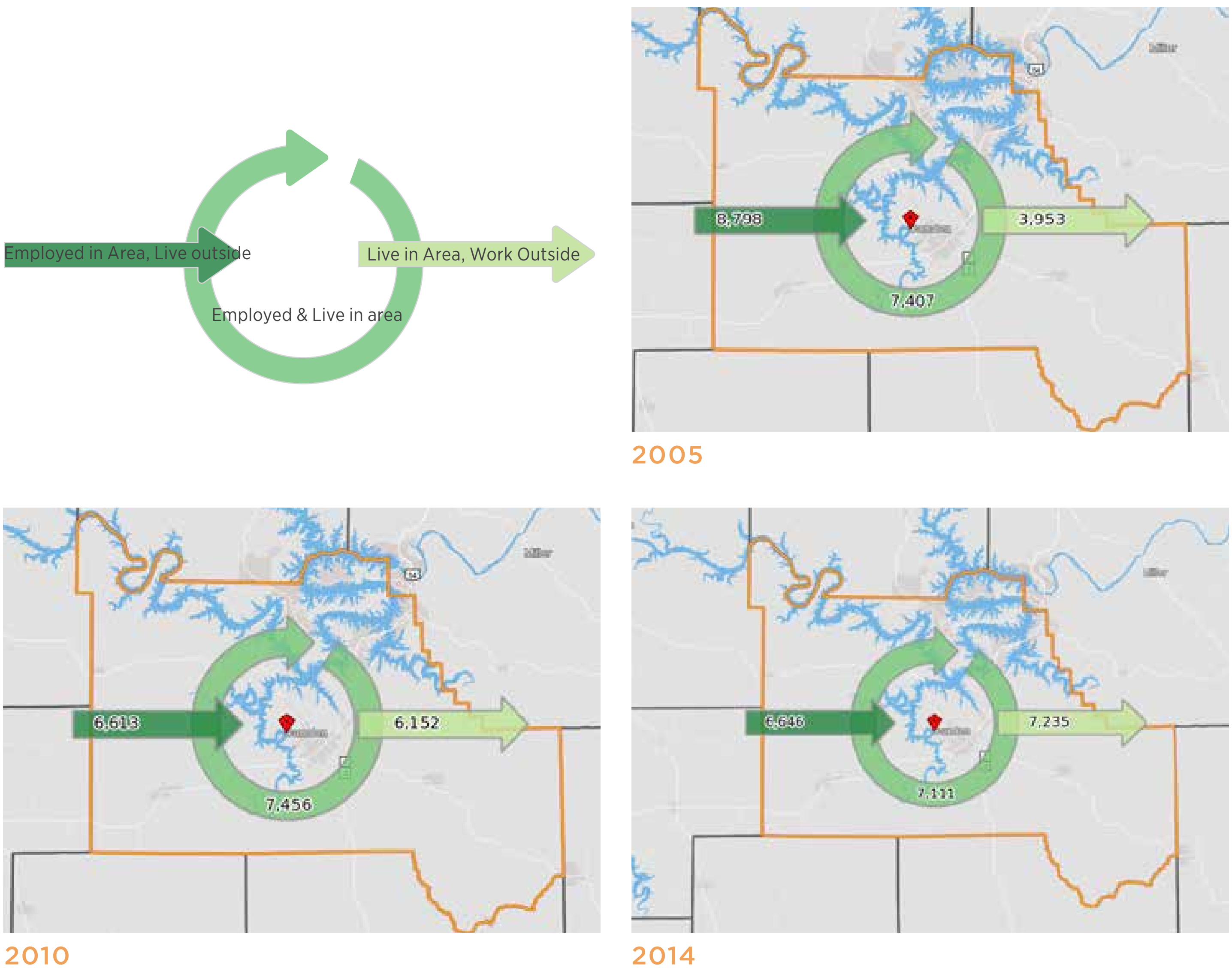


Figure 3.8: Inflow/Outflow Job Counts (Source: U. S. Census Bureau)

HOUSING CHARACTERISTICS

This section uses the U.S. Census and Missouri State data to evaluate the supply, cost, and condition of housing in Camden County. This information can help identify existing or potential imbalances in the market and may suggest policy directions for a variety of issues.

Housing Age & Opportunity

- Village of the Four Seasons has the highest priced housing in the county but also the newest housing stock (See Map 3.1 & Figure 3.10).
- Strong growth in the 1990s and early 2000s pushed the median age of housing into the 1980s, as compared to the state wide median age of 1975.
- The full effect of the recession was being felt by 2011. Although the number of single family building permits decreased by 50% between 2008 and 2009 the market hit its lowest point in 2011. Building activity did not begin to fully recover until 2015.
- By 2015 permits for single-family homes were at a 10 year high, however, multi-family permits remained low.
    - It should be noted that this drop in multi-family construction may not be viewed as a negative. Many rural areas can not support the access and infrastructure demands created by higher density multi-family construction. These types of units should be directed to incorporated communities with adequate infrastructure to support this important part of the housing market.
- Map 3.4 illustrates the location of vacant lots within Camden County.
    - Many of these lots are located in the Village of the Four Seasons and in developments situated around the Lake.
    - While it would appear that the county has a large supply of vacant lots, many of the lots have high development costs related to infrastructure access and slopes.
    - The cost of a lot directly correlates to the final cost of a home. Due to the expense needed to create and develop lots with access and slope issues, these areas demand higher priced homes and therefore limit the ability to construct affordable, entry-level housing. Of the 740 vacant lots, only 16% have slopes of less than 5% (see page 59).

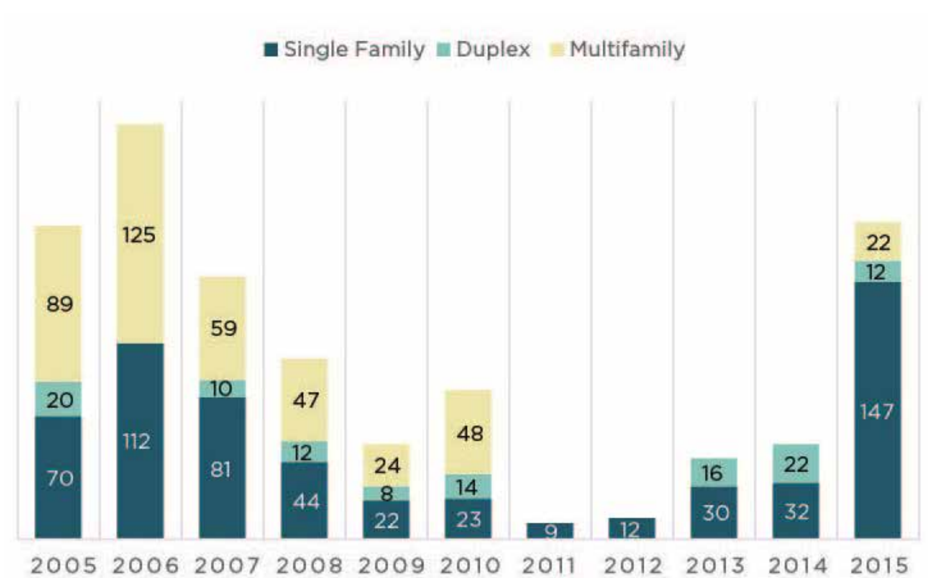
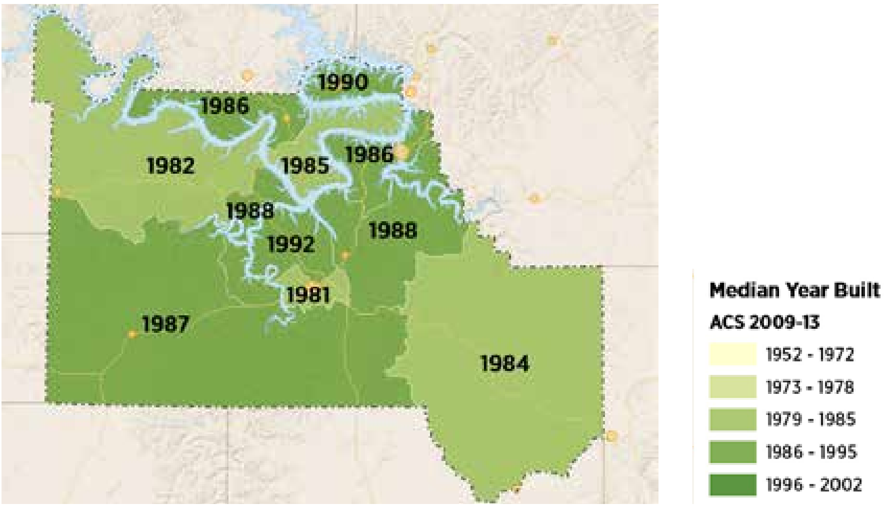
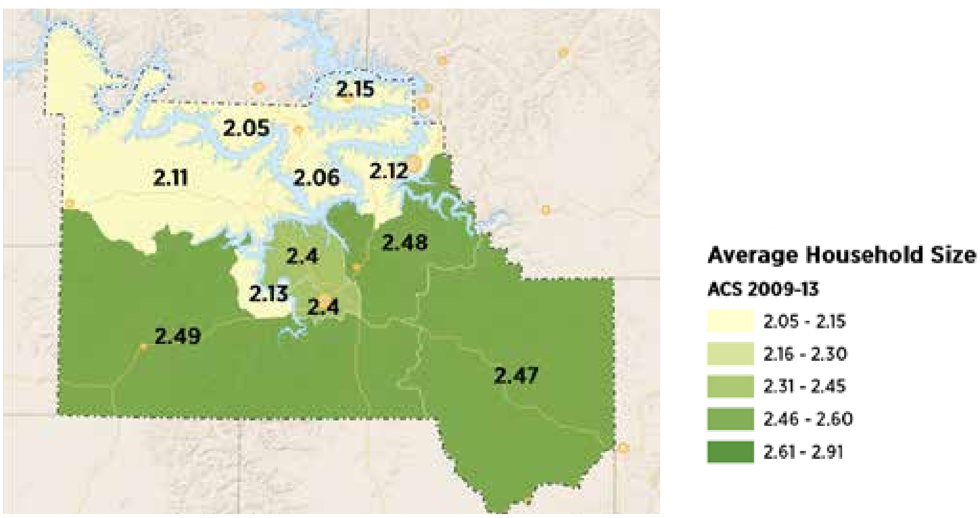


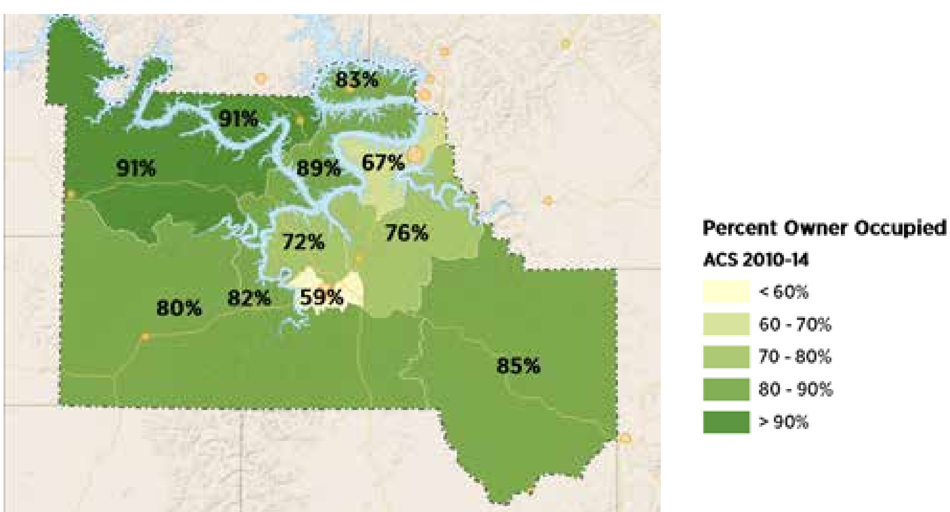
Figure 3.9: Camden County Building Permits (Source: U. S. Census Bureau)



Map 3.1: Median Year Built by Census Tract



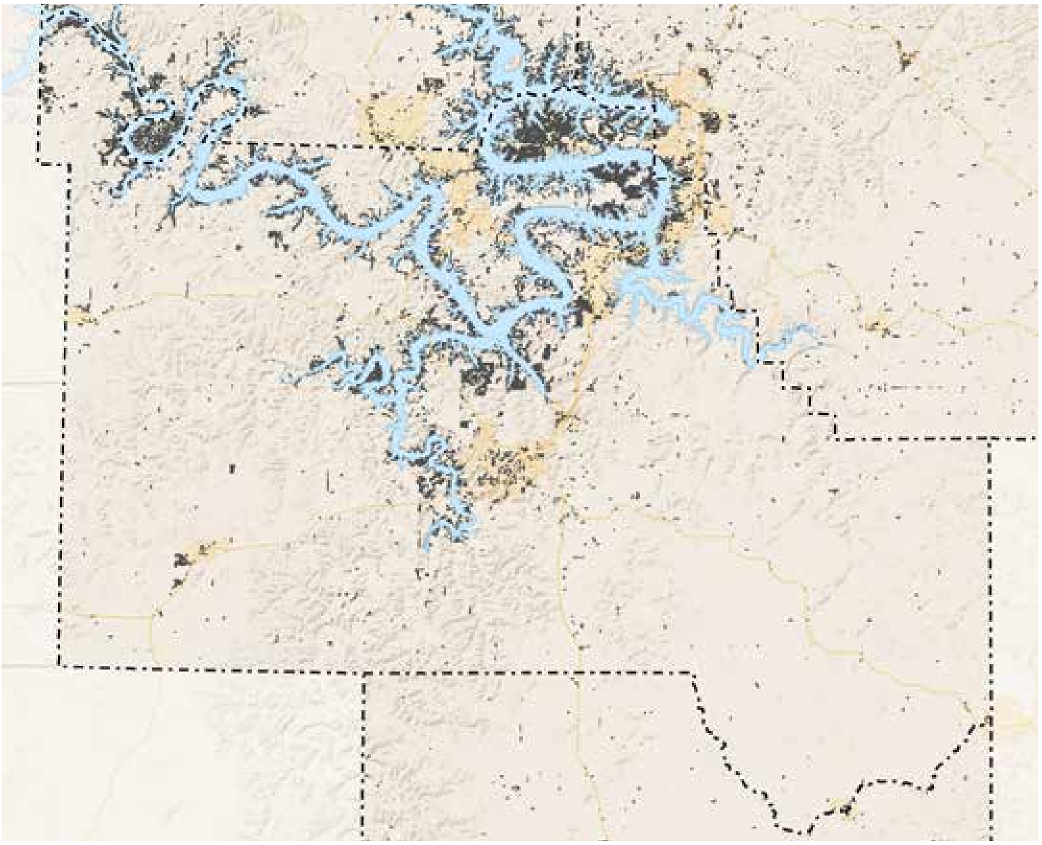
Map 3.2: Average Household Size by Census Tract



Map 3.3: Percent Owner Occupied by Census Tract

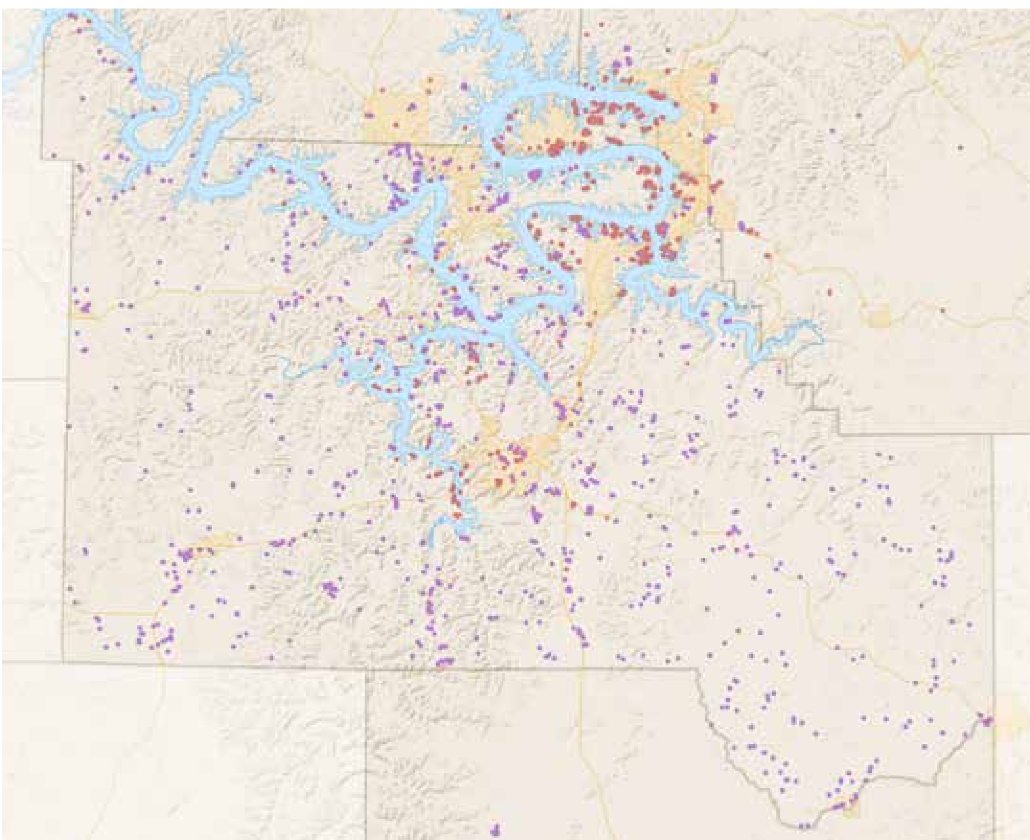
Housing Occupancy

- Household size is largest in areas located away from the Lake where units tend to be more affordable for families.
- Most permanent residents live in owner-occupied housing.
  - The highest percentages of renter occupancy occur within the census tract nearest Camdenton.
  - Many of the county's service and retail employees are likely in the market for quality and affordable rental options. Due to scarcity and affordability in the county, many reside outside of the county and therefore pay higher transportation costs.
- The number of seasonally vacant units is highest in Village of the Four Seasons, west of Osage Beach, east of Sunset Beach, and in the western Lake Region of the county.
  - Seasonally vacant homes have a significant impact on the region's housing market, most notably in the areas of housing costs, often elevating the value of homes in the area and driving up rental rates.
- Camden County has a large number of scattered mobile homes.
  - Approximately 11% of the county's owner-occupied housing consists of mobile homes.
  - While it is not uncommon for mobile homes to be used as lake homes/cabins in many regions of the United States, Camden County has a large number of concentrated mobile homes across the county.
  - The scattered nature of mobile homes, illustrated in Map 3.5, would indicate that these units are meeting an affordable housing need.
    - Outside of the Lake and inside communities these units tend to use individual well and septic systems. This would indicate that many residents are putting a substantial investment in infrastructure while saving money on home and land costs.
    - Mobile homes can be a viable, affordable housing option. The concern in many communities and counties is both life safety and long term housing investment. Safety and condition issues often exist in older, pre-certified, structures. Further, the depreciating value of mobile homes does not provide a long term asset to either the owner or the community, as opposed to the appreciating value of more permanent structures.



Camden County has 740 vacant parcels & 38% have slopes greater than 20%

Map 3.4: Vacant Lots Camden County



Camden County has approximately 1,949 mobile home units*

Map 3.5: Mobile Homes and Multi-family Structures, Camden County

*Sources: American Community Survey, 2014

The definition of affordable housing is determined by a household's income. What is affordable to one income bracket is not necessarily affordable to another.

Housing Costs

- As expected, the county's highest home values are located around the Lake. These home values are traditionally out of reach for the county's workforce including those in educational and health services.
  - Approximately 34% of Camden County's households living in owner-occupied housing spend more than 30% of their income on housing and are considered house burdened by the U. S. government.
  - Median home values are nearly four times median incomes, significantly above what is considered to be an affordable ratio of 2.5.
- Similar to home values, contract rents are the highest in the census tracts that border the Lake.
  - Nearly 46% of households in Camden County are house burdened, spending more than 30% of their income on housing.
  - Rental rates at $400 to $500 is not excessive compared to many other markets and is the minimum rent required for one-bedroom, new construction. The housing cost struggle for many residents is likely more related to the region's stagnant and lower incomes than rental values.

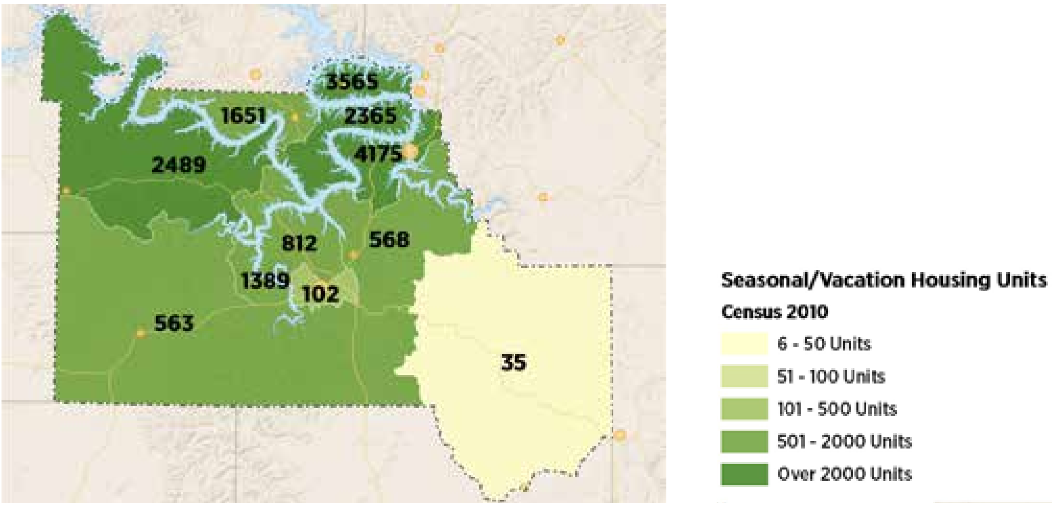
Households spending more than 30% of their income on housing are considered to be housing burdened or living in housing that is not affordable.

For owner-occupied households this traditionally correlates to home values that are 2.5 times a household's income. Households spending more than 3.0 times their income would be considered to be housing burdened.

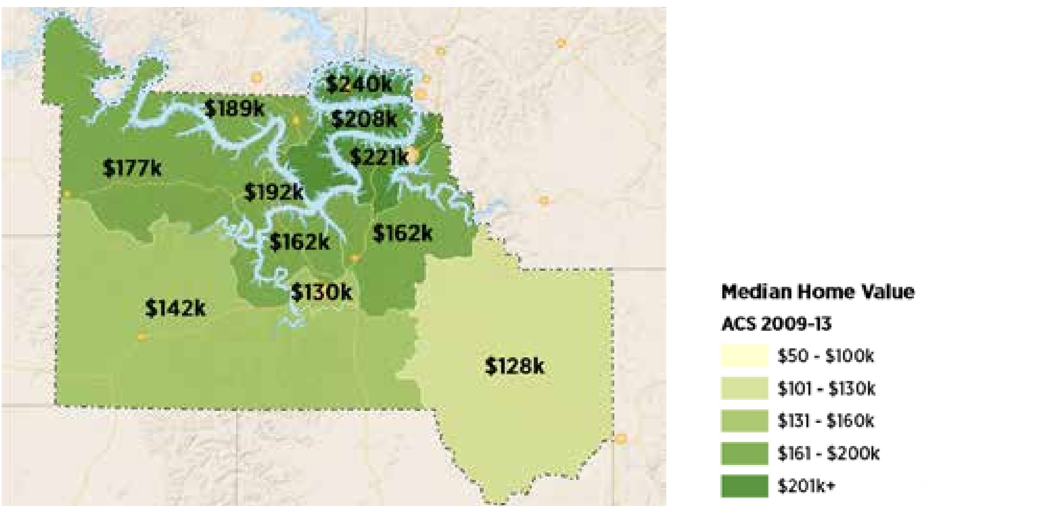
FIGURE 3.10: Estimated Housing Costs and Incomes (Cities)

	MEDIAN HOUSEHOLD INCOME	MEDIAN CONTRACT RENT	% PAYING MORE THAN 30% IN GROSS RENT	MEDIAN HOME VALUE	% PAYING MORE THAN 30% FOR OWNER COSTS	VALUE TO INCOME RATIO
CAMDEN COUNTY	$43,498	$491	45.7%	$167,100	34.0%	3.84
CAMDENTON	$35,089	$509	39.1%	$123,600	36.1%	3.52
OSAGE BEACH	$39,851	$487	54.7%	$209,700	8.8%	5.26
VILLAGE OF THE FOUR SEASONS	$56,838	$721	29.7%	$241,600	18.4%	4.25

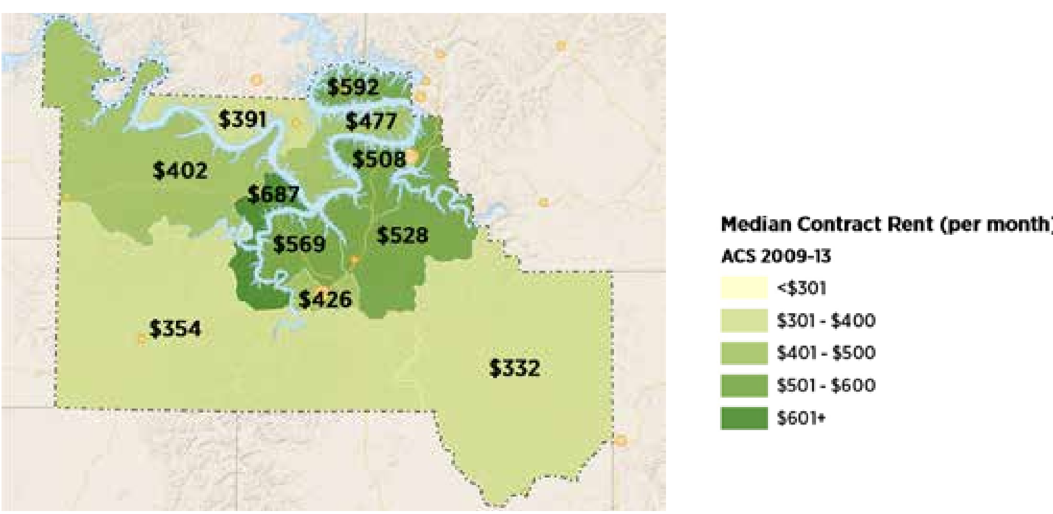
Source: U. S. Census Bureau; RDG Planning & Design



Map 3.6: Seasonally Vacant Units by Census Tract



Map 3.7: Median Home Value by Census Tract



Map 3.8: Median Contract Rent by Census Tract

COMMUNITY PROFILES

The following section provides a broad overview of housing in each of the region's largest cities. This includes projections for housing demand and the mix of housing that is needed to support the city's future population.

CAMDENTON

The second largest city in Camden County, Camdenton is a significant center of commerce and the community's services in the county. Home to the county seat and the county's largest school district, Camdenton has a demand for workforce housing that meets the needs of young families looking to establish roots in the region.

PRIMARY THEMES FOR CAMDENTON

- During the last decade, Camdenton experienced a 2% annual growth rate (AGR). The recession likely slowed this growth along with a decrease in the number of available lots.
  - The opportunity for new affordable lot development is limited, however, there are important opportunities within existing areas, such as Old Highway 5 for redevelopment and infill opportunities.
- Figure 3.10 illustrates a population projection based on a 1.0% annual growth rate until 2020 and then increasing to 1.5% through 2030. This scenario assumes the city, through the implementation of developmental goals articulated in its comprehensive plan, will be able to support new development and capture a greater share of regional growth.
- To support a population of 4,416 by 2025, the city will need to produce 240 additional housing units.

FIGURE 3.11: Population Projection, Camdenton

	2010	2015	2020	2025	2030
NATURAL	3,718	3,770	3,829	3,887	3,942
1.0% ANNUAL GROWTH	3,718	3,900	4,099	4,308	4,528
1.5% ANNUAL GROWTH	3718	3,900	4,201	4,526	4,876
2.0% ANNUAL GROWTH	3,718	3,900	4,306	4,754	5,249
1% TO 1.5% (2020) ANNUAL GROWTH	3,718	3,900	4,099	4,416	4,757

Source: RDG Planning & Design, 2016

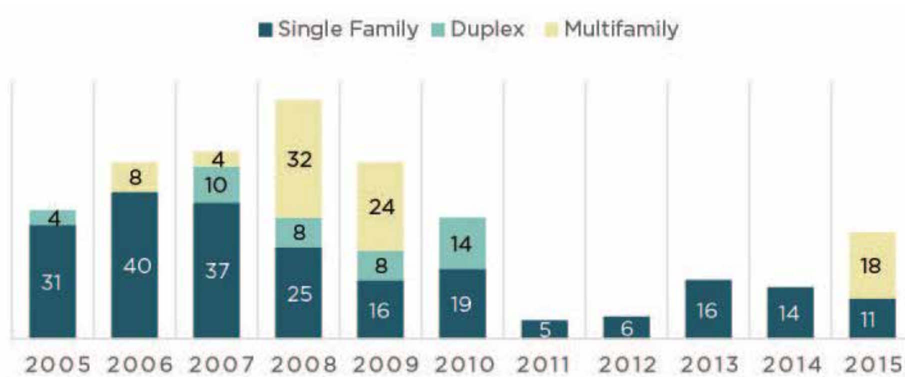
Housing Demand Analysis

The Housing Demand Analysis builds on the population projections, housing trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions:

- Household population at the end of the period does not include residents living in group care facilities, dormitories, and other institutional quarters. For this analysis, it is assumed that this population will remain stable through the planning period.
- Average people per household is expected to remain constant over the next decade. Some growth may occur as ,illennials move into their childbearing years, but this forecast focuses on the demand created by this cohort leaving their parents homes and the housing needs they will have.
- Unit demand at the end of the period is calculated by dividing household population by the number of people per household. This equals the number of occupied housing units.
- A manageable housing vacancy provides housing choice for new residents moving to a community. In the Lake Region, vacancy rates are skewed due to the large number of seasonally vacant units. This models removes those units.
- Unit needs at the end of each period are based on the actual household demand plus the number of projected vacant units.
- Replacement need is the number of housing units demolished or converted to other uses. Homes in poor condition or obsolete should gradually be replaced in a city's housing supply. The number of units lost annually is based on both the quantity and quality of a community's housing stock.
- Cumulative need shows the number of total units needed between the base year of 2015 and the year indicated at the end of the period.

FIGURE 3.12: Housing Demand Model, Camdenton

	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	3,900	4,099	4,416	
HOUSEHOLD POPULATION AT END OF PERIOD	3,728	3,919	4,221	
AVERAGE PEOPLE PER HOUSEHOLD	2.47	2.47	2.47	
HOUSEHOLD DEMAND AT END OF PERIOD	1,509	1,586	1,709	
PROJECTED VACANCY RATE	9.40%	9.40%	9.40%	
UNIT NEEDS AT END OF PERIOD	1,666	1,751	1,886	
REPLACEMENT NEED		10	10	20
CUMULATIVE NEED DURING PERIOD		95	145	240
AVERAGE ANNUAL CONSTRUCTION		19	29	24



Source: U. S. Census Bureau; City of Camdenton

Figure 3.13: Camden Building Permit Activity

Housing Development Program

Building on the Housing Demand Model, the Development Program forecasts production targets for owner and renter occupied units based on the following assumption:

- Owner-occupied units will be distributed roughly in proportion to the income distribution of households for whom owner-occupancy is an appropriate strategy.
- Most low-income residents will be accommodated in rental units.
- The city's housing demand (240 units) will need to include both new owner and renter occupied housing options.
  - Approximately 75 new owner-occupied units should be priced below $130,000
    - Some housing in this range can be produced by the private market with access to affordable lots; however, most of these units will be produced through assistance programs like low income housing tax credits or through a filter effect created by the production of move-up housing.
  - Nearly 70 rental units will need to be produced with monthly rents below $700 per month.
    - New rental housing construction traditionally demands rents in the range of $1 per square foot. Therefore, to produce housing priced below $450 per month, programs like low income housing tax credits will need to be leveraged.

FIGURE 3.14: Housing Development Program, Camdenton

	2015-2020	2020-2025	TOTAL
TOTAL NEED	95	145	240
TOTAL OWNER OCCUPIED	52	80	132
AFFORDABLE LOW: 60-100,000	14	21	35
AFFORDABLE MODERATE: 100-130,000	16	24	40
MODERATE MARKET: 130-200,000	17	26	43
HIGH MARKET: OVER $200,000	5	8	14
TOTAL RENTER OCCUPIED	43	65	108
LOW: LESS THAN 450	12	18	30
AFFORDABLE: 450-700	15	23	38
MARKET: OVER $700	16	24	40

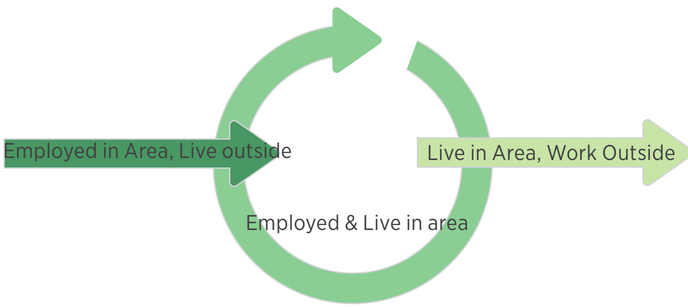
Source: RDG Planning & Design

Theoretically, a household budget must be divided among basic housing costs, other essential needs, and costs to maintain a home. Households spending a large share of income on basic housing have less money to spend on other essentials and fewer resources to maintain their homes. Figure 3.13 evaluates the availability of affordable housing and compares the quantity of housing that is affordable to each income group. A positive balance indicates a surplus of housing within the affordability range of each respective income group, while a negative balance indicates a shortage.

FIGURE 3.15: Affordability Analysis, Camdenton

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	SURPLUS/ SHORTAGE OF UNITS
$0-24,999	536	$0-49,999	195	$0-399	382	577	41
$25,000-49,999	1,019	$50,000-99,999	1113	$400-799	426	1539	520
$50,000-74,999	474	$100,000-149,999	311	$800-1,249	11	322	-152
$75-99,999	311	$150,000-199,999	123	$1,250-1,499	0	123	-188
$100-149,999	237	$200-$299,999	14	$1,500-1,999	19	33	-204
$150,000+	41	$300,000+	0	$2,000+	24	24	-17

Source: RDG Planning & Design



- Figure 3.14 evaluates the availability of affordable housing and indicates a shortfall in the supply of housing in the lower income ranges while a surplus exists in all but the highest income ranges.
- The greatest shortages are for households making over $100,000 a year. It should be noted that the market for those in the lowest income ranges is very tight, with few options and little incentive to make improvement to older units.
- Over the past ten years, Camdenton's job market has made a slight shift.
    - More individuals are leaving Camdenton on a daily basis for jobs than in 2005.
    - Fewer individuals are traveling to Camdenton to fill local jobs.
    - The number of residents living and work in Camdenton dropped during the recession and overall is a fairly low number for a community the size of Camdenton.

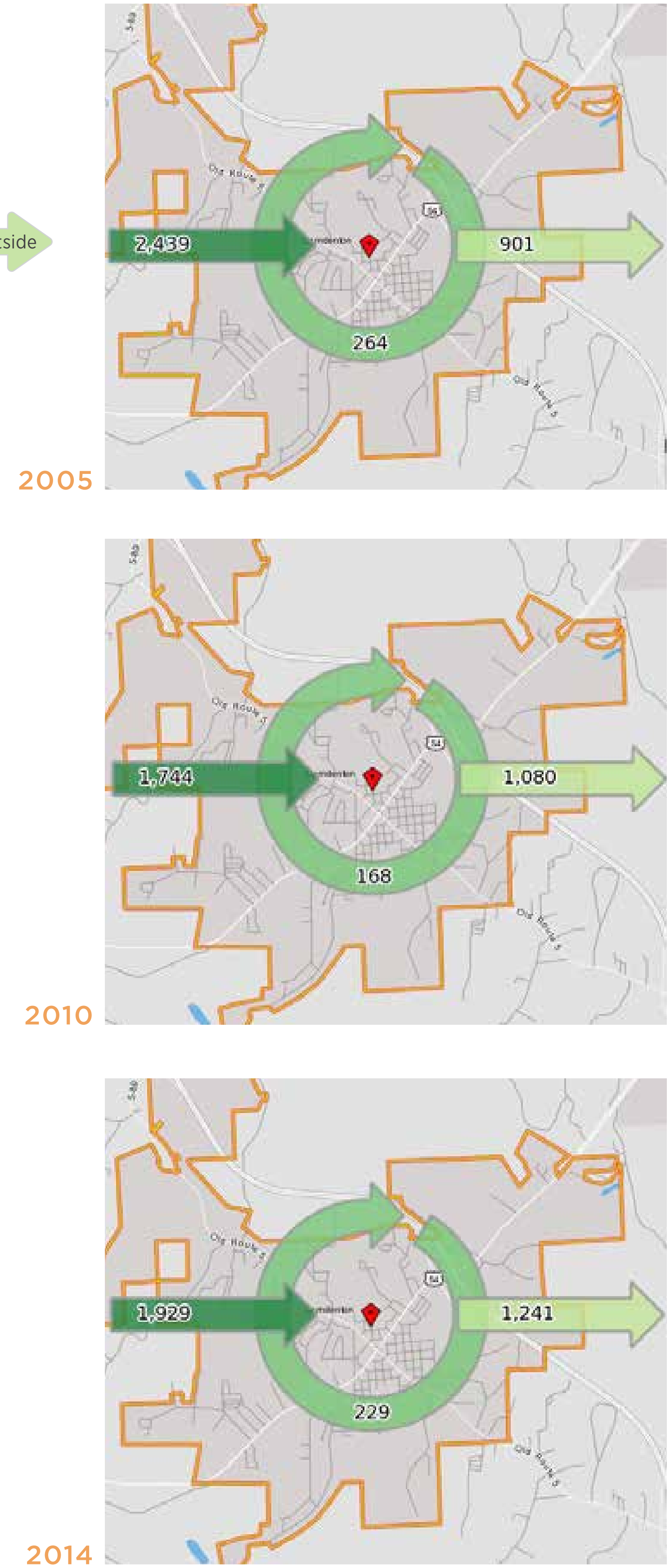


Figure 3.16: Inflow/Outflow Job Counts - Camdenton
(Source: U. S. Census Bureau)

OSAGE BEACH

Since the 1990s, Osage Beach has experienced significant growth in both population and commercial development. Investments by the city in sewer and water extensions have supported much of this growth. Lake oriented businesses and industries, like the hospital, will continue to support growth in the city.

PRIMARY THEMES FOR OSAGE BEACH

- The city's housing demand includes a full range of housing types:
  - Housing for seasonal workers filling service and retail positions during the summer months.
  - Entry level workforce housing for staff at the hospital that includes a full range of hourly workers.
  - Higher level earners coming to fill professional positions in the area and looking for family oriented housing located away from the Lake.
  - Seniors wanting to move or remain in the area, but no longer interested in the maintenance of a home right on the Lake. Arrowhead Centre will begin to fill some of this need.
- Over the next 15 years, the city's population is projected to grow. Infrastructure investments made by the city will likely support this development, however, affordable lots may continue to be an issue.
  - Flatter lots that support traditional family oriented developments are difficult because of the city's natural terrain. These lots are important because they are more affordable to develop. Opportunities for infill and redevelopment may existing along South Osage Beach Parkway.
- Between 2000 and 2010, the city experienced a 3% annual growth rate (Figure 3.3), a rate that appears to have leveled off during the recession. This rate is substantial for any community and, when projecting a city's population, should be used cautiously because of the compounding nature of an annual growth rate. For this reason and the need to produce more lots to support development, a more conservative 1.0% annual growth rate is used to generate a 2030 population of 5,102.
  - The Arrowhead Centre development will provide new senior living and an apartment complex that will support population growth. The institutional and retail aspects of the development will also create many new jobs and additional demand for entry level housing.
- At a minimum, the 1% annual growth rate will support development levels close to what the city has been experiencing since 2013 (Figure 3.16). A faster growth rate is possible, but additional buildable lots will need to be added to the market to support that level of construction. Economic activity and community input would suggest that a level above 1% could be supported.

FIGURE 3.17: Population Projection, Osage Beach

	2010	2015	2020	2025	2030
NATURAL	4,351	4,210	4,081	3,942	3,788
0.5% ANNUAL GROWTH	4,351	4,395	4,506	4,620	4,736
1.0% ANNUAL GROWTH	4,351	4,395	4,619	4,855	5,102
1.5% ANNUAL GROWTH	4,351	4,395	4,735	5,101	5,495

Source: U. S. Census Bureau

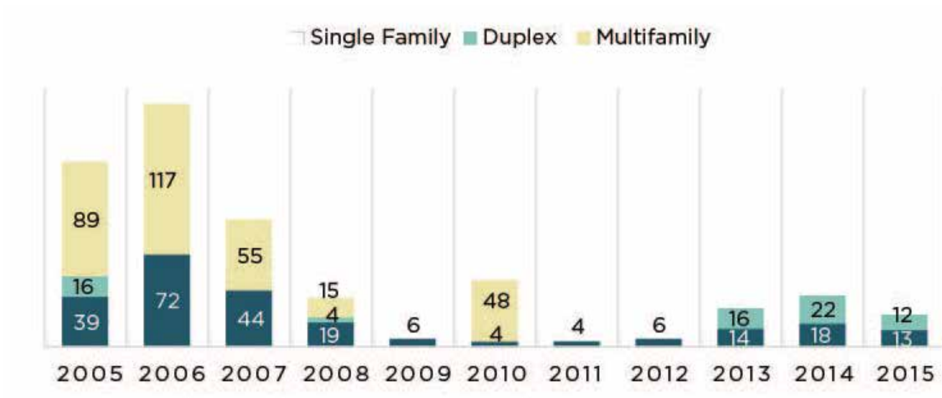


Figure 3.18: Osage Beach Building Permit Activity

Source: U.S. Census Bureau; City of Osage Beach

FIGURE 3.19: Housing Demand Model, Osage Beach

	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	4,395	4,735	5,101	
HOUSEHOLD POPULATION AT END OF PERIOD	4,206	4,531	4,881	
AVERAGE PEOPLE PER HOUSEHOLD	2.04	2.04	2.04	
HOUSEHOLD DEMAND AT END OF PERIOD	2,062	2,221	2,393	
PROJECTED VACANCY RATE	10.00%	8.75%	7.50%	
UNIT NEEDS AT END OF PERIOD	2,291	2,434	2,587	
REPLACEMENT NEED		5	5	10
CUMULATIVE NEED DURING PERIOD		148	158	306
AVERAGE ANNUAL CONSTRUCTION		30	32	31

Source: RDG Planning & Design

- Of the 300 plus units that need to be generated over the next ten years:
  - 78 units should be priced below $130,000
  - 42 units should have rents below $450 per month.
- More affordable units are often difficult for a community to produce, but current housing costs in Osage Beach make it difficult for young families and those in entry level or service-oriented positions to find housing. Figure 3.9 illustrates some of the median costs to incomes in Camden County and the three largest communities of which Osage Beach is one of the most expensive markets. It is important to note that these counts are capturing the region's permanent population more than the more transient or seasonal population.
  - Demand for specific price points is further assessed in Figure 3.19, which compares the number of housing units affordable to different income ranges. This analysis would suggest a demand among households making less than $100,000.

FIGURE 3.20: Housing Development Program , Osage Beach

	2015-2020	2020-2025	TOTAL
TOTAL NEED	148	158	306
TOTAL OWNER OCCUPIED	89	95	184
AFFORDABLE LOW: $60-100,000	17	18	36
AFFORDABLE MODERATE: $100-130,000	20	21	42
MODERATE MARKET: $130-200,000	30	31	61
HIGH MARKET: OVER $200,000	22	23	45
TOTAL RENTER OCCUPIED	59	63	122
LOW: LESS THAN $450	20	22	42
AFFORDABLE: $450-700	18	19	37
MARKET: OVER $700	21	22	43

Source: U. S. Census Bureau

FIGURE 3.21: Affordability Analysis, Osage Beach

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	+/-
$0-25,000	408	$0-50,000	53	$0-399	110	163	-245
$25,000-49,999	631	$50,000-99,999	215	$400-799	538	753	122
$50,000-74,999	378	$100,000-149,999	155	$800-1,249	63	218	-160
$75-99,999	161	$150,000-199,999	156	$1,250-1,499	0	156	-5
$100-150,000	244	$200-$299,999	278	$1,500-1,999	0	278	34
$150,000+	110	$300,000+	364	$2,000+	0	364	254

Source: RDG Planning & Design; U. S. Census Bureau

- To produce the lower cost units identified in Figure 3.18, developers will likely need to use programs like low income housing tax credits, TIF or other programs that could potentially bring down the cost of lots or fill the profit gap that the private market experiences trying to produce these units. Specific strategies are identified in Chapter 7.

• Since 2005, the number of jobs in Osage Beach has decreased by approximately 730.

  - The percentage of those jobs being filled by residents living in Osage Beach has decreased by two percentage points.

  - The number of residents living in Osage Beach, but working outside the city, nearly doubled since 2005.

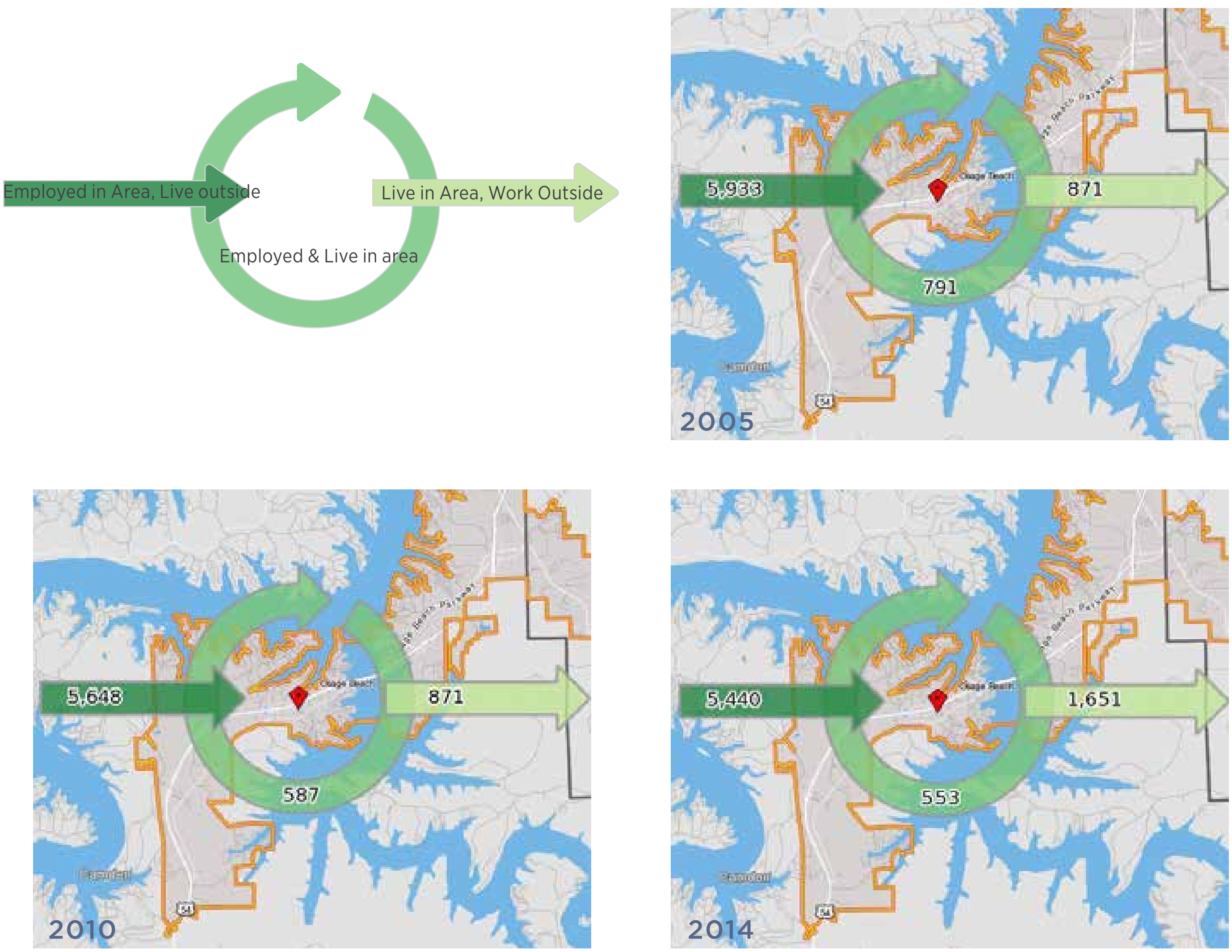


Figure 3.22: Inflow/Outflow Job Counts - Osage Beach
(Source: U. S. Census Bureau)

VILLAGE OF FOUR SEASONS

Since it was incorporated, the Village of Four Season has grown rapidly. Most of this growth has consisted of higher value single-family residential developments. In the coming years, the Village and Property Owners Association (POA) could play a significant role in supporting the region's overall growth.

PRIMARY THEMES VILLAGE OF FOUR SEASONS

- During the 1990s and 2000s, the Village experienced very high growth rates in the range of 4% to 5%, Figure 3.3. These levels will likely be difficult to sustain and current 2014 population estimates support this assumption.
    - Access to lots is one of the biggest challenges to sustaining this level of growth. There are numerous lots in the POA and Village, but many of these have varying issues, including size, access, and complicated ownership.
    - Multiple property owners and small lots make development more challenging. Currently if a developer wanted to construct several homes in a concentrated proximity as a way to control costs, they would have to work with several property owners and potentially even work through site and access issues. These hurdles make the development of a neighborhood or subdivision unappealing and costly for a developer.
    - To support development of the area's numerous vacant lots, a third party will have to facilitate lot consolidation and potentially amend existing subdivisions. This third party would likely be the POA, Village, or another entity like a non-profit development corporation. This type of organization is discussed further in Chapter 7, but any effort will require the cooperation of multiple entities and a clear champion. Without a champion, these lots will continue to languish. There is some indication from recent POA meetings that this champion is emerging.
- Over the next 15 years, the Village can reach a population of nearly 3,000 with a 2% annual growth rate. This rate could be higher if existing vacant lots are positioned for development.
    - It should be noted that the Village's older population will result in population declines or at least stagnation without the infusion of young families into existing housing units. The expansion of housing units to include families could support growth rates higher than 2% annually.

FIGURE 3.23: Population Projection, Village of Four Seasons

	2010	2015	2020	2025	2030
NATURAL	2,217	2,167	2,105	2,042	1,980
0.5% ANNUAL GROWTH	2,217	2,222	2,278	2,336	2,395
1.0% ANNUAL GROWTH	2,217	2,222	2,335	2,454	2,580
2% ANNUAL GROWTH	2,217	2,222	2,453	2,709	2,991

Source: RDG Planning & Design

- In order to sustain a 2% annual growth rate, the Village would have to produce approximately 26 housing units per year (Figure 3.22).
    - Over the past six years, the Village has only had one year where housing production exceeded 10 units. This activity further supports the slower growth that has likely occurred since the 2010 census.
    - Construction rates significantly higher than the last six years will require the repositioning of lots within the area, otherwise growth will only occur with the conversion of season units to permanent residents and those residents being families. This scenario would seem unlikely.

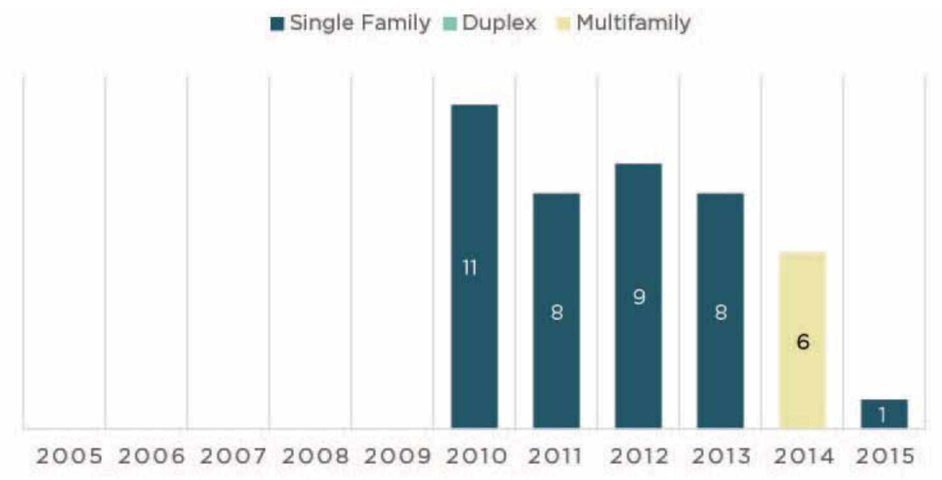


Figure 3.24: Village of Four Seasons Building Permit Activity
Source: U.S. Census Bureau; Village of Four Seasons

FIGURE 3.25 Housing Demand Model, Village of Four Seasons

	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	2,222	2,453	2,709	
HOUSEHOLD POPULATION AT END OF PERIOD	2,222	2,453	2,709	
AVERAGE PEOPLE PER HOUSEHOLD	2.30	2.30	2.30	
HOUSEHOLD DEMAND AT END OF PERIOD	966	1,067	1,178	
PROJECTED VACANCY RATE	16.00%	16.00%	16.00%	
UNIT NEEDS AT END OF PERIOD	1,150	1,270	1,402	
REPLACEMENT NEED		2	3	5
CUMULATIVE NEED DURING PERIOD		122	135	257
AVERAGE ANNUAL CONSTRUCTION		24	27	26

Source: RDG Planning & Design

- The Village has some of the highest home values in the region. Protection of these values is important to many of the residents and needs to be balanced with the opportunity to provide housing to the professionals and workers that support existing households.
  - Based on the Village's current income mix, 78 units would need to be produced that are priced below $130,000.
    - Very few units in this range exist today, therefore, if demand within this range exists in the future, based on current household, incomes it would further enforce that there are a number of households that are currently house burdened (Figure 3.9).
- Figure 3.24 further supports the current demand or shortage of housing with prices below $150,000 or rents below $1,250 per month.

- Since 2005 the number of jobs in Village of Four Seasons has increased by approximately 148.
  - During this same period, the number of individuals living in the area, but working outside the city, has increased by over 380 workers.
  - Approximately 20 jobs have been added in the Village since 2005.

FIGURE 3.26: Housing Development Program, Village of Four Seasons

	2015-2020	2020-2025	TOTAL
TOTAL NEED	122	135	257
TOTAL OWNER OCCUPIED	97	108	205
AFFORDABLE LOW: $60-99,999	17	19	36
AFFORDABLE MODERATE: $100-129,999	20	22	42
MODERATE MARKET: $130-199,999	22	25	47
HIGH MARKET: OVER $200,000	38	42	80
TOTAL RENTER OCCUPIED	24	27	51
LOW: LESS THAN $449	4	4	8
AFFORDABLE: 450-699	5	5	10
MARKET: OVER $700	16	18	33

Source: RDG Planning & Design

FIGURE 3.27: Affordability Analysis, Village of Four Seasons

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	+/-
$0-24,999	53	$0-49,999	0	$0-399	23	23	-30
$25,000-49,999	229	$50,000-99,999	24	$400-799	70	94	-135
$50,000-74,999	158	$100,000-149,999	85	$800-1,249	9	94	-64
$75-99,999	76	$150,000-199,999	153	$1,250-1,499	0	153	77
$100-149,999	171	$200-$299,999	173	$1,500-1,999	7	180	9
$150,000+	114	$300,000+	257	$2,000+	0	257	143

Source: RDG Planning & Design; U. S. Census Bureau

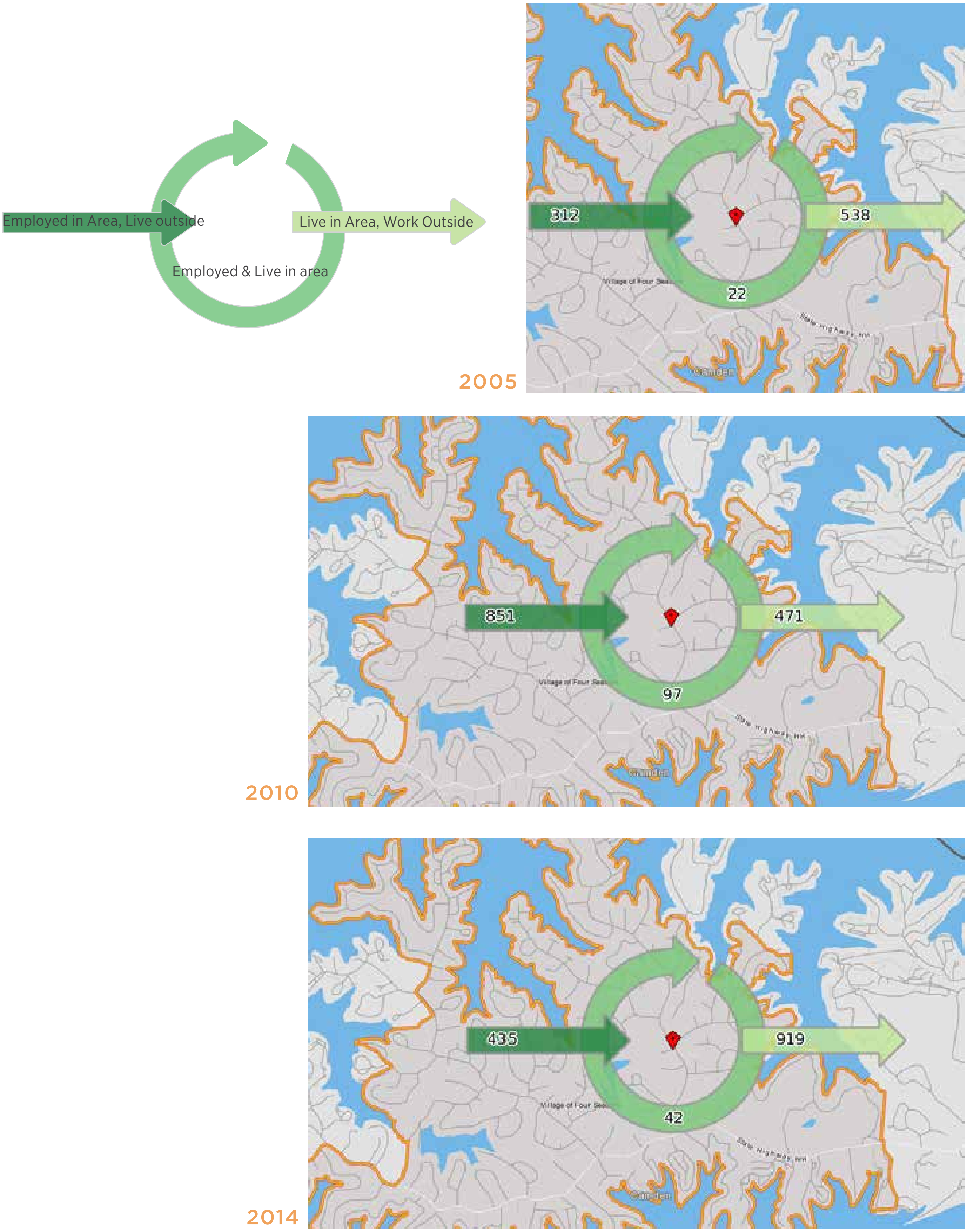


Figure 3.28: Inflow/Outflow Job Counts - Village of Four Seasons
(Source: U. S. Census Bureau)

SUNRISE BEACH

- Since 1990 Sunrise Beach has experienced substantial growth and appears to be well situated to capture regional growth.
  - The city's lot availability and improved access to the east side of the Lake creates good opportunities.
  - Currently the distance to the high school in Camdenton may deter some families.
- The city has a fairly low percentage of renter options with demand from area employees filling retail and service positions.
  - The city's proximity to the Lake creates a greater demand for units that are only seasonally occupied than the County's other small communities.
- Despite the city's location next to the Lake and demand for Lake oriented housing, home values remain moderate and generally affordable for residents.

SUNRISE BEACH HIGHLIGHTS

Population Trends	
2000 Population	368
2010 Population	431
2014 Population Estimate	428
2030 Population Projection (1.5% AGR)	580

Housing Trends	
Housing Units	480
Owner Occupied Housing Units	152 (84%of occupied units)
Renter Occupied Housing Units	27 (15% of occupied units)
Seasonally Vacant	260 (54% of all units)
Mobile Homes	117

Housing Cost	
Median Value (Owner Occupied)	$79,400
Median Household Income	$29,583
Value to Income Ratio	2.68
Median Contract Rent	$550

LINN CREEK

- Linn Creek is well positioned between Camdenton and Osage Beach and has some potential lot developments and redevelopment in or adjacent to the city.
    - Internet access was noted as an issue across the region, including Linn Creek, and has become an essential service that homeowners of all ages expect.
- The city has very few rental units, but access to Highway 54 and potential lots that could support higher density create an opportunity to address a regional housing demand and grow the city's market.
- Overall housing costs, including rents are fairly moderate. New rental construction would likely demand higher rents than $500 a month but regional demand for these units exists.

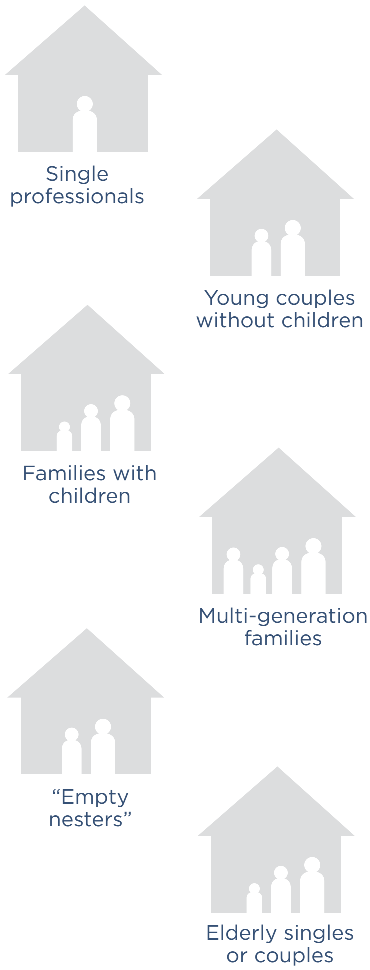
LINN CREEK HIGHLIGHTS

Population Trends	
2000 Population	280
2010 Population	244
2014 Population Estimate	257
2030 Population Projection (1.0% AGR)	298

Housing Trends	
Housing Units	170
Owner Occupied Housing Units	83 (81% of occupied units)
Renter Occupied Housing Units	19 (19% of occupied units)
Seasonally Vacant	44 (26% of occupied units)
Mobile Homes	18

Housing Cost	
Median Value (Owner Occupied)	$87,500
Median Household Income	$42,500
Value to Income Ratio	2.05
Median Contract Rent	$519

COUNTY TRENDS



SURVEYS

A survey was conducted to explore resident and developer preferences and gain a deeper understanding of their perspectives. The survey was conducted for the LOREDC region and this section explores the 244 respondents who indicated that Camden County was their primary residence.

Map 3.7 illustrates the ZIP Codes included in this analysis.

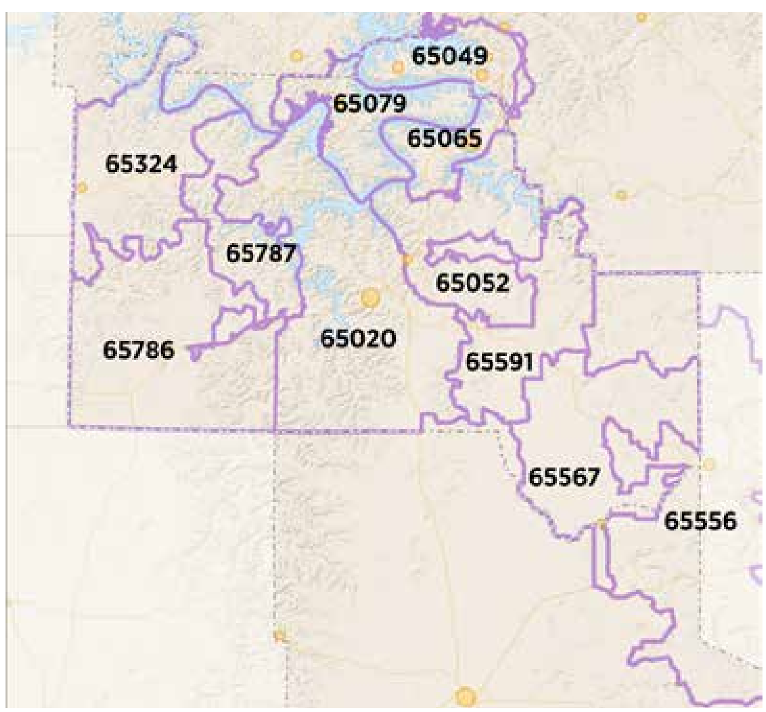
DO YOU BELIEVE THAT THE CURRENT HOUSING SUPPLY ADEQUATELY MEETS THE NEEDS OF THE FOLLOWING HOUSEHOLD TYPES IN YOUR COMMUNITY?

Participants were asked to respond to the above question for a number of different household types including:

> single professionals, young couples without children, families with children, multi-generational families, "empty-nesters," and elderly singles or couples.

The intent of this question is to identify the areas where the housing market is serving effectively and those areas that are underserved.

- Across Camden County, respondents felt that Multi-Generational Families were underserved, whereas respondents felt "empty-nesters" were best served by the market.
- Other notable markets that are served include young couples without children, young professionals
  - It should be noted that in small group discussions with residents, employers and realtors in Camden County, there was a sense that housing supply for this population was low, especially in regard to quality rental housing that was geared to Lake living.
- Other notable markets that are underserved include families with children and elderly singles or couples
  - These underserved populations were reinforced in the small group and community discussions. The need to house young families and workers was seen as a priority issue for the region, including Camden County.



Map 3.9: Zip Codes in Camden County Survey Analysis

WHAT NEW HOUSING PRODUCTS DO YOU THINK WOULD BE SUCCESSFUL IN YOUR AREA TODAY?

Participants were asked to respond to whether they felt a series of different housing products would be successful in their area of the county. The housing types illustrated in the survey (and to the right) included:

> affordable, small two-or-three bedroom house; mid-size, three bedroom house; larger home with four or more bedrooms; large lot residential housing; townhome or duplex; apartment; downtown upper-story residential; or independent senior living.

The intent of this question was to explore the type of housing products that may be needed in Camden County and its sub-regions.

- Respondents felt the greatest opportunities for success included independent, senior oriented housing; small, affordable 2-3 bedroom homes; mid-size, 3 bedroom homes, apartments; and townhome/duplexes.
- The product that respondents felt would be most successful was independent senior oriented housing. Of the total respondents, 85% responded favorably to this product.
- The areas that were most supportive of small to mid-size homes and apartments were 65020 (Camdenton) and 65049 (Village of the Four Seasons and Lake Ozark). These products received favorable responses in the other areas also.
- Across Camden County, respondents felt by the greatest margin that the following housing types would be least successful: large, four bedroom homes; large lot residential; upper-story downtown housing.

HOW WOULD YOU RATE THE SUPPLY OF BUILDABLE LOTS IN YOUR AREA?

Participants were asked about whether there was an adequate supply of buildable lots in their area of Camden County. The following options were provided:

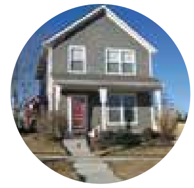
> Severe over-supply; moderate over-supply; adequate supply; moderate under-supply; severe under-supply.

The intent of this question is to explore whether respondents perceived the supply of buildable lots meet demand or if it hinders it through either an over-supply or an under-supply.

- Across Camden County, the majority of respondents indicated that there was either an adequate supply or a moderate under-supply of residential lots. The majority of participants responded that they felt there was an adequate supply, with the exception of 65020 (Camdenton) which had more respondents indicate a moderate under-supply, followed closely by those indicating adequate supply.
- Those participating in the small group discussions and community meetings perceived that there is an undersupply of affordable lots. The lot inventory that exists has varying issues from very high development cost to ownership and legal issues that have to be addressed before development can occur.

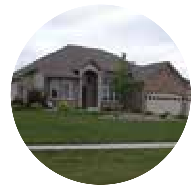
SURVEY CONCLUSIONS

The 244 participants who responded to the survey provided a greater depth to their analysis. This level of public engagement enables the housing study to delve into the preferences of residents and to understand their perspectives gained from their personal experience in the housing market.



Affordable, small two- or three-bedroom house

Mid-size, three-bedroom house



Larger home with four or more bedrooms

Large Lot Residential Housing

Townhouse or Duplex

Apartment

Downtown upper-story residential

Independent, Senior Living Housing

CAMDEN COUNTY OPPORTUNITIES AND CHALLENGES

As the largest county in the LOREDC region, Camden is the center of much of the region's commerce and jobs. Over the years, the employees filling those jobs have found housing across the entire region. As community and county leaders look for ways to continue to expand the local economy, housing will play a crucial role.

CHALLENGES

The demographic analysis, conversations with residents, and survey results identify some reoccurring challenges that the county is currently facing.

- Workforce Housing. Over the past 20 to 30 years the county has experienced steady growth, but most of the housing construction has focused on lake oriented development.
  - Housing for young families and those filling professional and entry level positions are in high demand with limited options across the county.
  - This demand often forces residents out into the rural areas to find housing, illustrated by the large number of mobile homes scattered throughout the county.
- Affordable Lot Development. Camden County cannot provide additional affordable housing for the region's workers without more affordable lots. Camden's natural beauty is what makes the region highly attractive, but also creates higher development costs.
- Infrastructure. Across the county are hundreds of small package and individual wastewater treatment systems. These systems have been essential to much of the development in the county. Long term, the maintenance and upgrades of these systems will likely become a significant burden to the homeowners. In the coming years, cooperation among many entities will be essential to finding a broader regional solution to this issue.
  - In addition to the small package systems are a large number of individual septic systems. These have provided a solution for those looking for a more affordable lot. The scattered nature of these systems and number of mobile homes currently using these systems are not addressing the region's longer term housing needs.

OPPORTUNITIES

The previous challenges may seem daunting, but the region also has a number of strong opportunities.

- Growth Opportunities. The region is well positioned to continue to grow and be an attractive location for residents looking to relocate businesses and expand the economy. The county's health care and educational resources, in addition to the obvious asset the Lake provides, are all great positives.
- Lot Inventory. Camden County has a large number of lots in both the communities and unincorporated developments. Over the coming years, access and marketability of these lots will need to be addressed.
  - One of the greatest assets Camdenton and Osage Beach have are areas where infill and redevelopment can occur. These areas will likely provide the best opportunity for new affordable lots, as they have access to existing infrastructure. Land assembly and site preparation are not easy tasks, but not hurdles that hundreds of other communities have not overcome across Missouri.
- Local Support. Through conversations with numerous business owners and community leaders, it is evident that quality workforce housing is a concern and priority. The banking industry and other major employers have indicated both an understanding and willingness to support this issue. These partnerships will be essential as the region moves forward.

CHAPTER 4:
Morgan County

A PROFILE OF MORGAN COUNTY

Morgan County, while located in the Lake Region, has a distinct character where the natural landscape transitions from relatively subtle at the north to more mountainous near the Lake. Further, unlike many of the communities closer to the Lake, which are service centers for Lake residents, both Stover and Versailles function as more traditional rural population centers. These population centers are home to families and those employed in agricultural industries and local manufacturing with some Lake-oriented service businesses. In these areas, much of the demand for housing is for workforce rental and ownership options and much lesson for second homes.

Whereas Stover and Versailles are positioned away from the Lake commerce, the communities in the southern section of the county are very much connected to the economy of the Lake. These include Proctor, Laurie, and Gravois Mills, in addition to the mix of housing and commercial development located along the edge of the Lake. Much like the areas of Camden County near the Lake, demand here is for a mix of quality and affordable workforce housing and second or retirement homes.

The following chapter provides an overview of the issues and opportunities within Morgan County and its largest communities.

POPULATION CHARACTERISTICS

The population characteristics and trends shine a light on current housing demand and provide a base for projecting future population and housing demand.

HISTORIC TRENDS

- Morgan County experienced significant growth from 1980 until 2000. The growth began to slow from 2000 to 2010 and then declines slightly following the recession.
- Figure 4.2 divides the county's population into three geographic areas: those living inside city limits, those living in townships that touch the Lake, and the balance of the population that reside outside of communities and away from the Lake.
    - This analysis indicates that the greatest amount of growth occurred in the rural areas away from the Lake and outside of cities. This trend is counter to most non-metropolitan counties in the Midwest. Over the past half century most counties have experienced a demographic shift from rural areas into cities. For the LOREDC region, growth in rural areas likely reflects the impact of new development occurring just outside city boundaries, around the Lake, and scattered rural developments which meet a demand for affordable housing.
    - The impact of the recession drove population declines around the Lake and in rural areas since 2010. Loss of population in rural areas likely reflected those in the lowest income brackets who were finding affordable (often mobile home) housing in the rural areas and were impacted the most by the recession.
- From 2000 through 2014, which to many represents when the region finally emerged from the recession, Stover and Laurie maintained the most stable pattern of growth.

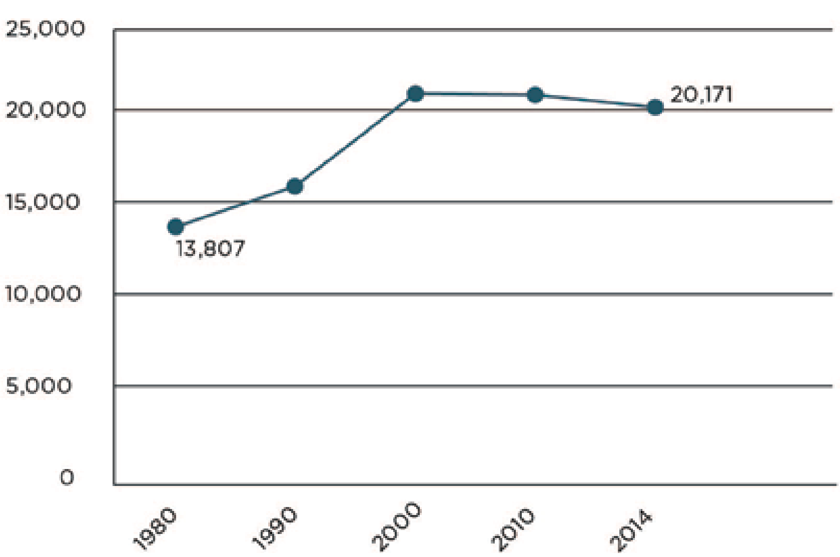


Figure 4.1: Morgan County Historic Population Change

FIGURE 4.2: Morgan County Regional Population Change

	2000	2010	2014	CHANGE 2010-2014	CHANGE 2000-2010	ANNUAL GROWTH RATE
MORGAN	19,309	20,565	20,314	-251	1,256	0.6%
Rural	8,777	9,916	9,977	61	1,139	1.2%
Cities	4,788	5,043	4,741	-302	255	0.5%
Lake Area	5,744	5,606	5,596	-10	-138	-0.2%

Source: U. S. Census Bureau; RDG Planning & Design

FIGURE 4.3: Historic Population Change

	1980	1990	2000	2010	2014	ANNUAL GROWTH RATE 2000-10	ANNUAL GROWTH RATE 1990-2010
MORGAN COUNTY	13,807	15,574	19,309	20,565	20,171	0.6%	1%
BARNETT	203	215	207	203	201	0%	0%
GRAVOIS MILLS	101	101	208	144	164	1%	1%
LAURIE	154	507	663	945	931	1%	1%
STOVER	1,041	964	968	1,094	1,116	1%	1%
SYRACUSE	222	185	172	172	192	1%	1%
VERSAILLES	2,406	2,365	2,565	2,482	2,444	1%	1%

Source: U. S. Census Bureau; RDG Planning & Design

FIGURE 4.4: Predicted Versus Actual Population Change, Morgan County

	2000 POPULATION	2010 PREDICTED	2010 ACTUAL	PREDICTED VS. ACTUAL
MORGAN COUNTY	19,309	19,111	20,565	+1,454
STOVER	968	898	1,094	+196
VERSAILLES	2,565	2,461	2,482	+21

Source: RDG Planning & Design

Figure 4.4 shows a comparison of the actual population in 2010 versus the population that would be predicted if there had been no migration between 2000 and 2010 (i.e. - natural population change based on birth and death rates). Places that have a discrepancy between predicted and actual population levels are likely the result of migration in or out of the community.

FIGURE 4.5: Population Projection, Morgan County

	2000	2015	2020	2025	2030
NATURAL	20,565	19,975	19,482	19,052	18,638
.5% ANNUAL GROWTH	20,565	20,171	20,680	21,203	21,738
1% ANNUAL GROWTH	20,565	20,171	21,200	22,281	23,418

Source: RDG Planning & Design

ECONOMIC CHARACTERISTICS

Morgan County has a diverse mix of traditional employment, Lake oriented housing and employment, rural residential, and a relatively large agricultural base. The economy and the housing market began to stagnate beginning in the 2000s through the recession. This trend was reinforced by changes in the manufacturing sector throughout the region, including slow job creation and flat wages.

The region's economy has a significant impact on housing and housing demand ,including demand for workforce housing, second homes, and retirement living. A basic assessment of Morgan County's economic trends indicates:

- With service centers for the Lake region, the largest segment of the labor force are engaged in retail trade, nearly 20%.
    - Retail positions tend to offer lower wages at, or just above, the minimum wage. These incomes traditionally demand quality rental housing options.
- The second largest employment sector is Educational Services, Health Care, and Social Assistance. These businesses offer job positions which range from executive wages to entry-level and support wages.
    - Therefore, the demand generated is diverse and often includes quality market rate rentals and smaller entry level owner-occupied housing. Many of these employees are looking to live away from the Lake in environments that are family friendly and affordable.
- Figure 4.7 provides an overview of the region's estimated household incomes.
    - Households earning less than 80% of the area median income are considered to be low income. For households in Morgan County, this income is $27,343 (dependent on household size) or, for a single income household an hourly wage of $13.15. In the region's service and retail trades and in some manufacturing operations, hourly wages below this threshold are common.
- Since 2005:
    - The number of jobs in Morgan County has remained fairly constant, but more employees are commuting into the county to fill those jobs.
        - › This may reflect the growing cost of housing in Morgan County for those workers.
    - Residents living in the county and working in other locations increased slightly. This may reflect resident's desire to stay in the county, but the need to find higher paying jobs outside the county.

FIGURE 4.6: Percentage of Labor by Industry Morgan County*

AGRICULTURE, FORESTRY, FISHING AND HUNTING, AND MINING	7.70%
CONSTRUCTION	9.20%
MANUFACTURING	11.20%
WHOLESALE TRADE	1.60%
RETAIL TRADE	19.80%
TRANSPORTATION AND WAREHOUSING, AND UTILITIES	4.00%
INFORMATION	1.00%
FINANCE AND INSURANCE, AND REAL ESTATE AND RENTAL AND LEASING	4.40%
PROFESSIONAL, SCIENTIFIC, AND MANAGEMENT, AND ADMINISTRATIVE AND WASTE MANAGEMENT SERVICES	4.90%
EDUCATIONAL SERVICES, AND HEALTHCARE AND SOCIAL ASSISTANCE	17.90%
ARTS, ENTERTAINMENT, AND RECREATION, AND ACCOMMODATION AND FOOD SERVICES	6.00%
OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION	6.80%
PUBLIC ADMINISTRATION	5.50%

Source: American Community Survey, 2014
*For comparison with other counties see Figure 2.6

FIGURE 4.7: Median Household Income	2014 POPULATION	2014 ESTIMATED HOUSEHOLD INCOME	80% OF MEDIAN	50% OF MEDIAN
MORGAN COUNTY	20,314	$34,179	$27,343$	$17,090
STOVER	1,116	$28,977	$23,181	$14,488
VERSAILLES	2,496	$29,550	$23,640	$14,775

Source: U. S. Census Bureau

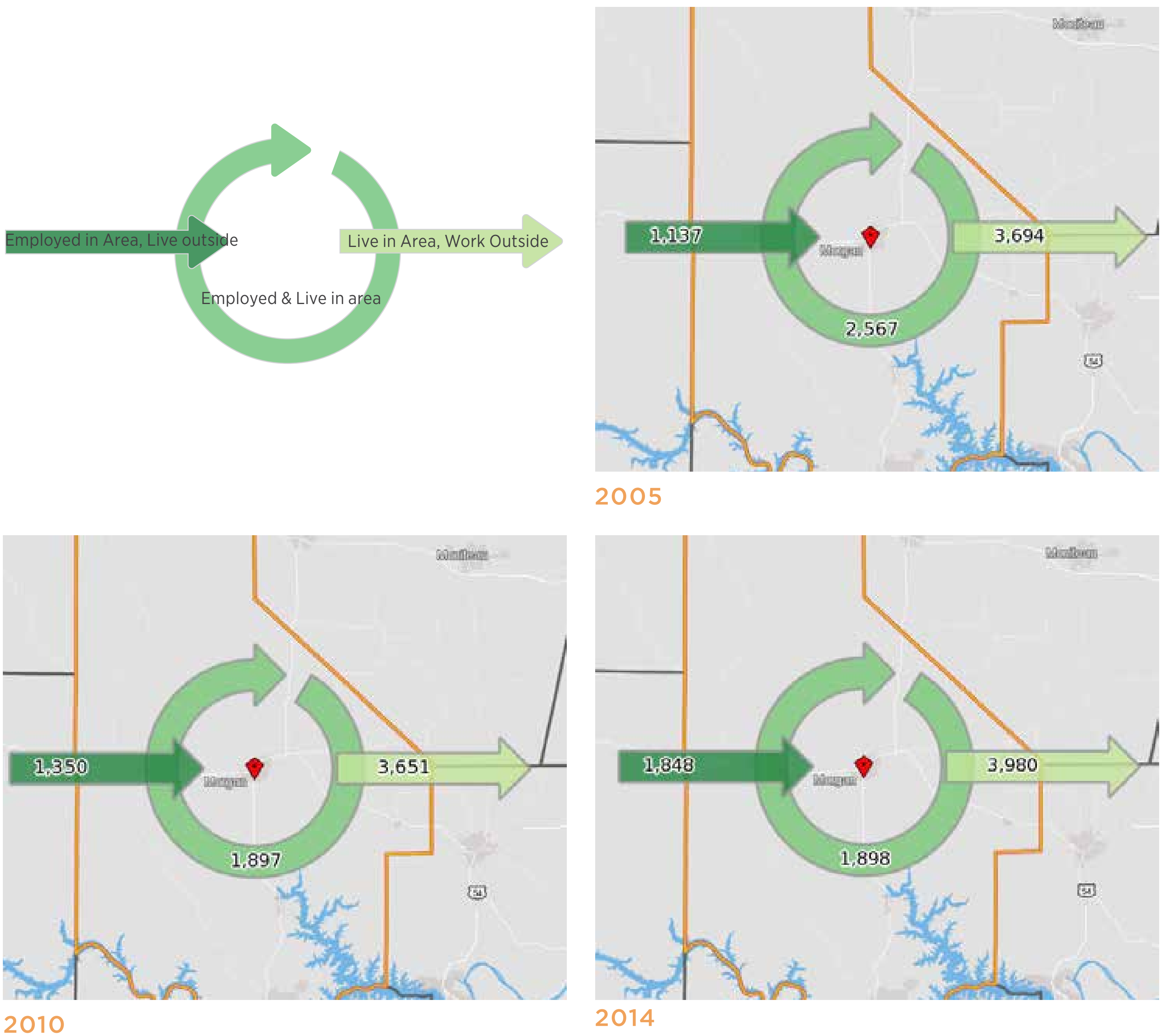


Figure 4.8: Inflow/Outflow Job Counts (Source: U. S. Census Bureau)

HOUSING CHARACTERISTICS

This section uses the U.S. Census and Missouri State data to evaluate the supply, cost, and condition of housing in Morgan County. This information can help identify existing or potential imbalances in the market and may suggest policy directions for a variety of issues.

Housing Age & Opportunity

- The age of housing decreases as proximity to the Lake increases. This is caused by the amount of housing that has occurred along the Lake in past decades.
- Versailles has the highest percentage of renter occupied units in the county and, of the larger communities in the region, a relatively high rate of renter occupied housing units.
- The housing economy in Morgan County appears to have been relatively stagnant with only 22 new housing units constructed since 2005. The high cost of infrastructure on the north and west side of the Lake limited the amount of lake housing development that has occurred. Exacerbated by the recession, housing development has only recently started to increase.
  - Many rural areas can not support the access and infrastructure demands created by higher density multi-family construction. These types of units should be directed to incorporated communities with adequate infrastructure to support this important part of the housing market.
- In 2014 and 2015, permits for single family homes and multi-family units have reached a 10-year high. Between these two years, 16 units were constructed, more than double the past nine years combined.
- Map 4.4 illustrates the location of vacant lots within Morgan County.
  - Many of these lots are located along the Lake, along major transportation routes, and in proximity to communities throughout the county.
  - While lot availability may appear large, often those around the Lake have high development costs (58% have slopes greater than 20%). Vacant lots located in closer proximity to the municipalities, are more subject to traditional housing economics such as lending and equity requirements, supply and demand, and affordability. However, these lots are often the most affordable to develop because of access to infrastructure.

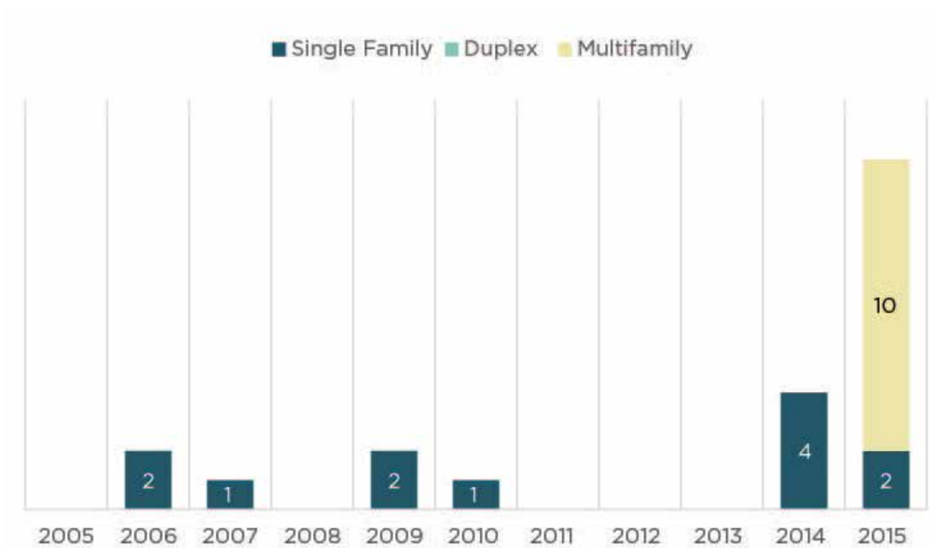
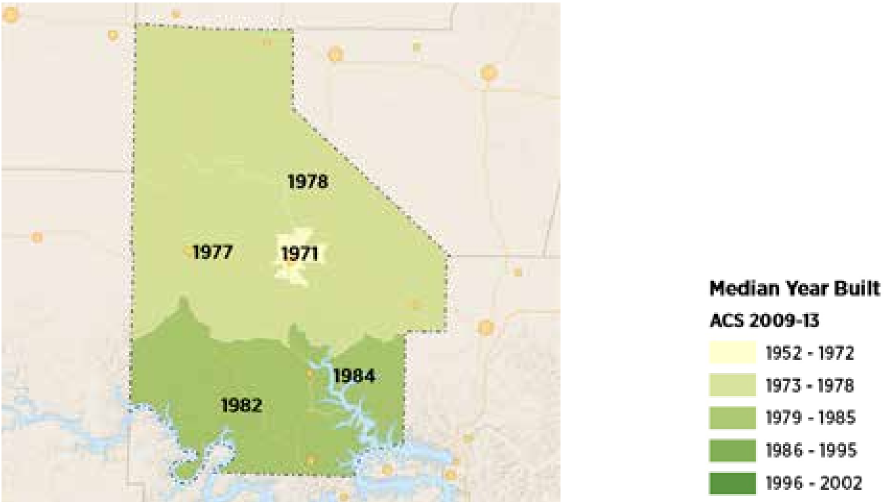
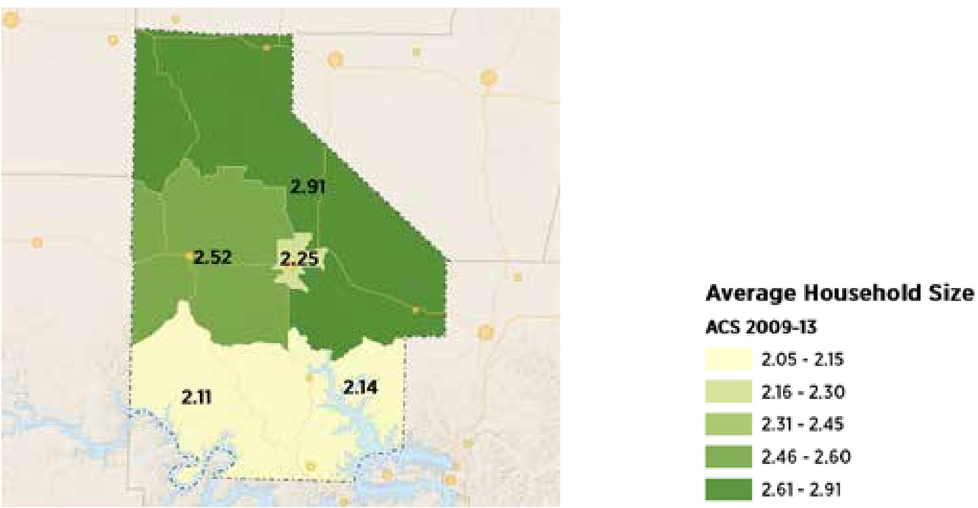


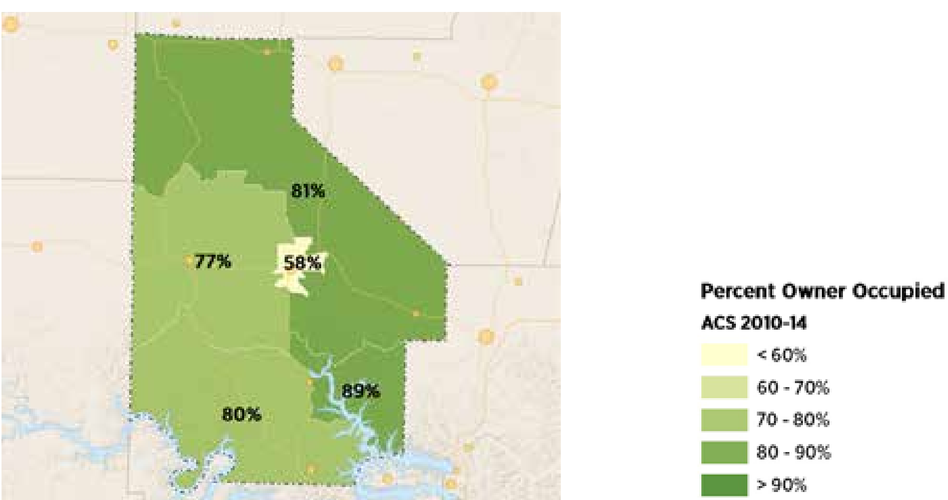
Figure 4.9: Morgan County Building Permits (Source: U. S. Census Bureau)



Map 4.1: Median Year Built by Census Tract



Map 4.2: Average Household Size by Census Tract

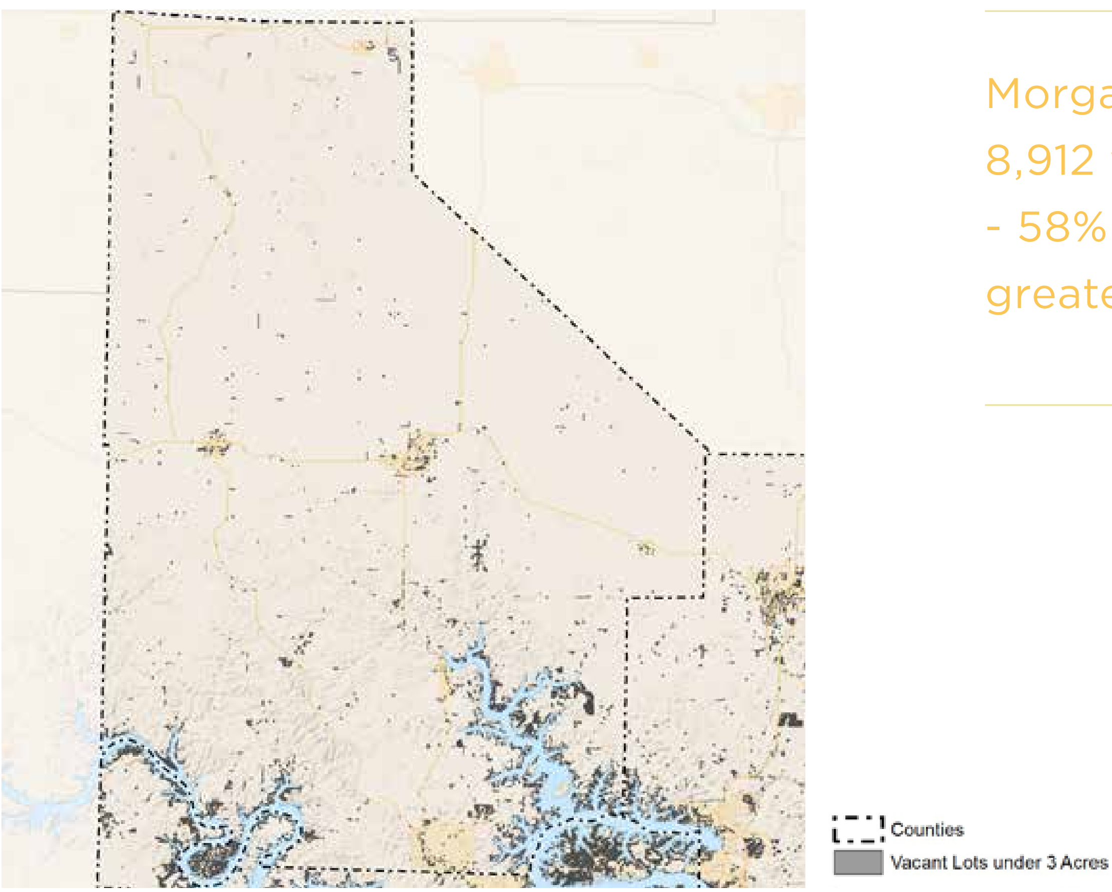


Map 4.3: Percent Owner Occupied by Census Tract

Morgan County has approximately 1,444 mobile home units

Housing Occupancy

- Versailles, as one of the most affordable communities in the entire study area, has become home to many of the service workers and young families in the region. It, therefore, has a larger share of renter occupied units than elsewhere in Morgan County.
- The size of households often reflects the phase of life of its residents. Young independent adults and retirees will typically result in lower household sizes, while families in their child bearing years will typically drive the size up.
  - The southern tier of Morgan County comprises the Lake-oriented housing development and much of the rural housing development in the county. These housing areas are typically oriented to financially established working professionals, retirees, and empty-nesters. Therefore, the household size in these census tracts are the lowest.
  - The upper tiers of Morgan County are oriented to families and, therefore, exhibit larger household sizes. Residents reported that these areas also have a growing Mennonite population, which likely supports the larger household size.
  - Versailles has a median household size of 2.25 people, which is roughly between the Lake area and the rural upper tiers of Morgan County. This suggests that there is a mix of established families, in addition to a concentration of young adults and young families that have not yet entered their family years. This middle ground is supported by the affordability of housing in Versailles.
- Most permanent residents live in owner-occupied housing.
  - The highest percentages of renter occupancy occur within the census tract nearest Versailles.
  - Many of the county's service and retail employees are demanding quality and affordable rental options. Due to scarcity and affordability in the county, many likely reside away from their place of employment and therefore pay higher transportation costs.
- Much like other counties in the Lake Region, Morgan County has a large number of seasonally vacant units. Of the total vacant units in the county, approximately 77% are seasonally vacant. The majority of these units exist in close proximity to the Lake and in the southern tier of Morgan County.
  - Seasonally vacant homes have a significant impact on the region's housing market, most notably in the areas of housing costs, often elevating the value of homes in the area and driving up rental rates.
- Morgan County has a large number of scattered mobile homes.
  - Approximately 18% of the county's owner-occupied housing consists of mobile homes.
  - While it is not uncommon for mobile homes to be used as lake homes/ cabins in many regions of the United States, Morgan County has a relatively large number of mobile homes across the county.
    - Outside of the Lake and communities, these units tend to use individual well and septic systems. This would indicate that many residents are putting a substantial investment in infrastructure, while saving money on home and land costs.
    - Mobile homes can be a viable, affordable housing option. The concern in many communities and counties is both life safety and long term housing investment. Safety and condition issues often exist in older, pre-certified, structures. Further, the depreciating values of mobile homes do not provide a long term asset to either the owner or the community, as opposed to the appreciating value of more permanent structures.



Map 4.4: Vacant Lots Morgan County

Morgan County has 8,912 vacant parcels - 58% have slopes greater than 20%

Housing Costs

- As expected, the county's highest home values are located around the Lake. These home values are traditionally out of reach for the county's workforce, including those in educational and health services or traditional manufacturing.
  - Approximately 42% of Morgan County's households living in owner-occupied housing spend more than 30% of their income on housing and are considered house burdened by the U. S. government.
  - Median home values are more than three times median incomes, significantly above what is considered to be an affordable ratio of 2.5.
  - Approximately 42% of households living in rental units are house burdened, spending more than 30% of their income on housing.
  - Rental rates at $400 to $500 is not excessive compared to many other markets and is the minimum rent required for one-bedroom, new construction. The housing cost struggle for many residents is likely more related to the region's stagnant and lower incomes than rental values
- Generally, areas with high home values also support rental units which command higher rental rates. In the case of Morgan County, this pattern breaks along the Lake in the southern tier of census tracts.
  - While the southwest census tract exhibits the highest median home value in all of Morgan County by a fairly high margin, this same area has the lowest rents.
  - The southeast census tract more closely correlates with home values.

The definition of affordable housing is determined by a household's income. What is affordable to one income bracket is not necessarily affordable to another.

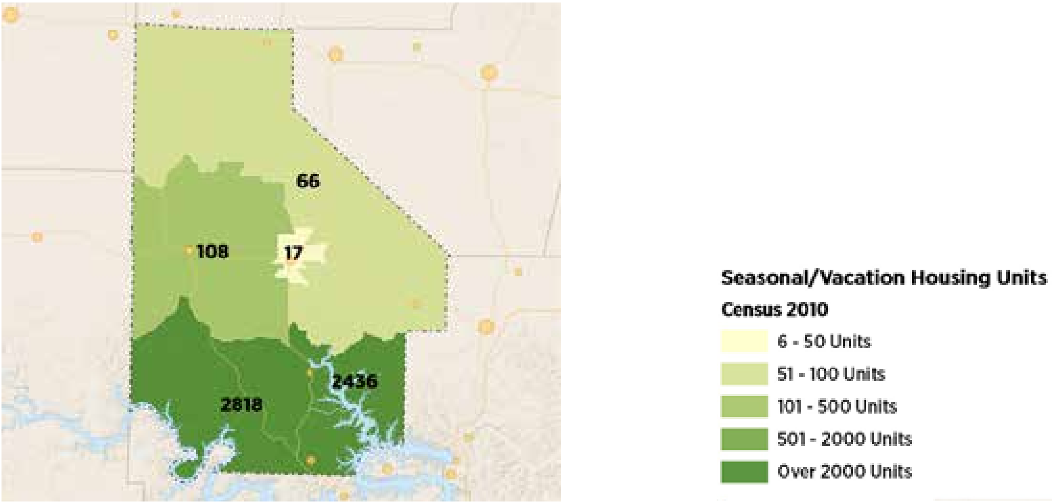
Households spending more than 30% of their income on housing are considered to be housing burdened or living that is not affordable.

For owner-occupied households, this traditionally correlates to home values that are 2.5 times a household's income. Households spending more than 3.0 times their income would be considered to be housing burdened.

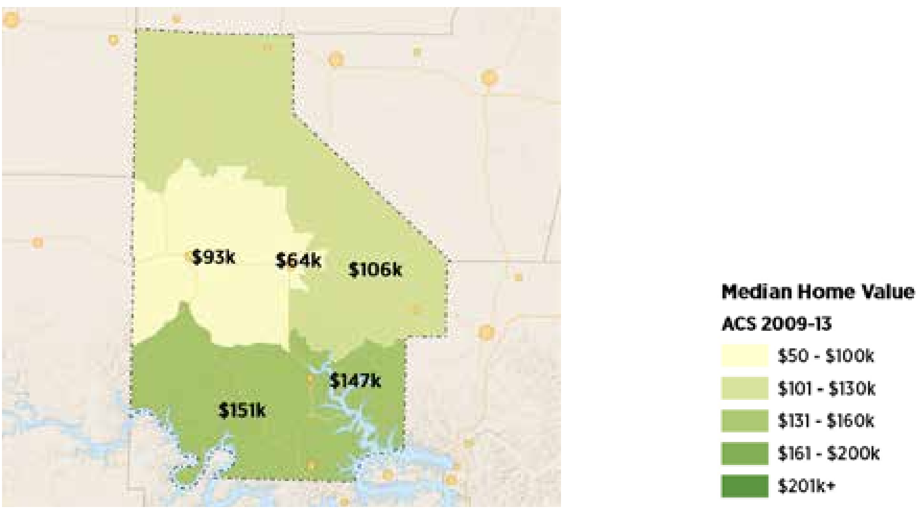
FIGURE 4.10: Estimated Housing Costs and Incomes (Cities)

	MEDIAN HOUSEHOLD INCOME	MEDIAN CONTRACT RENT	% PAYING MORE THAN 30% IN GROSS RENT	MEDIAN HOME VALUE	% PAYING MORE THAN 30% FOR OWNER COSTS	VALUE TO INCOME RATIO
MORGAN COUNTY	$34,179	$434	45.8%	$110,300	42.2%	3.23
STOVER	$28,977	$631	56.6%	$64,000	30.0%	2.21
VERSAILLES	$29,550	$432	44.8%	$71,700	35.6%	2.42

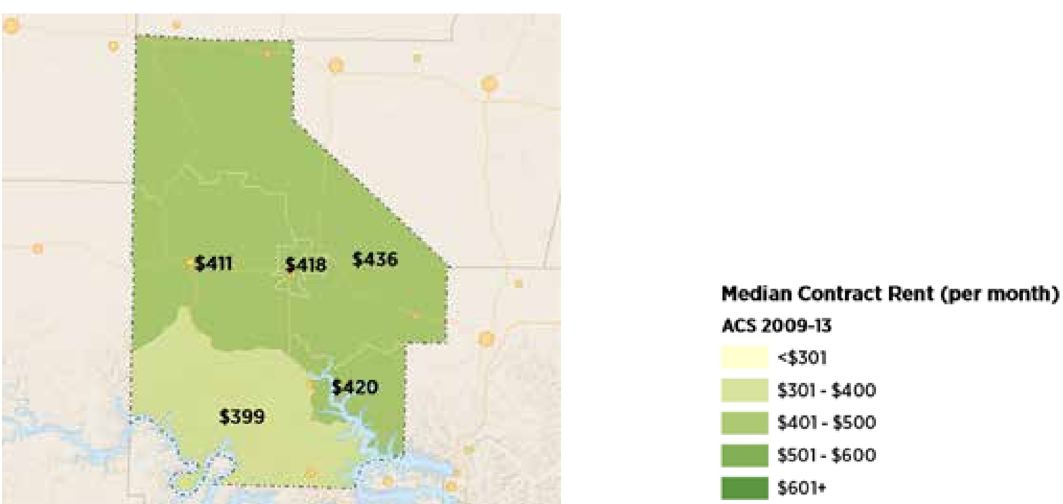
Source: U. S. Census Bureau; RDG Planning & Design



Map 4.4: Seasonally Vacant Units by Census Tract



Map 4.5: Median Home Value by Census Tract



Map 4.6: Median Contract Rent by Census Tract

COMMUNITY PROFILES

The following section provides a broad overview of housing in each of the region's largest cities. This includes projections for housing demand and the mix of housing that is needed to support the city's future population.

VERSAILLES

The largest city in Morgan County, Versailles is a center of commerce, employment, and community services. Home to the county seat and the county's manufacturing jobs, Versailles is an important community in the northern Lake region due to its role in providing jobs, housing, commercial goods and services, and government services.

PRIMARY THEMES FOR VERSAILLES

- Since 1970, Versailles had experienced an annual growth rate of approximately 0.5%, a reflection of a fluctuating growth pattern.
- More recently from 1990 through 2010, the population has been stable at approximately 2,500 residents.
- Versaille's economy has been relatively stagnant due to a number of factors, including: the recession, a depressed manufacturing economy/slow job growth, and declining housing conditions.
- Figure 4.11 illustrates a population projection based on a 0.5% annual growth rate. This scenario assumes the city will be able to realize continued growth through pro-housing policies, housing development incentives, and the creation of jobs that pay a livable wage.
- To support a population of 2,569 by 2025, the city will need to produce 56 additional housing units. This equates to a rate of approximately six new units per year.

FIGURE 4.11: Population Projection, Versailles

	2010	2015	2020	2025	2030
NATURAL	2,482	2,404	2,360	2,332	2,310
0.2% ANNUAL GROWTH	2,482	2,444	2,469	2,493	2,518
0.5% ANNUAL GROWTH	2,482	2,444	2,506	2,569	2,634
1.0% ANNUAL GROWTH	2,482	2,444	2,569	2,700	2,837

Source: RDG Planning & Design, 2016

Housing Demand Analysis

The Housing Demand Analysis builds on the population projections, housing trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions:

- Household population at the end of the period does not include residents living in group care facilities, dormitories, and other institutional quarters. For this analysis, it is assumed that this population will remain stable through the planning period.
- Average people per household is expected to remain constant over the next decade. Some growth may occur as millennials move into their childbearing years but this forecast focuses on the demand created by this cohort leaving their parents' homes and the housing needs they will have.
- Unit demand at the end of the period is calculated by dividing household population by the number of people per household. This equals the number of occupied housing units.
- A manageable housing vacancy provides a housing choice for new residents moving to a community. In the region, vacancy rates are skewed due to the large number of seasonally vacant units. This model removes those units and seeks to reduce the vacancy rate to 7.5%.
- Unit needs at the end of each period are based on the actual household demand plus the number of projected vacant units.
- Replacement need is the number of housing units demolished or converted to other uses. Homes in poor condition or obsolete should gradually be replaced in a city's housing supply. The number of units lost annually is based on both the quantity and quality of a community's housing stock.
- Cumulative need shows the number of total units needed between the base year of 2015 and the year indicated at the end of the period.

FIGURE 4.12: Housing Demand Model, Versailles

	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	2,444	2,506	2,569	
HOUSEHOLD POPULATION AT END OF PERIOD	2,263	2,320	2,379	
AVERAGE PEOPLE PER HOUSEHOLD	2.22	2.22	2.22	
HOUSEHOLD DEMAND AT END OF PERIOD	1,019	1,045	1,072	
PROJECTED VACANCY RATE	10.00%	8.75%	7.50%	
UNIT NEEDS AT END OF PERIOD	1,133	1,145	1,158	
REPLACEMENT NEED		15	15	30
CUMULATIVE NEED DURING PERIOD		28	28	56
AVERAGE ANNUAL CONSTRUCTION		6	6	6

Source: RDG Planning & Design, 2016

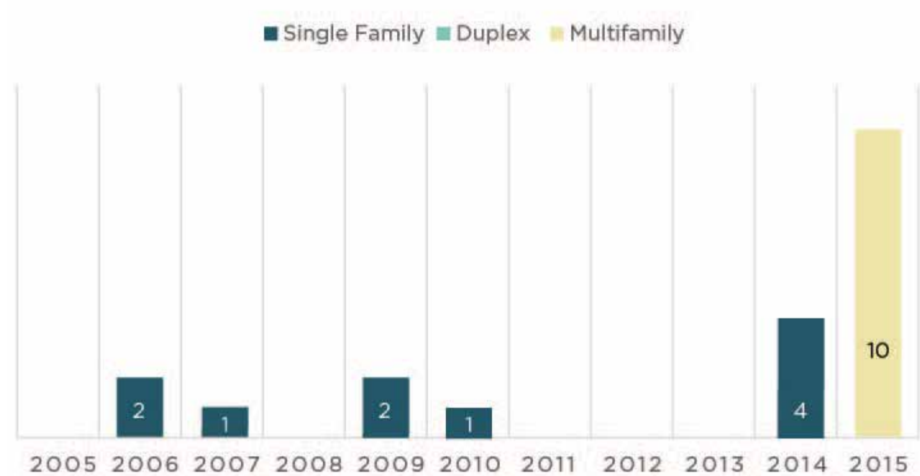


Figure 4.13: Versailles Building Permit Activity

Source: U. S. Census Bureau

Housing Development Program

Building on the Housing Demand Model, the Development Program forecasts production targets for owner and renter occupied units based on the following assumption:

- Owner-occupied units will be distributed roughly in proportion to the income distribution of households for whom owner-occupancy is an appropriate strategy.
- Most low-income residents will be accommodated in rental units.

- The city's housing demand (56 units) will need to include both new owner and renter occupied housing options.
  - Approximately 14 new owner-occupied units should be priced below $130,000
    - Some housing in this range can be produced by the private market with access to affordable lots, however, most of these units will be produced through assistance programs like low income housing tax credits or through a filter effect created by the production of move-up housing.
  - Approximately 25 rental units will need to be produced with monthly rents below $700 per month.
    - New rental housing construction traditionally demands rents in the range of $1 per square foot, therefore, to produce housing priced below $450 per month, programs like low income housing tax credits will need to be leveraged.

Theoretically, a household budget must be divided among basic housing costs, other essential needs, and costs to maintain a home. Households spending a large share of income on basic housing have less money to spend on other essentials and fewer resources to maintain their homes. Figures 4.15 & 4.20 evaluate the availability of affordable housing and compares the quantity of housing that is affordable to each income group in Versailles and Stover. A positive balance indicates a surplus of housing within the affordability range of each respective income group, while a negative balance indicates a shortage.

FIGURE 4.14: Housing Development Program, Versailles

	2015-2020	2020-2025	TOTAL
TOTAL NEED	28	28	56
TOTAL OWNER OCCUPIED	15	15	31
AFFORDABLE LOW: $60-99,999	5	5	9
AFFORDABLE MODERATE: $100-129,999	2	2	5
MODERATE MARKET: $130-199,999	5	5	10
HIGH MARKET: OVER $200,000	3	3	6
TOTAL RENTER OCCUPIED	12	13	25
LOW: LESS THAN $449	5	5	10
AFFORDABLE: $450-699	4	4	9
MARKET: OVER $700	3	3	6

Source: RDG Planning & Design

FIGURE 4.15: Affordability Analysis, Versailles

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	SURPLUS/ SHORTAGE OF UNITS
$0-24,999	352	$0-49,000	128	$0-399	166	294	-58
$25,000-49,999	339	$50,000-99,999	259	$400-799	296	555	216
$50,000-74,999	104	$100,000-149,999	76	$800-1,249	0	76	-28
$75-99,999	93	$150,000-199,000	6	$1,250-1,499	0	6	-87
$100-149,999	89	$200-$299,999	37	$1,500-1,999	0	37	-52
$150,000+	18	$300,000+	27	$2,000+	0	27	9

Source: RDG Planning & Design

- Figure 4.15 evaluates the availability of affordable housing relative to household income.
    - The greatest surplus is for homes priced between $50,000 and $100,000. Traditionally, these are units which may have small footprints and configurations that make these units less marketable to a current consumer. As such, many of these units are converted to rental properties and have a higher percentage of disinvestment.
    - The greatest shortfall is for households earning between $50,000-$150,000 per year.
    - There are no rental units priced appropriately to serve the households earning more than $50,000 per year.
    - The surplus in lower cost homes and shortfall in higher cost homes suggests that many residents are living in dwellings below their means. Often these units do not meet their needs and this condition also extends to rental properties.
- Over the past 10 years, Versailles' job market has made only a slight shift but the number of people residing and participating in the labor force has declined by 364.
    - The total number of people working in Versailles has declined by nearly 190 since 2005.

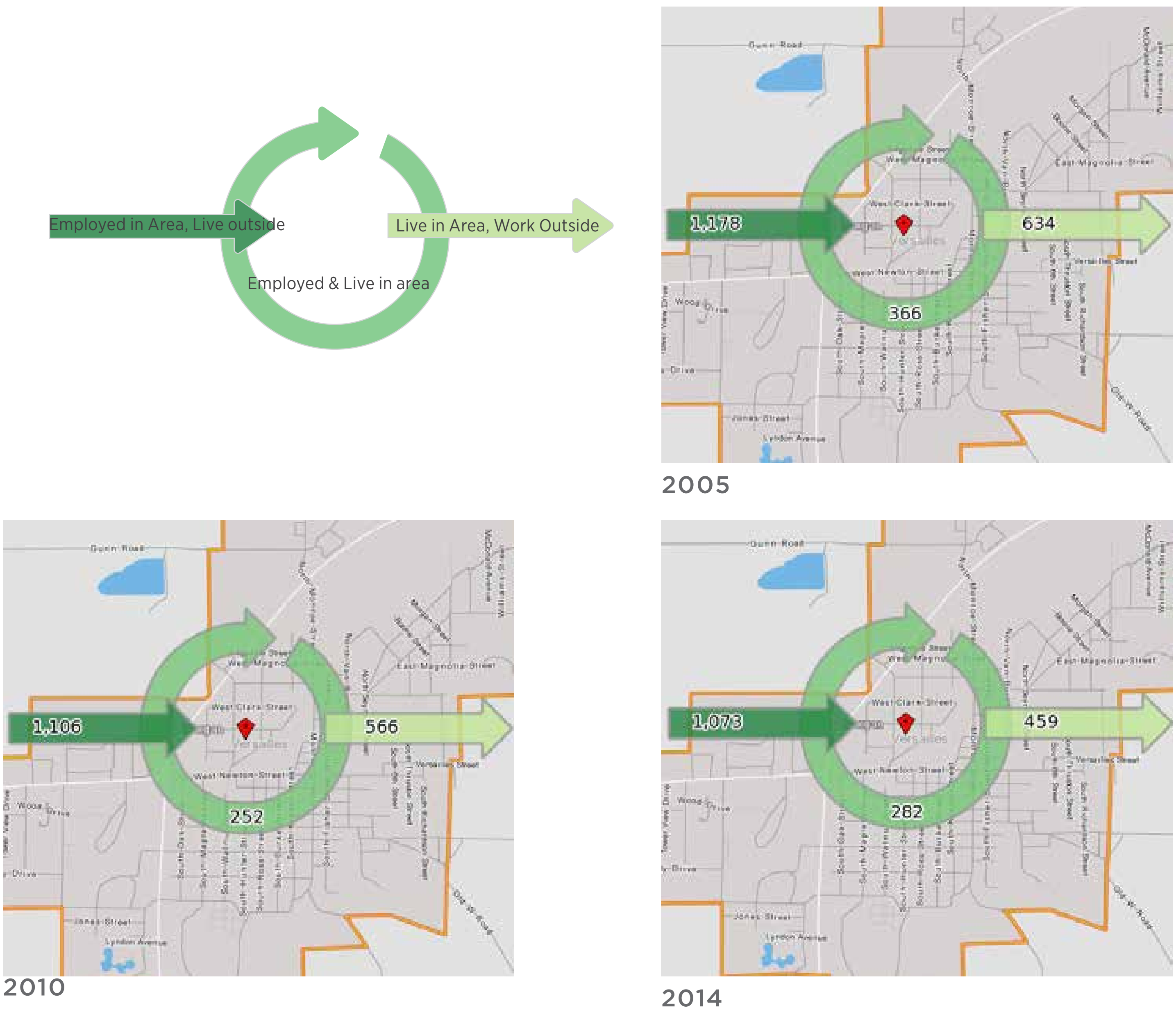


Figure 4.16: Inflow/Outflow Job Counts, Versailles
(Source: U. S. Census Bureau)

STOVER

The second largest city in Morgan County is Stover. It acts as a service center and residence for families and the Morgan County workforce. Highway 52 connects Stover to Cole Camp on the west, and on the east to Versailles, Eldon, and the East Lake Region. Stover is also located on Highway 135, which provides a direct connection to the Lake Region via Laurie. By virtue of this location, Stover is well positioned as an independent bedroom community for those employed in Versailles and in the Lake Region.

PRIMARY THEMES FOR STOVER

- Stover experienced its greatest rate of growth in the 1970s through the 1980s before declining by approximately 90 residents and then beginning a recovery through the present year (Figure 4.3).
- Figure 4.17 illustrates a population projection based on a 0.5% annual growth rate. This scenario assumes the city will be able to realize continued growth through pro-housing policies, housing development incentives, and the creation of jobs that pay a livable wage.
- To support a population of 1,122 by 2025, the city will need to produce 31 additional housing units. This equates to a rate of approximately three new units per year (Figure 4.18).

FIGURE 4.17: Population Projection, Stover

	2010	2015	2020	2025	2030
NATURAL	1,094	1,067	1,049	1,034	1,020
0.2% ANNUAL GROWTH	1,094	1,067	1,078	1,089	1,099
0.5% ANNUAL GROWTH	1,094	1,067	1,094	1,122	1,150
1.0% ANNUAL GROWTH	1,094	1,067	1,121	1,179	1,239

Source: RDG Planning & Design, 2016

Housing Demand Analysis

The Housing Demand Analysis builds on the population projections, housing trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions:

- Average people per household is expected to remain constant over the next decade. Some growth may occur as millennials move into their childbearing years but this forecast focuses on the demand created by this cohort leaving their parents homes and the housing needs they will have.
- A manageable housing vacancy provides a housing choice for new residents moving to a community. In the region, vacancy rates are skewed due to the large number of seasonally vacant units. This model removes those units and seeks to reduce the vacancy rate to 12.5%.

FIGURE 4.18: Housing Demand Model, Stover

	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	1,067	1,094	1,122	
HOUSEHOLD POPULATION AT END OF PERIOD	1,023	1,049	1,076	
AVERAGE PEOPLE PER HOUSEHOLD	2.22	2.22	2.22	
HOUSEHOLD DEMAND AT END OF PERIOD	461	473	484	
PROJECTED VACANCY RATE	15.00%	13.75%	12.50%	
UNIT NEEDS AT END OF PERIOD	542	548	554	
REPLACEMENT NEED		10	10	20
CUMULATIVE NEED DURING PERIOD		16	16	31
AVERAGE ANNUAL CONSTRUCTION		3	3	3

Source: RDG Planning & Design

- The city's housing demand (31 units) will need to include both new owner and renter occupied housing options.
  - Approximately 15 new owner-occupied units should be priced below $130,000 (Figure 4.19).
    - Some housing in this range can be produced by the private market with access to affordable lots, however, most of these units will be produced through assistance programs like low income housing tax credits or through a filter effect created by the production of move-up housing.
  - Approximately nine rental units will need to be produced with monthly rents below $700 per month.
    - New rental housing construction traditionally demands rents in the range of $1 per square foot, therefore, to produce housing priced below $450 per month, programs like low income housing tax credits will need to be leveraged.

FIGURE 4.19: Housing Development Program, Stover

	2015-2020	2020-2025	TOTAL
TOTAL NEED	16	16	31
TOTAL OWNER OCCUPIED	9	9	19
AFFORDABLE LOW: 60-100,000	5	5	10
AFFORDABLE MODERATE: 100-130,000	3	3	5
MODERATE MARKET: 130-200,000	1	1	2
HIGH MARKET: OVER 200,000	1	1	2
TOTAL RENTER OCCUPIED	6	6	13
LOW: LESS THAN 450	2	2	5
AFFORDABLE: 450-700	2	2	4
MARKET: OVER 700	2	2	3

Source: RDG Planning & Design

FIGURE 4.20: Affordability Analysis, Stover

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	SURPLUS/ SHORTAGE OF UNITS
$0-24,999	162	$0-49,999	92	$0-399	69	161	-1
$25,000-49,999	141	$50,000-99,999	179	$400-799	31	210	69
$50,000-74,999	55	$100,000-149,999	27	$800-1,249	2	29	-26
$75-99,999	19	$150,000-199,999	3	$1,250-1,499	0	3	-16
$100-150,000	19	$200-$299,999	8	$1,500-1,999	0	8	-11
$150,000+	19	$300,000+	4	$2,000+	0	4	-15

Source: RDG Planning & Design

- Figure 4.20 evaluates the availability of affordable housing relative to household income.
  - The greatest surplus is for homes priced between $50,000 and $100,000. The lack of higher priced units means that many income ranges are competing for the best quality units in this range.
  - The greatest shortfall is for households earning between $50-$150,000 per year.
  - There are no rental units priced appropriately to serve households earning more than $75,000 per year.
  - The surplus in lower cost homes and shortfall in higher cost homes suggests that many residents are under-housed. In other words, many households are living in dwellings below their means, which often do not meet their needs. This extends to rental properties, also.
- Over the past 10 years, Stover's job market has made only a slight shift.
  - The number of employees traveling to Stover for work and those who both live and work in Stover remained relatively stable.
  - The number of residents who travel from Stover for work has reduced. Perhaps due to the manufacturing economy in Versailles.

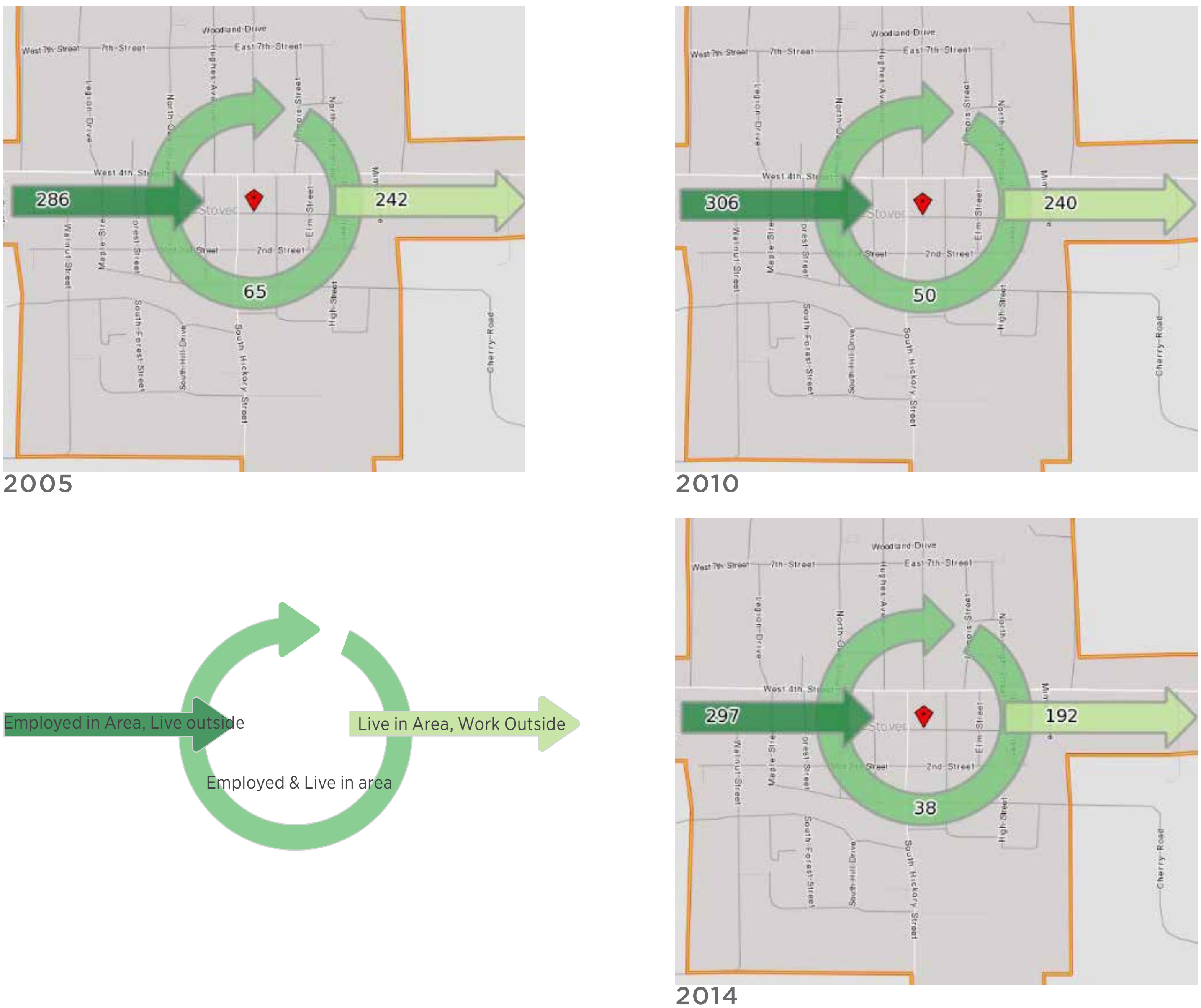


Figure 4.21: Inflow/Outflow Job Counts, Stover
(Source: U. S. Census Bureau)

LAURIE

- Laurie has experienced a high rate of growth since 1990, with an annual growth rate ranging between 2.7% and 12.7%.
- Laurie is well situated to become a service center for the northwestern Lake region and to capture regional growth.
- Unlike many of the communities in the region, approximately half of Laurie's housing units are rental products which demand relatively high rents.
- Overall housing costs in Laurie are some of the least affordable in the region with home values exceeding incomes by 5.8 times.
    - Of the total 246 owner occupied housing units, approximately 70% own their homes without a mortgage. Of these residents, approximately 15% are considered house-burdened indicating that they spend more than 30% of their household income on housing.
    - The remaining 30% of owner occupied units are held with a mortgage. Of these owners, 32% are considered house-burdened.
    - For rental properties, 65% of residents are considered house-burdened.
- To address affordability issues, Laurie will need to actively support the creation of workforce housing and other housing products that are affordable to the region's residents.
- Laurie has fewer seasonal vacancies than many other communities in the region, indicating that housing is utilized to a higher degree.

LAURIE HIGHLIGHTS

Population Trends

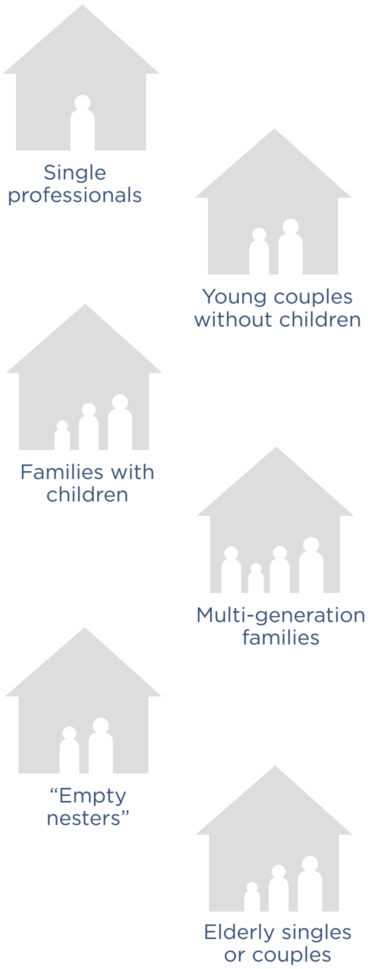
2000 Population	663
2010 Population	945
2014 Population Estimate	931
2030 Population Projection (1.5% AGR)	1,164

Housing Trends

Housing Units	496
Owner Occupied Housing Units	246 (54% of occupied units)
Renter Occupied Housing Units	208 (46% of occupied units)
Seasonally Vacant	8 (1.6% of all units)
Mobile Homes	43

Housing Cost

Median Value (Owner Occupied)	$158,300
Median Household Income	$27,361
Value to Income Ratio	5.79
Median Contract Rent	$621



COUNTY TRENDS

SURVEY

The regional survey, reviewed in Chapter 2, asked residents to identify their home ZIP code. This section explores the 88 respondents who identified Morgan County ZIP code as their primary residence. The trends in this section most closely reflect the perspectives of Laurie (65037) and Versailles (65084) and the surrounding areas because these areas had the greatest number of responses to the survey.

Map 4.7 illustrates the ZIP Codes included in this analysis.

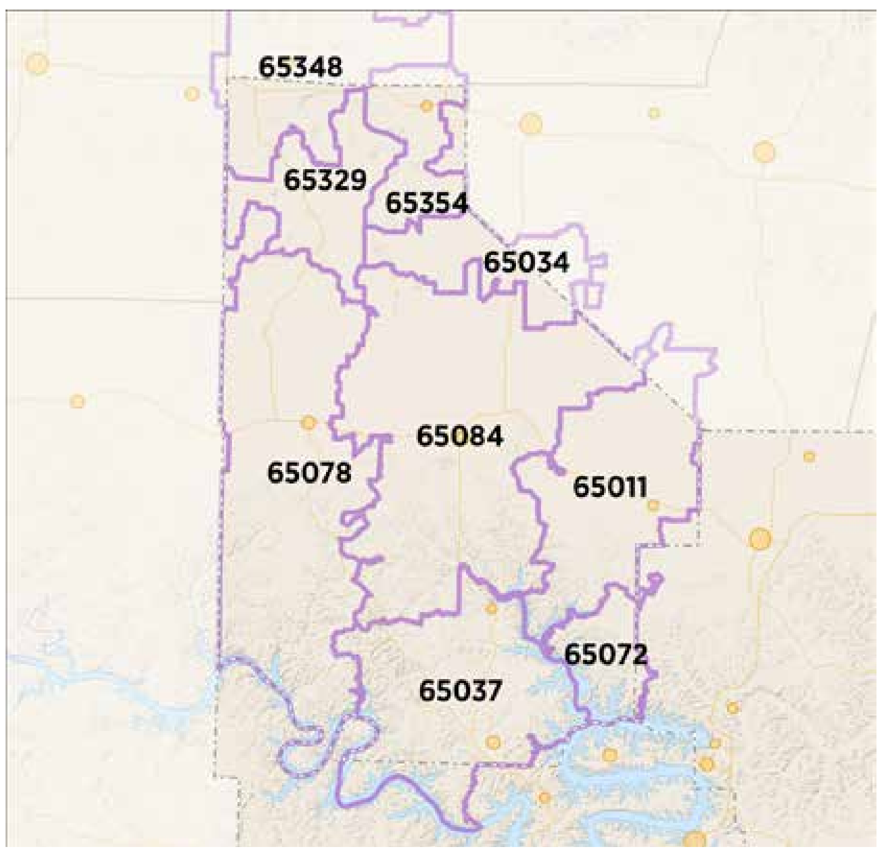
DO YOU BELIEVE THAT THE CURRENT HOUSING SUPPLY ADEQUATELY MEETS THE NEEDS OF THE FOLLOWING HOUSEHOLD TYPES IN YOUR COMMUNITY?

Participants were asked to respond to the above question for a number of different household types including:

- Single professionals, young couples without children, families with children, multi-generational families, "empty-nesters," and elderly singles or couples.

The intent of this question is to identify the areas where the housing market is serving effectively and those areas that are underserved.

- Across Morgan County, respondents felt that "multi-generational families" were underserved, whereas respondents felt "empty-nesters" were best served by the market.
- Other notable markets that are served include "elderly singles or couples" and "young couples without children"
- Additional markets that are underserved include single professionals



Map 4.7: ZIP Codes in Morgan County Survey Analysis

WHAT NEW HOUSING PRODUCTS DO YOU THINK WOULD BE SUCCESSFUL IN YOUR AREA TODAY?

Participants were asked to respond to whether they felt a series of different housing products would be successful in their area of the county. The housing types were illustrated in the survey and include:

- Affordable small two- or three-bedroom house, mid-size three-bedroom house, larger home with four or more bedrooms, large lot residential housing, townhome or duplex, apartment, downtown upper-story residential, or independent senior living.

The intent of this question was to explore the type of housing products that may be needed in Morgan County and its sub-regions.

- Across Morgan County, respondents felt strongly that small, affordable two- to three-bedroom homes; mid-size, three-bedroom homes; and independent senior-oriented housing would be successful.
- The product that respondents felt would be most successful (85%) was small, affordable two- to three-bedroom homes.
- Respondents felt that large, four-bedroom homes; large lot residential; and upper-story downtown housing would be the least successful.
- These trends are generally consistent throughout each ZIP code in Morgan County.

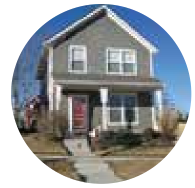
HOW WOULD YOU RATE THE SUPPLY OF BUILDABLE LOTS IN YOUR AREA?

Participants were asked about whether there was an adequate supply of buildable lots in their area of Morgan County. The following options were provided:

- Severe over-supply, moderate over-supply, adequate supply, moderate under-supply, severe under-supply.

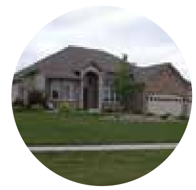
The intent of this question is to explore whether respondents perceive the supply of buildable lots meets the demand of the development market or if it hinders it through either an over-supply or an under-supply.

- Across Morgan County, 50% of respondents indicated that there was an under-supply of lots in the county with 20% indicating that there was a moderate under-supply and 19% indicating that there is a severe under-supply of buildable lots.
- Approximately 31% of respondents indicated that there is an adequate supply of lots, but very few respondents felt there was an over-supply (5%) of lots.
- These trends are generally consistent throughout each ZIP code in Morgan County without notable exception.

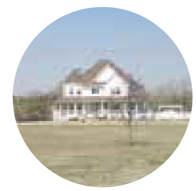


Affordable, small two- or three-bedroom house

Mid-size, three-bedroom house



Larger home with four or more bedrooms



Large Lot Residential Housing

Townhouse or Duplex

Apartment

Downtown upper-story residential

Independent, Senior Living Housing

MORGAN COUNTY OPPORTUNITIES & CHALLENGES

Morgan County's fertile land to the north provides a more balanced agriculture and tourism based economy. However, manufacturing job losses over the last 20 years have hit Versailles harder than other communities in the region. The city's role in the region will likely continue to evolve as it plays a bigger role as a regional housing and commercial center. This trend may also reflect the county's overall role in the region.

CHALLENGES

The demographic analysis, conversations with residents, and survey results identify some reoccurring challenges that the county is currently facing.

- Stagnant wages have not kept pace with housing inflation. The cost to build and maintain housing has continued to increase, and for Morgan County, at a faster rate than wages.
- Most of the county's housing demand is being generated around the Lake. For communities away from the Lake, they will need to position themselves in the regional economy to attract more residents and build jobs through local entrepreneurship.
- Construction of workforce housing has been a challenge. The slow absorption rate for lower price points and the bankability of these households has driven many contractors to focus on the higher end homes. If the county's communities want to attract new residents they will need to find ways to create the jobs that will support housing construction or attract these households from the larger regional job market.

OPPORTUNITIES

Wage stagnation is a daunting challenge for any community, but regional growth and opportunities provide strong markets for the county to pursue.

- The county will have to capitalize on regional growth opportunities. Jobs and housing must be seen as a regional opportunity. Morgan County's ability to provide more affordable lots in established communities like Versailles and Stover is not only important to those communities, but also the region as a whole.
- Lake development opportunities continue to exist on the west side of the Lake in Morgan County. As fewer and fewer lots are available for development on the west, outside of Village of Four Seasons, demand will only increase in Morgan County.
    - To capture this demand, better approaches to infrastructure development will need to be identified early, before development pressures increase even further.
    - Additionally, access to the Osage School district may create more demand in the southern tiers of the county. This opportunity is related more to travel distances than school quality, both are excellent options within the region.

CHAPTER 5:
Miller County

A PROFILE OF MILLER COUNTY

Miller County is defined by its diversity of landscape and economies. From rural to agricultural in all but the southwest corner of the county, this diversity enables Miller County to maintain an appeal and viability. Its largest communities, Lake Ozark and Eldon, demonstrate this dichotomy of lake-orientated community compared to a more traditional town center. The housing challenges and opportunities in Miller County are diverse and the following chapter provides an overview of issues for the county and its largest communities.

POPULATION CHARACTERISTICS

The population characteristics and trends shine a light on current housing demand and provide a base for projecting future population and housing demand.

HISTORIC TRENDS

- Miller County grew at a steady pace over the past century. The population has nearly doubled since 1960, from 13,600 to 24,905 in 2014. This stable population growth suggests the economic and housing characteristics are fairly resilient to market changes such as the recession.
- Figure 5.2 divides the county's population into three geographic areas: those living inside city limits, those living in townships that touch the Lake, and the balance of the population that reside outside of communities and away from the Lake.
    - This analysis indicates that during the last decade, the county's growth occurred outside of the cities. This can be concerning and can have long term infrastructure implications. The use of small package systems and septics addressed the immediate demand for housing, but long term maintenance of this infrastructure could create serious burdens to future homeowners.
    - The impact of the recession has driven population declines around the Lake and in rural areas since 2010. Loss of population in rural areas likely reflected those in the lowest income brackets who were finding affordable (often mobile home) housing in the rural areas and were impacted the most by the recession.
- Since 2000, Lake Ozark maintained the most stable pattern of growth, as Eldon and the county's smallest towns lost some population.

Figure 5.1: Miller County Historic Population Change

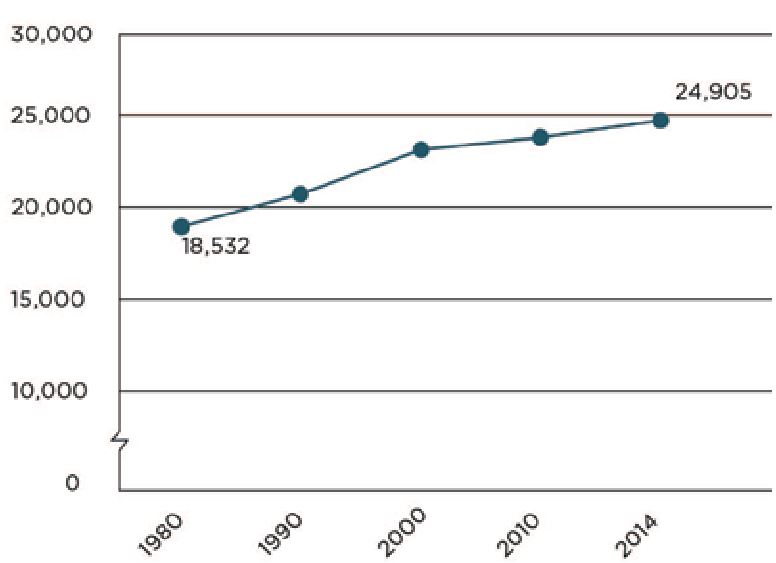


FIGURE 5.2: Miller County Regional Population Change

	2000	2010	2014	CHANGE 2010-2014	CHANGE 2000-2010	ANNUAL GROWTH RATE 2000-2010
MILLER	23,564	24,748	24,905	157	1,184	0.5%
Rural	12,182	13,115	13,104	-11	933	0.7%
Cities	8,215	8,140	8,711	571	-75	-0.1%
Lake Area	3,167	3,493	3,090	-403	326	1.0%

Source: U. S. Census Bureau; RDG Planning & Design

FIGURE 5.3: Historic Population Change

	1980	1990	2000	2010	2014	ANNUAL GROWTH RATE 2000-10	ANNUAL GROWTH RATE 1990-2010
MILLER COUNTY	18,532	20,700	23,564	24,748	25,113	0%	1%
ELDON	4,342	4,419	4,895	4,597	4,649	-1%	0%
LAKE OZARK	534	681	1,489	1,586	1,676	1%	4%

Source: U. S. Census Bureau; RDG Planning & Design

FIGURE 5.4: Predicted Versus Actual Population Change

	2000 POPULATION	2010 PREDICTED	2010 ACTUAL	PREDICTED VS. ACTUAL
MILLER COUNTY	23,564	23,919	24,748	829
ELDON	4,895	4,744	4,567	-177
LAKE OZARK	1,489	1,484	1,586	102

Source: RDG Planning & Design

Figure 5.4 shows a comparison of the actual population in 2010 versus the population that would be predicted if there had been no migration between 2000 and 2010 (i.e. - natural population change based on birth and death rates). Places that have a discrepancy between predicted and actual population levels are likely the result of migration in or out of the community.

FIGURE 5.5: Population Projection, Miller County

	2000	2015	2020	2025	2030
0% MIGRATION	24,748	24,612	24,521	24,460	24,355
1.0% AGR	20,565	24,612	25,867	27,187	28,574
2.0% AGR	20,565	24,612	27,174	30,002	33,125

Source: RDG Planning & Design

ECONOMIC CHARACTERISTICS

Miller County has a mix of lake-oriented service and retail, and more agriculture than some Lake counties. The stagnation of the manufacturing economy in the region affected Miller County's economy but had less of an impact due its diverse employment base.

The region's economy has a significant impact on housing and housing demand, including demand for workforce housing, second homes, and retirement living. A basic assessment of Miller County's economic trends indicates:

- Unlike many of the counties in the region that rely primarily on the Lake economy, Miller County's largest employment industry is "Education, Services, and Social Assistance." This sector, employing 19.5% of the workforce, offers job positions which range from executive wages to entry-level and support wages.
  - Housing demand from this mix is diverse and often includes quality market rate rentals and smaller entry level owner-occupied housing. Most of these employees are looking to live away from the Lake in environments that are family friendly and affordable. Employees in higher wage positions are more likely to reside near the Lake.

FIGURE 5.6: Percentage of Labor by Industry

	MILLER COUNTY
AGRICULTURE, FORESTRY, FISHING AND HUNTING, AND MINING	2.00%
CONSTRUCTION	9.80%
MANUFACTURING	9.80%
WHOLESALE TRADE	1.50%
RETAIL TRADE	17.20%
TRANSPORTATION AND WAREHOUSING, AND UTILITIES	4.00%
INFORMATION	1.40%
FINANCE AND INSURANCE, AND REAL ESTATE AND RENTAL AND LEASING	4.40%
PROFESSIONAL, SCIENTIFIC, AND MANAGEMENT, AND ADMINISTRATIVE AND WASTE MANAGEMENT SERVICES	7.00%
EDUCATIONAL SERVICES, AND HEALTH CARE AND SOCIAL ASSISTANCE	19.50%
ARTS, ENTERTAINMENT, AND RECREATION, AND ACCOMMODATION AND FOOD SERVICES	10.30%
OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION	6.40%
PUBLIC ADMINISTRATION	6.60%

Source: American Community Survey, 2014
*For comparison with other counties see Figure 2.6

- In its role as a service center for the Lake Region, a large segment of the labor force is engaged in retail trade, 17.2%.
  - Retail positions tend to offer lower wages at, or just above, the minimum wage. These residents will need more affordable housing options, including some housing assistance depending on the size of the household.
- Figure 5.7 provides an overview of the region's estimated household incomes.
  - The area's lower incomes likely mean a greater demand for affordable rental housing.
  - Households earning less than 80% of the area median income are considered to be low income.
  - For households in Miller County, this income is $29,274 (dependent on household size) or, for a single income household an hourly wage of $13.11. In the region's service and retail trades and in some manufacturing operations, hourly wages below this threshold are common.
- Since 2005:
  - The percent of employees commuting into the county has increased significantly
  - The percent of residents living in the county and finding work outside the county has remained fairly stable.
  - The expansion of retail jobs in Lake Ozark has likely supported the increased number of total jobs in the county.
  - While the number of jobs in the county has increased, the wages of those jobs have likely not kept pace with housing cost. As a result, more employees are finding housing outside the county.

FIGURE 5.7: Median Household Income	2014 POPULATION	2014 ESTIMATED HOUSEHOLD INCOME	80% OF MEDIAN	50% OF MEDIAN
MILLER COUNTY	24,905	$36,592	$29,274	$18,296
ELDON	4,601	$27,984	$22,387	$13,992
LAKE OZARK	1,588	$41,176	$32,941	$20,588

Source: U. S. Census Bureau

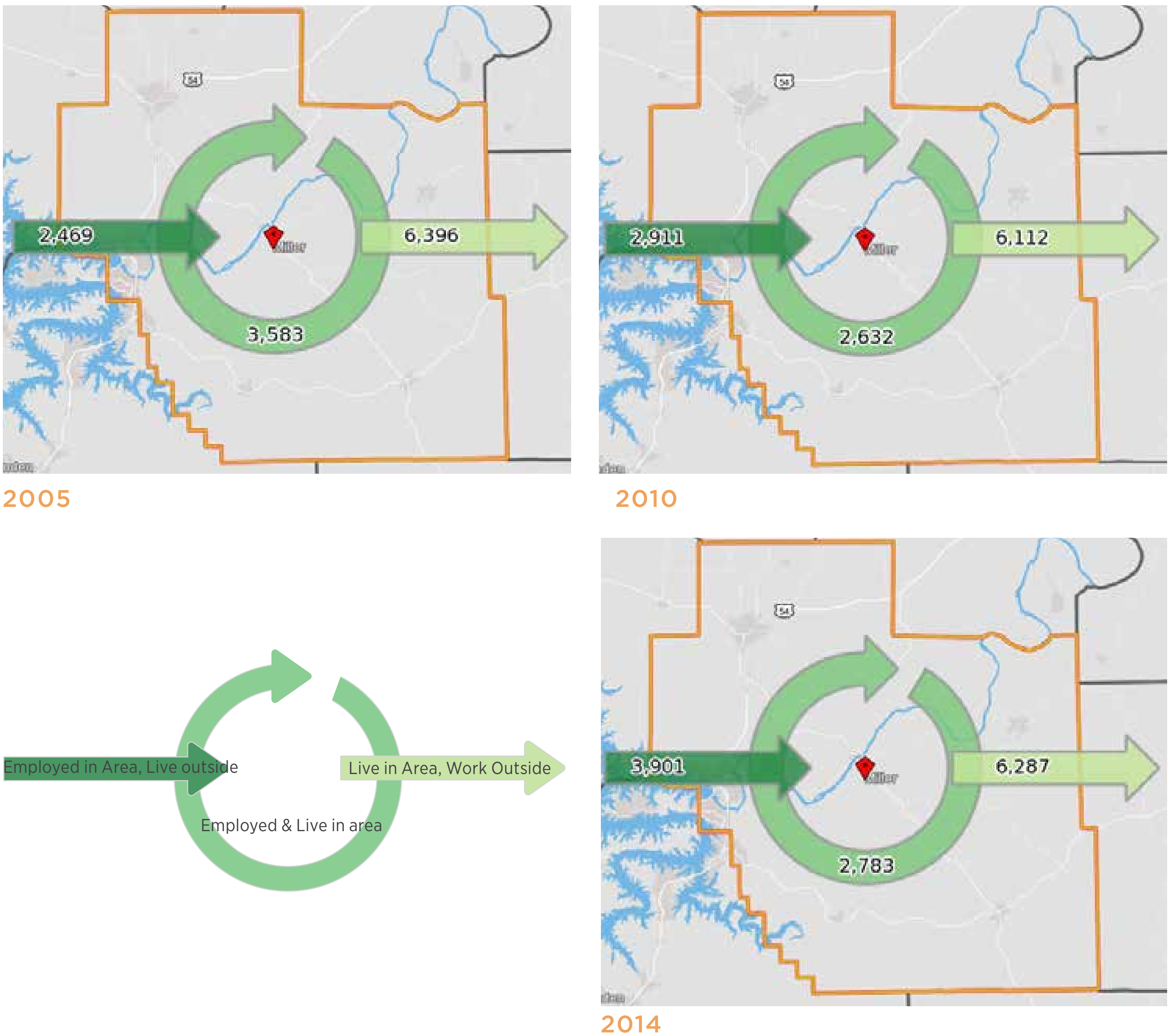


Figure 5.8: Inflow/Outflow Job Counts, Miller County (Source: U. S. Census Bureau)

HOUSING CHARACTERISTICS

This section uses the U.S. Census and Missouri State data to evaluate the supply, cost, and condition of housing in Miller County. This information can help identify existing or potential imbalances in the market and may suggest policy directions for a variety of issues.

Housing Age and Opportunity

- The newest housing is located on the western most part of the county in the census tract between the Lake and Eldon. This is caused by the amount of housing that has occurred along the Lake in past decades.
- As one of the older communities in the county, Eldon has the oldest housing stock. With a median age over 40 years, Eldon has a large number of homes that are needing upgrades and investment to meet the needs of new young buyers.
- Compared to the greater region, Miller County has some of the largest households. This indicates that Miller County is an attractive option for families in the Lake region.
- After approximately six years of stable but slow housing construction, the housing economy in Miller County has increased in recent years beginning in 2012. This may signify that the effects of the recession have lifted to enable developers to begin producing housing units. The most significant permit activity was in 2014 which included 72 multi-family units and 13 single family homes.
  - Many rural areas can not support the access and infrastructure demands created by higher density multi-family construction. These types of units should be directed to incorporated communities with adequate infrastructure to support this important part of the housing market.
- Map 5.4 illustrates the location of vacant lots within Miller County.
  - Many of these lots are located along the Lake and only 32% are located in the county's two largest communities.
  - The high number of lots in unincorporated areas means continued increases in the number of homes dependent on what is basically private infrastructure. The long terms cost of this to homeowners could have a significant impact on the cost and viability of some housing in the future.

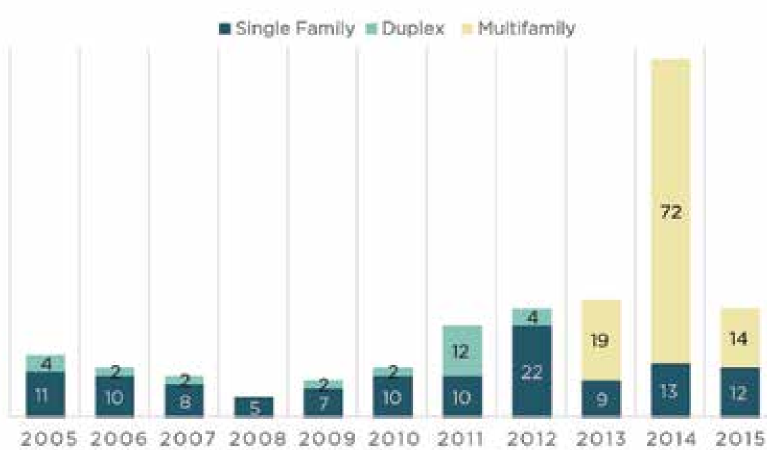
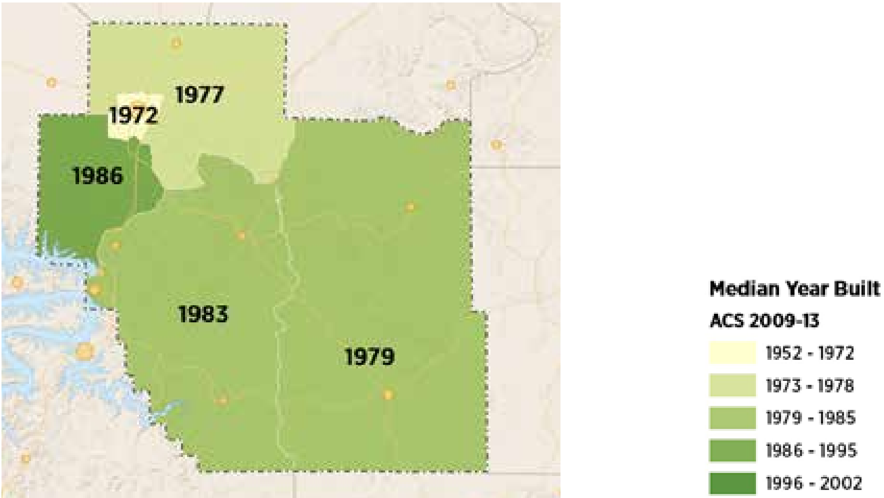
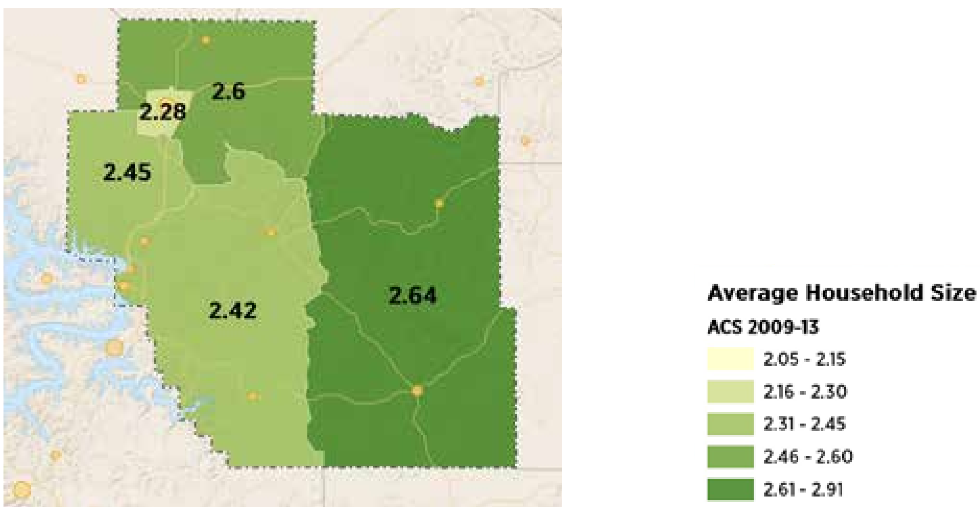


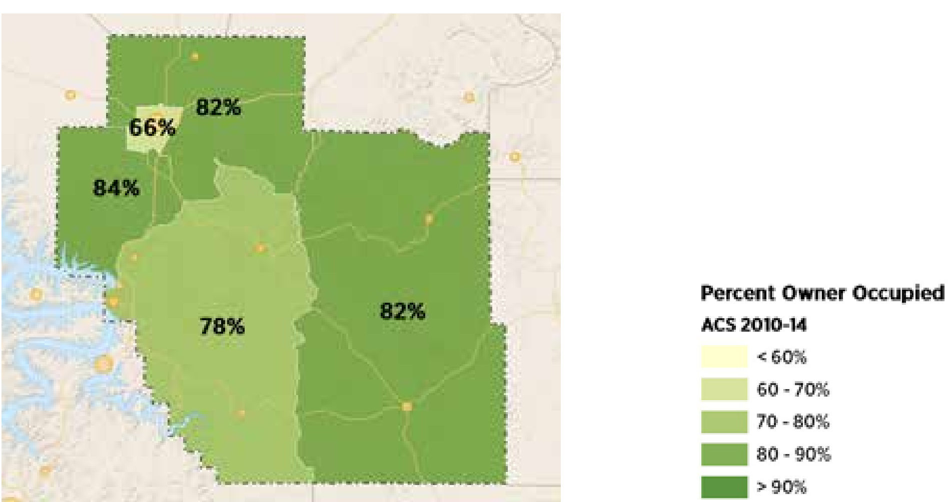
Figure 5.9: Miller County Building Permits (Source: U. S. Census Bureau)



Map 5.1: Median Year Built by Census Tract



Map 5.2: Average Household Size by Census Tract

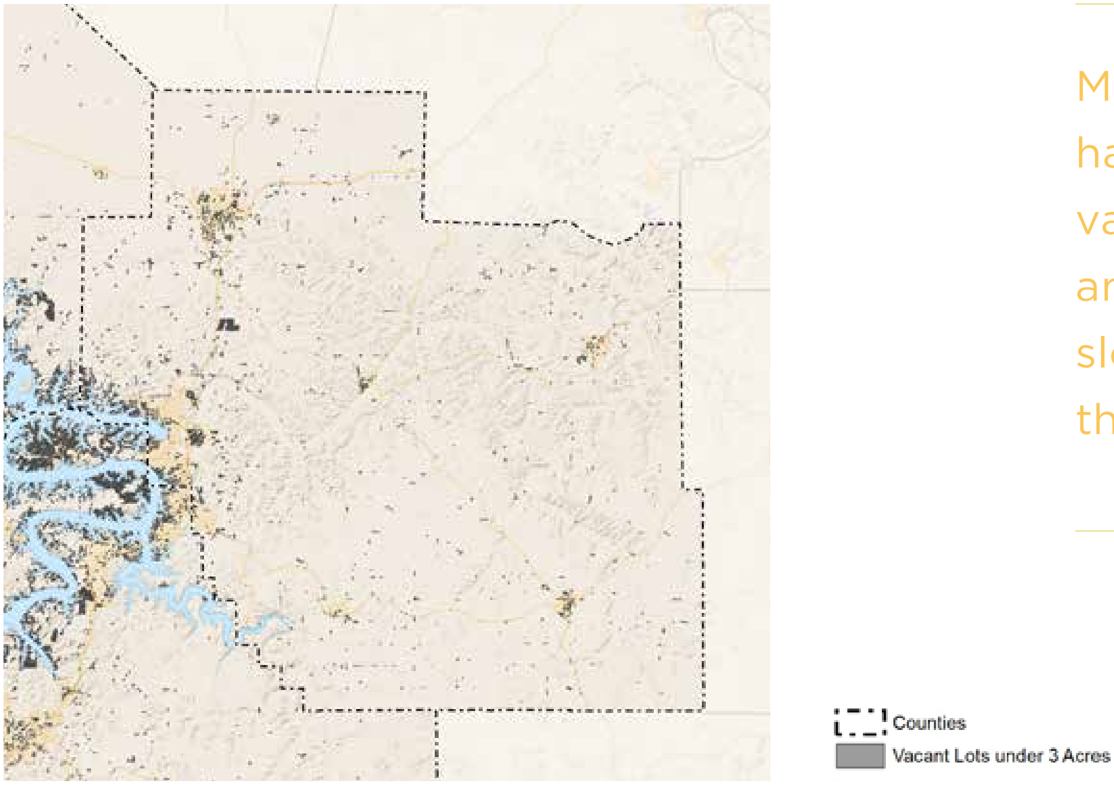


Map 5.3: Percent Owner Occupied by Census Tract

Miller County has approximately 1,350 occupied mobile home units.

Housing Occupancy

- The size of households often reflects the phase of life that its residents are in. Young independent adults and retirees will typically result in lower household sizes while families typically drive the size up.
  - The north and eastern census tracts, characterized by more rural landscapes, have the largest household sizes in Miller County.
  - The census tracts adjacent to the Lake have an intermediate median household size of approximately 2.45 individuals. This likely indicates a mix of working professionals, families, and retirees.
  - Eldon has the smallest households in Miller County. This may reflect the city's older senior and empty-nest population. The larger number of renter occupied housing may also impact the city's smaller household size.
- Many of the county's service and retail employees are likely in the market for quality and affordable rental options. Due to scarcity and affordability issues in the county, many likely reside away from their place of employment and therefore pay higher transportation costs.
- Much like other counties in the Lake Region, but to a lesser degree, Miller County has a large number of seasonally vacant units. Of the total vacant units in the county, approximately 44% of vacant units are at least seasonally vacant. The majority of these units exist in close proximity to the Lake.
  - Seasonally vacant homes have a significant impact on the region's housing market, most notably in the areas of housing costs, often elevating the value of homes and driving up rental rates.
- Miller County has a large number of scattered mobile homes.
  - Approximately 14% of the county's occupied housing consists of mobile homes.
  - While it is not uncommon for mobile homes to be used as lake homes/ cabins in many regions of the United States, Miller County has a relatively large number of mobile homes.
    - In rural areas these units tend to use individual well and septic systems. This would indicate that many residents are putting a substantial investment in infrastructure, while saving money on home and land costs. However, long term, this could create substantial maintenance burdens for future owners.
    - Mobile homes can be a viable, affordable housing option. The concern in many communities and counties is both life safety and long term housing investment. Safety and condition issues often exist in older, pre-certified, structures. Further, the depreciating value of mobile homes does not provide a long term asset to either the owner or the county as opposed to the appreciating value of more permanent structures.



Miller County has 4,627 vacant parcels and 45% have slopes greater than 20%.

Map 5.4: Vacant Lots Miller County

The definition of affordable housing is determined by a household's income. What is affordable to one income bracket is not necessarily affordable to another.

Housing Costs

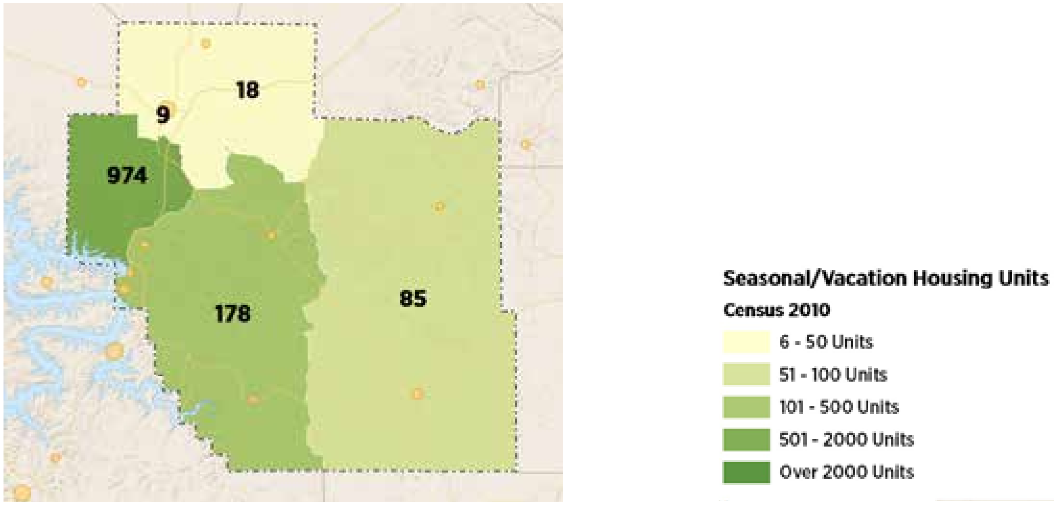
- As expected, the county's highest home values are located around the Lake. Specifically, in the western-most census tract of the county south of Eldon. These homes are traditionally out of reach for the county's workforce including those in educational and health services or traditional manufacturing.
    - Approximately 36% of Miller County's households living in owner-occupied housing spend more than 30% of their income on housing and are considered house burdened by the U. S. government.
    - Median home values are more than three times median incomes, significantly above what is considered to be an affordable ratio of 2.5.
    - Approximately 50% of households living in rental units are house burdened, spending more than 30% of their income on housing.
    - Rental rates at $400 to $500 is not excessive compared to many other markets and is the absolute minimum rent required for one-bedroom, new construction. The housing cost struggle for many residents is likely more related to the region's stagnant and lower incomes than rental values.
    - Eldon has some of the region's oldest housing stock and therefore lowest rents. While this provides affordable options in the region, it often comes along with age related condition issues.

Households spending more than 30% of their income on housing are considered to be housing burdened or living in housing that is not affordable.

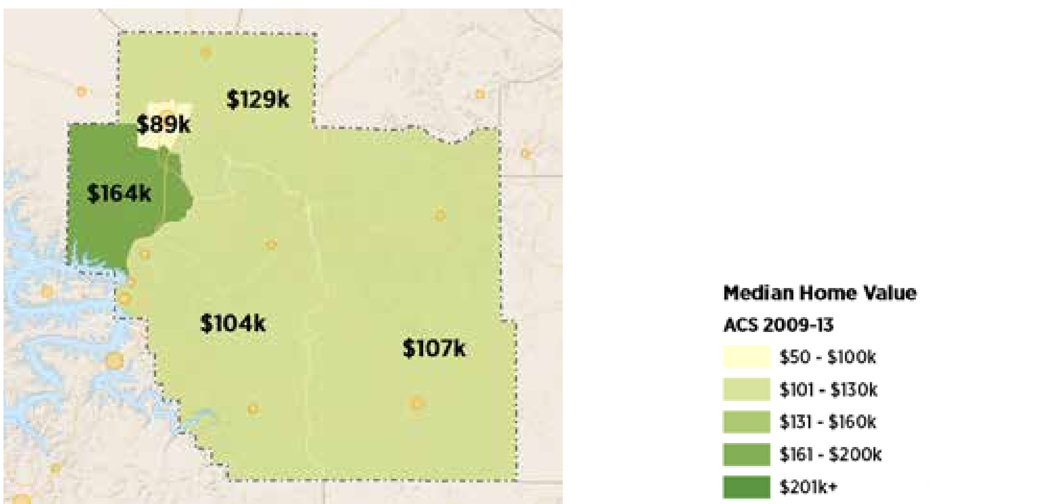
For owner-occupied households, this traditionally correlates to home values that are 2.5 times a household's income. Households spending more than 3.0 times their income would be considered housing burdened.

FIGURE 5.10: Estimated Housing Costs and Incomes

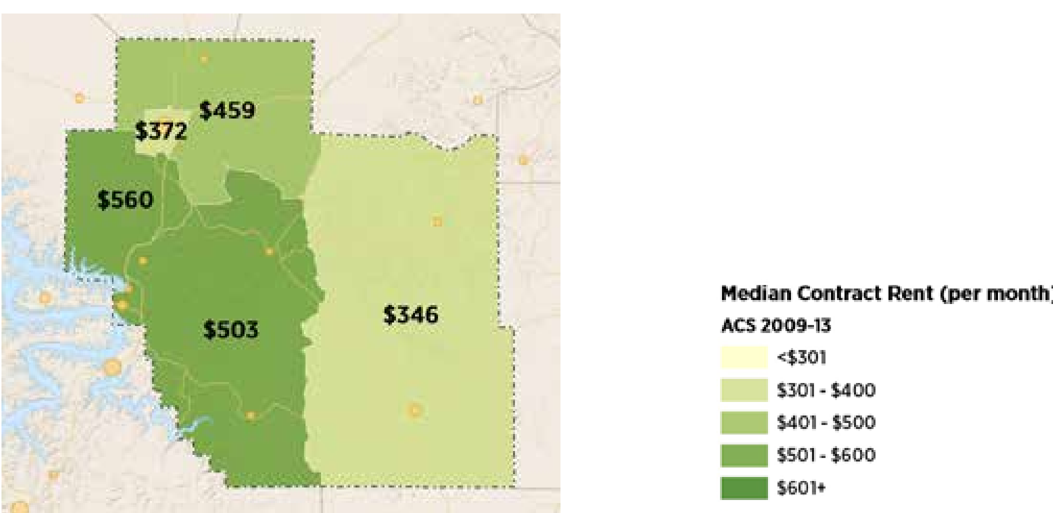
	MEDIAN HOUSEHOLD INCOME	MEDIAN CONTRACT RENT	% PAYING MORE THAN 30% IN GROSS RENT	MEDIAN HOME VALUE	% PAYING MORE THAN 30% FOR OWNER COSTS	VALUE TO INCOME RATIO
MILLER COUNTY	$36,592	$433	50.5	$115,800	35.7	3.16
ELDON	$27,984	$372	61.6	$91,000	43.9	3.25
LAKE OZARK	$41,176	$514	41.6	$209,300	37.5	5.08



Map 5.5: Seasonally Vacant Units by Census Tract



Map 5.6: Median Home Value by Census Tract



Map 5.7: Median Contract Rent by Census Tract

COMMUNITY PROFILES

The following section provides a broad overview of housing in each of the county's largest cities. This includes projections for housing demand and the mix of housing that is needed to support the city's future population.

ELDON

While the county seat lies 12 miles to the southeast in Tuscumbia, Eldon is very much the center of commerce, employment, and community activity in Miller County. As a traditional community, Eldon has an innate character to its downtown and historic charm that is enjoyed and appreciated by residents and visitors to the Lake region. As one of the gateways to the Lake, Eldon is well positioned to become an even more important community in the region.

PRIMARY THEMES FOR ELDON

- Since 1960, the growth rate has fluctuated from decade to decade, ranging between 0% and 2.1% annually. The strongest growth occurred in the 1980s.
- Based on population demographics such as age composition, Eldon was projected to grow between 2000 and 2010. However, the community experienced out-migration for its only decade of population loss in the past 60 years.
- Figure 5.11 illustrates a population projection based on several scenarios. The 1% scenario assumes the city will reverse historic trends (Figure 5.3), realizing growth through pro-housing policies, housing development incentives, and the creation of jobs that pay a higher wage.
- To support a population of 5,135 by 2025, the city will need to produce 81 additional housing units (Figure 5.12). This equates to a rate of approximately eight new units per year.
  - This rate of development is comparable to pre-recession development and may be very conservative. The city's high vacancy rate may reflect a need for greater housing demolition or removal of vacant and dilapidated mobile home units. Pent-up demand from several years of slow construction may also push demand well above eight units annually, especially for quality entry level housing.
- The city's housing demand (81 units) will need to include both new owner and renter occupied housing options. (Figure 5.14)
  - Approximately 28 new owner-occupied units should be priced below $130,000. (Figure 5.14)
    - A small number of these units can be produced by the private market with access to affordable lots, however, most of these units will be produced through assistance programs like low income housing tax credits or through a filter effect created by the production of move-up housing.
  - Approximately 25 rental units will need to be produced with monthly rents below $700 per month.
    - New rental housing construction traditionally demands rents in the range of $1 per square foot. Therefore, to produce housing priced below $450 per month, programs like low income housing tax credits will need to be leveraged.
- Access to affordable lots is an issue for Eldon. As illustrated in Map 5.4, most of the region's lots are not within the communities of Miller County. Lot development and redevelopment will need to occur to facilitate new construction in the city.
  - The city's slow absorption rate will limit the amount of lots the private developer can take on, an issue that many communities in the region will need to address.

Housing Demand Analysis

The Housing Demand Analysis builds on the population projections, housing trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions:

- Household population at the end of the period does not include residents living in group care facilities, dormitories, and other institutional quarters. For this analysis, it is assumed that this population will remain stable through the planning period.
- Average people per household is expected to remain constant over the next decade. Some growth may occur as millennials move into their childbearing years, but this forecast focuses on the demand created by this cohort leaving their parents homes and the housing needs they will have.
- Unit demand at the end of the period is calculated by dividing household population by the number of people per household. This equals the number of occupied housing units.
- A manageable housing vacancy provides housing choice for new residents moving to a community. In the region, vacancy rates are skewed due to the large number of seasonally vacant units. However, Eldon's rate is unusually high. This may reflect a number of dilapidated vacant homes, especially mobile homes. This model removes those units and seeks to reduce the vacancy rate to 7.5%.
- Unit needs at the end of each period are based on the actual household demand plus the number of projected vacant units.
- Replacement need is the number of housing units demolished or converted to other uses. Homes in poor condition, or obsolete, should gradually be replaced in a city's housing supply. The number of units lost annually is based on both the quantity and quality of a community's housing stock.
- Cumulative need shows the number of total units needed between the base year of 2015 and the year indicated at the end of the period.

FIGURE 5.11: Population Projection, Eldon

	2010	2015	2020	2025	2030
NATURAL	4,567	4,528	4,496	4,467	4,442
0.2% ANNUAL GROWTH	4,567	4,649	4,696	4,743	4,790
0.5% ANNUAL GROWTH	4,567	4,649	4,766	4,887	5,010
1.0% ANNUAL GROWTH	4,567	4,649	4,886	5,135	5,397

Source: RDG Planning & Design, 2016

FIGURE 5.12: Housing Demand Model, Eldon

	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	4,649	4,766	4,887	
HOUSEHOLD POPULATION AT END OF PERIOD	4,579	4,695	4,813	
AVERAGE PEOPLE PER HOUSEHOLD	2.27	2.27	2.27	
HOUSEHOLD DEMAND AT END OF PERIOD	2,017	2,068	2,120	
PROJECTED VACANCY RATE	10.00%	8.75%	7.50%	
UNIT NEEDS AT END OF PERIOD	2,241	2,267	2,292	
REPLACEMENT NEED		15	15	30
CUMULATIVE NEED DURING PERIOD		40	41	81
AVERAGE ANNUAL CONSTRUCTION		8	8	8

Source: RDG Planning & Design, 2016

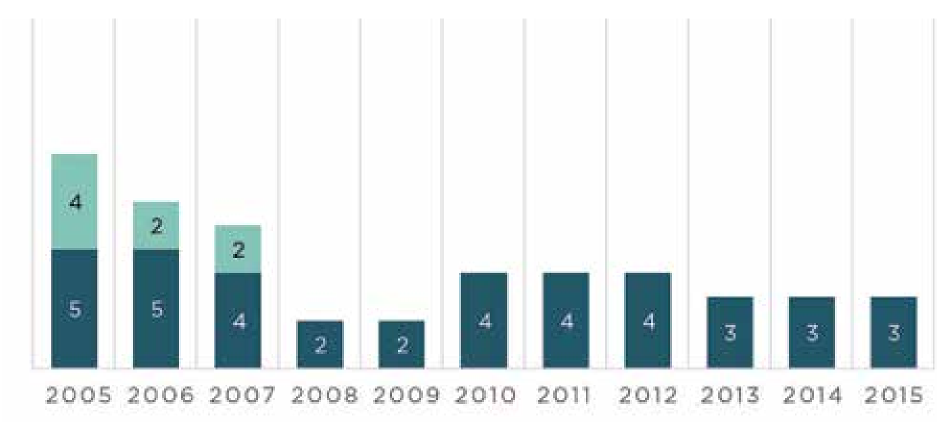


Figure 5.13: Eldon Building Permit Activity (Source: U.S. Census Bureau)

Housing Development Program

Building on the Housing Demand Model, the Development Program forecasts production targets for owner and renter occupied units based on the following assumption:

- Owner-occupied units will be distributed roughly in proportion to the income distribution of households for whom owner-occupancy is an appropriate strategy.
- Most low-income residents will be accommodated in rental units.

FIGURE 5.14: Housing Development Program, Eldon

	2015-2020	2020-2025	TOTAL
TOTAL NEED	40	41	81
TOTAL OWNER OCCUPIED	24	24	49
AFFORDABLE LOW: $60-99,999	6	6	13
AFFORDABLE MODERATE: $100-129,999	7	8	15
MODERATE MARKET: $130-199,999	7	7	14
HIGH MARKET: OVER $200,000	4	4	8
TOTAL RENTER OCCUPIED	16	16	32
LOW: LESS THAN $449	7	7	14
AFFORDABLE: $450-699	5	6	11
MARKET: OVER $700	4	4	8

Source: RDG Planning & Design, 2016

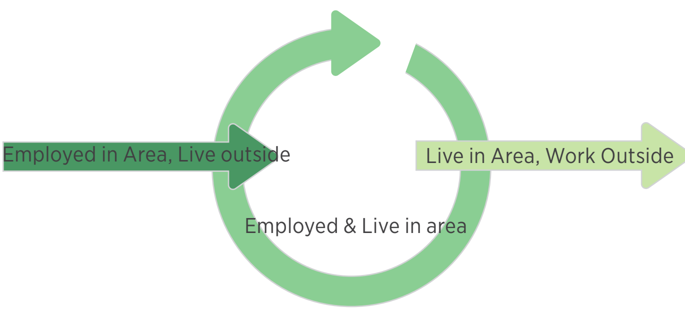
Theoretically, a household budget must be divided among basic housing costs, other essential needs, and costs to maintain a home. Households spending a large share of income on basic housing have less money to spend on other essentials and fewer resources to maintain their homes. Figure 5.15 evaluates the availability of affordable housing and compares the quantity of housing that is affordable to each income group. A positive balance indicates a surplus of housing within the affordability range of each respective income group, while a negative balance indicates a shortage.

FIGURE 5.15: Affordability Analysis, Eldon

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	SURPLUS/ SHORTAGE OF UNITS
$0-24,999	602	$0-49,999	302	$0-399	393	695	93
$25,000-49,999	699	$50,000-99,999	381	$400-799	266	647	-52
$50,000-74,999	343	$100,000-149,999	297	$800-1,249	15	312	-31
$75-99,999	33	$150,000-199,999	113	$1,250-1,499	0	113	80
$100-149,999	137	$200-299,999	66	$1,500-1,999	0	66	-71
$150,000+	19	$300,000+	0	$2,000+	0	0	-19

Source: RDG Planning & Design

- Figure 5.15 evaluates the availability of affordable housing relative to household income.
    - There are two notable surpluses in the housing market. The first is a surplus of housing for households earning between $0-$25,000 per year. This surplus exists for owner units (homes priced below $50,000) and renter units (rents below $400 per month). The primary challenge facing these units is often condition and quality because the low valuation offers little incentive to renovate, rehabilitate, or resell. These units often deteriorate gradually.
    - The second notable surplus is for households earning between $75,000-$100,000 per year; affordable price points for owner units are $150,000-$200,000 or a rental unit priced between $1,250 and $1,500 per month (however, there are no rental units in this range). This surplus indicates that many households both below or above this income range are forced to find housing options in this price-point that is either overly expensive or below their means.
- There are no rental units priced appropriately to serve the 189 households earning more than $75,000 per year.
- Over the past 10 years, Eldon's labor force has declined by approximately 756, but appears to have stabilized between 2010 and 2014.



2005

2010

2014

Figure 5.16: Inflow/Outflow Job Counts, Eldon
(Source: U. S. Census Bureau)

LAKE OZARK

The second largest city in Miller County, Lake Ozark is closely connected to the Lake economy as a retail, entertainment, and service center. The reliance on the Lake causes Lake Ozark to follow the fluctuations and patterns of the Lake economy as a whole including the recession. However, the overall trend within the Lake region is upward with population gains, increasing disposable incomes, and increasing business interest, and Lake Ozark is positioned to capitalize on this trend.

PRIMARY THEMES FOR LAKE OZARK

- Lake Ozark experienced its greatest rate of growth between 1990 and 2000 (Figure 5.3) with an annual growth rate of 8.1%. Following this period, the rate decreased in the following decade due in part to the recession, but it appears that growth has resumed based on the 2014 population estimate.
- Figure 5.16 illustrates a population projection based on a 1% annual growth rate. This scenario reflects the more manageable growth rate experienced during the last decade. (Figure 5.3)
- To support a population of 1,851 by 2025, the city will need to produce a minimum of 98 additional housing units. This is fairly conservative compared to recent years. In the coming years Lake Ozark and Eldon, with their ability to manage and maintain infrastructure, should capture more of the growth that is happening in the rural areas, especially those areas away from the Lake (Figure 5.5).
- The city's housing demand (98 units) will need to include both new owner and renter occupied housing options.
  - Approximately 29 new owner-occupied units should be priced below $130,000
    - Some housing in this range can be produced by the private market with access to affordable lots. However, most of these units will be produced through assistance programs like low income housing tax credits or through a filter effect created by the production of move-up housing.
  - Approximately 24 rental units will need to be produced with monthly rents below $700 per month.
    - New rental housing construction traditionally demands rents in the range of $1 per square foot. Therefore, to produce housing priced below $450 per month programs like low income housing tax credits will need to be leveraged.
  - If the city wants to be home to more of its employment base, it will need to produce more housing that meets the needs of employees in retail jobs.

FIGURE 5.17: Population Projection, Lake Ozark

	2010	2015	2020	2025	2030
NATURAL	1,586	1,554	1,520	1,482	1,437
0.5% ANNUAL GROWTH	1,586	1,676	1,718	1,762	1,806
1.0% ANNUAL GROWTH	1,586	1,676	1,761	1,851	1,946
2.0% ANNUAL GROWTH	1,586	1,676	1,850	2,043	2,256

Source: RDG Planning & Design, 2016

FIGURE 5.18: Housing Demand Model, Lake Ozark

	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	1,676	1,761	1,851	
HOUSEHOLD POPULATION AT END OF PERIOD	1,676	1,761	1,851	
AVERAGE PEOPLE PER HOUSEHOLD	2.22	2.22	2.22	
HOUSEHOLD DEMAND AT END OF PERIOD	755	793	834	
PROJECTED VACANCY RATE	10.00%	10.00%	10.00%	
UNIT NEEDS AT END OF PERIOD	839	882	927	
REPLACEMENT NEED		5	5	10
CUMULATIVE NEED DURING PERIOD		48	50	98
AVERAGE ANNUAL CONSTRUCTION		10	10	10

Source: RDG Planning & Design, 2016

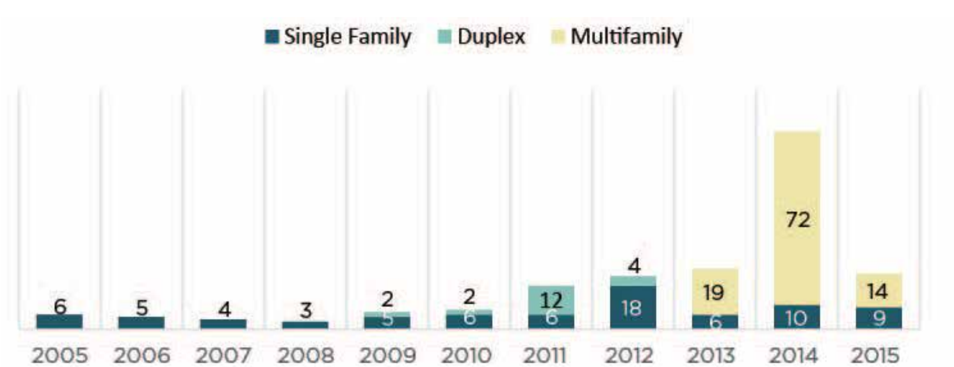


Figure 5.19: Lake Ozark Building Permit Activity (Source: U.S. Census Bureau)

- Figure 5.21 evaluates the availability of affordable housing relative to household income.
  - A surplus of housing units exists for households earning more than $150,000 per year, however many of these units are filled by retirees that have more net worth, but less income.
  - There is a shortage of units in all other price points making Lake Ozark unaffordable to many of those employed in the service industry and traditional employment sectors.
- The creation of 'affordable housing' for the city's workforce is important to the overall health of the community. However, these units often require assistance from state or federal incentives or through local policy initiatives.

FIGURE 5.20: Housing Development Program, Lake Ozark

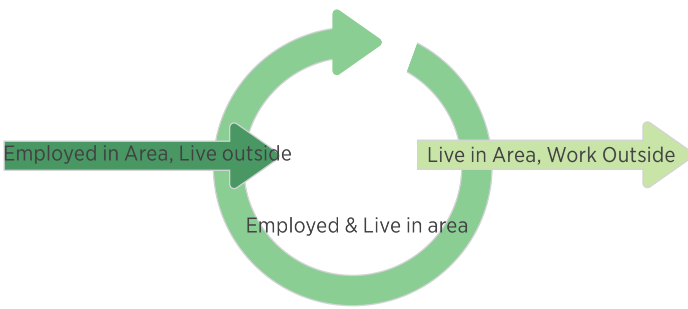
	2015-2020	2020-2025	TOTAL
TOTAL NEED	48	50	98
TOTAL OWNER OCCUPIED	29	30	59
AFFORDABLE LOW: 60-99,999	6	6	12
AFFORDABLE MODERATE: 100-129,999	8	8	17
MODERATE MARKET: 130-199,999	8	8	16
HIGH MARKET: OVER $200,000	7	7	14
TOTAL RENTER OCCUPIED	19	20	39
LOW: LESS THAN 449	6	7	13
AFFORDABLE: 450-699	5	6	11
MARKET: OVER $700	7	8	15

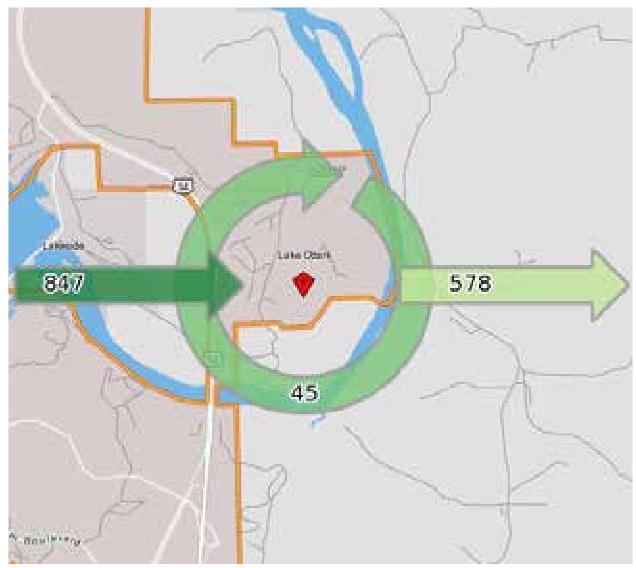
FIGURE 5.21: Affordability Analysis, Lake Ozark

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	SURPLUS/ SHORTAGE OF UNITS
$0-24,999	111	$0-49,999	41	$0-399	51	92	-19
$25,000-49,999	256	$50,000-99,999	63	$400-799	108	171	-85
$50,000-74,999	117	$100,000-149,999	94	$800-1,249	6	100	-17
$75-99,999	61	$150,000-199,999	37	$1,250-1,499	0	37	-24
$100-149,999	85	$200-$299,999	98	$1,500-1,999	0	98	13
$150,000+	38	$300,000+	170	$2,000+	0	170	132

Source: RDG Planning & Design

- Over the past 10 years, Lake Ozark's job market has changed only slightly.
  - The overall workforce has increased.
  - The number of residents working and living in Lake Ozark has increased.
  - The number of residents living in Lake Ozark and working elsewhere has decreased. This is likely due to the high cost of housing in Lake Ozark.





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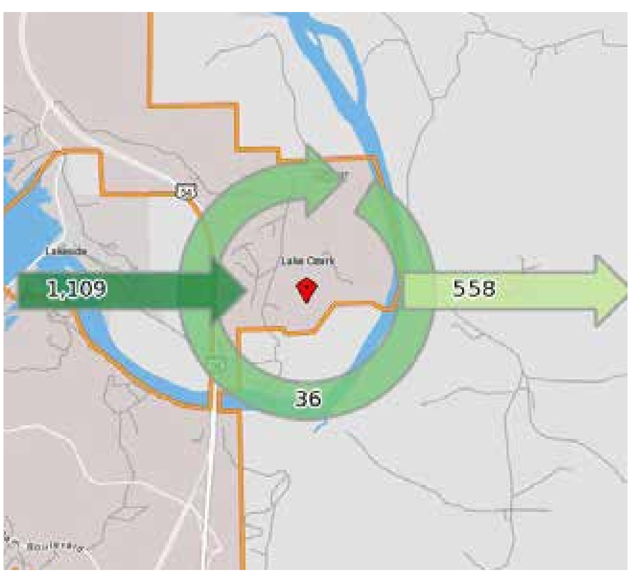

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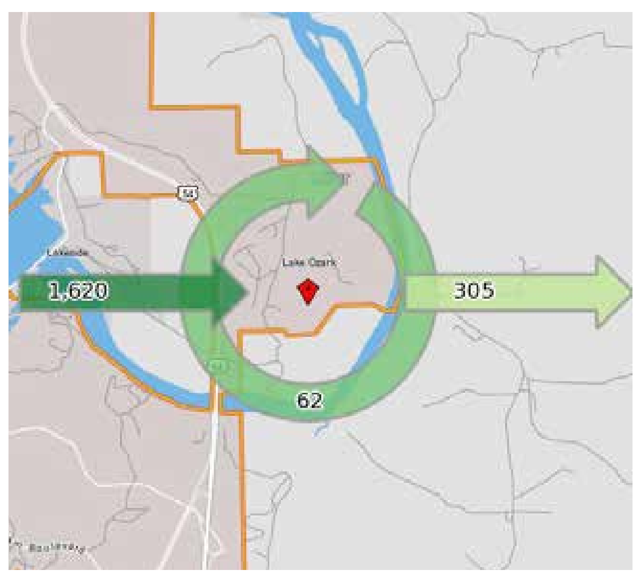


2014

Figure 5.22: Inflow/Outflow Job Counts, Lake Ozark
(Source: U. S. Census Bureau)

IBERIA

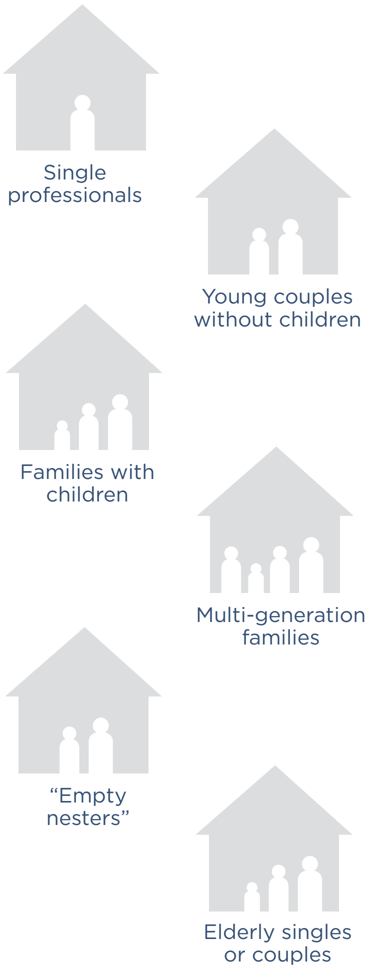
- Iberia is a traditional community that is separated both economically and physically from the influences of the Lake.
- The character of Iberia is rural with an older housing stock that is generally in fair to good condition.
- The city's population grew during the 2000s, likely driven by affordable housing and a higher birthrate. While the census estimates that the population has declined, quality affordable housing could continue to be appealing to regional workers.
- Iberia is a relatively affordable place in the region. The greatest challenges will be creating/retaining jobs, maintaining and increasing the number of quality housing units, and property maintenance.
- Many of the issues facing Iberia are similar to small communities throughout the region. A regional housing program should focus on:
    - Property maintenance and code enforcement
    - Housing rehabilitation
    - Neighborhood stabilization

IBERIA HIGHLIGHTS

Population Trends	
2000 Population	605
2010 Population	736
2014 Population Estimate	605
2030 Population Projection (0.5% AGR)	652

Housing Trends	
Housing Units	347
Owner Occupied Housing Units	187 (65% of occupied units)
Renter Occupied Housing Units	100 (35% of occupied units)
Seasonally Vacant	3 (0.8% of all units)
Mobile Homes	31

Housing Cost	
Median Value (Owner Occupied)	$75,400
Median Household Income	$27,500
Value to Income Ratio	2.74
Median Contract Rent	$521



COUNTY TRENDS

SURVEY

The regional survey, reviewed in Chapter 2 provides the data to assess housing perceptions in Miller County. With only 43 respondents with a Miller County ZIP Code as their primary residence, the results were assessed against community input at meetings in Lake Ozark and Eldon.

The trends in this section most closely reflect the perspectives of Eldon and the surrounding area near the Lake (65026) because these areas had the greatest number of responses to the survey.

Map 5.8 illustrates the ZIP Codes included in this analysis.

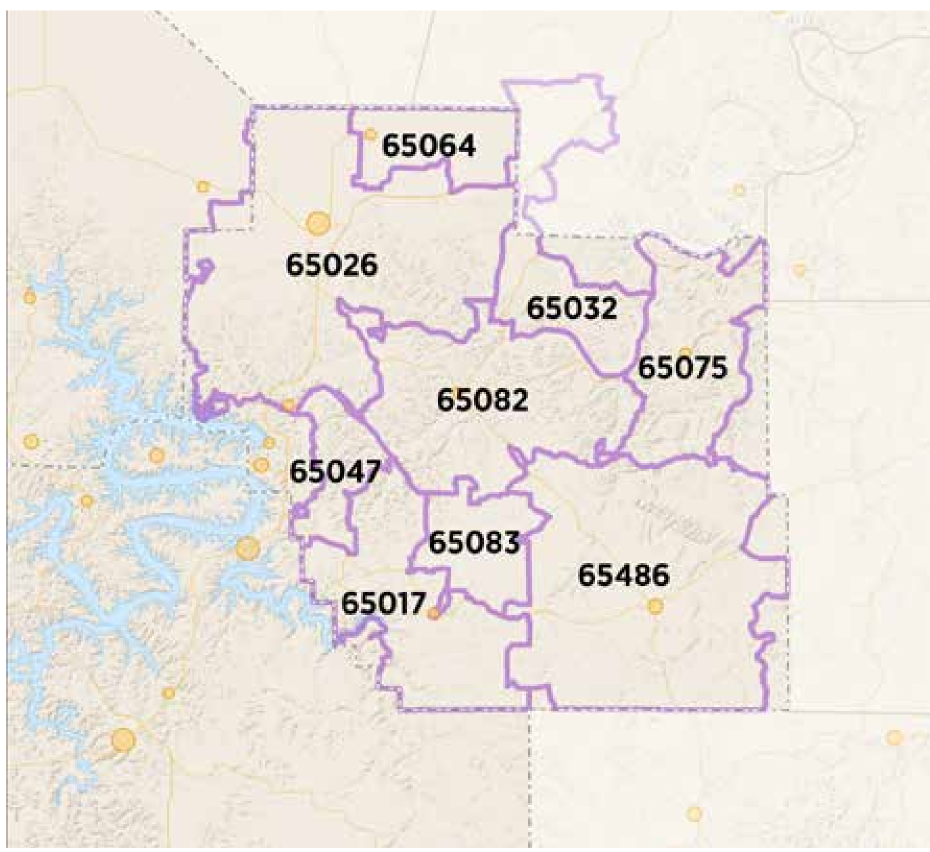
DO YOU BELIEVE THAT THE CURRENT HOUSING SUPPLY ADEQUATELY MEETS THE NEEDS OF THE FOLLOWING HOUSEHOLD TYPES IN YOUR COMMUNITY?

Participants were asked to respond to the above question for a number of different household types including:

- Single professionals, young couples without children, families with children, multi-generational families, "empty-nesters", and elderly singles or couples.

The intent of this question is to identify the areas where the housing market is serving effectively and those areas that are underserved.

- Across Miller County, respondents felt that "multi-generational families" were underserved whereas respondents felt "empty-nesters" were best served by the market.
- While by a smaller margin, respondents felt that the market effectively served "young couples without children."



Map 5.8: Zip Codes in Miller County Survey Analysis

WHAT NEW HOUSING PRODUCTS DO YOU THINK WOULD BE SUCCESSFUL IN YOUR AREA TODAY?

Participants were asked to respond to whether they felt a series of different housing products would be successful in their area of the county. The housing types were illustrated in the survey and include:

- Affordable small two- or three-bedroom house, mid-size three-bedroom house, larger home with four or more bedrooms, large lot residential housing; townhome or duplex, apartment, downtown upper-story residential, or independent senior living.

The intent of this question was to explore the type of housing products that may be needed in Miller County and its sub-regions.

- Across Miller County, respondents felt strongly that the following housing types would be most successful:
    - Independent senior living (91% favorable response rate)
    - Small two- or three-bedroom homes
    - Mid-size, three-bedroom homes
    - Apartments
    - Townhomes/duplexes
- The question is subjective, but does illustrates a demand and desire for high quality housing options for the senior population.
- Across Miller County, respondents felt that larger homes with four or more bedrooms would be least successful.
- Respondents generally responded negatively to the idea of downtown, upper story housing with only 23% stating that the product would be successful. While this response rate is low, downtown housing is a niche market that isn't right for everyone or every community. However, in a community like Eldon with a traditional 'Main Street,' the addition of housing above storefronts would benefit the downtown district and the community as a whole.

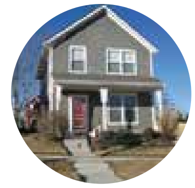
HOW WOULD YOU RATE THE SUPPLY OF BUILDABLE LOTS IN YOUR AREA?

Participants were asked about whether there was an adequate supply of buildable lots in their area of Miller County. The following options were provided:

- Severe over-supply, moderate over-supply, adequate supply, moderate under-supply, severe under-supply.

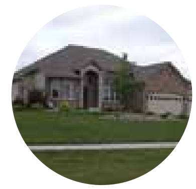
The intent of this question is to explore whether respondents feel the supply of buildable lots meets the demand of the development market or if it hinders it through either an over-supply or an under-supply.

- The majority of respondents indicated there is between an adequate supply (33%) and a moderate under-supply (30%) of buildable lots. This indicates the issue of available lots is less acute in Miller County, or at least in ZIP code 65026, than the other counties in the Lake region.



Affordable, small two- or three-bedroom house

Mid-size, three-bedroom house



Larger home with four or more bedrooms

Large Lot Residential Housing

Townhouse or Duplex

Apartment

Downtown upper-story residential

Independent, Senior Living Housing

MILLER COUNTY OPPORTUNITIES & CHALLENGES

Like Morgan County, Miller County's fertile landscape to the north and east provides a more balanced agriculture and tourism based economy. The county is diverse with character ranging from rural and remote on the east, to Eldon's traditional town center, to Lake Ozark and its entertainment district.

With its major population centers in close proximity to the Lake, Miller County is positioned to capture a good share of growth and economic advantage from the overall Lake Region. Both Eldon and Lake Ozark have strong character and offer a unique experience to visitors and residents of the region. The eastern portion of the county is more rural and remote. These areas are less connected to the Lake economy and only connected to other population centers and the interstate by narrower, slower speed highways.

Miller County, especially with its major population centers, is positioned to continue to evolve to a more significant role as a regional housing and commercial center.

CHALLENGES

The demographic analysis, conversations with residents, and survey results identify some reoccurring challenges the county is currently facing.

- Most of the county's housing demand is generated around the Lake. For communities away from the Lake, they will need to position themselves in the regional economy to attract more residents and build jobs through local entrepreneurship.
- Eldon is a well respected community with a unique character in the region. There is potential for Eldon to capitalize on its proximity to the Lake, its character, and its integrity to become an even more significant regional city. Efforts should focus on creating strong neighborhoods, reinforcing the quality and appeal of the community, and strengthening the commercial presence in the core of the city, as one of the region's few traditional downtown districts.
- Construction of workforce housing has been a challenge. The slow absorption rate for lower price points and the bankability of these households has driven many contractors to focus on the higher-end homes. If the county's communities want to attract new residents, they will need to find ways to create the jobs that will support housing construction or attract these households from the larger regional job market.

OPPORTUNITIES

The challenges facing Miller County may seem daunting but there are a number of significant opportunities arising from the county's role in the region, its ability to produce lots, and landscape.

- The county will have to capitalize on regional growth opportunities. Jobs and housing must be seen as a regional opportunity. Miller County's ability to provide more affordable lots in established communities like Eldon is not only important to the community but also the region as a whole. The landscape enables Miller County to produce a diverse range of residential lot types:
  - Traditional medium density neighborhoods in and around Eldon
  - Lake oriented housing opportunities
- The western section of Miller County is positioned to play a greater role in the region as a center of housing and commercial development, if it is able to find a way to create quality and affordable workforce housing opportunities within established communities.
- In the coming years, issues related to infrastructure, especially sewage treatment, will need to be addressed to assure the long-term value of existing residential units. This is truly a regional issue that could be addressed in a cooperative manner.

CHAPTER 6:
Laclede County

ACKNOWLEDGMENTS

The project team would like to acknowledge the contributions of the residents and partner organizations of Laclede County, who gave their time, ideas, and expertise for the creation of this plan. It is only with their assistance and direction the plan gained the depth necessary to truly represent the spirit of the county and it is with their commitment that the plan will be implemented.

Our sincere thanks to everyone involved including the following individuals and groups of special credit.

Lebanon City Council

Lebanon Regional Economic Development, Inc. (REDI)

Laclede Electric Cooperative Corporation

Lebanon Mayor Josh Ray

Lebanon Former Mayor Lyle Anderson

Laclede County Presiding Commissioner Danny Rhoades

(Laclede Board Representative for LOCLG)

Lebanon Area Chamber of Commerce Director Darrell Pollock

(Laclede Board Representative for LOCLG)

Lebanon City Councilman Chuck Jordan

(Lebanon Board Representative for LOCLG)

Lebanon City Administrator Chris Heard

Lebanon Assistant to the City Administrator Ben DeClue

Pete Spencer

Denzil Hellesen

Laclede County Landlords Association

Lebanon Board of Realtors

Lebanon - REDI President/CEO Brian Thompson

CONSULTING TEAM

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A PROFILE OF LACLEDE COUNTY

Laclede County is the only county in the Lake of the Ozarks Council of Local Governments (COLG) service area that does not touch the Lake. This means that they do see some of the recreational benefits from the Lake, but have an economy that is much less dependent on Lake activity. As opposed to others in the COLG, Laclede's economy is driven more by a strong manufacturing base and proximity to Fort Leonard Wood. This economic base means that Laclede County's housing challenges are different from the Lake region and closer to those experienced by the communities in northern Miller and Morgan County. The following section provides an overview of the housing challenges and opportunities in Laclede County and the county's two largest population centers.

POPULATION CHARACTERISTICS

The population trends and projections provide clarity on current housing demand and future housing needs.

Historic Trends

- Over the past 30 years, Laclede County has experienced steady growth.
  - The 1990s and 2000s were especially strong years for growth, resulting in 1.4% annual growth.
  - The majority of the county's growth occurred in the cities, but the rural areas of the county also experienced growth.
    - In most regions, rural growth usually occurs just outside city limit boundaries. This is somewhat true for Laclede, but the county has also seen scattered rural development well outside incorporated areas.
- Since 1980 Lebanon and Conway have experienced steady growth.
  - During the 2000s, Lebanon experienced strong in-migration (Figure 6.4). While the city's young population would have resulted in a small increase in population of less than 100 people through natural population change (births and deaths), the city actually grew by well over 2,000.
  - The recession likely slowed the city's growth but not to the level that many manufacturing communities experienced during this period.
  - While the census estimated that the county's population has stagnated since 2010, it would appear that Lebanon's is rebounding and experiencing some growth.
- Looking ahead, the county's economic prospects would indicate continued population growth.
  - During the 2000s the county experienced close to a 1% annual growth rate (AGR). If this level of growth is maintained the county will grow to over 41,000 by 2030.

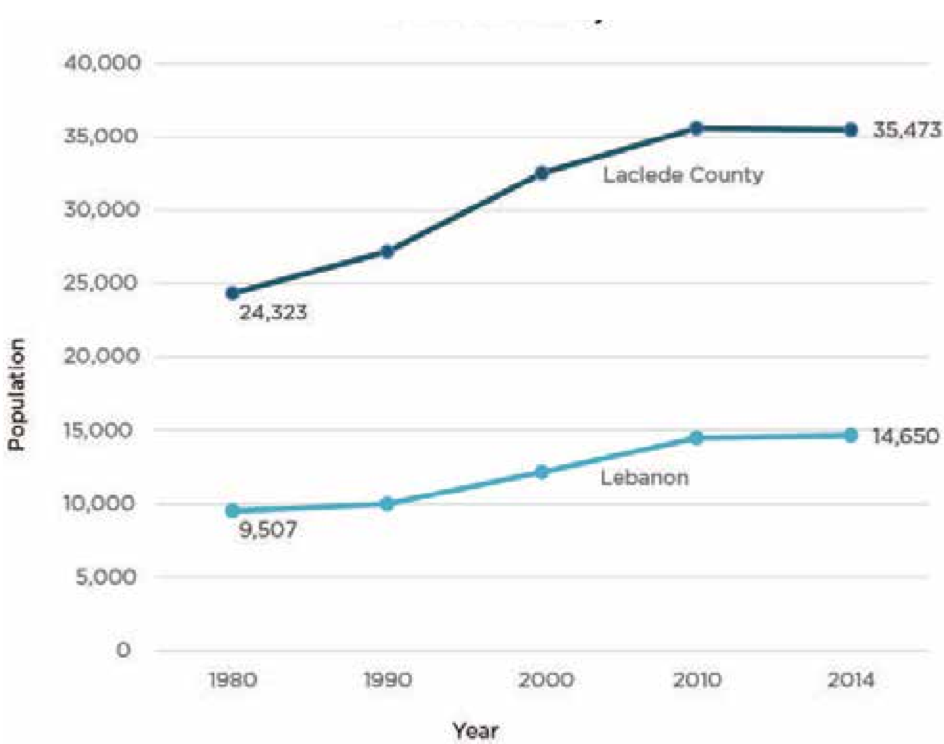


Figure 6.1: Laclede County Historic Population Change

FIGURE 6.2: Leclede County Regional Population Change

STUDY AREA:	2000	2010	2014	CHANGE 2010-2014	CHANGE 2000-2010	ANNUAL GROWTH RATE
LACLEDE COUNTY	32,513	35,571	35,544	-27	3,058	0.9%
Rural	19,217	19,871	19,477	-394	654	0.3%
Cities	13,296	15,700	16,067	367	2,404	1.7%

Source: U. S. Census Bureau

FIGURE 6.3: Historic Population Change

	1980	1990	2000	2010	2014	ANNUAL GROWTH RATE 2000-10	ANNUAL GROWTH RATE 1990-2010
LACLEDE COUNTY	24,323	27,158	32,513	35,571	35,473	0.90%	1.4%
BENNETT SPRINGS				130	156	-	-
CONWAY	601	629	743	788	1,139	0.59%	1.13%
EVERGREEN				28	32	-	-
LEBANON	9,507	9,983	12,155	14,474	14,650	1.76%	1.87%
PHILLIPSBURG	134	170	201	202	207	0.05%	0.87
STOUTLAND	286	207	177	192	185	0.82%	-

Source: U. S. Census Bureau; RDG Planning & Design

FIGURE 6.4: Predicted Versus Actual Population Change

	2000 POPULATION	2010 PREDICTED	2010 ACTUAL	PREDICTED VS. ACTUAL
LACLEDE COUNTY	32,513	33,357	35,571	2,214
CONWAY	743	755	788	+33
LEBANON	12,155	12,219	14,474	+2,255

Source: RDG Planning & Design

FIGURE 6.5: Population Projection, Laclede County

	2010	2015	2020	2025	2030
0% MIGRATION	35,571	36,003	35,923	35,815	35,597
1.0% ANNUAL GROWTH RATE	35,571	35,473	37,282	39,184	41,183
1.5% ANNUAL GROWTH RATE	35,571	35,473	38,214	41,168	44,349

Source: RDG Planning & Design

ECONOMIC CHARACTERISTICS

As noted above Laclede County's economy is different from other counties within the COLG. Laclede depends more on manufacturing jobs, employment at Fort Leonard Wood, and opportunities in the larger region, including Springfield. A county's job base plays an important role in the region's housing market, influencing the types and price points that the market will demand. A basic assessment of Laclede County's economic trends indicates:

- Approximately a quarter of all Laclede residents are employed in the manufacturing industry.
    - Most of these individuals are making less than $20 an hour, with most earning between $11 to $15 an hour. At these lower rates, homeownership is often not an option. Household income to housing costs will be discussed further later in this chapter.
- The next largest industry is education and health care. Salaries for starting teachers are approximately $32,000 a year, just above the average manufacturing job.
- The county's highest income households tend to live outside the two largest communities (Figure 6.7). This trend is very common, as often the new homes on the largest parcels of land tend to be located outside city limits. For Laclede, these homes are located on the east side of Lebanon, where some of the newest housing is located (Map 6.1).
    - The county's lower median income often leaves households earning just above the levels necessary to receive housing assistance and forcing them to either live in housing that is above affordable ranges, doubling up, or living in lower quality housing.
- Since 2005 Laclede County has lost approximately 1,300 jobs according to the U.S. Census Bureau.
    - Most of the county's job loss has occurred among those living and working in the city.
    - While the number of people living and working in the city has decreased significantly, a larger number of residents are both commuting in and out of the city than in 2005.
    - The recession likely played a role in the decreasing number of local jobs, but recent expansions and hiring data would indicate that this trend is beginning to reverse in 2016.
    - The trend change is creating additional housing demand to fill those jobs with local residents.
    - When employees can live and work in the same community they tend to have more disposable income, spending less on transportation costs.

FIGURE 6.6: Percentage of Labor by Industry Laclede County*

AGRICULTURE, FORESTRY, FISHING AND HUNTING, AND MINING	3.80%
CONSTRUCTION	5.00%
MANUFACTURING	25.90%
WHOLESALE TRADE	2.10%
RETAIL TRADE	13.70%
TRANSPORTATION AND WAREHOUSING, AND UTILITIES	4.20%
INFORMATION	1.30%
FINANCE AND INSURANCE, AND REAL ESTATE AND RENTAL AND LEASING	4.60%
PROFESSIONAL, SCIENTIFIC, AND MANAGEMENT, AND ADMINISTRATIVE AND WASTE MANAGEMENT SERVICES	5.50%
EDUCATIONAL SERVICES, AND HEALTHCARE AND SOCIAL ASSISTANCE	16.80%
ARTS, ENTERTAINMENT, AND RECREATION, AND ACCOMMODATION AND FOOD SERVICES	8.10%
OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION	4.90%
PUBLIC ADMINISTRATION	4.10%

Source: American Community Survey, 2014
*For comparison with other counties see Figure 2.6

FIGURE 6.7: Median Household Income

	2014 POPULATION	2014 ESTIMATED HOUSEHOLD INCOME	80% OF MEDIAN	50% OF MEDIAN
LACLEDE COUNTY	35,544	$38,693	$30,954	$19,347
LEBANON	14,650	$30,050	$24,040	$15,025
CONWAY	1,139	$27,200	$21,760	$13,600

Source: U. S. Census Bureau

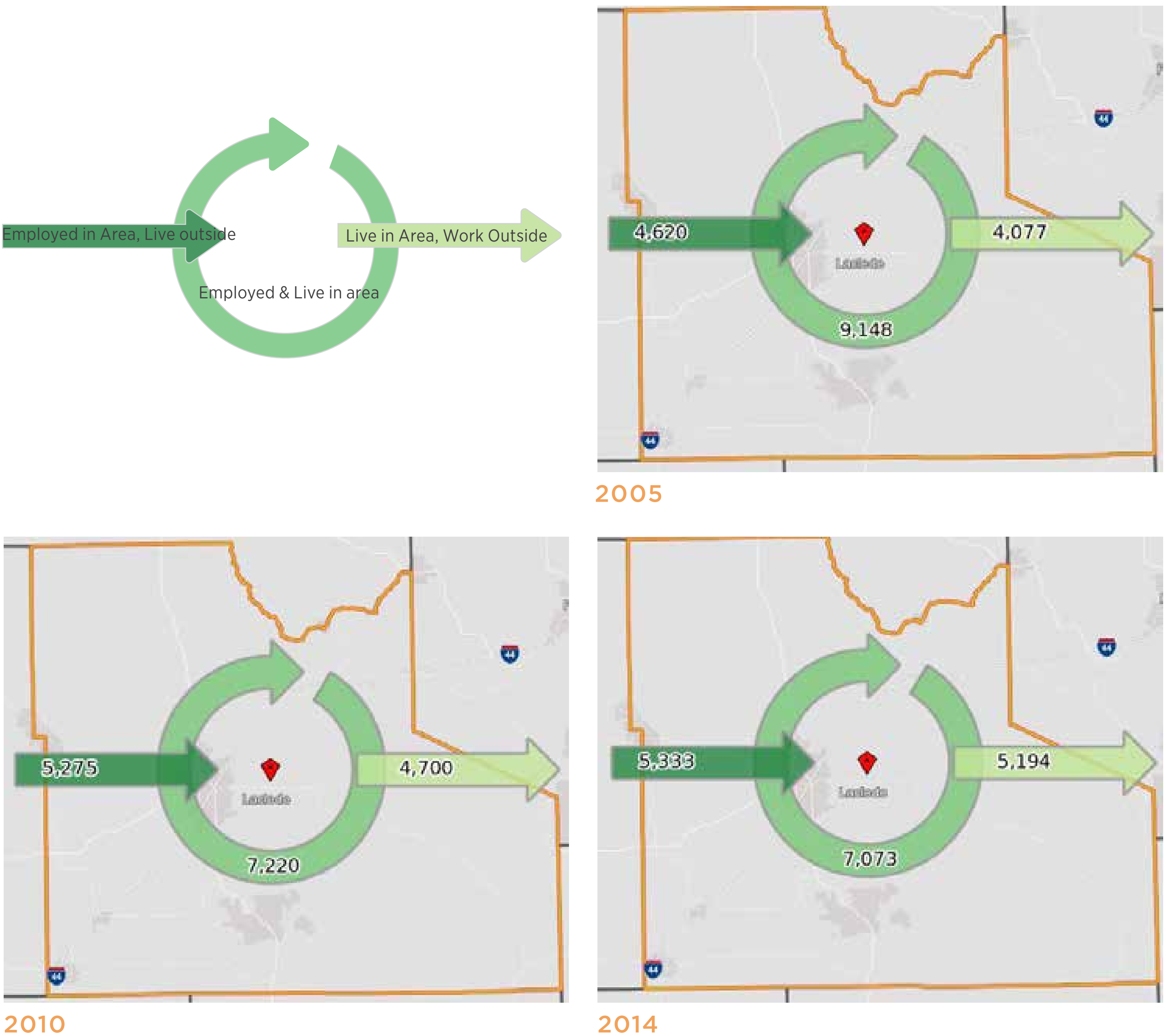


Figure 6.8: Inflow/Outflow Job Counts (Source: U. S. Census Bureau)

HOUSING CHARACTERISTICS

A community's housing characteristics illustrate the issues and opportunities that exist in the market. The following few pages offer an overview of Laclede County's housing stock based on U. S. Census and Missouri State data. Not only does this information provide insight on housing issues and opportunities, but may also suggest policy directions.

Housing Age & Opportunity

- The recession and housing crisis did not spare Laclede County. The number of single family building permits was four times greater in 2005 than in 2015.
    - No multi-family has been constructed since 2010, suggesting that any new rental housing is coming from the conversion of traditional single-family homes to renter occupancy.
    - Over the last 10 years, the variety of housing types has been limited, leaving young households, empty-nesters, and those just entering the housing market with few options.
- The age of housing across the county reflects the population boom that occurred in the 1990s and 2000s. New construction during these decades has resulted in a median age that is just around 30 years old (Map 6.1), a fairly young housing stock compared to most non-suburban counties.
- It would appear that families are drawn to areas outside of Lebanon with slightly higher people per household (Map 6.2). This may reflect housing choice and opportunity, where newer and larger homes can accommodate families.
- The slightly older housing stock in Lebanon, especially in the northwest census tract, means smaller household sizes and a much lower owner-occupancy rate.
    - Rental housing accounts for half, or over half, off all housing within Lebanon's census tracks.
    - The low percentage of owner-occupancy and smaller household sizes in Lebanon all indicate that families are leaving the community to find housing in the county and broader region. For many, this may mean finding housing that is newer and larger; for others it may include more affordable mobile home housing in scattered lots around the county.

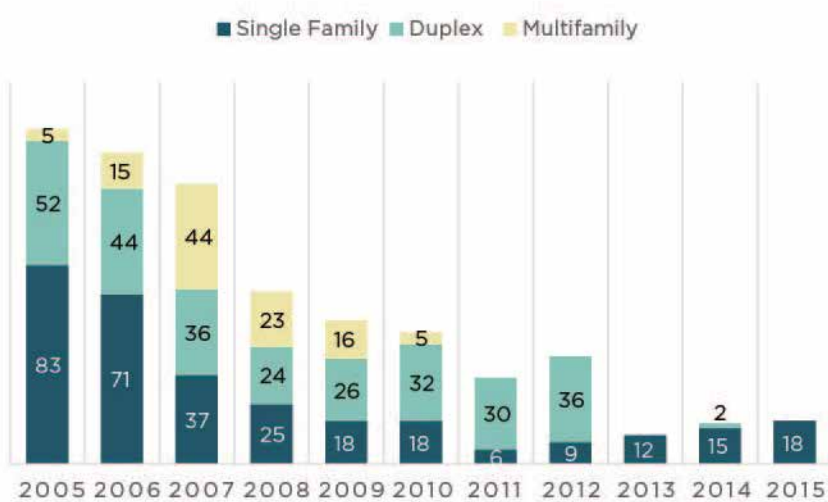
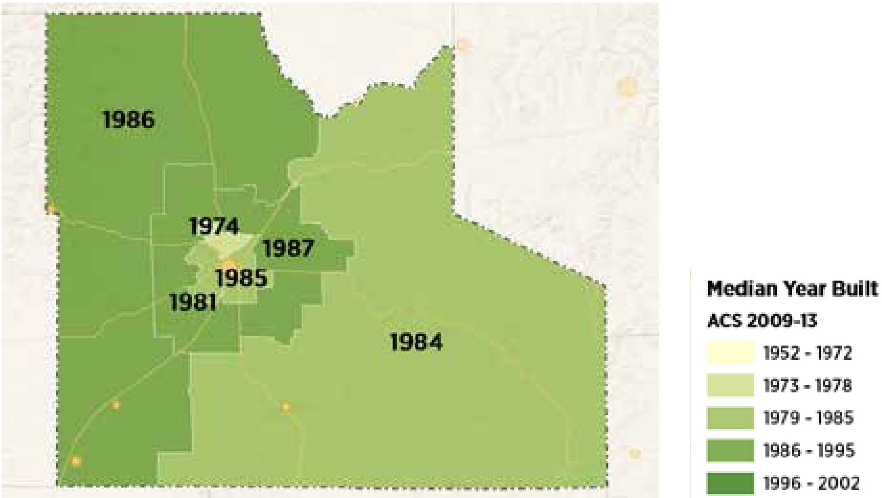
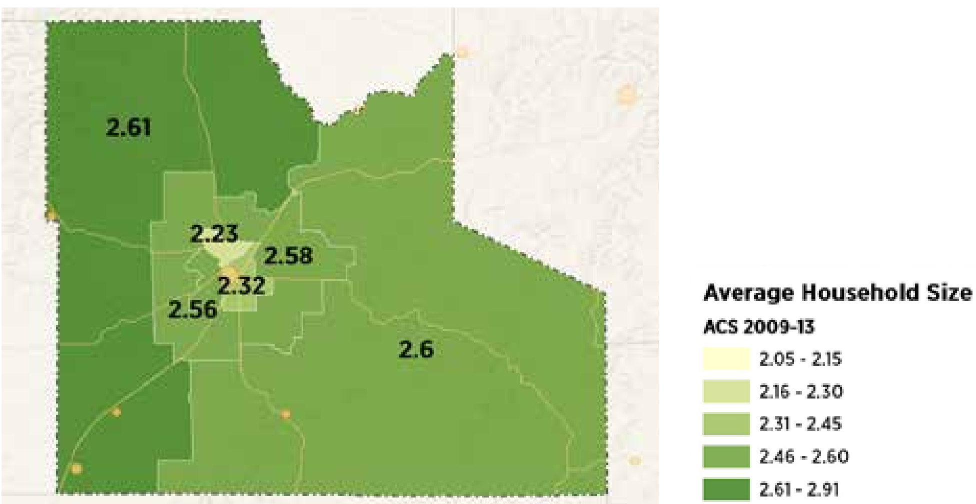


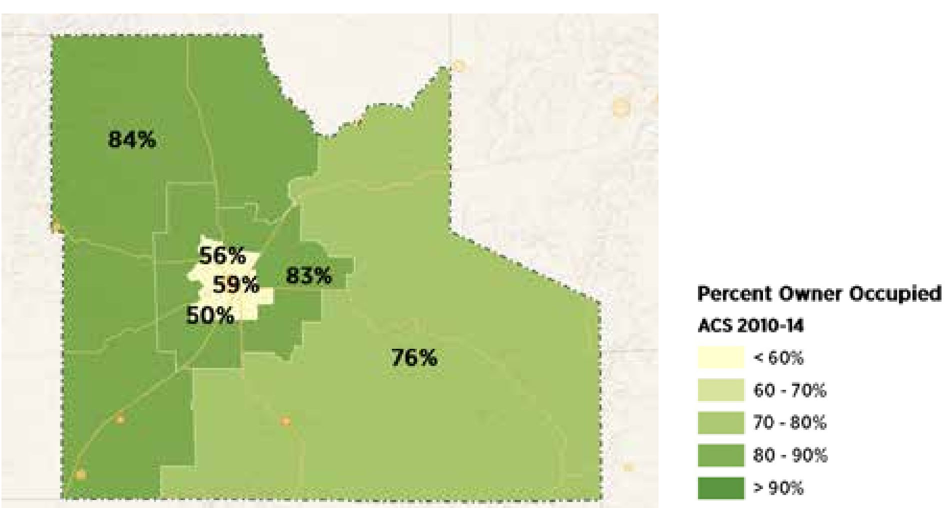
Figure 3.9: Laclede County Building Permits (Source: U. S. Census Bureau)



Map 6.1: Median Year Built by Census Tract



Map 6.2: Average Household Size by Census Tract



Map 6.3: Percent Owner Occupied by Census Tract

Laclede County has approximately 2,441 occupied mobile home units; 18% of all occupied housing units*

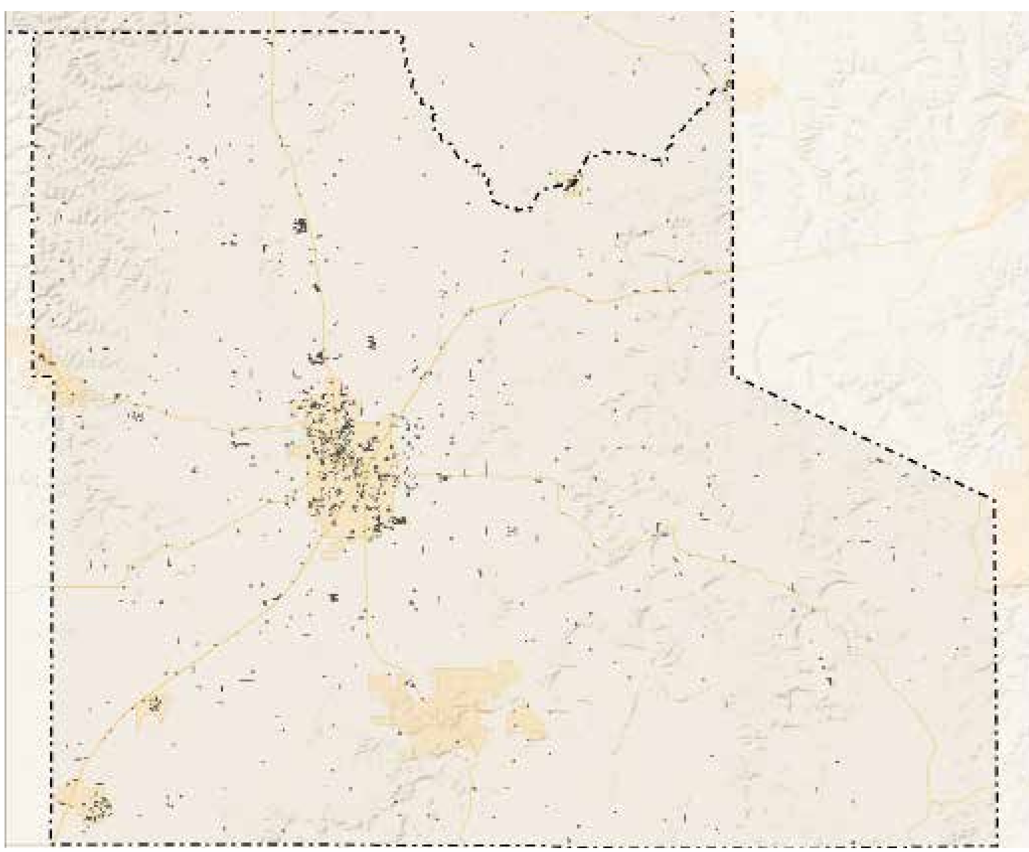
*Sources: American Community Survey, 2014

- Map 6.3 illustrates the number of vacant lots available around the county. The majority of the vacant lots are located in Lebanon or along the county's highway system.
    - The existing supply of lots have fewer site constraints than many of the lots across the COLG's service area. For Laclede, this means lower lot development costs and ultimately the ability to bring lower cost housing products to the market.

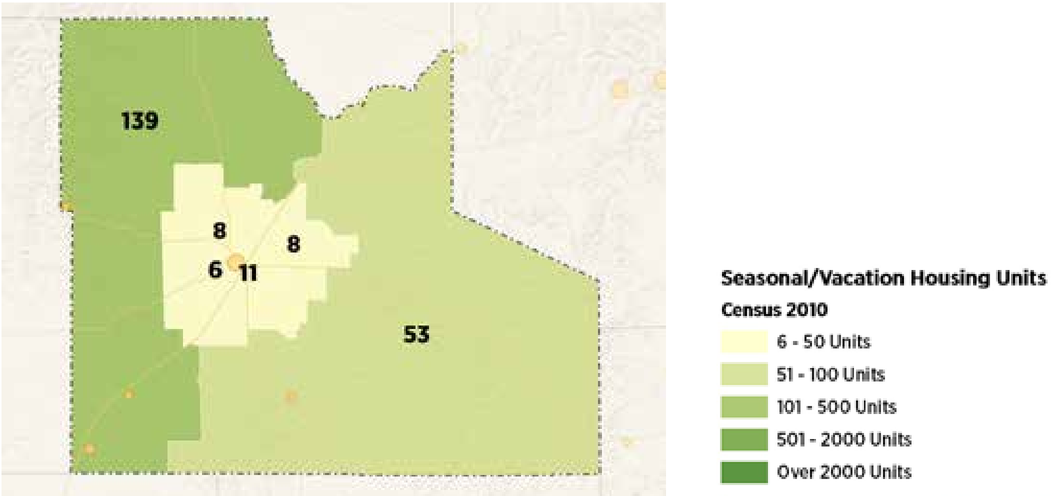
Housing Costs

- Like others in the region, many residents depend on more affordable mobile homes for housing. While this is a viable option long-term, these units depreciate and make it hard for home-owners to build equity while diminishing their overall net worth.
- Home values within Laclede County are comparable to those areas away from the Lake in the LOREDC region. With a much smaller number of seasonally vacant housing units, Laclede's housing market is less driven by outside residents and Lake oriented forces.
- It is interesting to note that lowest home values (Map 6.6) are located in the same census tract as some of the newest housing (Map 6.1). This is somewhat unusual, but may indicate a heavier concentration of mobile housing in the northwest quadrant of the county.
- Rent levels across the county are fairly comparable and reflect income levels that can only bear so much within the market.

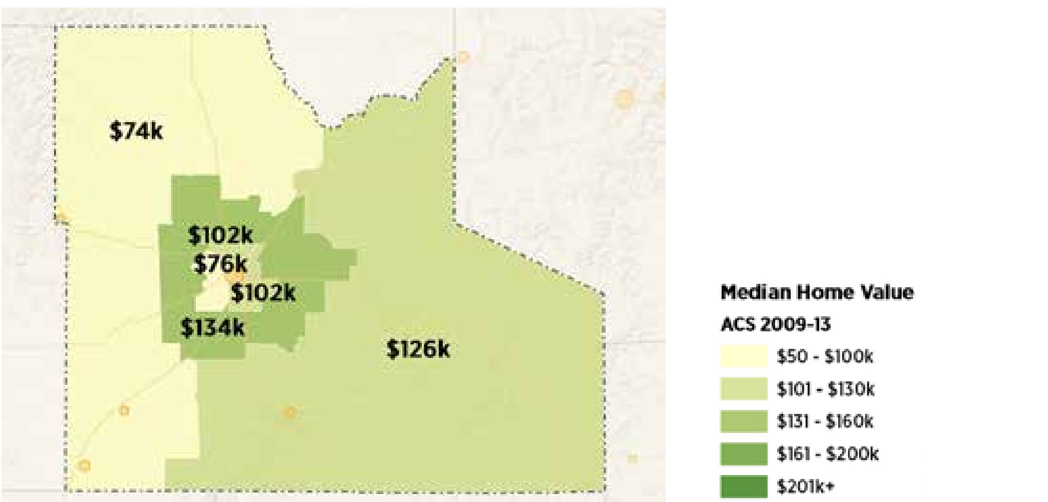
Laclede County has 2,250 vacant parcels and 7% have slopes greater than 20%



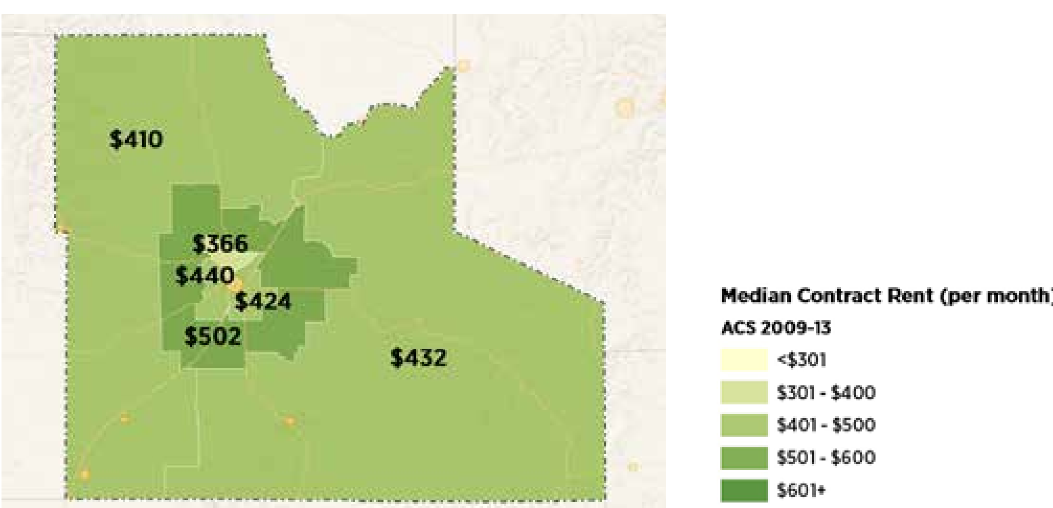
Map 6.4: Vacant Lots Camden County



Map 6.5: Seasonally Vacant Units by Census Tract



Map 6.6: Median Home Value by Census Tract



Map 6.7: Median Contract Rent by Census Tract

The definition of affordable housing is determined by a household's income. What is affordable to one income bracket is not necessarily affordable to another.

- The definition of affordable housing is different for every household and determined by that household's income. For most Laclede residents, owner-occupied housing remains at approximately 30% of the household's income.
  - Owner-occupied housing for residents of Lebanon tends to be slightly more costly. This is likely more the result of lower incomes ($8,000 less than the county overall) than of higher home values ($4,000 less than the county).
  - However, overall housing burden seems to be less than the county (Figure 6.10), paying more than 30% for owner cost. This may indicate a higher number of older households (Map 6.2) who make less money, but own their homes, or at least owe much less on homes that have appreciated since purchase.
  - Rental housing in the county as a whole, and Lebanon, is comparable and driven by the fact that Lebanon supplies the overwhelming majority of the county's rental housing stock.
  - Residents in rental housing appear to experience greater housing cost burdens than those in owner occupancy. This is a reflection of the county's lower income levels and lack of rental housing construction over the past 10 years.

Households spending more than 30% of their income on housing are considered to be housing burdened or in living that is not affordable.

For owner-occupied households, this traditionally correlates to home values that are 2.5 times a household's income. Households spending more than 3.0 times their income would be considered to be housing burdened.

FIGURE 6.10: Estimated Housing Costs and Incomes (Cities)

	MEDIAN HOUSEHOLD INCOME	MEDIAN CONTRACT RENT	% PAYING MORE THAN 30% IN GROSS RENT	MEDIAN HOME VALUE	% PAYING MORE THAN 30% FOR OWNER COSTS	VALUE TO INCOME RATIO
LACLEDE COUNTY	$38,693	$422	51.1%	$99,900	33.4%	2.58
LEBANON	$30,050	$428	49.5%	$95,200	20.4%	3.17
CONWAY	$27,200	$388	65.3%	$65,500	22.4%	2.41

Source: U. S. Census Bureau

COMMUNITY PROFILE

The following section is a broad overview of housing in Lebanon and Conway, the county's largest communities. This includes projections for housing demand and the mix of housing that is needed to support the city's future population.

LEBANON

The largest city in Laclede County, Lebanon is the center of commerce, jobs, and housing. Major industry, eduction, and access to Interstate 40 make the city strategically positioned for continued growth. This economic base creates demand for workforce housing that supports existing employees and any expansion of the job market.

Primary Themes for Lebanon

- During the last decade, the city experienced an annual growth rate close to 1.76%. The city's young population would indicate that natural growth would occur as a result of more births than deaths. Ahead of the recession, birth rates were trending higher and thus predicted populations may be even higher than illustrated in Figure 6.11.
- Annual growth rates close to 2% are often difficult for communities to maintain and build activity since the 2010 census would indicate that the city's population growth slowed dramatically as compared to the previous 20 years.
  - Figure 6.12, illustrating building permit activity, would support a census population estimate that is well below 0.2% annually.
  - In the last two years, the city's economy appears to be gaining momentum and interest in building new homes has increased.
  - Based on improved economic outlook, a population projection that is closer to 1% annually is used to established a housing demand model for the city.

FIGURE 6.11: Population Projection, Lebanon

	2010	2015	2020	2025	2030
NATURAL	14,474	14,577	14,696	14,785	14,853
0.2% ANNUAL GROWTH	14,474	14,650	14,797	14,946	15,096
0.5% ANNUAL GROWTH	14,474	14,650	15,020	15,399	15,788
1.0% ANNUAL GROWTH	14,474	14,650	15,397	16,183	17,008

Source: RDG Planning & Design, 2016

Figure 6.11 shows different projected population scenarios for Lebanon. This includes natural population change. This scenario is based on birth and death rates and the city's 2010 population make up. Cities with older populations will experience more deaths than births resulting in a natural population decline. Conversely, young populations will result in more births than deaths and a naturally increasing population.

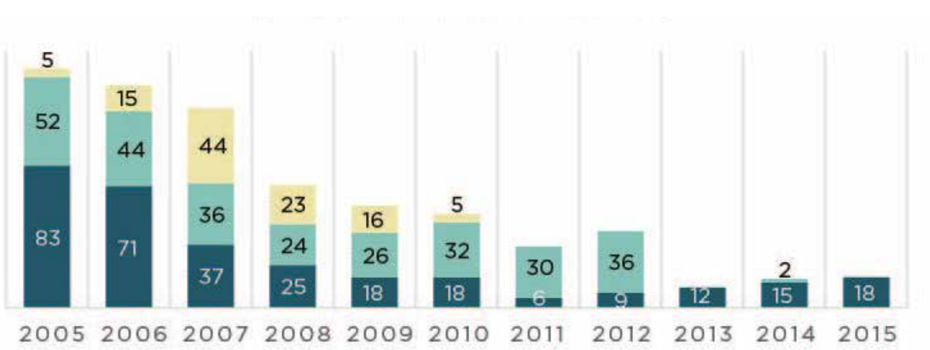


Figure 6.12: Lebanon Building Permit Activity

Housing Demand Analysis

The Housing Demand Analysis builds on the population projections, housing trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions:

- Household population at the end of the period does not include residents living in group care facilities, dormitories, and other institutional quarters. For this analysis it is assumed that this population will remain stable through the planning period.
- Average people per household is expected to remain constant over the next decade. Some growth may occur as millennials move into their childbearing years but this forecast focuses on the demand created by this cohort leaving their parents homes and the housing needs they will have.
- Unit demand at the end of the period is calculated by dividing household population by the number of people per household. This equals the number of occupied housing units.
- A manageable housing vacancy provides housing choice for new residents moving to a community. Lebanon's rate is unusually high. This may reflect lingering effects of the recession or a number of dilapidated vacant homes. This model removes those units and seeks to reduce the vacancy rate to 5.7%, a rate that reflects rates shared by property owners.
- Unit needs at the end of each period are based on the actual household demand plus the number of projected vacant units.
- Replacement need is the number of housing units demolished or converted to other uses. Homes in poor condition or obsolete should gradually be replaced in a city's housing supply. The number of units lost annually is based on both the quantity and quality of a community's housing stock.
- Cumulative need shows the number of total units needed between the base year of 2015 and the year indicated at the end of the period.

- For Lebanon a 1% annual growth rate will result in a 2025 population of just over 16,000.
- Recent building activity is not adequate to support this level of growth and will need to increase to rates similar to those before the recession.
  - Projecting housing demand depends on several factors beyond only the city's projected population. Additional considerations include:
    - The number of residents living in households, as opposed to group quarters such as dorms or skilled nursing units.
    - The average household size. The smaller a community's households, the greater number of housing units will be needed to support the overall population.
    - The number of vacant units. Some vacancy is healthy for any community. In Lebanon's case, the census estimates a vacancy rate of nearly 11%, fairly high for a community with little seasonal vacancy. Much of the city's vacant units are categorized as "other vacant," meaning these units are not seasonal, not for rent or sale. Feedback from stakeholders in the community indicates that the housing market is fairly tight, supported by the low construction activity. Therefore, it is assumed that many of the units that are considered vacant are not habitable or are in very poor condition. If these units are removed from the estimate, the city has a nominal vacancy rate closer to 6%, a rate closer to that described by many stakeholders.
    - Every year some units do leave the market for various reasons. This may include demolition or conversion to other uses. For Lebanon, replacement need is projected to be approximately four units annually. This may be higher if the community feels there is a need to aggressively remove deteriorated housing.
  - All of these factors generate a demand for an additional 713 units by 2025, or approximately 71 units annually.
    - This is a fairly conservative estimate and pent-up demand may create an even higher need for housing, especially for renter units and other non-traditional townhome and senior oriented housing.

FIGURE 6.13: Housing Demand Model, Lebanon

	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	14,650	15,397	16,183	
HOUSEHOLD POPULATION AT END OF PERIOD	14,313	15,043	15,811	
AVERAGE PEOPLE PER HOUSEHOLD	2.36	2.36	2.36	
HOUSEHOLD DEMAND AT END OF PERIOD	6,065	6,374	6,699	
PROJECTED VACANCY RATE	5.70%	5.70%	5.70%	
UNIT NEEDS AT END OF PERIOD	6,431	6,760	7,104	
REPLACEMENT NEED		19	21	40
CUMULATIVE NEED DURING PERIOD		347	366	713
AVERAGE ANNUAL CONSTRUCTION		69	73	71

- The city's current income make-up offers some guidance on the type of housing and price points needed in the community.
  - Figure 6.14 builds a development program around existing income levels, price points affordable to those incomes, and the assumption that future construction will need to address the lack of rental housing construction that has occurred over the past 10 years.
  - Over the next 10 years, approximately 193 units will need to be generated that are valued below $130,000. This price point is at the bottom limit of what the private market can produce without assistance. Therefore the majority of housing produced at these price points will require assistance that may occur in a number of different ways. These approaches are discussed further in Chapter 7.
    - Much of the demand for housing priced below $100,000 will need to come for the city's existing housing stock. The construction of move-up housing and new multi-family housing is the best way to ensure this stock of housing becomes available for new owner occupancy.
  - In addition to more affordable owner-occupied options, new rental housing priced below $450 a month will be needed. These units cannot be produced by the private market and will require assistance.

FIGURE 6.14: Housing Development Program, Lebanon

	2015-2020	2020-2025	TOTAL
TOTAL NEED	347	366	713
TOTAL OWNER OCCUPIED	174	183	356
AFFORDABLE LOW: $60-99,999	54	57	112
AFFORDABLE MODERATE: $100-129,999	39	42	81
MODERATE MARKET: 130-199,999	37	39	76
HIGH MARKET: OVER $200,000	42	45	87
TOTAL RENTER OCCUPIED	174	183	356
LOW: LESS THAN 449	62	65	127
AFFORDABLE: 450-699	55	58	112
MARKET: OVER $700	57	60	117

Housing Development Program

Building on the Housing Demand Model, the Development Program forecasts production targets for owner and renter occupied units based on the following assumption:

- Owner-occupied units will be distributed roughly in proportion to the income distribution of households for whom owner-occupancy is an appropriate strategy.
- Most low-income residents will be accommodated in rental units.

Theoretically, a household budget must be divided among basic housing costs, other essential needs, and costs to maintain a home. Households spending a large share of income on basic housing have less money to spend on other essentials and fewer resources to maintain their homes. Figure 3.13 evaluates the availability of affordable housing and compares the quantity of housing that is affordable to each income group. A positive balance indicates a surplus of housing within the affordability range of each respective income group, while a negative balance indicates a shortage.

- The demand for workforce housing is further illustrated in Figure 6.15 which compares the number of housing units available to different households based on the household's income. This analysis indicates:
  - The city has a large stock of housing priced below $100,000 and rents below $800. However, in the lowest incomes category, the market would appear to be very tight (-5 units), leaving them with few options but to pay a larger portion of their income toward housing.
  - A shortage of housing priced above $200,000 leaves many higher income households competing with lower income households for the same housing units.
    - › Real estate agents indicated a demand for quality housing priced between $100,000 and $150,000. A shortage does appear to exist in this market and is also likely increased by the demand created by higher income households.
  - Lebanon has very few higher cost rental units, leaving few options for higher income households. While these income ranges often demand owner-occupancy, it is not uncommon for those households to look to rent when they first arrive in a community.
- Following the recession, the census estimates that there are 1,200 fewer jobs in Lebanon then there were in 2004 (Figure 6.16).
  - Although the number of people working in Lebanon has decreased, the number working outside the city has increased some since 2004.
    - › The increased number of residents working outside the city reflects demand from large job centers like the Fort and Springfield.
  - The city's employment base has remained fairly constant at approximately 5,142. However, the number of people finding work in the city declined, while the number working outside the city increased.

FIGURE 6.15: Affordability Analysis, Lebanon

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	SURPLUS/ SHORTAGE OF UNITS
$0-24,999	1,819	$0-49,999	601	$0-399	1,213	1,814	-5
$25,000-49,999	2,202	$50,000-99,999	1,137	$400-799	1,442	2,579	377
$50,000-74,999	898	$100,000-149,999	712	$800-1,249	69	781	-117
$75-99,999	193	$150,000-199,999	338	$1,250-1,499	0	338	145
$100-149,999	695	$200-$299,999	228	$1,500-1,999	13	241	-454
$150,000+	200	$300,000+	211	$2,000+	43	254	54

Source: RDG Planning & Design

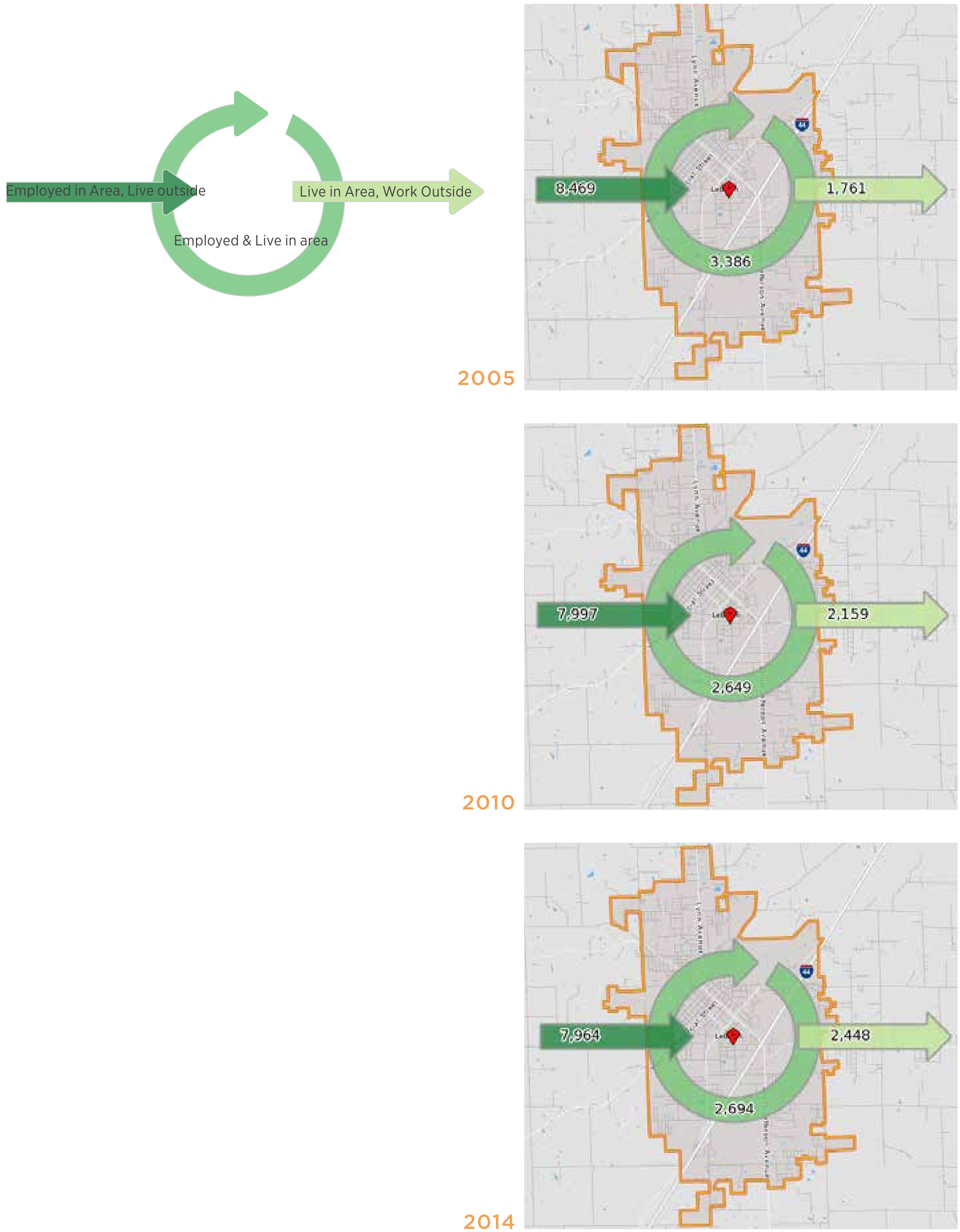


Figure 6.16: Inflow/Outflow Job Counts - Lebanon
(Source: U. S. Census Bureau)

CONWAY

Over the past 50 years Conway has been a stable rural community in Laclede County. The community has a strong sense of pride and has attracted residential growth based on its proximity to jobs in both Lebanon and Springfield.

Primary Themes for Conway

- Between 1980 and 2010, the city experienced a steady growth of nearly 1% annually.
  - The 2014 population estimate indicates significant growth in the city at a rate closer to 10% annually. While the city has likely experienced some building activity, the city would not support this population increase.
    - Upon closer examination of the Census Bureau's estimate it appears that the margin of error for the 2014 estimate is +/- 334. Therefore, on the low end, the city's population may be in the range of 804. This population estimate would still indicate growth and a rate of growth that is closer to that experienced during the previous three decades.
- Figure 6.17 illustrates different projection scenarios for Conway.
  - If the 2014 estimate of 1,139 is used, assumed to be correct, and this rate of growth would continue over the next fifteen years, the city's 2030 population would grow to over 4,500.
  - A second scenario applies the historic pattern of 1% annual growth to the base population of 1,139, generating a 2030 population of just over 1,300.
  - A third scenario assumes that the city's actual 2015 population is close to 800 and applies historic patterns to generate a population of just over 930 by 2030.
- The city's young population supports continued growth but more likely at a moderate rate. For the purposes of this study it is assumed that the city's actual 2015 population is close to 800 and will grow to over 900 by 2030.

FIGURE 6.17: Population Projection, Conway

	2010	2015	2020	2025	2030
NATURAL	788	796	805	815	824
9.0% ANNUAL GROWTH	788	1,139	1,805	2,862	4,536
1.0% ANNUAL GROWTH	788	1,139	1,197	1,258	1,322
1.0% ANNUAL GROWTH	788	804	845	888	933

Source: RDG Planning & Design, 2016

- This level of growth will require at least five additional housing units each year for a 10-year demand of just over 50 units.
- Similar to Lebanon, Conway's vacancy rate includes a large margin of error and most of that error occurred in homes that were not for rent or for sale. Again it is assumed that most of these units are not habitable and should not be counted as viable housing units. Therefore, it is estimated that the city's vacancy rate is closer to 9.6%.
    - Some vacancies are necessary to create a healthy variety of housing options. Too few vacancies can drive up housing costs and result in poor quality housing not being improved. On the other hand, vacancy rates over 6% can stifle the construction market and limit appreciation in home values.
        - Over the next 10 years Conway's vacancy rate should slowly decline through the improvement of existing housing units and the removal of deteriorated structures.
- Building permit activity for Conway was not available, but a visit to the city indicates that most new housing has been in the form of single-family residential. The city does have some traditional multi-family structures, but most of these units appear to have been constructed well before 2005.
- Future housing development should include a mix of housing styles, especially townhome or duplex projects that may be appealing to seniors. A small senior oriented housing project in a community the size of Conway results in their existing homes being sold. These homes are often in price ranges and styles that are appealing to young families.

FIGURE 6.18: Housing Demand Model, Conway

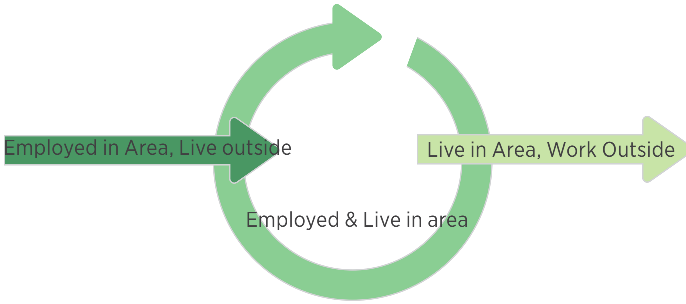
	2015	2020	2025	TOTAL
POPULATION AT END OF PERIOD	804	845	888	
HOUSEHOLD POPULATION AT END OF PERIOD	804	845	888	
AVERAGE PEOPLE PER HOUSEHOLD	2.60	2.60	2.60	
HOUSEHOLD DEMAND AT END OF PERIOD	309	325	342	
PROJECTED VACANCY RATE	9.60%	7.85%	6.10%	
UNIT NEEDS AT END OF PERIOD	342	353	364	
REPLACEMENT NEED		15	15	30
CUMULATIVE NEED DURING PERIOD		26	26	52
AVERAGE ANNUAL CONSTRUCTION		5	5	5

- Figure 6.19 would indicate that the greatest demand for housing in Conway exists among households making over $50,000.
- Although there appears to be a surplus of housing for households earning less than $50,000, it is not uncommon for these households to struggle to find quality housing. In a tight housing market with little variety and few options, the lowest income brackets are often pushed to the lowest quality housing or housing that creates a financial burden.
- Well positioned within the county and along Interstate 40, the city should continue to be an attractive community for affordable housing and small town atmosphere.
  - Conway has seen a small increase in the number of jobs; however, most of these jobs are filled by individuals living outside the city.
  - Most Conway residents are employed outside of the city and this is a reflection of the city's easy access to job centers.
  - Over the coming years the city should offer more diverse housing options to attract workers to the city who are currently commuting from the surrounding area.

FIGURE 6.19: Affordability Analysis, Conway

INCOME RANGE	# HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	SURPLUS/ SHORTAGE OF UNITS
$0-24,999	118	$0-49,999	72	$0-399	77	149	31
$25,000-49,999	106	$50,000-99,999	100	$400-799	40	140	34
$50,000-74,999	55	$100,000-149,999	22	$800-1,249	0	22	-33
$75-99,999	20	$150,000-199,999	10	$1,250-1,499	0	10	-10
$100-149,999	30	$200-$299,999	9	$1,500-1,999	0	9	-21
$150,000+	3	$300,000+	2	$2,000+	0	2	-1

Source: RDG Planning & Design



2005

2010

2014

Figure 6.20: Inflow/Outflow Job Counts - Conway
(Source: U. S. Census Bureau)

COUNTY TRENDS

The story of a county or region's housing is more than just data and statistics, but is also told through the stakeholders and residents that live in the county. To fully tell the story of Laclede's housing market, conversations and interviews were conducted with stakeholders, in addition to a general housing market survey that gauged individual perceptions of the housing market. The following section provides an overview of residents' and stakeholders' personal experiences and perceptions of the market.

SURVEY

Two surveys were conducted as part of this study. One was directed to those counties within the Lake of the Ozarks Regional Economic Development Council (LOREDC) area and a second to Laclede and Lebanon. A summary of the LOREDC regional survey can be found in Chapter 2. The following is a summary of the survey that was available to those living and working in Laclede County.

Demographics of Respondents

- Of the 181 respondents who started the survey, more than 170 completed at least two questions and more than 160 completed the majority of questions.
- A large percentage of respondents were young and residing in rental units, a pattern not often seen in these types of surveys.
  - Over 28% of respondents were between the ages of 18-29, an age range that is often entering the market for the first time, traditionally as renters.
  - Over 50% of respondents rent their current home, an unusually high response rate. Only 9% of respondents to the LOREDC housing study were renting. However, a much larger percentage of Lebanon residents rent their housing, as compared to other communities in the COLG's region.
- The largest percentage of respondents earn between $25,000 and $50,000, income that can support rental housing priced between $400 and $800 a month.
- Twenty-seven percent of respondents indicated household incomes below $25,000. Often these income groups are the hardest to capture and likely indicated a strong awareness of housing issues and need within the county.

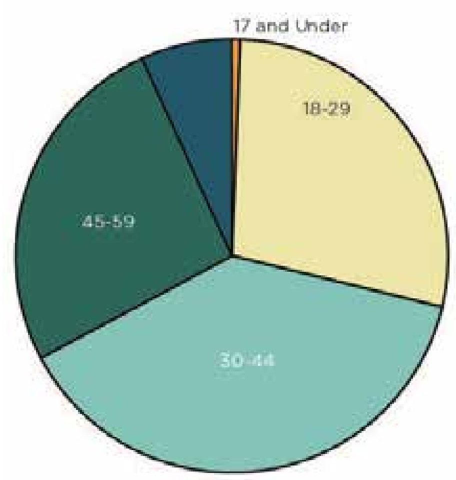


Figure 6.21: Age of Respondents

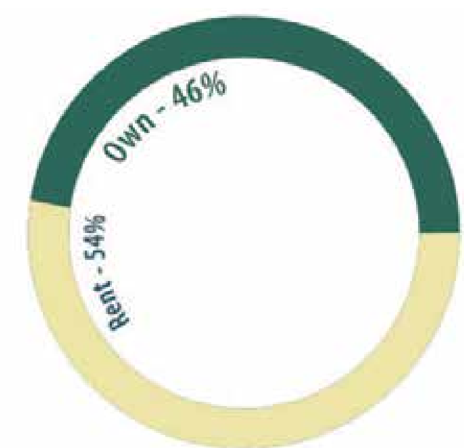


Figure 6.22: Tenure of Respondents

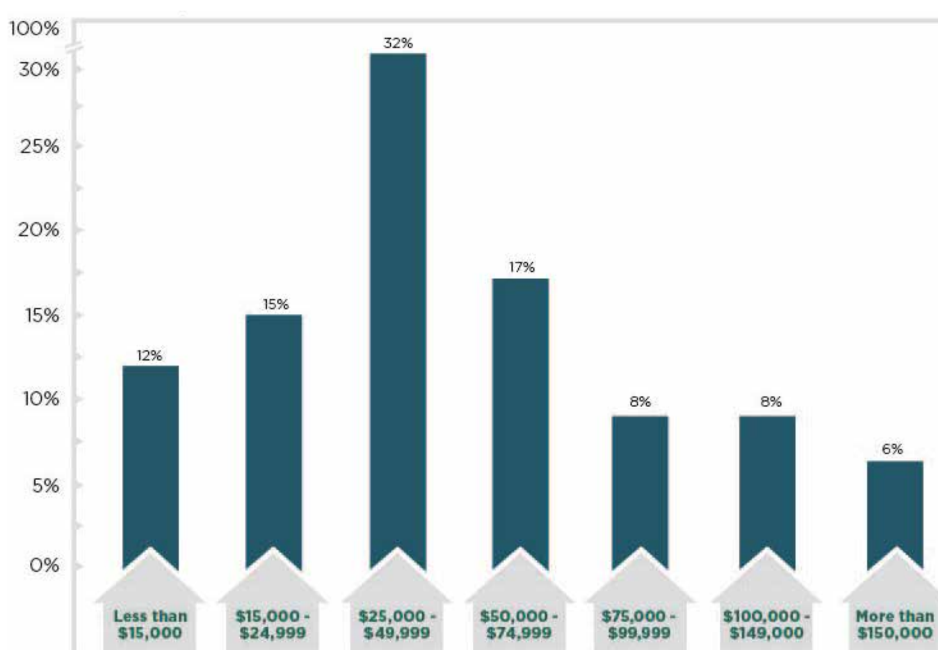
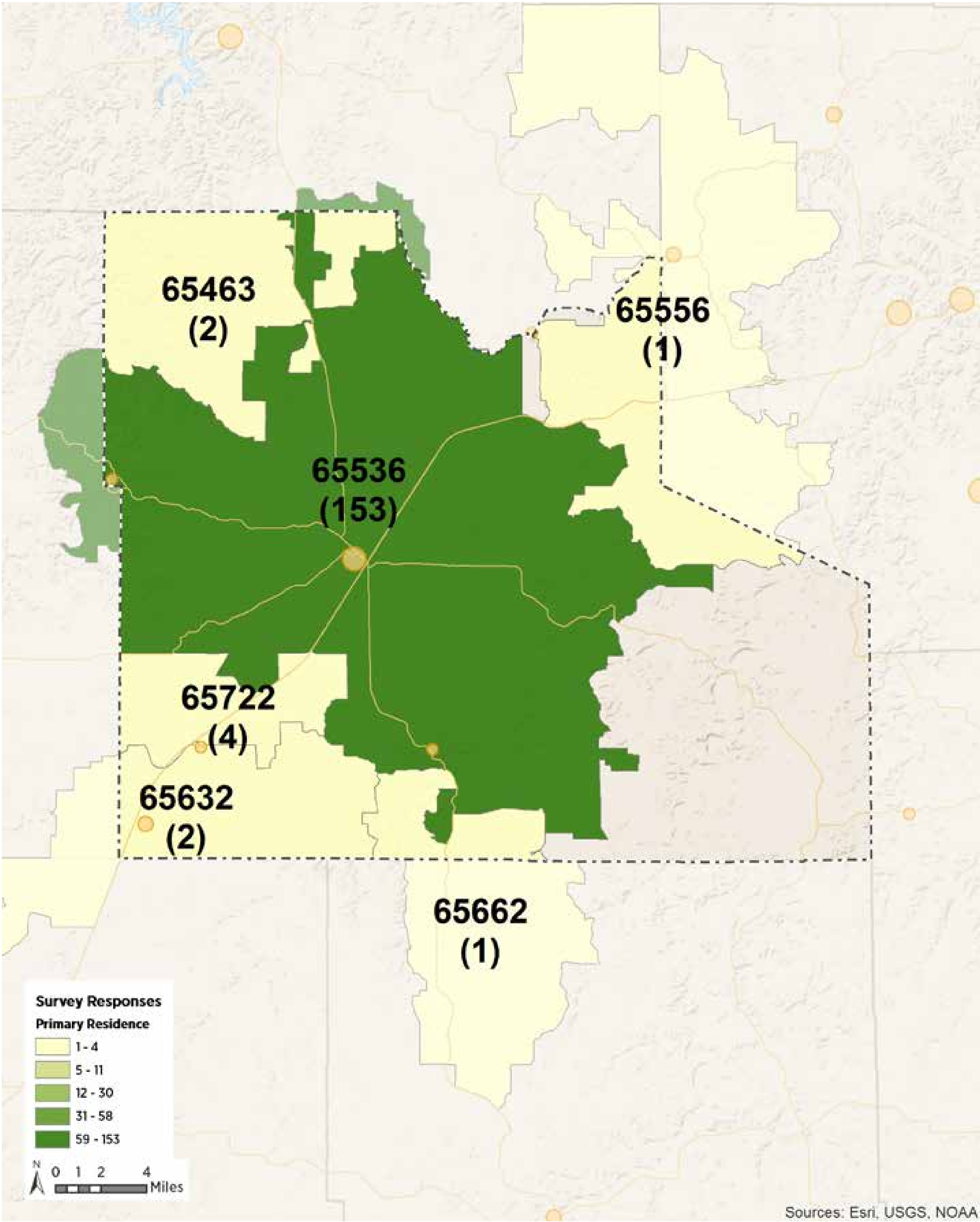


Figure 6.23: Estimated Annual Household Income of Respondents



Map 6.8: Responses by Zip Code

Perspectives on Housing

- Over 50% of respondents felt that the housing needs of families with children and multi-generational families were not being met.
- Most felt that young couples without children and empty-nesters were able to find housing in the current market.
- More than 40% of respondents felt that most seniors were looking for apartments that provided some additional services, such as one meal a day or housekeeping.
    - Less than 10% felt that seniors were interested in independent living apartments.
- The demand for greater housing variety was supported by respondents' perceptions that a number of different housing styles would be successful in the current market (Figure 6.25).
    - This variety included apartments (62%), townhomes (71%), and independent senior living (82%).
- Over 75% of respondents supported greater property maintenance enforcement and nearly 80% supported the use of public funds to remove dilapidated housing.
- The final question in the survey was open-ended, allowing respondents to share any final thoughts on the housing market. The majority of remarks focused on two themes:
    1. The need for greater property maintenance enforcement.
    2. The need for more affordable housing, especially rental housing that can accommodate larger families.

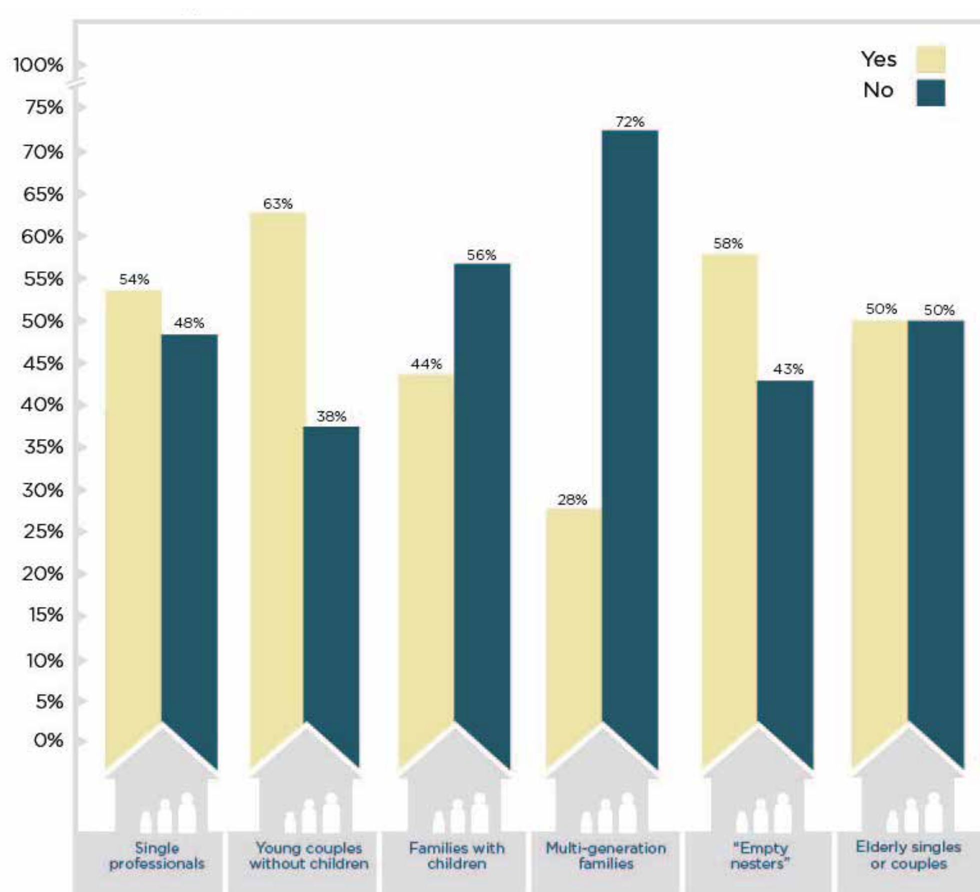


Figure 6.24: Adequacy of Current Housing Supply to Meet Demand

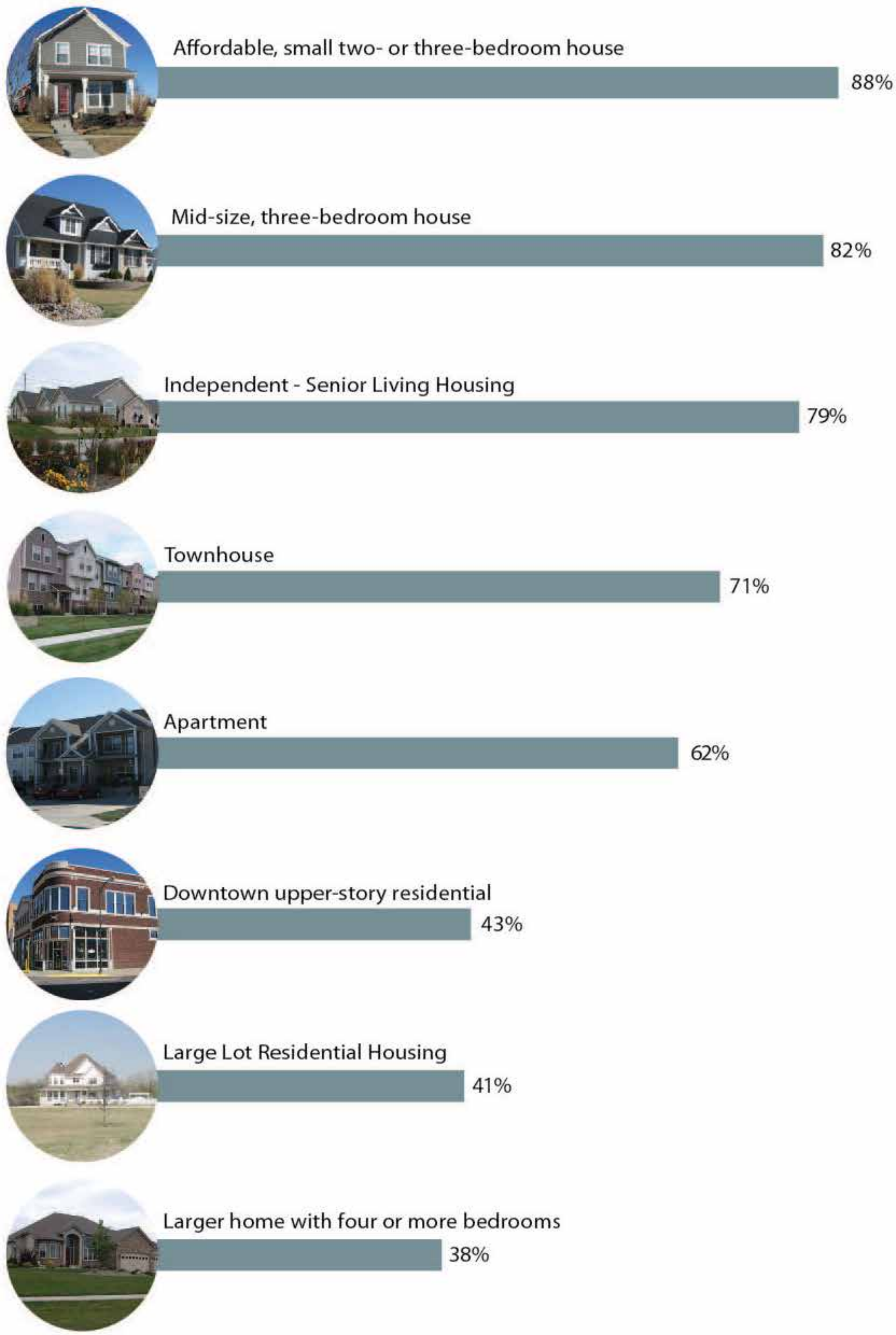


Figure 6.25: Housing Products Respondents Felt Would be Successful

STAKEHOLDER GROUPS

To complete the story of Laclede's housing market, a series of stakeholder groups was held over a single day. These groups were defined by discipline and included local experts from financial institutions, builders and developers, real estate agents, business representatives and major employers, public sector and social service providers, and landlords. The following summarizes the broad themes of these meetings.

ECONOMIC BASE AND INCOMES

The County has a number of long standing manufacturing businesses that support much of the workforce. Most of these jobs are hourly positions earning between $11 and $15 an hour. At these rates, households are dependent on rental housing. For those that can meet lending requirements and save for the downpayment, they are purchasing some of the city's oldest housing. These homes are affordable, but often come with higher maintenance and utility costs that can strain already small household budgets. Construction of new owner-occupied housing for this market will be challenging and will likely need to focus on new market rate and low-income housing tax credit rental housing.

WORKFORCE HOUSING NEEDS

The demand for workforce housing crosses all income levels, but is most acute in the county's lowest paying jobs. Construction costs, while very reasonable when compared to other regions of the country and even Missouri, often can not bring housing products to the market for the county's lowest paid workers. At the same time this workforce competes for the same housing with the regions professionals, including teachers and nurses. Housing for this market, that makes above income requirements for assistance, is scarce and needed to keep young talented residents in the community.

NEIGHBORHOOD STABILIZATION

Over the past several years the city has made efforts to remove dilapidated structures and stabilize housing. These efforts will need to continue and based on community input, should be expanded. Many participants in the planning process, both in small groups and via the survey, noted the need for greater code enforcement. These efforts reflect both a need to make sure all residents are living in safe housing, but also to protect property values. Property maintenance creates greater investment security, and therefore, attracts additional investment in neighborhoods. The city's oldest neighborhoods provide a source of existing affordable housing with existing infrastructure already in place, making preservation of this housing very important.

DEMAND FOR NEW HOUSING

New housing and a greater variety of housing will be needed in the coming years to support new growth. Over the last several years, construction rates have been very low. Improvements in the economy should support new growth along with the need to address pent-up demand created by an inability of existing residents to purchase "move-up" housing. Participants also noted the need for greater housing variety, that included lower maintenance units and market rate retiree or senior housing.

LACLEDE COUNTY OPPORTUNITIES & CHALLENGES

As a major employment and commercial center in the region, Laclede County is well positioned to capture future growth. Lebanon is the center of much of the region's manufacturing jobs along with the benefits of Fort Leonard Woods' jobs. However, Lebanon was not immune to the effects of the recession and saw a drop in jobs, and therefore, a slowing of the housing market. Over the past year to 18 months, this trend is noticeably reversed creating housing stresses, but also opportunities for new investment. As community and county leaders look for ways to continue to expand the local economy, housing will play a crucial role.

CHALLENGES

The demographic analysis, conversations with residents, and survey results identify some recurring challenges that the county faces.

- Low Wages. While the region has a large number of jobs and open positions, many of those jobs are lower paying. This creates two important challenges. One, the type of housing these jobs support often does not support the profit margins that attract new development to a community. Second, recruitment to fill those positions can be difficult. While housing is very affordable compared to many other markets, households living on the edge of poverty can often not afford to relocate and cover the costs of establishing a household in a new community.
- Market Economics. In some of the city's older neighborhoods and in some of the smaller communities lower home values make it difficult to construct or rehabilitate housing. Profit margins may be so small or non-existent that investors move on to more profitable markets.
- Market Rate Rental Housing. Over the past several years, a number of new multi-family projects have been constructed, but most of these have been funded through low income housing tax credits. This leaves few options for those making just above the income limits. For these households, the only housing option is often small older single family homes. While these homes provide a good source of rental housing, they remove traditionally owner-occupied units from the market and leave households with few housing options.

OPPORTUNITIES

The city and county's challenges can seem daunting but the region also has some outstanding opportunities.

- Location. Access to the Interstate corridor, Lake of the Ozarks, and Fort Leonard Wood position Lebanon and Laclede County to capture future growth. In the coming years, the county and city will need to establish partnerships to capitalize on these opportunities and to expand the number of both well paying jobs and quality homes.
- Community Support. Over the last several months, the city has made a concerted effort to encourage development and remove barriers. Based on survey responses, it would appear that the city would also have the support necessary to expand nuisance abatement and code enforcement.
- Affordable Building Rates. Generally the cost of housing construction in Lebanon is fairly affordable. The ability to bring single family housing to the market priced below $180,000 is impossible in many markets, but appears feasible in Laclede County. This is an advantage to meeting the region's workforce housing demand. However, this ability cannot always overcome lower incomes. Households making less than $45,000 a year will continue to find it very difficult to qualify for traditional lending, save for a downpayment or have the savings to address maintenance issues.

CHAPTER 7:
Defining Housing Issues / Directions Forward

DEFINING HOUSING ISSUES

The information, analysis, and community engagement in the previous sections indicated a number of key issues and opportunities that face the LOREDC and COG regions. As these regions consider their capacity to meet housing needs during the next ten years, the opportunities will need to be capitalized both locally and regionally. The purpose of this section is to articulate the specific issues and opportunities that should drive the region's housing goals and priorities. The following provides the policy framework and program directions for addressing these priorities.

RESOURCES & ASSETS

Like many places, the cities of LOREDC and Laclede County can become overwhelmed by the difficulty and extent of the housing challenges they face. However, the region has key resources and assets with which to build a successful housing program. These include:

LOCATION

The Lake of the Ozarks and the region's natural beauty create an appeal that draws people from a multi-state region. For the areas away from the Lake, having easy access to the Lake, agricultural resources, and the Interstate 44 corridor and Fort Leonard Wood position the entire region for growth in the coming years.

ECONOMY

While both the Lake and manufacturing economies felt the effects of the recession, the region is beginning to see this economic downturn reverse. The businesses around the Lake are observing more traffic and interest in seasonal homes. For Laclede County, the turn around has been a little slower, but recent job expansions have resulted in hundreds of open positions in the county and a falling unemployment rate. For the entire region, providing housing for the workforce is sometimes more of a challenge than not having enough jobs.

POCKETS OF AFFORDABLE HOUSING

For areas around the Lake, the seasonal and second home demand often drives up the cost of housing. Areas that are affordable do exist, especially in some of the communities further away from the Lake where the topography makes lots easier and more affordable to develop. The high cost of lot development, due to topography, may mean that more affordable housing in certain locations will always be a challenge, but when viewed in a more regional light, affordable housing options exist for the workforce.

BANKING COMMUNITY

Clearly the banking community is an essential partner in any housing development program. Local dollars are essential to the process and can provide much greater flexibility. Having a strong and diverse banking community also means that more partners can be brought to the table to share the risk of non-traditional projects that diversify the housing market. More and more the business community, outside of financial institutions are becoming involved in the housing market. They have come to realize that quality housing options are essential to attracting new employees. Positions cannot be filled and operations cannot be expanded without housing for those workers. LOREDC's businesses understand this dilemma and are open to being part of the housing solution.

CHALLENGES

Although the region has numerous assets, the counties and cities do have some clear challenges that they must overcome to ensure a housing market that meets market demands. These include:

WORKFORCE HOUSING DEMAND

Ahead of the recession, construction activity focused mostly on higher end homes around the Lake. The region's smaller communities were seeing some construction, but even that tended to be more move-up housing for individuals with the equity to purchase just slightly bigger family homes. However, many of these homes are out of the reach of the region's workforce. Entry level housing, often in price points that have lower profit margins for the private sector, are the type of housing needed by the workforce. Little of this housing has been built in the last ten years.

POCKETS OF POOR HOUSING QUALITY

While the region has some quality new and older housing, there are pockets of lower quality housing. Often these are in more remote areas or in the counties' smallest communities. However, Lebanon, Eldon and Versailles all have some neighborhoods that are suffering from disinvestment. The region's stock of older homes is the best source of affordable housing and maintenance of this housing is one of the key ways to make sure that quality affordable housing exists into the future.

MARKET ECONOMICS

Many of the smallest communities in the region struggle with an undervalued housing stock. In a healthy housing market, a new home can be constructed and appraised at or above construction cost. In some of the region's smallest communities this can be difficult to achieve, making it challenging to meet lending requirements and disincentivizing any type of speculative construction. As a result many individuals choose to not build or use mobile homes.

SLOW CONSTRUCTION MARKET

Many factors have come together to slow construction activity. Following the housing crisis in 2008, financing for both the builders and home buyers became much more stringent. Many builders during this time period used the slow down as a sign to leave the business. For the builders remaining, the margins are much higher on the custom home side and demand is high enough that there is little incentive to construct speculative homes. Additionally, the risk in the spec market is much higher for smaller communities, where absorption rates may be slightly longer, or at least perceived to be longer. Finally, labor shortages mean that many builders have a back log of work and are unable to build more units.

BUILDER CAPACITY

The region has a number of quality builders, but the demand for new and different housing out-paces their capacity. New construction of entry level housing, whether owner- or renter-occupied, has not been happening at a rate that can meet community demands. The slow construction activity and limited new rentals creates a backlog demand that is often very difficult to calculate.

Additionally, there is a growing demand for different housing types, such as townhomes, in the communities or units oriented to seniors looking to live off of the Lake. These are not the type of units that local builders are often familiar with and they continue to have great success with traditional single-family and lake oriented homes, leaving little incentive to try new market types. These builders are also struggling with labor shortages, which limits their capacity.

PRODUCTS FOR SENIORS & YOUNG PROFESSIONALS

The Lake of the Ozarks is known as a retirement destination, however, almost all of that housing is oriented to the Lake. As retirees age and look for housing that requires less maintenance, is easier to access, or within more traditional communities, there are few options. Stakeholders shared the need for maintenance-free independent housing and congregate living that is away from the Lake. On the other end of the spectrum, lower-maintenance units are also often very appealing to young professionals. Many in this age-range are looking for lower maintenance options or rental units that provide quality housing while they build up equity to enter the buyer's market.

CAPACITY IN SMALLEST COMMUNITIES

The smallest communities in the LOREDC region do not have sufficient financial or staff capacity to address housing condition issues or to implement housing rehabilitation programs. A regional approach may be appropriate to undertake small projects to improve housing conditions in the smallest communities and rural areas.

LOT INVENTORY

The availability of lots is an issue across the region, but for different reasons. Around the Lake, lot demand is always high, but the challenge is often providing services and access to the lots. The cost to develop these lots can often be very high, making the construction of more affordable development very difficult. For the communities off of the Lake, there is little financial incentive for the cities to support lot development and the longer absorption rates puts a significant burden on the private market.

RURAL DEVELOPMENT

The region's growing rural population, away from the Lake, is of note and concern. This development is likely happening for several reasons. The most common is the interest in having larger lots and rural living but also because of the ability to move in mobile homes for affordable housing options. While some large lot development should be an option within a housing market it should be done with an understanding of the long term cost both to the homeowner and all the residents of a county. At lower densities, scattered rural development costs more to provide water, sewer, and roads than it does inside communities. For lower income households placing mobile homes in rural areas, the ability to build long term equity is very difficult. Most of these units do not appreciate in value and the cost to replace or upgrade septic systems can be financially devastating to a low income household.

In the coming decades, many of the developments around the Lake will also face significant maintenance and upgrade costs to the roads and sewer systems that service these developments. These issues should be dealt with on a regional level with an understanding of common concern.

STRATEGIC HOUSING GOALS

As LOREDC and Laclede County look ahead to the next decade, they appear poised to continue growing. The region's future depends on its communities being able to achieve and maintain a sustainable level of growth. The analysis of both assets and issues suggest the need for a housing and community development strategy for the region that achieves the following:

ENCOURAGE INVESTMENT IN EXISTING HOUSING STOCK

A region's housing stock represents its largest capital investment. A high quality housing stock enables residents to experience a good quality of life, while also supporting a strong and economically stable community. The housing stock in most of the communities is in good condition, but pockets of disinvestment exist in some of the oldest communities with the oldest housing stock. In the region's smallest communities, the level of expectation for property maintenance may not be as great but for many the ability to make improvements is a challenge. The region's lower incomes can make it difficult for households to take on major improvements and upgrades.

Additionally, young buyers seeking a 'move-in ready' home and a shortage of contractors engaged in rehabilitation work results in housing that sells slowly or continues to deteriorate further. Many structures need maintenance or rehabilitation while others are obsolete and sometimes too small to meet contemporary needs. The rehabilitation of these homes is essential to providing quality entry level housing in any community and continual maintenance and rehabilitation is a high priority.

EXPAND WORKFORCE DEVELOPMENT TO INCLUDE BUILDING TRADES

The building-trade workforce is insufficient to meet the demand and expectation of the region's housing market. While several quality builders operate in the region, it is difficult for these contractors to meet the base demand from the region, much less to construct speculative entry level homes. Just as other markets seek ways to recruit and retain employees, the building-trades need the same assistance. Workforce development programs should expand to train individuals in the building-trades to improve builder capacity in both the LOREDC region and Laclede County.

GROW THE NUMBER OF RENTAL UNITS

The focus of new rental construction on seasonal occupancy that has occurred over the past 20 years has left many local workers with few housing options. Some tax credit projects, that are aimed at entry-level workforce housing needs, have been constructed in Lebanon and to a lesser extent in some of the LOREDC communities. The shortage of safe and affordable housing leaves both higher and lower income residents competing for the same units. Providing better options for the region's nurses, teachers, and other young professionals will free up housing for lower income households and drive the lowest quality units either off the market or force them to improve their product. Additional tax credit projects in the LOREDC area will also be needed to address the demand for housing from the region's permanent service employees.

INCREASE THE SUPPLY OF AFFORDABLE LOTS ACROSS THE REGION

The analysis in Chapters 3-6 identified lot availability across each county. This analysis indicated that there are lots available, especially around the Lake but the number of lots within individual communities is often limited. With no financial incentive for cities to support lot development, an impasse is created where little new development occurs. The lots around the Lake will provide some relief and places like Village of Four Seasons have excellent lot inventories that can help fill some of this need. However, new lot development will need to occur in the region's cities. The region's communities can provide more affordable infrastructure and often flat land that is more appealing to young families and developers.

INVEST FOR SUCCESS

The communities of LOREDC and Laclede County have a number of strategic resources and strengths. It will be important to identify the things that make these communities stand out and to build upon those assets. Strategic investments in the cities in terms of the design and maintenance of parks, civic gateways, and public spaces and buildings will elevate the overall image of the city in the minds of both residents and visitors. Strong neighborhoods provide amenities such as sidewalks, landscaping, buffers from adjacent land uses, and proximity to community features. Additionally, investments in code enforcement and nuisance abatement can add value to a community and make it much more appealing to potential residents. It also supports the investments made by private homeowners.

SHARE RISKS TO MEET NEEDS THAT THE PRIVATE MARKET CANNOT MEET ALONE

This strategic direction ties closely with many of the above strategies. investing in the existing housing stock, adding new affordable lots, and expanding the rental options in the region will not occur without some risk-sharing by all players in the local housing market. This includes the cities, financial institutions, economic development agencies, and even employers to find new ways to address gaps in the private market. All of these players may have different roles, but all need to be at the table.

DIRECTIONS FORWARD: COMPONENTS OF A HOUSING STUDY

Without quality housing, the LOREDC region and Laclede County will not be able to accommodate the people and growth that they need to move forward. As indicated in previous sections, economic development and the housing market are inextricably linked beyond even the fact that housing development is, in fact, economic development. This section identifies the strategic policies and programs that will support these efforts and the goals outlined earlier in this section.

HOUSING STRATEGY

1. Housing Partnerships
2. Financing Mechanisms
3. Lot Development
4. Target Programs
5. Neighborhood & Community Reinvestment
6. Housing Variety
    1. Rental Housing
    2. Townhomes
    3. Senior Housing

Some of these strategies can be applied region-wide, while others may be adjusted to a community's specific needs. Most importantly, no one program or approach will address the issues and goals identified in the previous sections. A combination of projects, programs, and policies will need to be combined to create a strong and balanced housing market. These combinations may vary from community to community but, whenever possible, resources should be shared to increase capacity and funding.

HOUSING PARTNERSHIPS

The Lake of the Ozarks region should develop partnerships with the flexibility to address the specific and diverse housing needs across the region. An effective community housing partnership should provide project development, financing, and marketing expertise and capabilities. The components of a housing partnership for the region should include:

- Non-Profit Housing Developer
- Lake of the Ozarks Council of Governments
- The Cities & Counties
- LOREDC
- Builders & Realtors
- Financial Community

NON-PROFIT HOUSING DEVELOPER

A housing development corporation is a nonprofit developer governed by a board of directors and operating in the same entrepreneurial way as a conventional developer. The difference between a development corporation and a traditional developer is the market they serve and the risks they are willing to take. As a non-profit, the mission should be focused on providing housing to those markets that private developers cannot effectively serve. This may include entry level price points for owner-occupancy and housing rehabilitation that does not provide the profit margins necessary to support successful private businesses.

Housing development corporations often grow out of established organizations that have identified housing as vital to their work. In places like Dodge City, Kansas and Wayne, Nebraska, these organizations have been local economic development groups, who increasingly saw the connection between housing development and community vitality. In larger cities, these organizations have included community organizations such as churches, human service groups, and community action agencies that identify housing as a critical need.

LAKE OF THE OZARKS COUNCIL OF GOVERNMENTS

The mission of the Lake of the Ozarks Council of Local Governments is to serve Camden, Laclede, Miller, and Morgan counties, bringing them together to help provide the necessary resources to build strong communities. Over the years, the COG has been very active in regional transportation, waste water issues, and many other areas. Some of the state's COGs have been involved with housing initiatives, but most of the funding that is available at the state level is directed toward the lowest income households, often those making less than 50% of the area median income (AMI). LOCLG has been involved in some assistance programs related to septic systems in rural areas but has not partnered with the communities in the past to address housing.

Wayne Community Housing Development Corporation

Wayne, Nebraska, a thriving community of 5,500 in Northeast Nebraska has a mixed economy based on a small state college, strong industries, and regional agriculture. Over 20 years ago, the leaders of Wayne saw the need to provide housing for their workforce and formed the Wayne Community Housing Development Corporation. Growing out of the local economic development organization, WCHDC is a proactive nonprofit with the mission to improve the region through affordable housing development. Offering a purchase/rehab/resale program, home buyer education, and assistance on local projects, like new rent-to-own housing, WCHDC works to expand housing options for the local workforce.

LOCOLG could expand its role in the housing realm by assisting in managing programs like downpayment assistance or rehabilitation. Additionally, LOGLG already houses a non-profit development corporation. This organization could be the base out of which a non-profit housing development corporation develops. The understanding of economic development issues, staff support, and regional perspective make this an ideal opportunity to expand its role to include housing as part of economic development.

CITIES & COUNTIES

Municipal governments generally have the responsibility of providing and maintaining infrastructure and municipal services. Under Missouri redevelopment law, cities can initiate community redevelopment projects. Consistent with these responsibilities, the Lake Region's cities should:

- Support capital improvements using techniques that reduce and/or defer the upfront costs of residential lot development.
- Assemble or acquire property for development or redevelopment as appropriate.
- Act to promote other projects.
- Remove obstacles to development projects that provide entry level housing and units that accommodate the county's lowest income population. Lebanon is striving to do this with the waiving or lowering of some fees to facilitate the development of affordable lots.

The role of each community in the housing partnership may vary by the individual needs of each community but could include:

- Acquisition and site preparation of infill redevelopment sites.
- Financial assistance through CDBG, TIF, and other programs.
- Assistance in subdivision development with infrastructure.
- Funding and management of any residential incentive loans and tax abatement programs.

Some communities are already using one or more of these tools but the opportunity here is to combine these initiatives in an organization that is specifically focused on filling market gaps.

LOREDC

The Lake of the Ozarks Regional Economic Development Council (LOREDC) plays the umbrella role of promoting economic development across the three county region and housing is an important component to economic development. LOREDC may assist in the creation of a development corporation, workforce development or bring funding partners together. At a minimum, LOREDC should be a conduit between the private development community and the municipalities. The organization may also play an important role in marketing and promoting housing and community resources.

BUILDERS & REALTORS

The role for realtors, builders, and developers in the partnership will be as the contractors, marketers, and when appropriate, as financial partners.

FINANCIAL COMMUNITY

The lending community is intimately involved in all aspects of the housing market. The role of the lending community in a housing partnership may include:

- The formation of a lending consortium to share investment risk across multiple lenders. This concept is discussed further in the Financing Mechanism section of this chapter.
- The application of Community Reinvestment Act (CRA) funding to support housing initiatives led by the housing partnership.

FINANCING MECHANISMS

The regional housing strategy for the Lake Region must continually explore creative approaches to financing projects and initiatives. Federal, state and city dollars are no longer or have never been available to solve the region's housing issues. Funding and initiatives must come from those in the region or through the leveraging of resources. The following core financing mechanisms offer approaches that can be used at local and regional levels.

LENDING CONSORTIUM

Many of the region's housing strategies must have a source of financing, including the housing development corporation. Such a financing program should be designed for maximum leverage (in the language of community development, leverage is the ability of program dollars to generate private investment in response), shared risk, and quick turnover rather than long-term financing. The development of a housing partnership should include a "lenders consortium," a cooperative venture among lending institutions active in the Lake Region to spread individual risk. A lending consortium is an ideal instrument to provide short-term financing or "patient financing," for builders and contractors in the community, and to provide interim financing for projects developed by the housing partnership, cities or even the county. In addition, these cooperative ventures can attract the support of other agencies, such as the Missouri Housing Redevelopment Commission, and the Federal Home Loan Bank.

HOUSING TRUST FUND

A housing trust fund provides a source of seed capital, unconstrained by program regulations, for a city or development corporation to use for the purpose of developing needed housing types. The popularity of trust funds can be attributed to their inherent flexibility. For the Lake Region, these dollars could be used to support construction of new entry level housing, rehabilitation of existing housing, or development of new rental housing. Trust funds can be funded in several ways, including dedication of a specific share of local option sales tax, fees, local revenue bond issues, or grants and charitable contributions. Through charitable contributions to a trust fund, the region's employers could play a vital role in housing quality and choice in the region.

TAX INCREMENT FINANCING

In redevelopment areas, TIF can be a significant tool for land acquisition and development financing. TIF uses the added tax revenue created by the redevelopment to finance project-related costs like land acquisition and public improvements. Ideally, these technique would be used in redevelopment areas like older commercial corridors, where residential would be mixed with commercial uses to leverage the added sales tax. This could also be used in new developments, like has been done in Osage Beach, but again, the concept has been more mixed use which has created a true neighborhood rather than a residential enclave.

Sioux Center, IA: Moderately-Priced Housing

Using a community land development corporation, capitalized by purchase of shares by citizens of Sioux Center, a new moderately-priced development was initiated. The program builds three to six speculative homes at a time, maintaining an available inventory. The proceeds of sales are then used to build the next increment of houses. The development group develops the lots from land purchased from the city. The housing is focused on the construction of moderately-priced housing and started the program with homes priced around $120,000. Over the years this has increased to $180,000, but efforts in 2016 are focused on keeping the cost closer to $150,000.

OUTSIDE SOURCES

There are still a few funding sources that can be leveraged from state and federal dollars or tax programs. Traditionally, these have included Low Income Housing Tax Credits, HOME funds and Community Development Block Grants.

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs, including housing improvements. These funds are awarded through a competitive grant process. In terms of housing CDBG funds are most often used for owner occupied housing rehabilitation activities. Due to the federal source of these funds, CDBG projects are typically subject to affordability requirements targeting specific income ranges; most often projects must benefit 30%, 50%, 80%, or 120% of the area median income depending on the type of program.

Low Income Housing Tax Credits, Affordable Housing Assistance Program Tax Credit (AHAP), and HOME funds are administered by the Missouri Housing Redevelopment Commission. These credits and program funds are leveraged by both non-profit and for-profit developers to building housing for those usually making 50% to 80% of area median income.

The AHAP housing production tax credit is earned by a donor who gives cash, equity, services, or real property to a non-profit community-based organization for the purpose of providing affordable housing or market rate housing in distressed communities. This program could be an important funder to a regional non-profit development corporation.

MUNICIPAL FUNDS

Municipal funds can be used to supplement projects or be used as a primary funding mechanism for housing projects. For many Missouri communities, this may be as simple as waiving fees for the construction of new affordable housing, assisting in land assembly, or demolition of unsafe structures. While the use of grants can expand the amount of funding available for a project, such as rehabilitation and demolition, some communities prefer to use exclusively municipal funding in order to maintain a more flexible program without additional government requirements.

LOT DEVELOPMENT

Lot development in the Lake Region is one of the most challenging and varied issues for the region. Upon closer examination, there are competing issues in the county, with regards to residential lots. The first of these is workforce housing versus second homes; the second is communities versus rural areas. Generally, the second home market responds to the market demands of the higher-income households and the market can absorb the higher costs related to the development of these lots. The issue for these lots and developments will be the long term maintenance and upgrade of the systems and services to these lots. This issue, as it relates to water and sewer service, has been studied by LOCOLG and are issues that will have to be addressed at a regional level. Dips in the economy can leave these lots siting empty until the economy recovers and addressing these lots would need to be done on a case by case basis and with the assessment of the debt ratios.

The issue of rural versus community lot development focuses on two main issues, balancing the interest of some for rural living versus the cost of providing services to those residents. For the vast majority of the region's workforce, services, lots, and ultimately housing can be provided at a much more affordable rate in communities over isolated rural locations. Efforts must be made to bring more affordable lots to the market in the region's communities to support the development of entry level and quality rental housing. Affordable lots can be in the form of either redevelopment or infill lots and new subdivision development.

For redevelopment or infill projects, the communities will play a key role. This may include the use of TIF, purchasing and demolishing deteriorated properties, and assistance with infrastructure improvements. These roles will come in partnership with either for-profit or non-profit developers. With regards to redevelopment, the biggest hurdle for a developer is the assembly of land. Most developers do not have the ability or wherewithal to assemble multiple parcels from different land owners and is an essential role the city can play at multiple scales from large redevelopment projects to scattered neighborhood infill.

Development of new lots can be a little more challenging in Missouri, as there is no property tax incentive for cities to invest in infrastructure. Potential solutions include:

- Special Assessments. In many communities, special assessments are used to finance infrastructure. While assessments reduce the initial purchase price of the house, they are repaid through monthly payments, and therefore add to the monthly and overall cost of the house.
- Subordinate payments. Here, the city front-ends a portion of public improvements, repaid over a longer period through a second mortgage on the property. This reduces payments over special assessments by extending the loan term and reducing the principal.
- Deferred payment. Here the city finances the infrastructure as a deferred loan. The infrastructure loan is paid back upon sale of the house. The repayment represents the same percentage of the sale proceeds that the initial infrastructure loan made up of the original price.
- Grants. Grants from the Federal Home Loan Bank, USDA, or state-administered Federal programs such as CDBG or HOME can also help with infrastructure financing. It should be noted that the funds are often highly competitive. Sources like a lending consortium or local housing trust fund can provide much more flexibility to cities through the use of less restrictive local dollars.
- Tax Increment Financing (TIF). The use of TIF would be new to many of the region's smaller communities and technical assistance would be very beneficial to these communities. TIF uses the added tax revenue created by the development to finance project-related costs such as public improvements.

Affordable lots will be essential to developing more affordable housing around the region. Within the region's communities, especially those off of the Lake, development costs can be significantly less because of access to services and lower site preparation costs. The number of lots available for development varies from community to community, but the need is gaining prominence. In places like the Village of Four Seasons, there are a large number of lots, but property ownership issues, lot size and accessibility, and infrastructure access will all need to be addressed before these lots will become appealing to the average builder. These challenges will have to be addressed by the Village and/or POA as they are more complicated than the development community can traditionally take on.

TARGETED PROGRAMS

The region's counties and communities should focus on programs that provide: affordable equity housing, affordable and high quality rental housing options, expanding housing variety, and reinvestment in the region's existing housing stock.

AFFORDABLE EQUITY HOUSING

Many of the programs listed in the next pages will assist residents in building equity in the community, but a more direct housing program may also be needed in some communities. New entry level, owner-occupied housing can strengthen a city's housing stock by attracting new households that are looking to build equity in a community. New housing may be built either in existing subdivisions or on infill lots within built-up areas. New housing in a variety of styles (single-family, single-family attached, and townhomes) may be built in either contiguous developments or on clustered infill lots within built-up areas.

The cost of housing may be controlled through a mixture of techniques. One potential scenario: the housing trust fund may provide recoverable, front-end funding for such items as project design; the cities may acquire property or develop infrastructure through TIF; the housing development corporation would act as the master developer holding contracts with private builders for home construction; and the lenders consortium would provide interim financing for the development corporation. The Missouri Housing Development Commission and their lending partners can also play an important role through their downpayment assistance and first time homebuyer programs. Realtors may also participate by reducing commissions on selected projects. Potential target markets for new affordable units may include younger households, people with stable incomes, and downsizing empty-nesters.

RENT-TO-OWN

Rent-to-own projects provide a middle-ground approach between ownership and rental occupancy, giving new residents who cannot afford homeownership at present an avenue to build equity in a community. In a rent-to-own program, the development corporation may build houses using the Low Income Housing Tax Credit. A portion of the family's rent is placed in an escrow account for a future downpayment. At the end of a specific period, the resident can then use the accumulated downpayment escrow to purchase either a new house or an existing unit. Rent-to-own programs have the advantage of providing rental housing to residents, while incorporating aspects of owner-occupancy specifically around ownership education.

Communities and counties in Nebraska have worked together with developers that specialize in or are familiar with this type of product to share project financing. The financing and resources are split between the two communities with a set number of homes being built in each community.

Saint Louis: Live-Work

Rental development in large cities like Saint Louis provide lessons that could be imported by smaller cities like those in the Lake Region. Rental housing does not have to be in apartment complexes. New approaches to housing can combine living and working spaces to attract young people and create opportunities for greater economic activity.

ACQUISITION/REHAB/RESALE

In this program concept, houses are acquired and sold in a rehabilitated or "turnkey" state to owner-occupants. It recognizes the limited number of prospective buyers who want to carry out a major home rehabilitation project. This program works best when candidate houses can be purchased at relatively low cost – a common condition in the smaller communities and those away from the Lake like Versailles, Eldon, and Lebanon. Under the program, a development corporation purchases existing houses, rehabilitates them, and resells them to new homebuyers. The lending community may participate cooperatively in this effort by providing interim financing. Mortgage financing for low- and moderate-income buyers may be assisted by the Missouri Housing Development Commission and/or CDBG or HOME "soft-second" loans. Realtors may also participate by reducing commissions on selected projects.

By using local dollars, the development corporation may be able to target those dollars to households at or above the area median income. These households are much more likely to be bankable and, based on realtor input, have the hardest time finding quality housing. There may also be the opportunity to expand the number of houses eligible for the program.

BUILDER CAPACITY

Workforce development is a significant issue across many industries and the building trades are no different. As part of the work already being done around workforce development a program should be designed and implemented to train the next generation of professionals and craftspeople for the building trades. "Leadership transition" should also be a component of this program. Many of the region's builders and specialty trades people are nearing their retirement years with well-established businesses and no one to sell or hand-off their business to. Through small business loans, young crafts-people can purchase an established business and the retiree can capture the equity that they have built into their business over the years.

The workforce development program should market the career satisfaction and economic rewards that the construction industry offers young people. Partners in the program may include:

- State Fair Community College
- Area School Districts. Many school districts over the years have moved away from traditional building trade classes and focused more on college preparation. With the demand for skilled trades people, this trend is changing, but will need support from the broader community. Working with the school districts, programs should be put in place that include architecture and drawing, focused on English/communication and math learning, construction skills, and business education.
- The Building Community. Through internship programs students can learn through first-hand experience. An introduction session may need to be developed that prepares students for their internships to create an asset to the builders rather than a burden.
- Cities, County and Private Sector. Through resources, funding and internships, all of these groups should play a role in expanding the area's workforce.

Housing Incentives at Saint Louis University

Saint Louis University has provided a housing benefit to its employees through an Employer Assisted Housing Program (EAHP). The EAHP provides three benefits for the University employees:

1. Housing information and education on home ownership
2. When available, preferred rates and reduced closing costs on mortgage and refinancing costs through partnering institutions.
3. When available, forgivable loans for eligible employees, applicable towards the purchase of a home located in the designated neighborhoods new campus.

This program applies to all current, full-time faculty and staff members. Properties eligible for the forgivable loan program must be located with specific revitalization areas. For the Lake Region, a program could be focused on a redevelopment area, specific community in the county, or anywhere within the region. In the SLU program the percentage of the loan that is forgiven increases with the number of years of employment after origination of the loan, up to 100% of the loan after five years of employment.

EMPLOYER ASSISTED HOUSING.

Housing assistance by employers through support of a housing trust fund or lending consortium was discussed, but employers may need to push beyond these more common approaches to attract and retain talent. Housing assistance may need to be a part of an overall benefits package. Major employers can play a variety of roles including:

- Working with the development corporation to ensure adequate housing for employees
- Providing financial support to one or more of the potential funding mechanisms discussed below
- Expanding employee benefits to include some type of housing benefit. This may include:
    - Moving and relocation support
    - Downpayment assistance programs that may be patterned after 401(K) programs. This program would permit employees to withhold a set amount of their salaries for deposit in an interest-bearing account. These employee contributions would be matched by a contribution from the employer. The downpayment matching program would continue for a specified period (up to three years) and/or a specified maximum amount. Under another scenario, the employer could advance downpayment loans, repaid on the same basis.
    - “Corporate” unit(s) that can be used by interns or top management that are relocating to the area. This type of unit(s) could even be shared among different employers
- Investment in the equity for affordable housing developments financed under the Section 42 Low-Income Housing Tax Credit Program. These investments receive substantial tax advantages making them an attractive and financially rewarding investment option for some individuals and corporations.

DEVELOPMENT INCENTIVE PROGRAMS

In the Lake Region, these programs may be harder to fund because the incentives for communities or counties is often the added tax revenue, therefore these programs may need to be driven by other entities like economic development groups or a local housing trust fund. Programs may include:

- The waving of fees by the city in all developments or in targeted developments that will meet the needs for housing units priced below $200,000.
- A set incentive per unit of development. This incentive may be applied to either single-family or multi-family construction or for rehabilitation of housing.

NEIGHBORHOOD & COMMUNITY REINVESTMENT

As noted earlier in this chapter, the Lake region has a mixture of housing conditions. While there is some high quality upscale and family oriented housing, there are pockets of housing deterioration. These pockets are located both inside communities and in scattered rural areas. Housing and neighborhood deterioration is most notable in those communities further away from the Lake and the smallest rural communities. Often the housing at the greatest risk is the best source of affordable workforce housing.

To protect and sustain the region's stock of older housing (an important affordable housing resource) and use existing infrastructure in the most efficient manner, communities should implement conservation and reinvestment programs. Counties may also want to consider actions necessary to ensure safe housing for those within the counties' jurisdictions. Most of the programs identified in this section focus on actions that would be taken in more community settings and not in scattered rural housing that is more expensive to serve and maintain.

LAND ASSEMBLY

- One of the biggest hurdles to transformative infill development is the assembly of land or lots. Most developers do not have the capital, time, or other resources to assemble lots from multiple property owners. Communities and/or the development corporation should assemble lots in the most strategic way possible. Infill sites should be located in areas that are substantially sound and attractive, albeit older, neighborhoods that will sustain and benefit from the higher cost of new construction. Ideal infill sites are clustered together, giving a new development project the critical mass necessary to provide security for buyers and increase values in the surrounding neighborhood. An infill program may include the following components:
- A geographic inventory of vacant lots and deteriorated houses completed by each of the communities. This will assist the development company and city in defining target sites for new construction
- An aggressive program to acquire and demolish houses that are so deteriorated that rehabilitation is not feasible
- Negotiation with property owners to acquire targeted vacant lots
- In areas with a concentration of infill sites, preparation of a redevelopment plan that can guide developers and builders
- Where a concentration of infill sites cannot be done in one community the resources of multiple close communities may be combined to make the lots more appealing to a developer looking to use their resources to build more than just one house at a time.

HOUSING CONSERVATION

The previous section looked at ways to reinvest and rebuild existing neighborhoods, but actions should be taken to preserve housing before it becomes unsafe. The following provides an overview of different housing conservation programs that can help stabilize a community's housing stock. These types of programs may be managed by an organization like the COG, individual communities, or counties through partnerships with the communities.

- **An Emergency repair program.** For very low-income residents, an emergency repair program should be established. This type of program is usually funded through Community Development Block Grant (CDBG) funds in the form of grants or forgivable loans. Emergency repair programs are designed to meet critical individual needs, but also to keep viable housing from deteriorating further. Thus, when funds are limited, assistance should be focused on fundamentally sound structures.
- **Direct rehabilitation loan program.** This program would make direct forgivable loans and grants to homeowners from CDBG funds. The program is most appropriate to homeowners with low incomes who are not otherwise bankable. These efforts should generally be focused in strategic areas where loans support other area investments, such as substantial infill development.
- **A leveraged rehabilitation loan program.** This approach leverages private loan funds (often through the FHA Title I Home Improvement Loan program) by combining private loans with CDBG or other public funds to produce a below-market interest rate for homeowners. The program works most effectively in moderate income neighborhoods with minor rehabilitation needs and some demand for home improvements. The program is effective in expanding the amount of improvements completed by a fixed amount of public funding. Loans in a leveraged loan program can be originated through individual lenders or through the proposed lenders' consortium.
- **Energy efficiency loans.** Funding may be leveraged through the region's utility providers to offer loans that improve the energy efficiency of older homes. These low-interest or no-interest loans can be used to replace windows, heating and cooling systems, or any other upgrades that improve the energy efficiency of the home.

Primary funding for these rehabilitation activities may include Community Development Block Grant (CDBG) funds. Leveraging local dollars to support any of these programs would provide for greater flexibility and opportunities to take a broader regional or county wide approach. Advertisement and marketing can be important to any of these programs. Communities will see limited use of these programs due to a lack of public awareness. However, if they can be combined with a code enforcement effort, they can act as an incentive for bringing structures up to a reasonable standard.

RENTAL REHABILITATION

The individual communities, especially the larger cities like Lebanon, or the larger region should also consider a rehabilitation program. Rental rehabilitation should focus on workforce rental housing providing leveraged loans combined with code enforcement. Market demand and market pressures should address most issues with any seasonal housing rentals (outside of seasonal worker housing). With little or no code enforcement and a tight rental market, there is often no incentive for rental property owners to make improvements. With limited new multi-family construction in many of the region's communities over the past 10 to even 20 years, the rental market often depends on single-family homes.

In communities like Eldon, Versailles, and Lebanon these homes tend to be some of the oldest housing and in poor condition. This program provides financing for the improvement of sound rental properties in need of rehabilitation.

Rental rehabilitation must include both incentives and consequences to create a balanced 'carrot and stick' based program. This is why effective housing code enforcement is the key to ensure that units meet minimum housing standards. The reluctance of tenants to file complaints can seriously hamper effective life safety enforcement.

Some communities have instituted rental registration or licensing programs. Here, all rental units must register to be certified for occupancy. Registration requires a life safety inspection and compliance with minimum standards. These programs can be effective, but are staff-intensive and must be administered to avoid displacing low-income households. However, the potential of loss of revenue, combined with available financing, can induce participation by property owners in this type of program.

Mechanically, the foundation of a rental rehabilitation program should be private financing. An individual institution or development corporation, acting as a referral agency, may take a leading role in marketing the availability of rehabilitation loans to small rental property owners.

PROPERTY MAINTENANCE

Property maintenance was the most frequently mentioned issue noted by residents in the surveys. Working in partnership, communities should complete reviews of property maintenance codes. Establishing a level playing field across the region may be difficult because different communities have different perspectives on property standards. Completing this process on a regional level would be unprecedented, but could establish a regional standard for housing quality. At a minimum, individual community reviews should be done to ensure that current regulations are adequate for the desired outcomes in the community. While these regulations are important, the most important part of conserving the existing housing stock relies on the education of individual property owners. A significant driver of their actions can be the availability of good, consistent, actionable information about what is required of them by the code. This could be compiled in an easy-to-read document for distribution to property owners.

INVEST FOR SUCCESS

A deteriorating property on a block can often result in a slow decline in other properties along the same block or neighborhood. Deteriorating properties can have a detrimental effect on adjoining property values and leave little incentive for owners to invest in their own property. These investments need to be seen as adding value and if that value is decreased by the adjacent property's condition, owners will either choose not to invest or move on. The deterioration of public properties can have a similar effect. Cities must continue to invest in the streets and parks that surround a housing area or neighborhood. These types of investments are a visible sign that our communities see value in the neighborhoods and residents that support the communities. Investing in infrastructure today is important to ensuring continued success of a neighborhood.

HOUSING VARIETY

The need for greater housing variety was noted by most participants in the planning process. For most of the region's workforce the housing that has been constructed over the past ten years has not met their needs. Many of these households are looking for quality rental housing and entry level owner-occupied units. In addition to the need to expand workforce housing options, the need for senior housing was also noted. While the region is known as a retirement destination, many participants noted that there are few options for local seniors not wanting to live on the Lake, or Lake seniors wanting or needing to transition away from the Lake into more community centered environments.

RENTAL HOUSING

Rental construction over the past two decades has either focused on seasonal housing needs or been slow to non-existent in the rural communities. Changes in financing, a large young adult population, and stagnant wages coming out of the recession are increasing the demand for quality rental options. In the Lake Region, demand for rental housing crosses all income ranges. New rental housing and owner-occupied attached units should include market-rate rentals for professionals, workforce housing, housing for people with urgent needs in the lowest incomes, and seniors interested in downsizing. All of these options should expand the mix of housing choices in the region.

Funding sources such as a lending consortium and housing trust fund can be used to develop new inventory, and tax credits may be employed to address the needs of lower income households. Tax Increment Financing and CDBG/HOME funds can also help create affordable multi-family housing. The housing partnership and lending consortium should be active participants in the financing of multi-family housing developments by distributing the risk of projects across several lenders.

SENIOR HOUSING

During discussions with almost every community, the lack of housing that seniors and empty-nesters would find appealing located off of the Lake was frequently noted. The region's communities offer many appealing attributes that attract seniors to stay or move to after years on the Lake. These include small town community feel, medical services, and other commercial services, however, few options exist for this population. Additionally it was observed that many of the units that seniors would find appealing would also be marketable to young-childless professionals.

For many of the communities, a smaller townhome or single-family attached project might make a significant difference in the overall housing market. By providing independent living options for seniors, retirees, or empty-nesters a quality entry level or family-sized home is often brought to the market. These units would be low maintenance and designed with accessibility in mind, often referred to as universal design, allowing seniors to remain in their home communities for a longer time.

Different approaches can be taken to address this market need:

- Using many of the techniques outlined, lots or redevelopment sites can be designated for housing types that would be more appealing to seniors. These should include units with common maintenance, smaller square footage, and universal design standards. Ideally, these units should be clustered together and not scattered around town. Part of the appeal of these types of units is to create a community atmosphere that offers senior residents easy connections with their peers.

- Affordability problems are often most severe among the fixed-income elderly. The cities should continue to work closely with residents to identify programs and needs among the elderly population and to investigate innovative approaches to developing affordable senior housing. Under one concept, the housing development corporation could purchase the resident's existing house for rehabilitation and resale to a young household, and apply all or part of the purchase proceeds to rent or equity in the new senior setting. This combines the purchase/rehab/resale program with a senior oriented development.

- Downtown living can also be a great option for empty-nesters and newly retired professionals. The demand for this type of unit appears to be small in the Lake Region, but high among many of the nation's aging Baby Boomers. These more “urban” settings allow for low maintenance, high access to community amenities, and a strong social environment. These units are not necessarily marketed only to this demographic, but provide one more option within the overall market.
- Adaptive reuse of historic structures. Often historic buildings such as schools, warehouses, and other large structures can be converted to apartments and condominiums to create an attractive housing option. Much like downtown housing, the adaptive reuse of older buildings is a significant opportunity for the housing market. Few of these types of structures exist in the "younger" communities around the Lake, like Osage Beach or Lake Ozark, but in the older communities of Versailes, Eldon, Stover, and Lebanon there are scattered opportunities. These structures should be viewed as investment and development opportunities that can be targeted for reinvestment and reuse.
    - Eligible for additional funding mechanisms that may include community development block grants, HOME grants, state and federal historic tax credits, EPA brownfield remediation grants and tax incentives, low income historic tax credits, USDA rural development loans, state grant and assistance programs, and other mechanisms
    - Unique housing units with the natural urban character of a historic, and often formerly institutional facility. These units are often attractive to empty-nesters, active retirees, and even young professionals.
    - Preservation of existing neighborhood fabric and community heritage
    - Efficient use of existing city infrastructure (water, sewer, taxable land, etc) while also converting an often vacant or underused site and facility

NEXT STEPS

The work completed to bring together this study is only the first step. The study has met its charge to identify the region's housing gaps and potential strategies for the addressing those gaps, but the next steps are what is essential to meeting the region's housing needs. Over the coming years, many stakeholders will have to come together to fulfill the goals outlined earlier in this chapter, but ultimately it takes a champion to lead the vision forward. Successful implementation requires an organization to take on the responsibility of assigning tasks, bringing together the critical stakeholders, and creating the partnerships necessary for successful implementation.