

Missouri Economy Indicators Housing Age and Energy Efficiency

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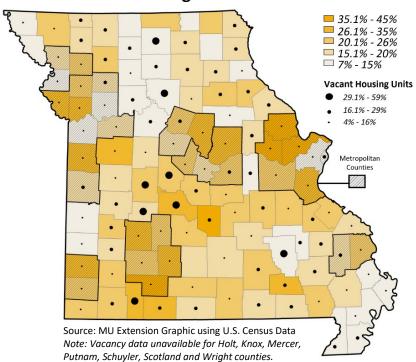
Approximately <u>80%</u> of single-family dwelling homes in the United States are at least 20 years old, and over half of all homes were built prior to 1980. Following the Great Recession (2007-09), new housing construction has slowed due to rising material costs, labor shortages and higher interest rates, limiting production. Between 2020 and 2022, new construction added nearly <u>1.7 million</u> units to the national housing stock, representing only 2% of all owner-occupied homes. However, the majority of the housing stock remains older, potentially leading to decreased energy efficiency and other issues if not adequately maintained. Elderly individuals on fixed incomes, along with low-income households, often struggle to manage and pay for the energy costs required to heat and cool their homes. The loss of energy efficiency in older homes can result in economic hardship and negatively impact residents' health and well-being.

Missouri's Aging Housing Stock

More than a quarter (26.9%) of Missouri's houses were constructed before 1940, and more than half of Missouri's housing stock was built between 1960 and 1999.

In the Springfield metro, Christian County had the highest proportion of housing built after 2000 (45%). In the St. Louis metro, Warren and Lincoln counties also boast significant percentages of newer housing (44% and 42%, respectively). Conversely, St. Louis City (56%), along with Worth (31%), Atchison (30%), and Holt (29%) counties had the most homes built before 1940.

Percent of Housing Stock Built Since 2000



In 2020, home prices surged amid the COVID-19 pandemic, raising concerns about housing affordability. However, contrasting economic housing situations emerged between urban and rural areas due to high vacancy rates in rural communities. Between 2005 and 2020, the number of unoccupied homes in the U.S. jumped by 26%, rising from 9.5 million to 12 million. According to a <u>report</u> from the Lincoln Institute of Land Policy, communities with abandoned housing and high vacancy rates face significant challenges in their recovery.

Camden (59%), Morgan (49%) and Benton (40%) counties reported the highest vacancy rates. These counties, known for hosting some of the state's premiere tourist attractions, experience significant seasonality in vacancy rates due to transient vacationing populations. Contrarily, metropolitan areas like Greene and St. Charles counties maintain the lowest vacancy rates at 4%, while Cass, Christian, Clay, Lincoln and Platte

counties are slightly higher (6%). Vacancy often correlates with other societal challenges, like concentrated poverty, economic decline and community blight. To address these issues, Missouri relies on state and federal programs like the Missouri Housing Trust Fund, Multifamily Rental Production and the USDA Rural Development Single Family Housing Program. These programs support housing development for new construction, repair or rehabilitation of existing housing.

Housing Age and Energy Efficiency

Missouri households spend an average of \$1,909 annually on energy costs, higher than the average expenditure of \$1,790 annually in neighboring states. This increased spending can be attributed to factors affecting space heating and cooling efficiency. For example, 20.6% of Missouri households have poor or no insulation, compared to 17% of households in neighboring states. Additionally, 16% of Missouri households live in dwellings that are drafty most or all of the time.

Energy expenditures increase with income, as shown in the table above. In Missouri, 21.1% of households report reducing spending on basic needs due to high home energy bills, slightly higher than neighboring states' average of 19.8%. Although energy costs are generally lower for newer houses, the choice of heating fuel can significantly impact these costs. Houses built after 2000 are more likely to use electricity for space heating, while older homes commonly use natural gas. In Missouri, 31.2% use electricity for space heating and 59.6% use natural gas.

Average Annual Energy Expenses by Income

Income	Missouri	Neighboring States
<\$35,000	\$1,641	\$1,497
\$35,000-\$74,999	\$1,877	\$1,698
\$75,000-\$99,999	\$1,987	\$1,894
\$100,000-\$149,999	\$2,093	\$2,077
>\$150,000	\$2,575	\$2,487

Source: MU Extension Graphic using U.S. EIA Residential Energy Consumption Survey Data.

Average Square-Foot Energy Cost by Home Age

Age of House	Dollars per Square-Foot	
Before 1950	\$1.29	
1950-1959	\$1.19	
1960-1969	\$1.37	
1970-1979	\$1.12	
1980-1989	\$1.07	
1990-1999	\$0.99	
2000-2009	\$1.07	
2010-2020	\$0.86	

Source: MU Extension Graphic using U.S. EIA Residential Energy Consumption Survey Data.

Additional Resources

- The <u>Low-Income Energy Affordability Data (LEAD) Tool</u> is an interactive online platform that helps users
 make data-driven decisions by improving their understanding of low-income and moderate-income
 household energy characteristics.
- The <u>Low-Income Home Energy Assistance Program</u> (LIHEAP) and <u>Low-Income Household Water</u>
 Assistance Program (LIHWAP) help eligible Missourians pay their energy, water or sewer bill, and also provides emergency services. LIHEAP is administered by Missouri's 19 <u>Community Action Agencies</u>.
- Income-eligible homeowners and tenants (with their landlord's permission) are eligible for the Department
 of Natural Resource's <u>Weatherization Assistance Program</u> which provides cost-effective energy-efficient
 home improvements—lowering utility bills and improving comfort and ensure health and safety.

All Missouri Economy Indicators briefs in this series are available at http://muext.us/MissouriEconomyIndicators
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