Status of Affordable Housing for Larimer And Weld Counties

A presentation to the Statewide Blue Ribbon Panel on Affordable Housing

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Why Do We Need Affordable Housing?

Economic Reasons:

- Over the last 10 years, The largest job growth occurred in the service and retail trade sectors.

- Over the last 10 years, housing costs have significantly outpaced the increase in wages.

- Employers rely on a mix of workers earning different levels of income. Without these workers, the companies could not afford to operate and may have to relocate their business, taking jobs with them.

People who cannot afford local housing are forced to commute from outlying communities, which

- exacerbates traffic congestion and air quality problems

- decreases dollars spent in northern Colorado on goods, services and entertainment;

And,

- increases absenteeism and decreases work productivity. Northern Colorado cannot grow as a regional retail center without a local workforce.

Why Do We Need Affordable Housing? (cont.)

Social Reasons:

As reported in the Fort Collins *Priority Affordable Housing Needs and Strategies* report, 3,500 owners (14% of all owners) have incomes less than 80% of the median and pay over 30 % of income for housing costs.

6,300% (39% of all renters) have incomes less than 50% of the AMI and pay over 30% of income for housing costs.

All families need affordable housing for a *stable household* environment. *Stable households* provide stable children in schools and families in neighborhoods, a *stable quality of life* and *stable demand* for goods and services which drives the economy

Families paying too much for housing create more need for public and private support.

Insufficient housing choice also means a lack of diversity and community richness.

As evidenced by the July 28, 1997 flood in Fort Collins, the lack of affordable housing options places a strain on the housing market as well as impacting community resources.

Sources: "The Status of Housing in Colorado", Colorado Housing and Finance Authority, March, 1997. "Building Inclusive Community: Tools to Create Support for Affordable Housing", Homebase, 1996.

Demographic Profile

- Larimer County
  - Population- 251,226 (based on 2000 census data)
    2005 projection 280,817 (www.co.larimer.co.us)
  - Average Household Wage: $34,600
    (family of 4 @ 50% AMI, per February 2005 HUD statistics)
  - Average Rental Cost: (per co. div of housing rental survey Q3,04)
    Fort Collins: $ 707.54
    Loveland: $ 745.86
  - Average Cost of Single Family Home: $244,478 (regional snapshot, March 2005 www.colorodoan.com)

Demographic Profile

- Weld County
  - Population- 209,909 (census July 03 estimate)
  - Average Household Wage: $31,564 (family of 4 @ 50% AMI, per February 2004 HUD estimate)
  - Average Rental Cost: $655.34 (per co. div of housing rental survey Q3,04)
  - Average Cost of Single Family Home: $205,419 (regional snapshot, Feb 2005 www.colorodoan.com)

The Housing Continuum

Larimer County survey of Shelters and Transitional Service

- Of the 32 agencies that responded to the survey, 12 provided some type of shelter/housing. 9 of these 12 agencies answered this question (75% response rate).
- Emergency Shelter beds
  - 58 beds for single adults (1 bed being a motel service)
  - 18 beds for unaccompanied youth
  - 40 beds for people in families (3 being motel service)
  - 133 beds undesignated (this includes 29 beds for domestic violence victims)
- Transitional Housing units
  - 20 units for single adults
  - 112 units for people in families
- Permanent Supportive Housing units
  - 40 units for single adults

The Housing Continuum

WELD County survey of Shelters and Transitional Service

- Emergency Shelter beds (non-restricted Service at the Guadalupe Center)
  - 22 beds for men
  - 0 beds for unaccompanied youth
  - 16 beds for women and children
  - 0 beds for single, non-abused women

- Transitional Housing units
  - 48 units for single adults – OR -
  - 12 units for families (5 families on the wait list as of 5/01/05)
- Permanent Supportive Housing units
  - None

***According to our survey, the GREATEST NEED IN WELD COUNTY today is a non-restricted Women's shelter for single, non-abused, homeless women.

The Housing Continuum

- Housing for Physically or Mentally disabled

According to the Disabled Resource Services Center for Larimer County, the disabled persons they serve tend to be single adults who receive $564 to $1,100 per month for SSDI. They have been providing services for 12 years and 90% of their clients have incomes below the poverty level. *The services that they need include assistance with housing payments and utilities and locating housing that is adapted for their disability*. The survey findings found that 22% of households with a disabled person lived in a setting that did not accommodate their disability.

SPECIAL NEEDS POPULATIONS NEED DEEPLY SUBSIDIZED UNITS

For those Colorado Citizens who cannot work and live on fixed incomes including social security disability, finding an affordable place to live is a challenge.

Colorado's Social Security payment of $556 a month only allows a budget of $167 to pay rent and utilities. This amount is only 22% of the average Colorado rent.

There are over 39,000 persons in Colorado living off of Social Security. Of these, it is estimated that 11,504 had unmet housing needs in 2003.

(Social Security Administration, Colorado Division of Housing: Multi-Family Vacancy and Rent Survey, Colorado Department of Human Services: Follow-Up Study of Housing Needs of Low Income Populations in Colorado, data analysis)

Living On SSI Disability in Colorado:

$556 monthly SSI Payment

Affords $167 for Housing

The Housing Continuum

– Senior Housing

Over 28,000 low and moderate income seniors with mobility or self care limitations have housing problems.

COLORADO SENIORS NEED AFFORDABLE HOUSING OPTIONS

Low income senior citizens have unique housing needs. Over 28,000 low and moderate income seniors with mobility and self-care limitations have housing problems. Of these, 13,177 are renters and 15,237 are owners.

There are an estimated 37,442 low income senior renters that pay too much for their housing unit in 2004. Over 7,000 more affordable rental units are needed for seniors living on social security or old age benefits in Colorado.

(HUD Consolidated Plan dataset, Colorado Department of Human Services: Follow-Up Study of Housing Needs of Low Income Populations in Colorado, data analysis)

The Housing Continuum

– Affordable Rental Housing

Housing Costs as They Compare to Other Colorado Communities

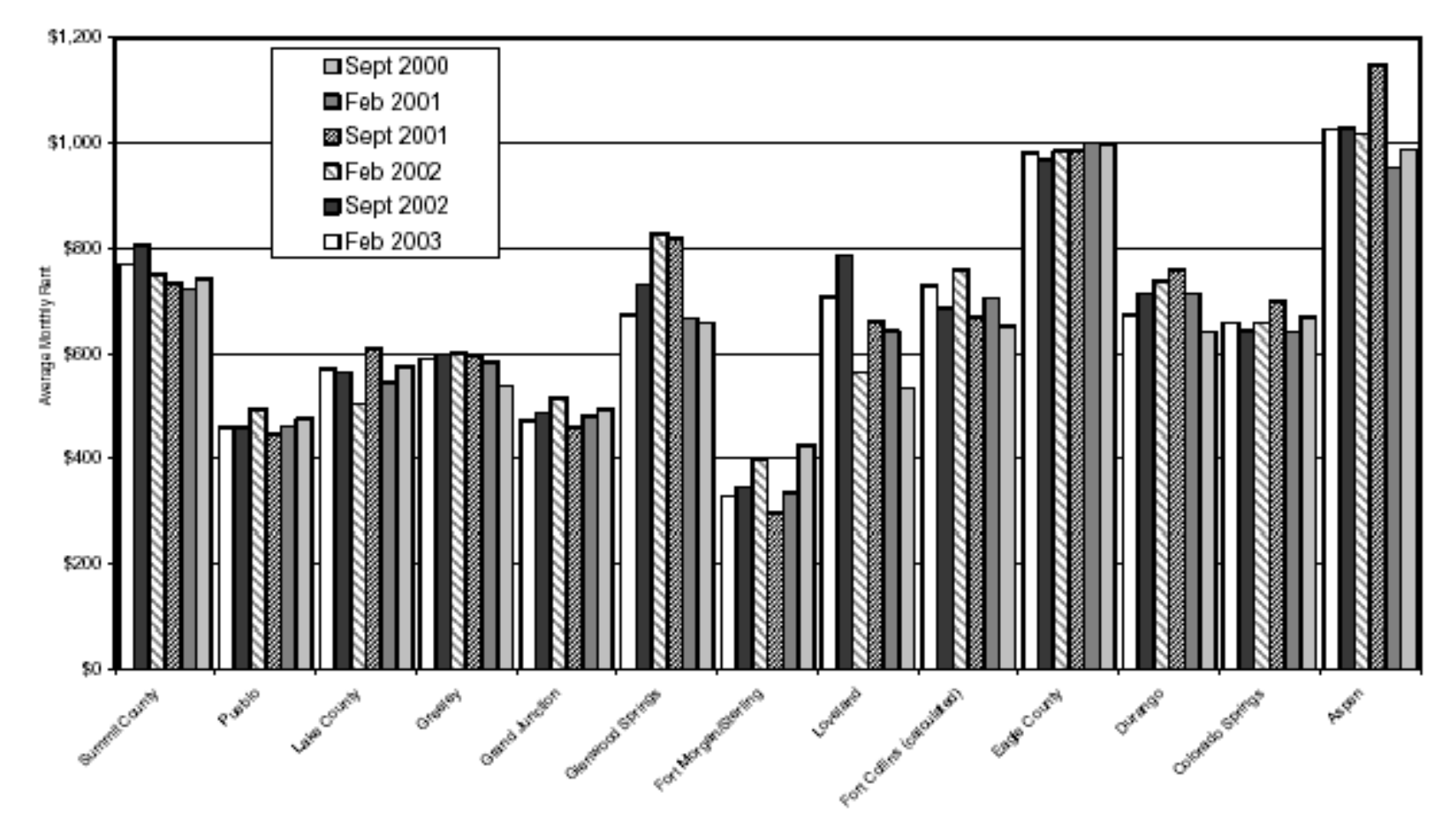
•According to the Rental Survey, as of February 2003, the average rent in Colorado communities varied widely, from $329 in Fort Morgan-Sterling to $1,026 in Aspen.

•Of the 13 surveyed areas, Fort Collins-Loveland ranks 4th with an average rent of $743 per month, behind only the resort communities of Aspen, Eagle County, and Summit County.

•For these communities rents remained flat or decreased between September 2000 and February 2003.
See Table 1.

Table 1 ¦ Average Rent by Market Area, September 2000 to February 2003

Source: "Multi-Family Housing Vacancy and Rental Survey," February 2003 by Gordon E. Von Stroh, Ph.D., University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing. * Note: The Multi-Family Housing Vacancy and Rental Survey treats Fort Collins/Loveland as one entity for all information gathered, except for vacancy rates where they are separately surveyed.



Rental Statistics

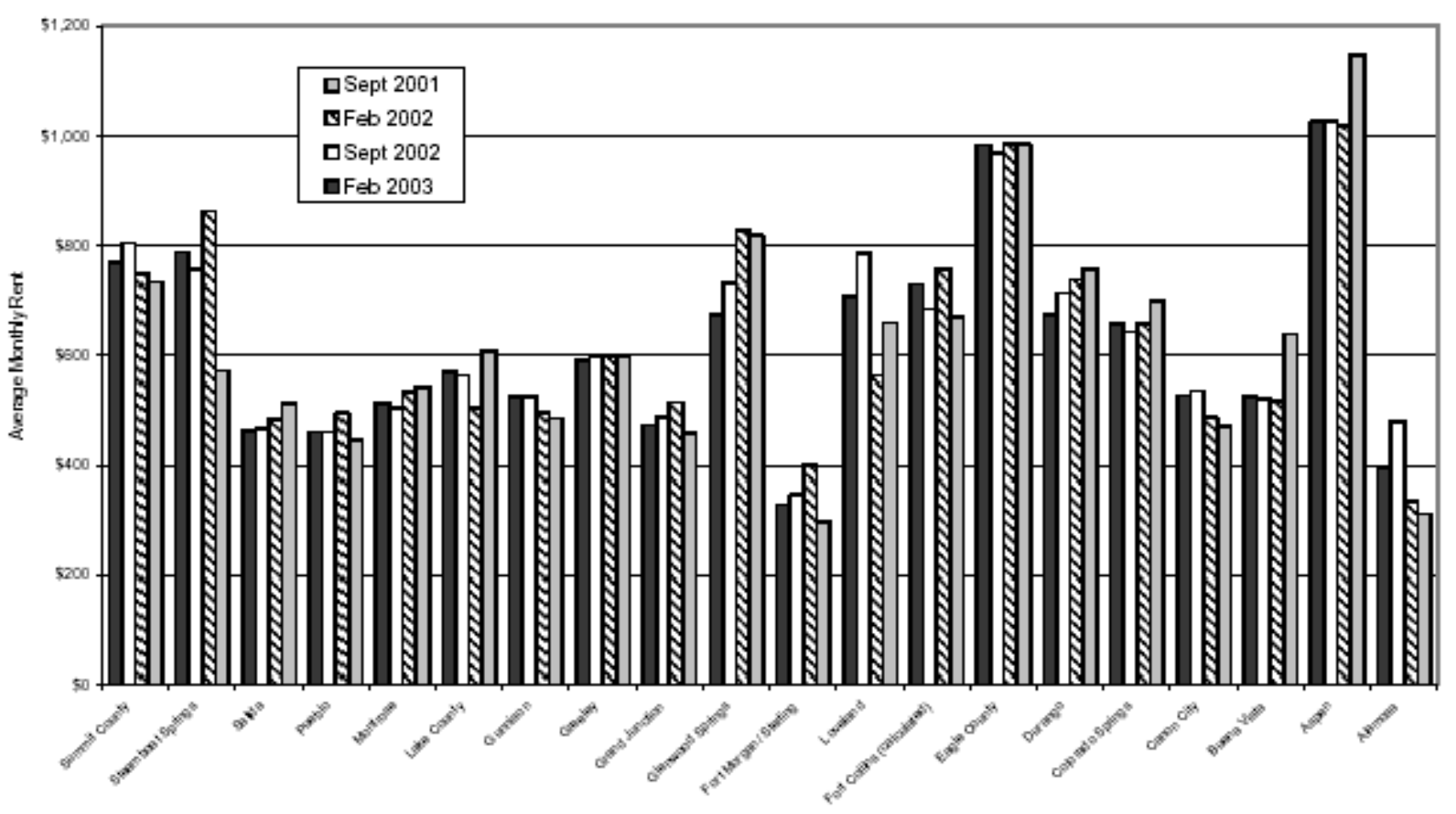
Table 2 shows a comparison of rent levels for all communities surveyed by the Division of Housing from 2001 through 2003. Looking at the 20 Colorado communities surveyed; there is no consistent pattern.

In February 2003, rent levels decreased or were relatively flat, as 15 communities had rent decreases, while the other 5 had flat rent levels (Canon City, Eagle County, Fort Collins/Loveland, Greeley and Gunnison), as illustrated by Table 2.

The Loveland, Fort Collins and Greeley market areas have recently experienced historically high vacancy rates. This condition is due partly to the large number of new multi-family developments that entered the marketplace in 2002 and the downturn of the local economy, reflected by fewer jobs being available for workers.

Table 2 ¦ Average Rent, All Communities, September 2001 to February 2003

Source: "Multi-Family Housing Vacancy and Rental Survey," February 2003 by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing.



Rental Statistics

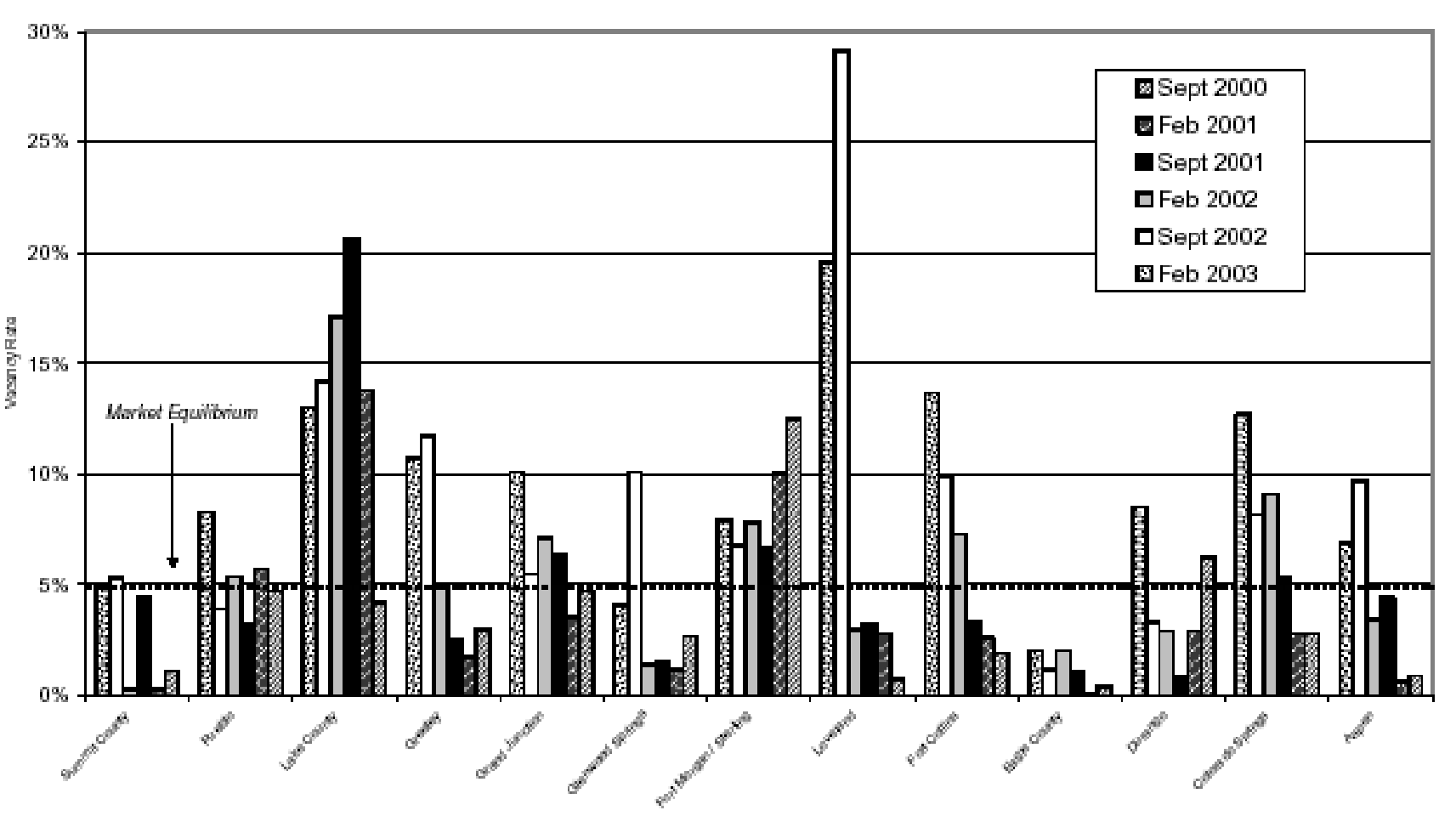
For the 13 original communities surveyed, rental vacancy rates varied across the State in February 2003 as indicated in Table 3.

Generally, a 5% vacancy rate is considered an equilibrium rate – below 5%, indicates choice of units is restricted and rents may increase, while much over 5% generally indicates there may be excessive vacancies and that there is no current need for additional units.

In September 2002, Loveland had the highest vacancy rate at 29.1%, indicating an extremely overbuilt market with excessive rental housing units. Loveland's vacancy rate has now decreased to 12.5% as of Q3 2004, Fort Collins' by comparison is at 11%. Greeley / Weld Housing Authority reported the demand for public housing has increased recently and that they presently have 125 families on the wait list for 86 units, while the vacancy rate is steady at 12%.

Table 3 ¦ Rental Vacancy Rates by Market Area, Sep. 2000 – Feb. 03

Source: "Multi-family Housing Vacancy and Rental Survey," February 2003 by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing.



Gaps in Rental Housing

An example of the gap as reported by the City of Loveland in September 2004:

- A comparison of the incomes of renter households to current rents indicates there are gaps in the availability of units priced under $550 per month to serve households with incomes at or below 50% AMI and over $1,363 per month for households with incomes in excess of 120% AMI. There appears to be surplus availability of units renting for amounts between $550 and $1,135 per month (50% to 100% AMI) and equilibrium in the $1,135 to $1,362 range (100% to 120% AMI).

Gaps in Pricing of Rental Units

Renters	*Affordable Rent*	*% Renter Households*	*% Rentals at these Rents*	*Gaps in Pricing*
30% or less AMI	< $340	23.9%	8.3%	-15.6%
30.1% - 50% AMI	$340 - $550	22.5%	19.3%	-3.2%
50.1% - 80% AMI	$551 - $900	28.3%	46.2%	17.9%
80.1% - 100%	$901 - $1135	9.4%	17.9%	8.5%
100.1% to 120%	$1135 - $1362	5.1%	6.9%	1.8%
Greater than 120%	$1363+	10.9%	1.4%	-9.5%

- Even though there is a gap in pricing at the lower end of the spectrum (less than $550 per month) it does not necessarily equate to a need for development of additional units. Households with incomes above 50% AMI are likely renting some of the units priced below $550 per month. As vacancies continue in all price ranges, movement within the market should result in a better match between ability to pay and rent charge. For those households who are still unable to find rental units that they can afford, rent subsidies like Section 8 vouchers are appropriate.

The Housing Continuum

– FirstTime Homebuyer (FTHB): 60-80% AMI

The greatest challenge first time home buyers face is the reality of the statistic that the average home sale price was 247% greater than the Median Family Income in Larimer County (IRES).

Barriers for FTHB's: poor credit, no cash for down payment, lack of homeownership education/skills, availability of "decent, safe, attainable" product, costs outpace wages, transportation / distance between job and home

The Housing Continuum

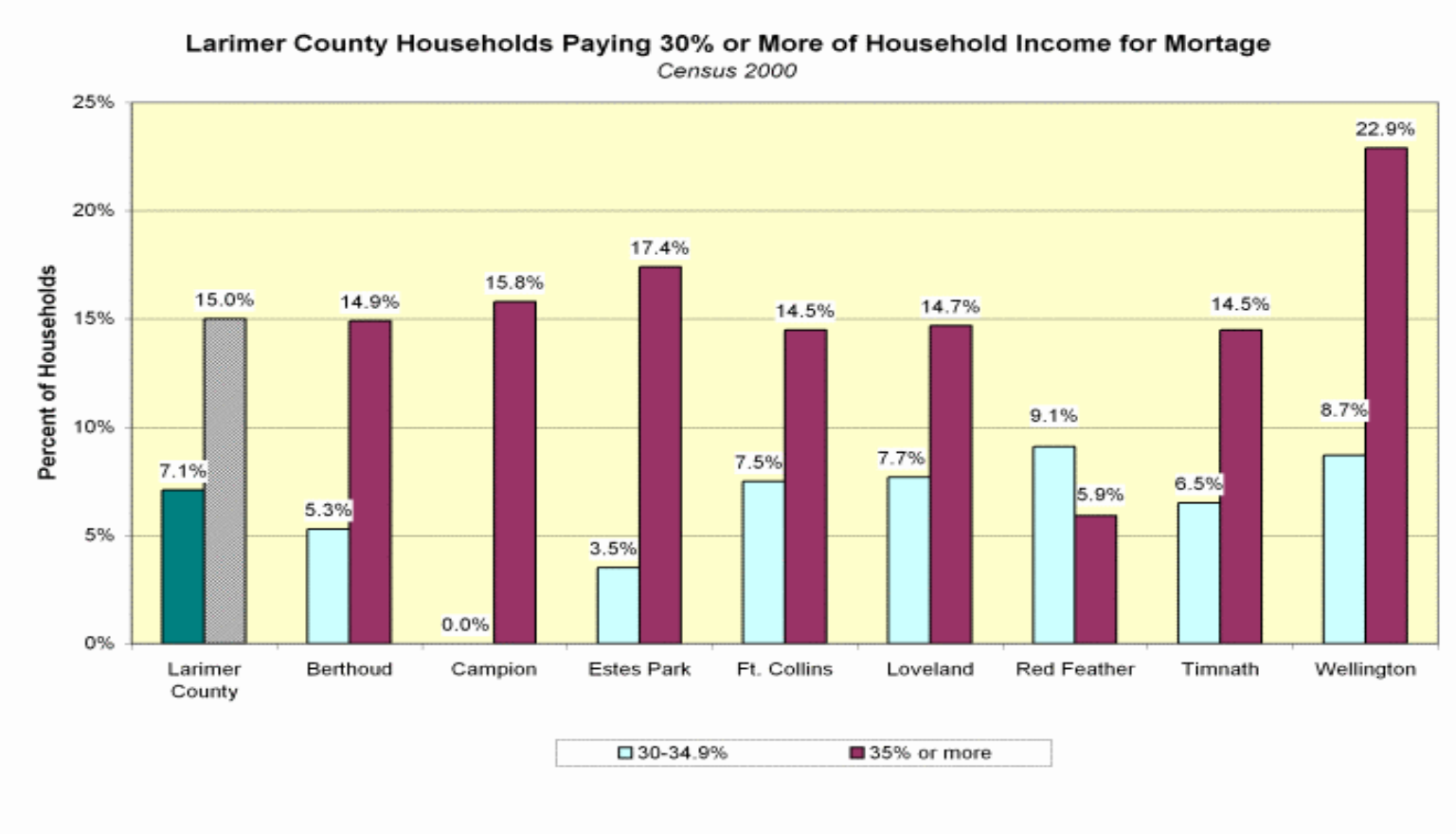
Market Rate Housing:

The median price of a single family home has risen dramatically in the past 13 years.

Of the communities selected for comparison in the 1999 Needs and Strategies report, Fort Collins saw the 5th largest dollar increase in home price between 1992 ($88,293) and 2000 ($169,600), and 2005 ($244,478) had the 3rd highest median sale price.

Only Boulder County and Summit County had higher prices.

Costs of Home Ownership



What these data tell us:

In 2000, 22.1% of Larimer County homeowners were paying 30% or more of their household income toward a mortgage, with the majority of those households paying 35% or more.

Source: www.larimer.org/compass/homeownership_cd_housing.htm

Workforce Housing; Wages versus Purchase Price

Table 6 shows how the average wage change between 1992 and 2000 compares to the change in median sale price in Colorado for a single family home.

In the areas selected, housing prices rose faster than wages. However, the fourth greatest disparity was in Fort Collins, with a 91% increase in the price of housing and only a 41% increase in wages during this time.

As this gap widens, the disparity of income to housing cost affects those in the service and retail sector the most, which account for 48% of the jobs in Fort Collins according to the 2000 Census. In 2000 the average wage rate in the retail sector was $16,950 compared to $59,350 in manufacturing.

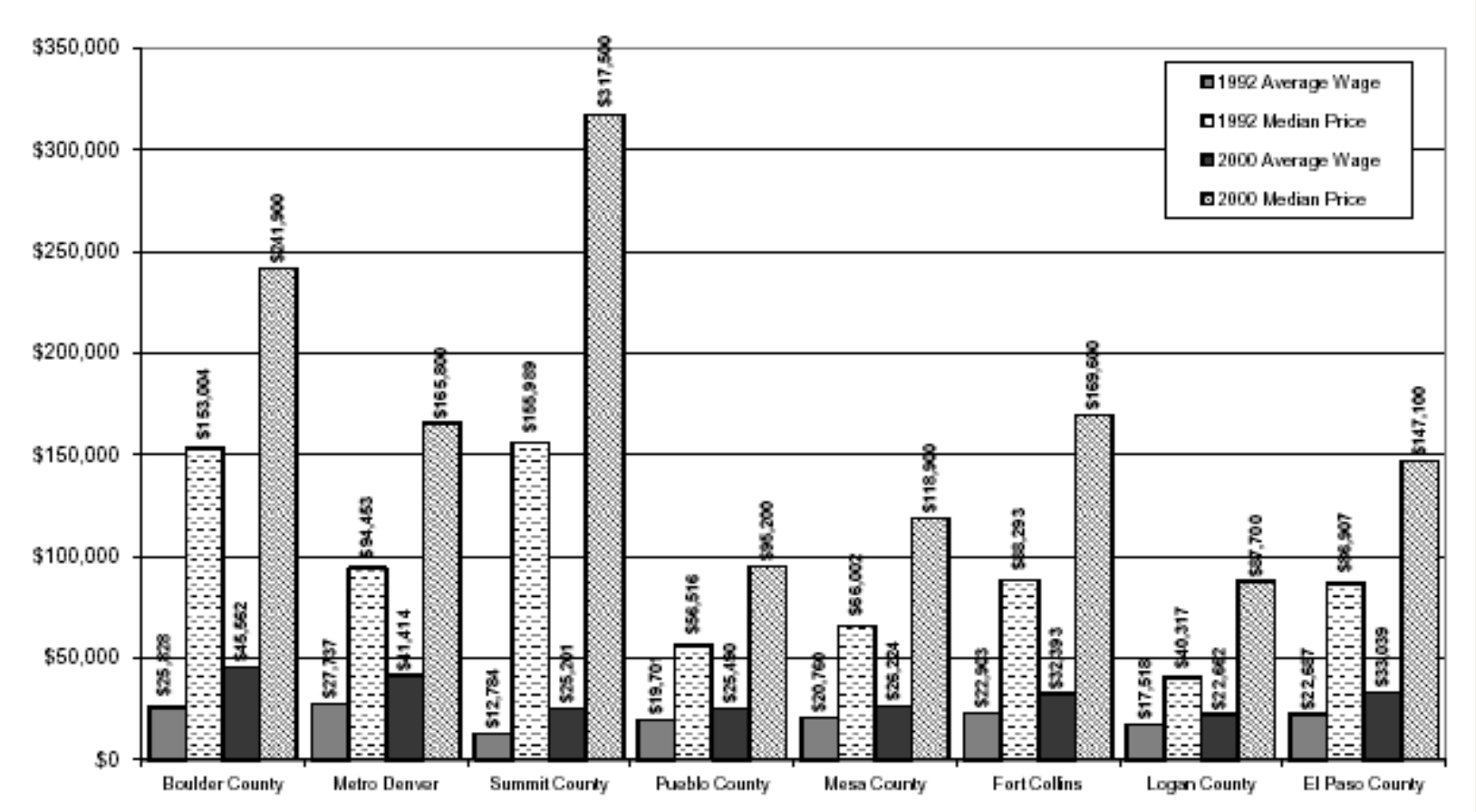
The obvious implication is that as more people are forced to commute to the city, the greater its traffic congestion and related air-quality problems will be.

Not so obvious is the loss of dollars spent on goods, services and entertainment in their home communities.

Finally, if growth in wages continues to lag behind growth in housing costs, many current northern Colorado residents will find that their quality of life is stagnating.

Table 6 ¦ % Change in Average Wage for all Industries vs. % Change in Median Price* of a Single Family Home, Selected Market Areas, 1992 to 2000

Source: Colorado Association of Realtors, Boulder, Logan, Mesa, Summit and Fort Collins County Board of Realtors; U.S. 2000 Census; Colorado Employment and Wages, Annual Averages 1992 and 2000.
***Averages were used for Boulder County as medians were not available.**



Some Tools for the Consumer

- **CARE Housing**: Advocates for and provides affordable housing to low income working families, with supportive services to strengthen and empower families, and build community.
- **Catholic Charities Northern:** Advocates for people of all faiths
- **CDBG** : Community Development Block Grant Develops neighborhoods to improve the physical, economic and social conditions of citizens below the median income for the area.
- **Colorado Coalition for the Homeless:**
- **Colorado State University**: Provides a liaison for on- and off-campus student housing.
- **Consumer Credit Counseling Service**: Provides first-time home buyer classes and provides housing counseling assistance through many programs like the Financial Counseling Program that helps families prevent and resolve financial problems and learn money management skills.
- **Crossroads Safehouse:** Serving at-risk individuals

Tools for the Consumer, continued

- **Fort Collins Housing Authority**: Secures public and private sector funds to develop, manage and administer affordable housing for low income families within the corporate limits of Fort Collins.
- **Greeley Center for Independence:**
- **Greeley Transitional House:**
- **Habitat for Humanity**: Dedicated to eliminating substandard housing and home-lessness and to making adequate, affordable shelter a matter of conscience and action. Families contribute toward construction.
- **HOME Program**: Provides funding to developers (both for-profit and non-profit) for the creation and rehabilitation of affordable rental housing and creation of new affordable owner-occupied housing.
- **Home Buyer Assistance Program**: Provides funds to income-eligible households for down payment and closing costs to purchase a home.
- **LaHIP - Larimer Home Improvement Program**: If income qualifies and you meet the guidelines, you could receive a low-interest loan from HUD.
- **Neighbor to Neighbor**: Empowers people and provides housing opportunities through education, advocacy, counseling and partnering with the community.
- **United Way** – Larimer and Weld Counties

Tools for Developers / Builders

A statewide objective should be to encourage cooperative work with private, public and non-profit developers in the creation and expansion of housing opportunities for households of ALL income levels and the preservation of existing affordable housing stock. An example of tools that could be used:

- Construction Fee Exemption
- Development Plan Fee Waiver
- Impact Fee Payment FREEZE and Delay Program
- Land Banking
- Priority Processing for Qualified Affordable Housing Projects
- Private Activity Bonds, LIHTC, CDBG Home, AHP (FHLB)
- Private and Non-Profit Affordable Housing Organizations
- Sales Tax Rebate Program
- State and Federal Affordable Housing Programs

Suggestions for improving the jobs/housing balance in Northern Colorado

- Housing needs are different in every community requiring that local barriers be addressed and managed locally.
- There must be housing options at all levels of the housing continuum.
- Monies need to be distributed in a balanced approach across the continuum.
- Partnerships with local Economic Development Organizations and the Affordable Housing Community must be encouraged – the linkage between the two is critical to a successful balance.

Resources for reference data

- The Loveland Housing Study, Sept. 2004 www.ci.loveland.co.us
- Fort Collins, Priority Affordable Housing Needs and Strategies.
- “The Status of Housing in Colorado” Colorado Housing and Finance Authority, March 1997
- “Building Inclusive Community, Tools to Create Support for Affordable Housing”, Homebase, 1996
- www.co.larimer.co.us
- Colorado Division of Housing: Rental Survey Q3 2004
- www.colorodoan.com
- www.co.weld.co.us
- Larimer County Human Services: Survey of Shelters and Transitional Services
- Catholic Charities Northern
- The Guadalupe Center, Greeley
- Greeley Transitional House
- Disabled Resource Service Center for Larimer County
- Greeley/Weld Housing Authority
- United Way of Weld County
- “Multi Family Housing Vacancy and Rental Survey”, February 2003
- Information Real Estate Services (IRES)