



# HOUSING SNAPSHOT

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## CHALLENGES REMAIN FOR HOUSING ECONOMY

Personal income in Colorado fell 0.3 percent in the second quarter of 2009 from the previous quarter, making it one of the few states to see income declines between the two quarters.

While this was a smaller fall than was seen the preceding two quarters, when income fell over 1 percent each quarter, it does indicate that savings and capital accumulation among Colorado's homeowners and renters remains restrained.

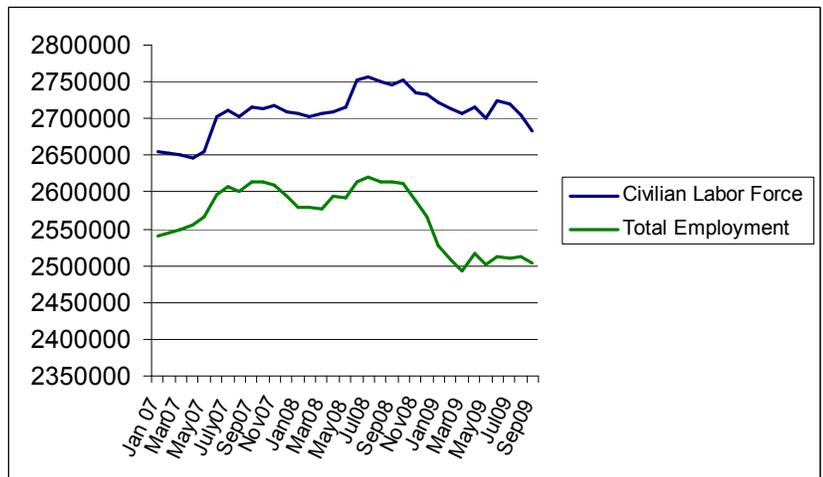
The total employment continues to fall from its peaks in September of 2008, and although the

unemployment rate fell to 6.7 percent in September, the number of jobs has not grown.

Nevertheless, demand for housing units remains buoyed by moderate amounts of new household formation. 35,613 new households were created in 2008; a

1.9% increase driven by both natural population increases and migration from other states.

However, limited income growth coupled with continued household formation with likely mean an increased demand for low-cost housing.



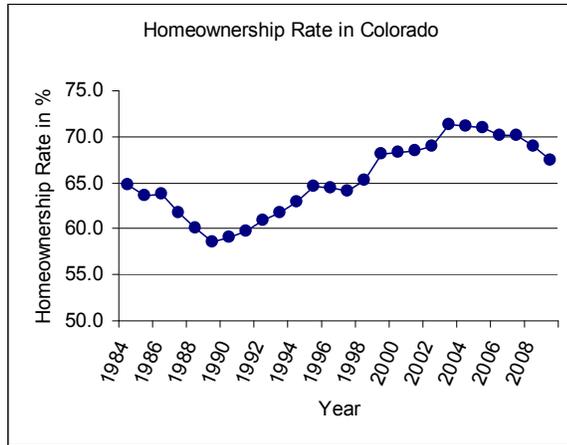
## HOME PRICES CONTINUE TO STABILIZE

On October 27, Standard and Poor's released August 2009 Case-Shiller home price index data for 20 U.S. cities including Denver.

Only Dallas reported a smaller decline in home values than Denver, with respective percent changes in home prices of -1.2 percent and -1.9 percent.

The overall 20-city home price index fell 11.3 percent, with Detroit and Las Vegas reporting the largest declines in values at -22.6 percent and -29.9 percent respectively. Cont. on page 2

# HOMEOWNERSHIP RATES FALL IN COLORADO



Homeownership rates in Colorado

*“Only Dallas reported a smaller decline in home values than Denver.”*

After hitting a peak of 71.3 percent in 2003, the homeownership rate in Colorado has gradually fallen from 2003 through 2008.

According to data released by the U.S. Department of Commerce and the American Community Survey, home-

ownership rates increased quickly following the 1991 recession, increasing from 60 percent to 68 percent in ten years.

Following the dot-com bust and the 2000-2001 national recession, homeownership rates continued to increase, due in part to record low mortgage rates and relatively strong economic growth through the middle of the decade.

Homeownership rates began to fall as foreclosure rates increased significantly in Colorado beginning in 2003, and credit began to dry up in 2007. As credit tightened, fewer first-time buyers qualified for loans, and foreclosing owners exited the homeownership market

At 67.5 percent, current homeownership rates remain at historically high levels.

From 1984 through 1997, Colorado homeownership rates never rose above 65 percent.

The national homeownership rate followed a similar trend, rising above 65 percent in 1997 and peaking at 69 percent in 2004 before falling below 66.6 percent in 2008.

See the Division of Housing blog for more detailed information.

Data source: US Census Bureau and American Community survey:  
<http://www.census.gov/acs/www/>

## HOME PRICES, CONTINUED

Continued from page 1

Denver home values increased 1 percent between July and August.

Although third quarter data has not yet been released, the Federal Housing Finance Agency (FHFA) data for the sec-

ond quarter appears to support the Cas-Shiller data. FHFA reports a Colorado statewide drop of 1.06 percent, and ranks Colorado as the 11th best state for house price appreciation in the nation. Broken out by metro area, year over year in-

creases/decreases were:

- Boulder: +0.57%**
- Ft. Collins: -0.38%**
- Colo. Springs: -2.41%**
- Grand Junct.: -3.63%**
- Greeley: -1.64%**
- Denver/Aurora: -0.29%**
- Pueblo: -0.61%**

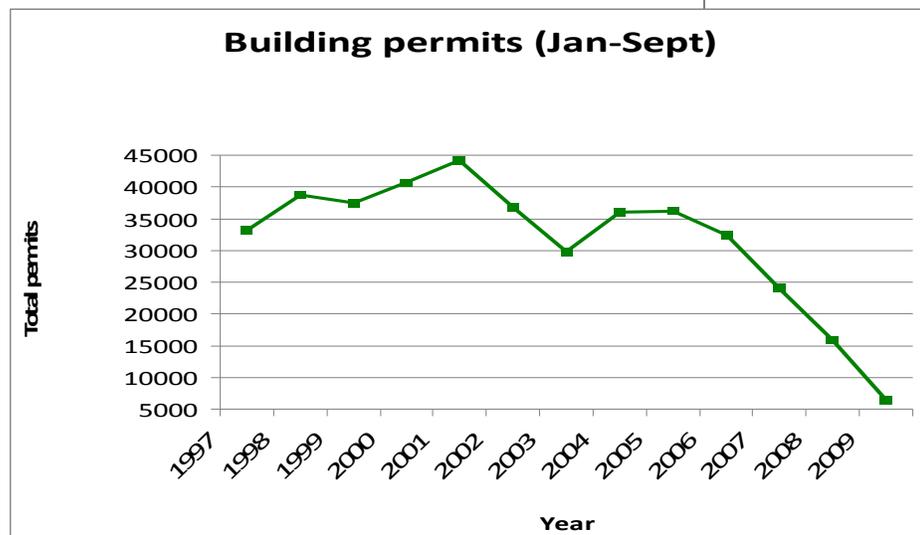
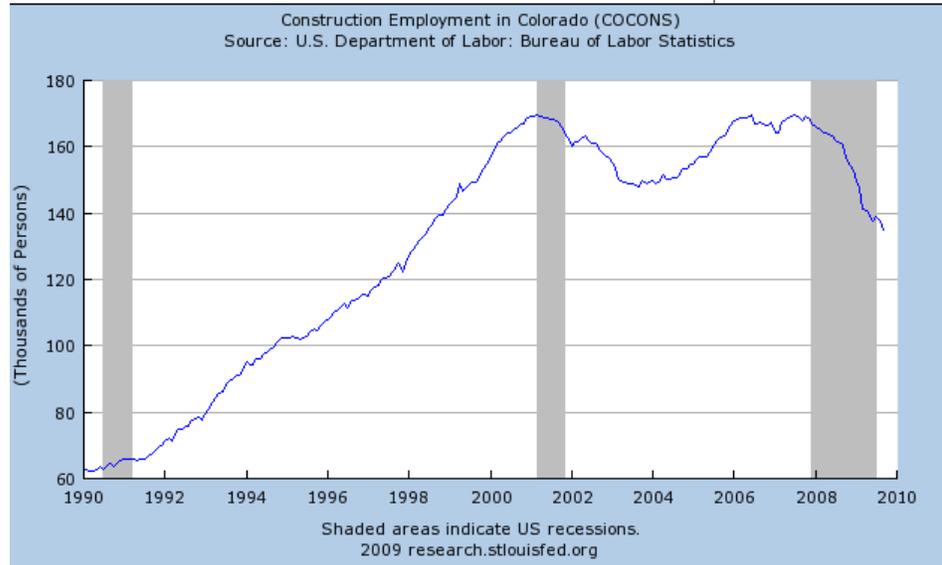
# CONSTRUCTION JOBS AND PERMITS

## FALL

Construction employment in Colorado continues to fall as demand for new housing remains muted and financing for commercial and multi-family housing remains difficult to find.

New building permits for housing units continue to fall from the most recent peak of 36,200 for the period of January to September, 2005. For the same period of 2009, Colorado reported slightly more than 7,000 permits in preliminary estimates.

In the metro Denver area, the number of multifamily units expected to come online this year totals 3,600. This compares to a 2002 peak of 9,100.



## CPI FALLS 0.6%. HOUSING FLAT.

According to the Denver-Boulder-Greeley CPI, the overall CPI for the area was 207.44, which is a decline of 1.7 percent from the second half of 2008, and is a 0.6 decline from the first half of 2008. The overall fall in the CPI was driven by a fall in transportation

costs, and housing did not drop as much as the overall CPI. The CPI for housing, which includes rents, owner rent-equivalent, fuel oil, and bedroom furniture. Fell 0.6 percent compared to the first half of 08 and was unchanged at a 0.0 percent change

when compared to the first half of 2008.

Colorado CPI data can be found through the bureau of labor statistics:

<http://www.bls.gov>

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Department of Local Affairs



*Strengthening Colorado Communities*

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*The mission of the Colorado Division of Housing is to ensure that Coloradans live in safe, decent and affordable housing by helping communities meet their housing goals..*

**DOH is your partner in providing financial assistance and services that increase the availability of housing to residents of Colorado who can least afford it.**

Next State Housing Board Meeting: November 10, 2009

**Coming in November:**

October Metro County Foreclosure report

3rd Quarter Statewide Foreclosure Report

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## NEIGHBORHOOD STABILIZATION PROGRAM UPDATE

On March 10, 2009 Colorado received its \$34,126,700 program award from HUD, starting the countdown on the clock to September 10, 2010: all funds must be obligated within this 18 month window.

The State anticipates a quick turnaround for the grantees to complete single family, multi-family and land banking

projects.

Many jurisdictions are already working with local nonprofit organizations to develop affordable housing with their funding, including partnerships with Habitat for Humanity affiliates, urban renewal authorities, and special needs service providers.

Grantees are beginning to utilize the services available through the National Community Stabilization Trust as well as Funding Partners for Housing Solutions, under contract with the State to consolidate purchase closings and provide technical services.

To date, two multifamily projects in Colorado

Springs are underway with NSP funds. Greccio Housing Unlimited, Inc. has purchased Bentley Commons Apartments (pictured at left), serving households at or below 50% of AMI and up to 120% of AMI, and Citadel Arms Apartments, serving households at or below 50% of AMI.

When completed, a total of \$2,675,000 NSP funds will have been spent between the two projects, bringing 45 units of affordable rental housing to the Colorado Springs community.

