

AFFORDABLE HOUSING NEEDS ASSESSMENT TELLER COUNTY, COLORADO



OCTOBER 2016

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John Prior, Prior and Associates, performed a market study and provided additional data to the Steering Group. John also performed a peer review of the Assessment and offered valuable advice.

Lee Wolf, Multifamily Housing Developer, made himself available for counsel and advice and also peer reviewed the Assessment.

Washington State Affordable Housing Advisory Board completed a state-wide housing needs assessment in January 2015. Their comprehensive assessment provided format and content guidance. (www.commerce.wa.gov/housing)

The Steering Group thanks Kathleen Alexander for graphic design services and creative contributions which have been incorporated into this Assessment report.

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This photo shows the first Habitat for Humanity Teller County affiliate, multifamily project, Las Casas, that was built in Woodland Park.

It was also the first Habitat project undertaken in Woodland Park.

The last of the six townhomes was completed in 2014.

Six families now call Las Casas home.

LIST OF ACRONYMS

ACRONYM	DESCRIPTION
ACS	American Community Survey: Performs annual sampling surveys for the Census Bureau; provides 5-year rolling data.
AMI	Area Median Income: Calculated by Department of Housing and Urban Development for income-qualifying households for affordable housing by household size. Represents a value in a set of numbers where 50% are above and 50% are below that value.
AWHS	AmericaWest Housing Solutions: A nonprofit established in Teller County for building affordable rental housing.
BEA	US Bureau of Economic Analyses: Performs economic analyses for US Government and other clients.
BLS	Bureau of Labor Statistics: A unit of the Department of Labor; is the principal labor fact-finding agency for the US government.
CBEF	Center for Business and Economic Forecasting: Economic policy and forecasting research.
CDLE	Colorado Department of Labor and Employment: Connects job seekers with jobs; provides accurate picture of the economy and unemployment benefits.
CHAS	Comprehensive Housing Affordability Strategy: Documents priority housing needs.
CC & V	Cripple Creek & Victor
DOLA	Department of Local Affairs: Provides state and federal funding to private housing developers, housing authorities and local governments for other projects.
FLORISSANT(S)	Southern geographic area in Teller County
HH(s)	Household(s): Members of a housing unit living together.
HHTC	Habitat for Humanity of Teller County: Nonprofit dedicated to provide “for sale” income-qualified affordable housing for families.
HISTA	Mathematical term for defining geographic areas for demographic analyses.
HNA	Housing Needs Assessment: This document
HUD	Department of Housing and Urban Development: Works with state and local leaders to promote home ownership, support community development and access to housing.

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LIHTC	Low Income Housing Tax Credit: Federal-funded financial program that is responsible for 80% of the affordable rental housing built since 1986. Dollar-for-dollar tax credit in the US for affordable housing investments.
MFI	Median Family Income: HUD metric for housing. Similar to AMI except that this measure excludes one-person HHs.
PMA	Primary Market Area: A geographic area that is defined by census tracts that is used to conduct market studies.
QCEW	Quarterly Census of Employment and Wages: Tool that tracks wages and employment by industry at the state, regional, county & municipal levels.
SDO	State Demography Office: Primary state agency for population & demographic information. Forecasts demand for facilities and services.
SG	Steering Group: Refers to the group that is responsible for the Assessment.
TC	Teller County
UCCS	University of Colorado at Colorado Springs
VVPA	Valley View Place Apartments: First project for AWHs in Woodland Park.
WP	Woodland Park
WP(N)	Northern part of WP

EXECUTIVE SUMMARY

This Assessment is a snapshot of housing affordability in Teller County. The Affordable Housing Needs Assessment for Teller County was driven by a group of concerned citizens who wanted to create an unbiased evaluation of housing affordability in Teller County. It is a small, rural Colorado county whose demographics (jobs and population) have plateaued over the past few years. The study's objective is to define the current affordable housing situation and future needs in 2025 for affordable (workforce and senior) housing in the County. The Assessment is intended to serve as a benchmark for housing discussions and to provide Teller County government and the municipalities of Woodland Park, Cripple Creek and Victor, the general public and potential investors/developers with sufficient data and information about current and future housing needs.

There currently exists in Teller County a need for 1,262 affordable housing units – 336 to meet the existing 2015 deficit and an additional 926 through 2025 to satisfy projected growth in jobs and population. The Affordable Housing Needs Assessment for Teller County provides the data and analyses that explain this affordable housing deficit and demonstrates its impact on the County.

KEY DEFINITIONS

Specific to Page 9

AFFORDABLE:

When a household pays no more than 30% of its gross income for all housing costs.

COST- BURDENED:

When a household pays more than 30% of its gross income for all housing costs.

SEVERELY COST- BURDENED:

When a household pays more than 50% of its gross income for all housing costs.

AREA MEDIAN INCOME:

Published by HUD for states, counties and larger urban areas.



Housing affordability is a challenge in Teller County

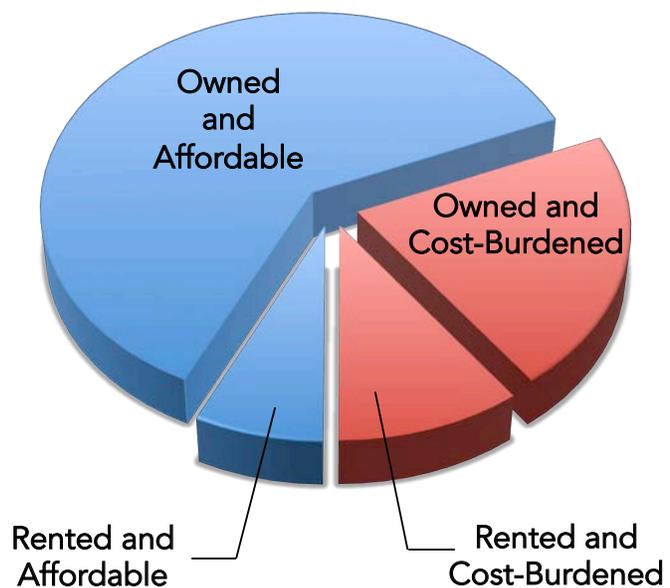
**31% (2,922) of Teller County’s households are Cost-Burdened.
And, nearly 21% (1,987) are Severely Cost-Burdened.**

The only **affordable** multifamily rental units that have been built in Teller County since the early 1980s are the units called Hybrook, in Divide, that were built in 2007. A 168-unit multifamily project, Trail Ridge Apartments, finished construction earlier this year in Woodland Park, but all of these units are market-rate – not a single unit can be afforded unless a household earns 50% of the **Area Median Income** (\$59,860). The current vacancy rate for rental units is 1.9%; the median rent is \$1400.

There are no available **affordable** multifamily apartments in the County. Existing projects have waitlists. As a result, households are forced to live in units that are more expensive than they can reasonably afford; they are currently living in units that make them **cost-burdened** (see side bar on previous page).

The for-sale environment is no better; it is very difficult to find homes on the market for less than \$300,000. Currently 35% of mortgage holders are **cost-burdened**.

A new nonprofit, AmericaWest Housing Solutions, has been established in Woodland Park to build affordable multifamily rental housing in Teller County and has broken ground on its initial development, a 24-unit apartment project in May 2016. The nonprofit has plans to build additional units in Teller County, but their capacity is now limited to small projects.



Units	Affordable	Cost-Burdened	Total *
Owned	5,704	1,977	7,681
Rented	656	945	1,601
Total	6,360	2,922	9,282

Figure 1 Source: SDO & April 2015 Market Study

**Note: Does not include second homes and vacant units.*

The Assessment addresses the current situation: *affordable* housing is urgently needed now. **Table 1 below** shows current (336 units) housing demands in what is called a “catch-up” phase. The Woodland Park, Cripple Creek and Victor numbers are included in the Teller County numbers. An additional 140 homes/units will be built in unincorporated areas of Teller County. Based on Colorado State Demography Office (SDO) forecasts for the period 2015 to 2025, future needs are identified for jobs and housing in what is called the “keep-up” phase (926 units). SDO expects 21% growth in population and 18.4% growth in jobs over the next ten years.

Total Current (Catch-Up) and Future (Keep-Up) Housing Needs (2015 – 2025)

	TC	WP (Estimated)	Cripple Creek/Victor (Estimated)	
In-commuters need	336	300	20	Catch-Up
Normal growth for population & jobs	926	441	361	Keep-Up
TOTAL	1,262	741	381	

Table 1 Source: SDO, Market Study (Prior & Associates)

Affordability is a major problem for lower-income households

For *Extremely Low* and *Very Low-Income* households, Teller County has a deficit of 2,922 *Affordable* and *Available* housing units. (See sidebar on page 11 for KEY DEFINITIONS.)

For every 100 households who require affordable housing and are looking for rental properties, only 41 units are affordable and available to them. The remaining 59-unit **Gap** represents households that are paying more for housing than they can reasonably afford.

For every 100 households who require affordable housing and are desiring to own homes, 65 units are affordable (and available) for them. The remaining 35-unit gap represents households who are cost-burdened and paying more than 30% for their housing.

The chart to the right shows graphically what is called the “**Gap Analysis**” of the current housing situation in Teller County.

The number of affordable housing units in Teller County that are needed to meet demands through 2025 are undeniably large.

In addition, a significant unmet need remains with seniors with limited incomes.

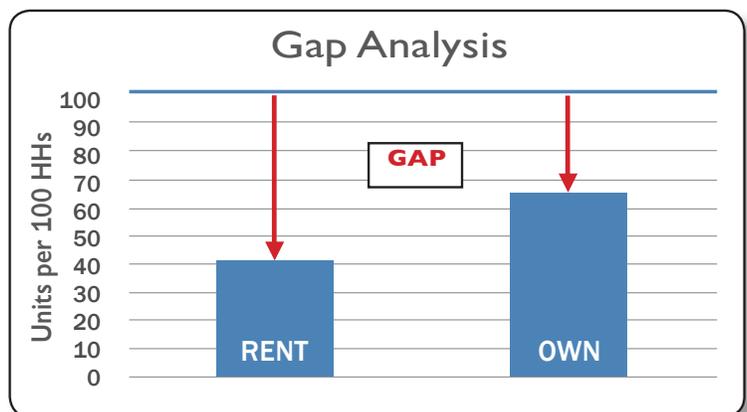


Figure 2 Source: SDO

KEY DEFINITIONS

GAP ANALYSIS:

For every 100 households who require affordable housing, the number of housing units that are affordable & available to them.

EXTREMELY LOW INCOME:

Households that earn 0% to 30% of the Area Median Income (AMI).

VERY LOW INCOME:

Households that earn 30% to 60% of the AMI

AFFORDABLE:

When a household pays no more than 30% of its gross income for all housing costs.

AVAILABLE:

A unit that is vacant and priced affordably, or one that is currently occupied by a household at or below the defined income threshold.

RECOMMENDATIONS FOR ACTION

The last section of the Assessment lists opportunities and actions that should be considered if public and political support for affordable (workforce and seniors) housing can be generated in Woodland Park, Cripple Creek, Victor and throughout the County. These opportunities will specifically address the actions that need to be taken to encourage developers and investors to build affordable housing both for ownership and rent.

The opportunities are summarized below:

1. *Establish an Affordable Housing Advocacy Committee which is responsible for encouraging the availability of decent, affordable housing in the County*
2. *Build a land bank: acquire land for future projects*
3. *Consider adopting inclusionary zoning that would require developers to build affordable housing as a certain percentage of a larger market-rate project*
4. *Promote accessory dwelling units: publicize that an existing ordinance allows apartments/additions to single family homes in Woodland Park*
5. *Develop incentives for building affordable housing: effort to reduce, or waive, city fees for public benefit developments*
6. *Use Low-Income Housing Tax Credit (LIHTC) programs to fund affordable housing: apply to Colorado Housing and Finance Authority (CHFA)*
7. *Use Private Activity Bonds (PABs) to fund a portion of a project's cost: determine availability of PABs*
8. *Consider density bonus: increase densities for those developers who are willing to build affordable housing in a market-rate project*
9. *Impact fee delay: defer the payment until the certificates of occupancy are issued*
10. *Examine the potential for implementing an acquisition/rehabilitation program: acquire and improve properties that are no longer adequate or safe*

TELLER COUNTY FACTS - 2015

WWW.CO.TELLER.CO.US



FOUNDED: 1899

POPULATION: 23,894

AREA: 559 SQUARE MILES

HOUSEHOLDS: 10,035

AREA MEDIAN INCOME: \$59,860

INTRODUCTION

The Affordable Housing Needs Assessment for Teller County provides the County government and the municipalities of Woodland Park, Cripple Creek and Victor with data and information about current and future housing needs. The inventory of existing housing units is correlated with the housing demand at various income levels to quantify these needs. Additionally, the Assessment provides current, valuable information for the general public, potential lenders and private investors. The information in the Assessment will be useful in evaluating and targeting the housing needs of local residents, workforce, seniors and others. The information will also be used to discuss housing needs and opportunities with various federal, state, other public agencies, and nonprofit and private interests that may be involved in future community development projects.

The Assessment provides data for the full spectrum of housing that is required to meet the needs of those who live in Teller County now and will as future residents. That spectrum is often shown as the range of households' annual incomes as a percentage of the Teller County Area Median Income (AMI = \$59,860) for a family of 2.4 persons. The \$59,860 number which was calculated using the following sources: State Demography Office (SDO) 2015, Housing and Urban Development (HUD)/American Community Survey (ACS) 2013, and Nielsen Claritas (2015 forecast). [See list of acronyms on pages 6 & 7.]

The Steering Group shares a concern about the availability and distribution of affordable housing, particularly as our economy and population grow over the next ten years. What has been missing in this discussion is an objective and reliable way to measure progress. The challenge is to define the actual, current need and the need in the future.

A Woodland Park City Councilman commissioned the Affordable Housing Needs Assessment for Teller County. A diverse Steering Group (SG) was selected to address the challenges. The intent of the SG is to establish a baseline method for evaluating need and assessing efforts to address that need. Findings are presented in two ways:

1. The housing affordability gap, i.e., the number derived from comparing households by income to housing units by cost, and;
2. The number of households that are cost-burdened, i.e., who spend more than 30% of their gross income on housing.

The Assessment develops these metrics through a two-step process. First, the SG looked at the existing housing supply provided by the market, both renter- and owner-occupied. Then the SG looked at households that still cannot afford housing in Teller County.

Figure 3 below is a “housing bridge” which depicts the breakdown of Teller County’s households (HHs) by percentage sector of the Teller County AMI, ranging from 0% (no earned income) to 180%+ (\$108,000+). Notice that 29% of the county households earn less than 60% of the AMI (\$36,000). Text boxes just outside the bridge show the income category, percent AMI, number of households in that category and the percentage that number represents of the total households. The housing bridge represents current data (2015) for Teller County as shown by Nielsen Claritas, Ribbon Demographics data. The Department of Housing and Urban Development (HUD) calls the lowest AMI sectors (0 to 30%) as “Very Low Income” and 30% to 60% as “Low Income.” The households’ gross annual incomes are based on earned income and any other assets (savings, interest and dividends). The housing bridge is very useful in displaying the full housing spectrum for Teller County. Inside the bridge are the income values that correspond to 30% of AMI through 180% AMI. Households total 10,035 in the County as shown on the right just outside the 180% sector.

Housing Bridge – Teller County – 2015
AMI = \$59,860 *

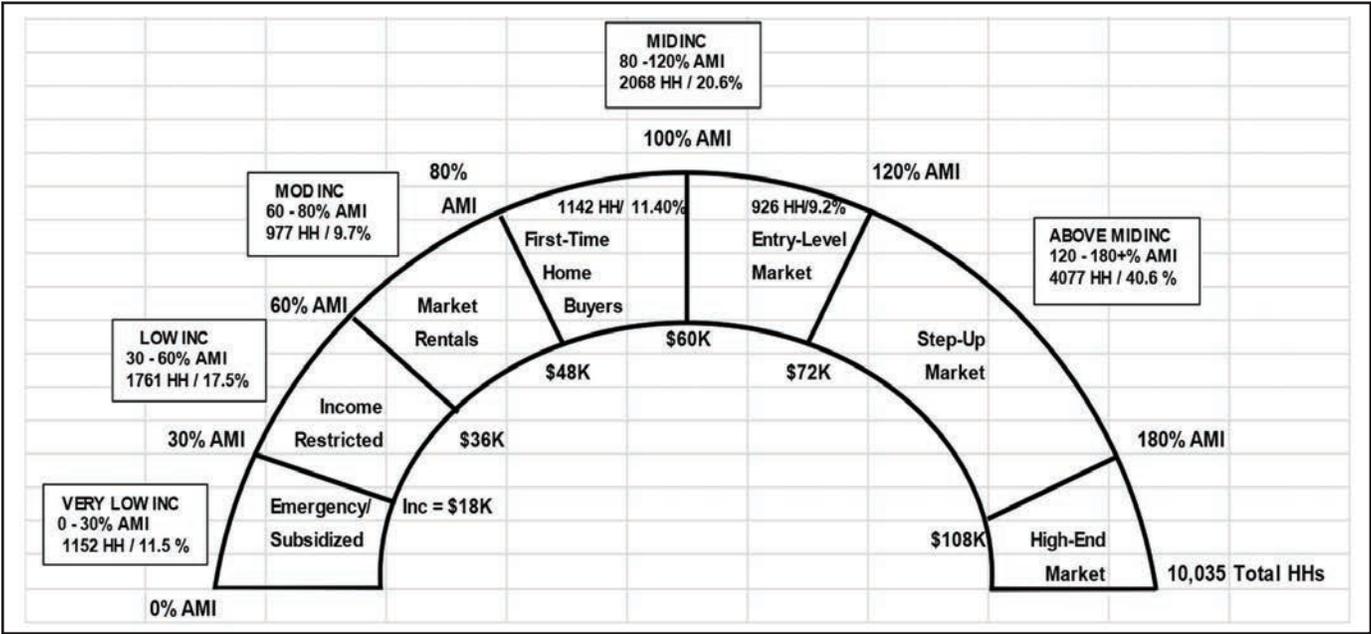


Figure 3 Source: SDO

*Note: Average household size is 2.4 persons.

This Assessment recommends ten options for addressing the affordable housing challenge in the last section, titled Recommendations for Action. The report also provides the basis for understanding the nature of the challenge and the way forward, to positively impact the metrics that matter.

The Steering Group intends that this report will establish a new benchmark for affordable housing needs in Teller County. It is the hope that updates to the report will be repeated every five years in an environment of less-severe challenges for resolving the affordable housing issue.

NEEDS ASSESSMENT DATA USES & SOURCES

DATA USES

Assessment data and information can be used to:

- ◆ Evaluate and consider public policies and housing programs including land-use regulations, affordable housing incentives and codes;
- ◆ Enable partnerships between public and private-sector organizations to develop projects that include housing which is suitable and affordable to various demographics;
- ◆ Provide rationale for funding housing projects. Information presented may be used to support a proposed development with different funding agencies. This information can also be used in Low-Income Housing Tax Credit (LIHTC) projects for rental units and voucher programs;
- ◆ Determine the housing cost distribution patterns throughout Teller County in relationship to employment;
- ◆ Establish baseline information for measuring progress against specific housing objectives;
- ◆ Plan for future housing needs related to forecasted population and job growth;
- ◆ Understand economic conditions, housing costs and demographic trends in the area;
- ◆ Support other planning activities that can benefit from the availability of current demographic data including environmental impacts, school expansion or contraction, parks and recreation planning, and transportation studies;
- ◆ Coordinate development activities that result in multifamily rental properties in Teller County; and
- ◆ Inform governmental policy deliberations and decisions regarding land use, zoning and related ordinance development.

DATA SOURCES

Sources of public information were used in the preparation of this assessment, including:

- ◆ 2010 U.S. Census data plus Comprehensive Housing Affordability Strategy (CHAS) special tabulation data
- ◆ Employment information from the Colorado Department of Labor and Employment (CDLE), 2013, the U.S. Bureau of Economic Analysis (BEA) and the Center for Business and Economic Forecasting (CBEF)
- ◆ Employment and population projections from the Department of Local Affairs (DOLA), State Demography Office (SDO) based on 2013 data
- ◆ Area Median Income for Teller County from the Department of Housing and Urban Development (HUD), 2014
- ◆ Marketing Study for Woodland Park project, Valley View Place Apartments, prepared by Prior & Associates (April 2015); Primary Market Area (PMA): Census Tracts: 101.03, 101.04 and 103.05
- ◆ State Demographer, Elizabeth Garner, Teller County presentation to Woodland Park/Teller County audience (April 2015) plus other data
- ◆ Teller County Housing Needs Assessment (2006) by RRC Associates, McCormick and Associates, Inc. and Boulder Housing Partners
- ◆ Quarterly Colorado Employment and Wages (QCEW), 2013 and 4th Quarter – 2014
- ◆ American Community Surveys (2009 – 2013)
- ◆ Informal Teller County Housing Survey conducted by the Director of Planning for Woodland Park and a Woodland Park City Councilman, February 2013
- ◆ HISTA 2.2 Summary Data (2015 & 2020), Nielsen Claritas, Ribbon Demographics
- ◆ Summit Economics, Cost/Benefit Analysis, Andrew Wommack Ministries (2011)
- ◆ Capstone Report by Blake Palmason, Graduate Student, UCCS School of Public Affairs (May 2013): “Affordable Housing and Economic Sustainability within Woodland Park, Colorado.”
- ◆ National Low Income Housing Coalition: Out of Reach 2014: Colorado, Mar 2014.
- ◆ The Piton Foundation and Colorado Futures Center at CSU: Driving a Vibrant Economy: Housing’s Role in Colorado’s Economic Success, Dec 2014

Table 2 below, “Teller County Total Demand by AMI: 2015” depicts the breakdown of renter and owner households by income range. Notice that 42% of the rental households earn less than \$30,000.

Teller County Total Demand by AMI: 2015

AMI Distribution	Renters		Owners		Totals	
	No.	%	No.	%	No.	%
0 - 30K	814	42	1,500	18	2,314	23
30K - 60K	611	32	2,107	26	2,718	27
60K - 75K	123	6	985	12	1,108	11
75K - 100k	73	4	1,093	13	1,166	12
100K - 125K	94	5	1,064	13	1,158	12
125K - 150K	99	5	736	9	835	8
150K - 200K	68	4	458	6	526	5
200K+%	38	2	172	3	210	2
Totals	1,920	100	8,115	100	10,035	100

Table 2 - Source: Nielsen & Claritas 2015, Ribbon Demographics

ASSESSMENT FOCUS

This Assessment will focus on housing data for those households who earn 60% (\$36,000) or less of the Teller County Area Median Income. The 60% AMI upper limit was selected because of the scarcity of Teller County housing, often called workforce housing, in this AMI range. It represents the workforce (police, firemen, teachers, government staff, retail, healthcare and others) who are unable to currently live in local communities where they work because there are very few rentals available (1.9% vacancy rate) or affordable for-sale opportunities. Furthermore, some senior households also fall in the 0-60% AMI sectors and relevant data will be shown when the seniors segment is discussed later in this report. Consequently, these households must find housing arrangements outside the County or decide to live in units that require more than 30% of their gross monthly income. These households are considered cost-burdened; those that spend more than 50% of their gross monthly income on housing are severely cost-burdened.

CONTEXT

This Assessment provides benchmark information from which policy decisions, local housing goals and objectives, and program options can be evaluated. The data and information will help to inform decisions and suggest program and policy options for local governments to evaluate community needs and opportunities. Housing can also support economic development opportunities by incorporating “mixed-use” zoning with a portion of the development to include retail stores and offices on the first level with living units on the second and third levels.

Affordable housing is defined by the Housing and Urban Development Department as housing that requires less than 30% of the household’s gross monthly income for rentals (rent and utilities) and mortgage payments (mortgage, interest, taxes and insurance) in a home that meets the needs of the household. The types of homes that are built under local housing initiatives vary depending on the needs, policies and objectives established by these communities. Policies, objectives and programs to support local conditions are important components of any successful housing strategy.

A primary purpose for this Assessment is building the case that the future of Teller County and its three municipalities depend on having well-rounded (full-spectrum) housing inventory that will satisfy our citizens’ needs for both rental and ownership units. It is particularly important that the local workforce has adequate housing opportunities to help Teller County maintain a labor pool that can support the current and future new businesses that the County hopes to attract.

But the question still persists: Why should our citizens care about providing housing for those who work in our communities but cannot afford to live here? The answer lies in what type of community we want to be.

The Woodland Park Comprehensive Plan (adopted by City Council in September 2010) is the best example that the community is in favor of providing affordable housing for local workers. The Plan is considered an aspirational document, and it supports controlled growth in all areas – particularly in the “Land Use” and “Housing” sections. The Woodland Park Planning Commission and City Council have taken action over the past five years to develop and implement many of the recommendations of the Plan. One example is the passage of an ordinance that authorizes Accessory Dwelling Units (ADUs), sometimes called “mother-in-law apartments.” While Woodland Park desires to become a “destination” city, it continues to be for tourists primarily a pit stop on the way to Breckenridge, Aspen or a number of other destinations.

Until tourists are attracted here, Teller County and Woodland Park will continue to be bedroom communities that need the typical services that support such communities. As populations age, these services change over time.

Cripple Creek and Victor may be considered destination locations primarily because of their “off-the-beaten-path” locations. Most tourists are attracted to Cripple Creek because of limited-stakes gaming, but the Cities of Cripple Creek and Victor share a rich mining heritage that also attracts tourists. Unlike the City of Woodland Park, which enjoys the benefit of gaining tourists’ recognition by virtue of its location along a major state highway corridor, Cripple Creek and Victor do not have travelers passing through on their way to their primary destination for the day or weekend.

The State Demographer (April 2015 presentation in Woodland Park) showed Teller County population data that clearly highlighted a dip in 20 and 30-year-olds and major growth in those age 55+. If this

the County (total of 10,035 HHs) rather than the current 1,920 - a shortage of approximately 1,080 or 56% more than the number of rental units today.

For those who might worry that any new units will only be affordable for a short time, there are mechanisms to ensure affordability for the long term. For example, new units to be developed by the new nonprofit, AmericaWest Housing Solutions, will be deed-restricted to remain affordable for 40 years. Other new developments could likewise be restricted.

Why should our citizens care about the shortage in the County of affordable housing for workers and seniors? If the workforce could live in Teller County, the following goals could be more easily met:

- ◆ Enhance community relations with those who protect us (fire, police and healthcare personnel)
- ◆ Develop better relations between school teachers and staff with the parents of those attending the Re-1 and Re-2 schools
- ◆ Increase the Re-1 and Re-2 school districts' populations
- ◆ Improve the quality of life for those individuals and households who are employed in the County but must live outside
 - Less time commuting equals more time with families
 - Reduction of costs to commute
 - Reduce the stress of daily commuting
 - Reduce environmental impacts
- ◆ Improve Cities' and County's revenues
 - Sales tax
- ◆ Develop a more cohesive community with more people who work here able to find local housing whether rentals or acquisitions
- ◆ Retain our current population to allow people who have lived here for many years to stay in the area (age-in-place)



POPULATION AND JOB GROWTH

According to the State Demography Office (2015), the population of Teller County is forecasted to grow 21% during the period of 2015 through 2025 (1.91% per year compounded). The population of Teller County will have increased by 4,966 people and 2,070 households during this ten-year period. Seniors (those who are 65+ years old) will be among the fastest-growing segment of the population, adding 2,708 persons during this period.

Jobs are predicted to grow by approximately 18.4% between 2015 and 2025 (1.71% compounded) adding about 1,749 jobs and 1,547 employees, assuming a 1.13 job factor (for every eight workers, one worker will hold two jobs, 2006 Teller County Housing Needs Assessment 2006). Jobs are expected to grow faster in the Woodland Park area than in the southern part of the County, which includes the Cities of Cripple Creek and Victor, given previous history (2006 study). This also means that demand for housing for new employees will be greater in, and near, Woodland Park.

FOR-SALE HOUSING TRENDS AND AVAILABILITY

The median sales prices of homes increased 36% between 2010 and 2014 in Teller County. Average wages increased only 1% during this period and median household incomes increased 0.55%. These figures show a strong imbalance between incomes and home prices resulting from the “Great Recession” of 2007 through 2009. Competition with out-commuting households (workers in El Paso County) and out-of-area buyers and retirees caused housing prices to rise significantly more than changes in local incomes and wages will support, decreasing affordability and availability of housing for local Teller County residents and workers.

Affordability of homes for purchase varies significantly by area in the County. The median sales prices of homes in Cripple Creek (\$131,500) and Victor (\$105,000) in 2014 are largely affordable to households earning about 50% AMI and 40% AMI, respectively. Homes in the Florissant area (\$213,650) would be affordable to those earning about 80% of the AMI. Median home prices in Woodland Park could only be afforded by 100% AMI households (about \$267,450).

Although homes in the southern cities of Cripple Creek and Victor may be largely affordable to entry level buyers, many of these homes may not be suitable for occupancy because 40% of the homes in Cripple Creek and 60% in Victor were built prior to 1940. Many of the older and more affordable homes under \$100,000 need repairs and upgrades to be livable for year-round occupancy by families. Locals do not generally have the resources to purchase and renovate these homes. [Source: Victor City Administrator]

It should be noted, however, that many of the home sales in Cripple Creek and Victor, while falling in the category of what might be called affordable, would be better characterized as “historic” homes. These homes have an appeal to a particular demographic and may not be desirable by younger families who may be looking to relocate to the area and are looking for more modern conveniences.



Four 1890s Victorian Homes Saved in Cripple Creek



In 2006 the City of Cripple Creek staff approached Habitat for Humanity of Teller County (HHTC) with a proposal that the City would give four Victorian homes, all built in 1896 and in great need of rehabilitation, and six contiguous City lots to Habitat. The City would move the four homes and place them on the lots on foundations to be built by Habitat. The City hoped to preserve the homes as a part of its heritage rather than simply demolish them for the construction of a new casino.

Habitat accepted the proposal and thus began long, arduous rehabilitations that were completed in 2009. To the extent possible, Habitat used the original exterior materials and windows. The original interiors were 600 – 700 square feet each, and Habitat and the City agreed to expand the sizes by 200 – 400 square feet each depending on the original configurations.

Today, there are four families (five adults and nine children) living in these beautifully preserved homes, one of which was bought by a Denver Broncos' fan who chose the Broncos' colors for his exterior.

A new Habitat Victorian duplex has been completed on this site.



The foresight of the Cripple Creek City staff has resulted in the saving of four restored, historic homes and the construction of a new, Victorian duplex. Six families now have affordable housing which would not have been possible without the successful partnership of Habitat and the City of Cripple Creek.

Current data from the SDO shows that 27% of owners (2,038 of 7,681) have no mortgage. Those homeowners who have mortgages are 35% (1,977) cost-burdened. **Table 3** below shows “TC Gross Mortgage Payment as a Percent of Household Income” which depicts the households paying over 30% of their annual income for housing.

Teller County Gross Mortgage Payment as a Percent of Household Income, 2013

	Number	Percentage
Less than 15.0%	1,477	26.2%
15.0 to 19.9%	492	8.7%
20.0 to 24.9%	932	16.4%
25 to 29.9%	765	13.6%
30 to 34.9%	410	7.3%
35% and more	1,567	27.8%
Totals	5,643	100%

Table 3 Source: 2013 ACS, B25070, Market Study (Prior & Assocs)

According to local realtors, the supply of Teller County homes priced at less than \$300,000 has largely disappeared, and it is very difficult to find available units for sale.

The number of sales for each of the years from 2010 through 2014 is shown (**Table 4**) for eight geographic areas in Teller County and are relatively flat during the five-year period.

Teller County Home Sales by Year 2010 – 2014

	2010	2011	2012	2013	2014	Totals
WP	179	168	192	242	220	1,001
WP(N)	8	10	11	18	16	63
Divide	120	112	124	100	139	595
Florissant	92	89	109	124	120	534
Florissant(S)	4	9	9	8	8	38
Cripple Creek	40	37	40	47	46	210
Victor	4	8	12	6	4	34
Goldfield	0	0	0	0	2	2
TOTALS	447	433	497	545	555	2,477

Table 4 Source: Local Realtor

Note: The data for each city includes unincorporated areas within the mailing codes of those cities.

The median prices during this same period are shown below (Table 5).

Teller County Median Home Sales by Year 2010 – 2014

	2010	2011	2012	2013	2014
Median Prices					
WP	\$219,000	\$223,000	\$249,000	\$244,000	\$267,450
WP(N)	\$326,000	\$251,000	\$223,000	\$306,000	\$299,000
Divide	\$141,000	\$162,000	\$188,000	\$205,000	\$204,000
Florissant	\$158,000	\$172,000	\$156,000	\$168,000	\$213,650
Florissant(S)	\$127,000	\$168,000	\$148,000	\$120,000	\$227,000
Cripple Creek	\$108,000	\$125,000	\$127,000	\$129,000	\$131,500
Victor	\$65,000	\$29,000	\$58,000	\$50,000	\$113,000
Goldfield	0	0	0	0	\$67,000

Table 5 Source: Local Realtor

ACS 2009-2013 data (Table 6) shows the appraised value of homes sold in 2013.

Value of Teller County Homes in 2013

Value	Number
Less than \$50,000	400
\$50,000 to \$99,999	553
\$100,000 to \$149,999	878
\$150,000 to \$199,999	1,284
\$200,000 to \$299,999	2,357
\$300,000 to \$499,999	1,548
\$500,000 to \$999,999	457
\$1,000,000 or more	204
Median	\$226,900

Table 6 Source: SDO and ACS

RENTAL HOUSING

According to a local project rental manager, market-rate rentals in Woodland Park are mostly tied to the economy of El Paso County. Affordable rentals are extremely difficult to find in Teller County among the overall 1,601 units. The current vacancy rate is 1.9%, and many of the local multi-family rental projects have waitlists. The median rent for Woodland Park is currently \$1,450, and for Teller County the median is \$1,400 as reported by a local firm, Property Management Specialists LLC. The SDO report (2009-2013 ACS Survey 5-year Estimates) shows that the median family income for renter-occupied units is \$29,917. These high median rents are affordable to households earning at least 90% of AMI and are out-of-reach for local workers and residents. The situation is further exacerbated by an earlier conversion of two affordable housing projects into market-rate rentals (The Meadows Apartments, and Paradise Condominiums at Woodland Park).

Table 7 below shows “Gross Rent as a Percentage of Household Income.” For the County, renters make up 19.3% of all households. Nielsen Claritas projects that the percentage of renters in Teller County will average 18.2% households through 2020.

The completion of the Charis Bible College Phase 1 campus in Woodland Park in 2013 and the entry of the first class in January 2014, with approximately 600 students and 77 employees, put further pressure on the rental market. Since each student’s tenure at the college is two or three years, students generally do not consider purchasing a home; most are renters. The college will substantially increase the number of renter households. Between 2015 and 2020, the County will add at least 250 renter households. [Source: Market Study (Prior & Associates, 2015)].

Note that cost-burdened households paying over 30% of their gross annual incomes for rent and utilities constitute 59% of all renters in the County. Severely cost-burdened households paying over 50% of their gross annual incomes constitute 28%.

Teller County Gross Rent as a Percentage of Household Income 2013

	Number	Percentage
Less than 15.0%	72	4.5%
15.0 to 19.9%	189	11.8%
20.0 to 24.9%	227	14.2%
25 to 29.9%	168	10.5%
30 to 34.9%	198	12.4%
35% and more	747	46.7%
Totals	1,601	100%

Table 7 Source: 2013 ACS, B25070, Market Study (Prior & Assocs)

Table 8 below shows the breakdown of household sizes for 2013. Note that 54% of renter households had only one person, 26% had two, 3% had three and 17% had more.

Tenure by Household Size of Occupied Housing Units, PMA 2013

	Number	Percentage
Total	6,129	
Owner Occupied	5,027	100
1-person household (HH)	928	18.5
2-person HH	2,630	52.3
3-person HH	677	13.5
4-person HH	525	10.4
5-person HH	175	3.5
6-person HH	77	1.5
7-or-more persons HH	15	0.3
Renter Occupied	1,102	100
1-person HH	596	54.1
2-person HH	283	25.7
3-person HH	37	3.4
4-person HH	122	11.1
5-person HH	12	1.1

Table 8 Source: 2013, B825009, Market Study (Prior)

Table 9 below shows the maximum affordable home purchase prices and maximum affordable rents that can be paid as a function of the household earnings by AMI sectors. Currently, there is a limited housing inventory for for-sale products below \$300,000 (according to a local realtor). The only available rental products begin at \$900-\$1,000 for one-bedroom apartments at the Trail Ridge Apartments in Woodland Park (statement from the Trail Ridge rental manager, April 2015). As the numbers indicate, many households are severely limited in what they can rent or buy.

The mortgage numbers apply to a 4.0%, 30-year mortgage (principal & interest only) with no money down. Rental prices do not include utilities.

Affordable Purchase Price and Rents by AMI: Teller County: 2013 (AMI= \$59,860)

AMI	Yearly Income (2.4 person HH)	Max Purchase Price	Max Rent
30%	\$18,000	\$76,500	\$450
50%	\$30,000	\$127,525	\$750
60%	\$36,000	\$153,000	\$900
80%	\$48,000	\$204,000	\$1,200
100%	\$60,000	\$255,000	\$1,500
120%	\$72,000	\$306,000	\$1,800

Table 9: Mortgage & Rent Calculator

SENIOR HOUSING

Approximately 1,986 households (almost 20% of the total 10,035 households) in Teller County are headed by someone age 65 or older. Seniors are in need of housing in Teller County. Woodland Park Apartments was the only age- and income-restricted rental property in Teller County for the past 30 years when the owner decided to convert the 40 rental units into market-rate condominiums in 2005. The low-income seniors who lived there had to find alternate housing.

Persons age 65 and older are projected to increase by 44% between 2015 and 2025 (2,708 persons) (SDO 2013). The increase in senior population reflects that Teller County is an increasingly popular area for out-of-area persons to retire. There are other seniors who prefer to age in place. It is expected that seniors will need an additional 1,128 housing units by 2025. **Figure 4** shows forecasted senior growth over the next 25 years.

Those seniors who would like to downsize and remain in Teller County have very limited options; lease an apartment at Trail Ridge or put their names on a waitlist for one of the existing apartments in Woodland Park or in the County.

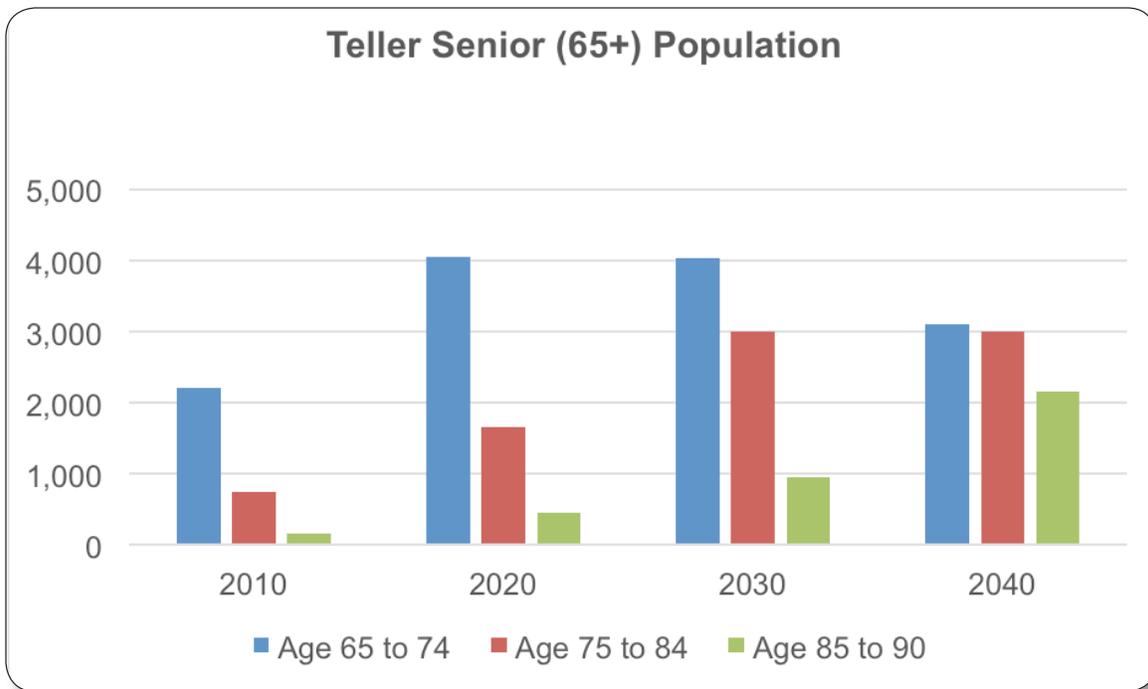


Figure 4 Source: SDO Presentation

Table 10 below shows Teller County Senior households distributed by income ranges. Note that 496 seniors (approximately 25% of the total) are living alone.

TC Senior (65+ Years) 2015 Renter/Owner Households by Size
Persons in Households

Income(\$K)	1	2	3	4	5	6	TOTALS
0-10	35	21	2	6	1	0	65
10-20	76	65	15	2	2	0	160
20-30	92	116	5	44	6	1	264
30-40	28	83	4	9	2	1	127
40-50	123	174	4	32	0	0	333
50-60	64	91	36	5	2	0	198
60-75	17	214	20	6	7	3	267
75-100	17	132	85	29	5	1	269
100-125	16	75	3	6	1	0	101
125-150	15	73	14	5	2	0	109
150-200	7	34	4	4	0	0	49
200+	6	34	1	2	1	0	44
TOTALS	496	1,112	193	150	29	6	1,986

Table 10 Source: Nielsen Claritas, 2015: Ribbon Demographics

MOBILE HOME PARKS

Other sources of relatively affordable units are mobile home parks (MHPs). Currently within the City limits of Woodland Park there exists: the Ute Chief MHP with 39 units and Woodland Village MHP with 43 units. Both parks are considered non-conforming since the properties are not zoned as a Mobile Home Park District. Both parks have placed all tenants on month-to-month leases. Loss of these units would cause additional need for affordable units.

Just outside the City of Woodland Park boundaries are two small mobile home parks located in unincorporated Teller County. The Little Gem MHP is located at 1065 Woodland Avenue and has 10 units. The Alpine Village is located at 27572 HWY 67 and has 22 units. These parks are legally zoned for mobile homes but are limited in their size and expansion possibilities.



KEY DEFINITIONS

GAP ANALYSIS:

For every 100 households who require affordable housing, the number of housing units that are affordable & available to them.

EXTREMELY LOW INCOME:

Households that earn 0% to 30% of the Area Median Income (AMI).

VERY LOW INCOME:

Households that earn 30% to 60% of the AMI.

AFFORDABLE:

When a household pays no more than 30% of its income for all housing costs.

AVAILABLE:

A unit that is vacant and priced affordably, or one that is currently occupied by a household at or below the defined income threshold.

GAP ANALYSIS

Another approach to examine the affordability data is to determine for each 100 households (renters and owners) how many units are affordable and available. This technique is generally called the gap analysis.

The current data show that for every 100 households looking for rental properties, only 41 units are affordable and available to them. The remaining 59-unit “GAP” represents households that are cost-burdened. (See Figure 5 below.)

For every 100 households desiring to own homes, 65 units are affordable (and available) for them. The remaining 35-unit GAP represents households who are cost-burdened and paying more than 30% for their housing.

The figure below shows graphically what is called the “Gap Analysis” of the current housing situation in Teller County.

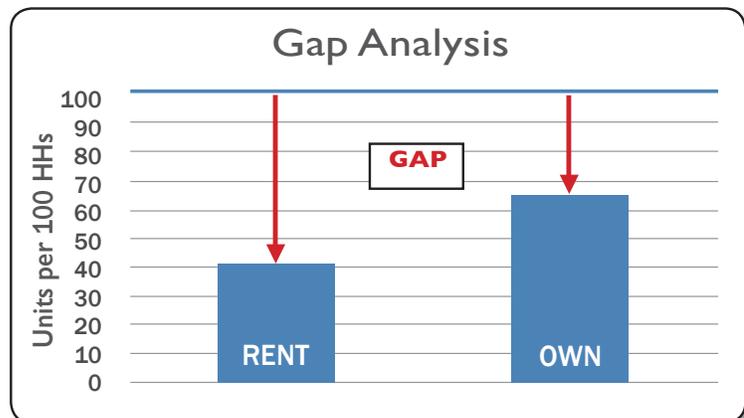


Figure 5 (Same as Figure 2 on Page 10)

COMMUTING

Teller County data for Inflow/Outflow Job Counts (SDO, 2013) show that 66% of jobs (7,188 of 10,833) come from workers that live in the County but commute out for employment.

Out-commuting by residents is more extensive than in-commuting for jobs in Teller County. As stated above, 66% of Teller County workers travel outside the County for jobs. Out-commuting is greatest in Woodland Park, where approximately 84% (2,961 of 3,532) of workers hold jobs outside the County. Stated another way, only 16% (571 of 3,532) of the workers who live in Woodland Park are employed in Woodland Park. (SDO Report April 2015) Approximately 40% of in-commuters indicated in an informal survey by the Woodland Park City Planning Director and a Woodland Park City Councilman, completed in 2013, that they would consider moving to Teller County if affordable housing was available. Teller County residents working in El Paso County are affecting the cost of housing and the price distribution of housing available on the market in Teller County. Out-commuters tend to earn higher wages and can afford (CDLE, 2013) more expensive homes.

Workers who live outside Teller County and work in the County represent a potential significant demand for housing in Teller County. It is estimated that if affordable rentals and for-sale properties are available, that 20% of those who now commute would elect to move to the County, most likely to the Woodland Park area. This demand was identified in the State Demographer's April 2015 presentation.

The early lease data for the market-rate Trail Ridge Apartments confirms that many renters (56%) from outside Teller County are moving to Woodland Park. [Source: Trail Ridge Rental Manager April 2015]

The Valley View Place Apartments (VVPA) is the first project of the newly-created, affordable housing nonprofit (partially funded by Low Income Tax Credit). This 24-unit project is truly affordable with rents limited to those households who earn 0% to 60% of the AMI, or a maximum annual income of \$35,916. It is expected that the project will be fully leased prior to completion in 2017. While the number of units is not large, the pent-up demand will be relieved somewhat.



Figure 4 below represents a different way to look at the inflows/outflows of workers (job holders) in Teller County. The data below the diagram show that 7,188 Teller County residents are employed outside the County, and 3,645 Teller County residents are employed inside the County. The other number (2,809) represents those who are employed in the County but live outside it.

The Teller County outflow per workday is 7,188 (+) and the inflow is 2,809 (-); therefore there is a net outflow of 4,379 outflow (+). Of the job counts residing in Teller County (10,833), 66% (7,188) leave the County for work, and 29% (2,809) enter for work.

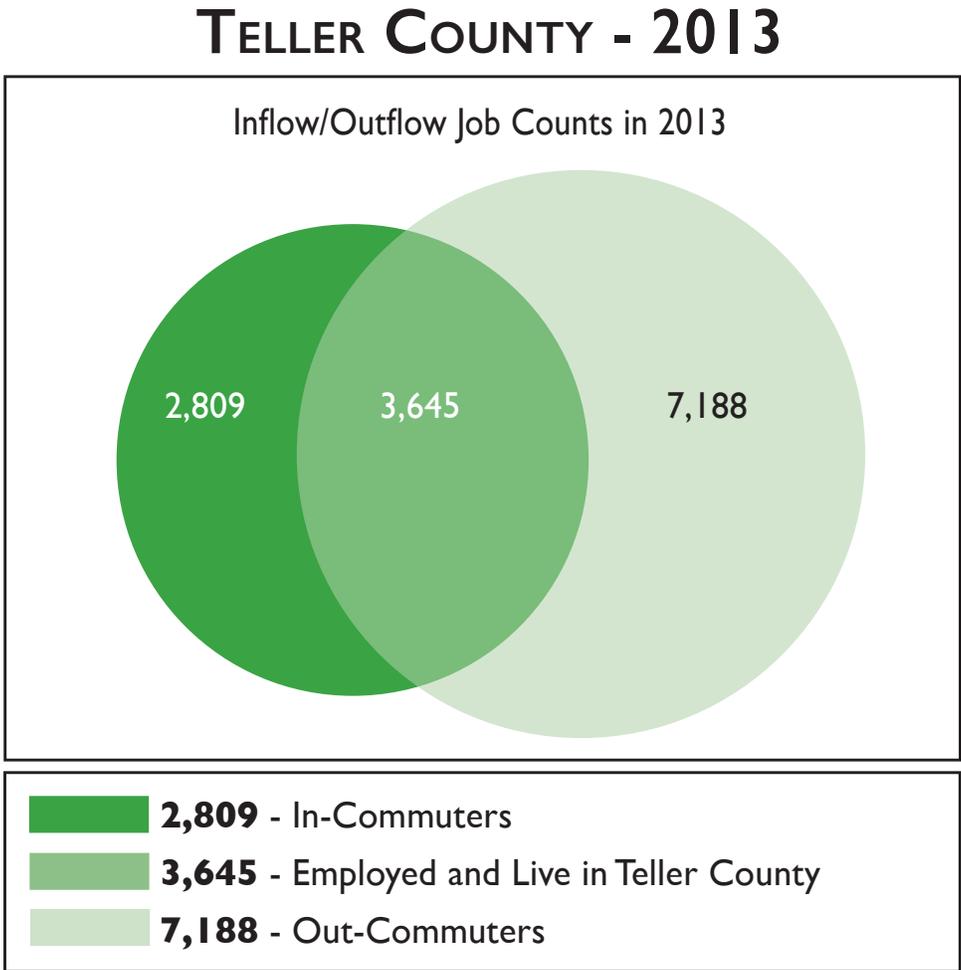
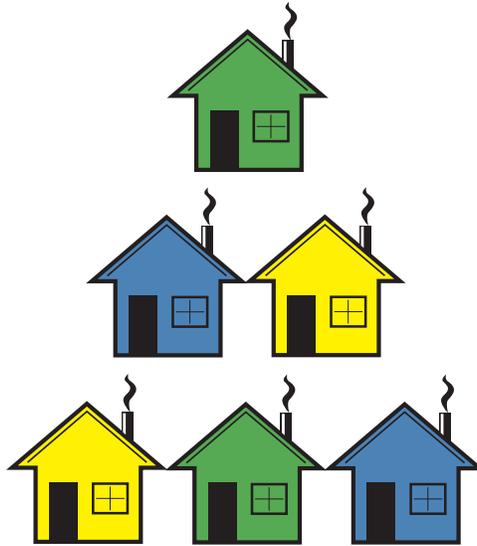


Figure 4 Source: <http://onthemap.ces.census.gov>



PROJECTED HOUSING NEED FOR “CATCH-UP”

Table 11 below defines the number of units needed to “catch-up” to current need from local employees and residents. The number represents the need of “in commuters” that would prefer to live in Teller County if affordable rentals or home ownership were available. It is estimated that 300 of these units would be needed in Woodland Park.

Catch-Up Need (TC in-Commuting HHs -2015)

Total workers (current data from SDO)	9,491
In-commuters (29%) 2013	
Census & In/Outflow Diagrams	2,809
Workers to move to TC	20%
Total workers that would move	562
Employees per household	1.67
TOTAL HOUSING UNITS REQUIRED	336

Table 11 Source: SDO, DOLA, 2013 Survey, 2010 Census

Assuming 20% of the in-commuting workers choose to live in Teller County, then 336 housing units are needed to “catch-up” with this demand.

NEW JOBS – 2015 TO 2025

Job growth requires additional housing units. DOLA has estimated on the basis of job growth that Teller County will require 1,749 more employees between 2015 and 2025 to fill available jobs. **Table 12** below shows the new jobs data.

Need from New Jobs (2015 – 2025): Teller County

Total Jobs: 2015	9,491*
2020	10,489
2025	11,240
New Employees by 2020	998
New Employees between 2020 & 2025	751
TOTAL JOB NEEDS (2015 – 2025)	1,749

Table 12 Sources: SDO & April 2015 Market Study (John Prior & Assocs)

**Note: Total jobs in 2020 and 2025 are based on baseline of 9,491 jobs in 2015 and growth rate of 18.4% for the 10 years from 2015 to 2025.*





Table 13 below provides estimates of the potential need for units across the County. DOLA forecasts job growth to occur at a rate of 18.4% between 2015 and 2025. Based on the **Table 13** estimates below, the need for new employees in Woodland Park would be for 832 jobs by 2025. The need for new employees in Cripple Creek / Victor would be for 681 jobs by 2025.

Note that these figures are provided for reference only and are not intended to represent actual job and employee projections for these cities. These units would be part of the grand total for Teller County for 2025.

**Potential Demand from New Jobs (2015 – 2025)
WP, CC & V (at forecasted growth rate)**

Woodland Park (Estimated)		Cripple Creek/Victor (Estimated)	
Jobs (2015)	4,522	Jobs (2015)	3,700
Jobs (2025) - 18.4% growth	5,354	Jobs (2025) - 18.4% growth	4,381
New Employees (2015 – 2025)	832	New Employees (2015 – 2025)	681

Table 13 Source: DOLA - 2013 Household Survey

PROJECTED HOUSING NEED FOR “KEEP-UP”

As shown earlier on page 32, a total of 336 “catch-up” housing units are currently needed by Teller County workers and households.

To “keep-up” with the predicted growth of population and jobs from 2015 to 2025, an additional 528 units are needed by 2020 and another 398 between 2020 and 2025 for a total of 926 units in 2025. Individuals holding more than one job require that a factor of 1.13 be used to represent that approximately one in eight workers will hold two jobs. With an average of 1.67 employees per household, the number 926 is derived. **Table 14** below shows the numbers.

Total Future (Keep Up) Housing Needs (2015 – 2025)

Total Jobs: 2015	9,491*
2020	10,489
2025	11,240
Multiple Job Holding	1.13
Total Employees: 2015	8,400
2020	9,282
2025	9,947
New Employees by 2020	882
Employees per Household	1.67
Housing Need Generated	528
New Employees between 2020 & 2025	665
Employees per Household	1.67
Housing Need Generated	398
HOUSING TOTAL NEED (2015 – 2025)	926

Table 14 Source: 2006 Study and SDO (2015)

**Note: Total jobs in 2020 and 2025 are based on baseline of 9,491 jobs in 2015 and growth rate of 18.4% for the 10 years from 2015 to 2025.*

TOTAL “CATCH-UP” AND “KEEP-UP” HOUSING NEEDS

The total housing needs are based on the current and future needs identified in the Assessment which quantifies the Teller County housing needs from 2015 to 2025. The total is shown below in **Table 15**. The needs reflect the State Demography Office’s forecasts for population growth (21%) and job growth (18.4%) over the next ten years.

Should the growth numbers be exceeded, then additional affordable housing will be required. The reverse would also be true: should actual population and job growth be less than forecasted, then fewer affordable housing units will be required. However, the current deficit in affordable housing is 336 units, and it would be prudent to construct as many units as allowed given the then-existent economic conditions in Teller County.

Total Current (Catch-Up) and Future (Keep-Up) Housing Needs (2015 – 2025)

	TC	WP (Estimated)	Cripple Creek/Victor (Estimated)	
In-commuters need	336	300	20	Catch-Up
Normal growth for jobs	926	441	361	Keep-Up
TOTAL	1,262	741	381	

Table 15 Source: SDO, Market Study (Prior & Associates)

COST-BURDEN ANALYSIS

The Cost-Burden Analysis compares household income to housing expenses using a common definition of affordability. A household is living in an affordable housing unit if it is paying less than 30% of its gross income on housing expenses. Housing expenses include mortgage, interest, taxes and insurance for homeowners. For renters, housing expenses include rent and utilities.

If a household pays more than 30% of its gross income on housing expenses, it is no longer affordable. Instead, it is considered cost-burdened.

Having knowledge of the number of cost-burdened households in Teller County's existing housing supply is critical to understanding the current housing situation. The Cost-Burden Analysis identifies the proportion of cost-burdened households to affordable households at a given point in time in Teller County. These figures can be used to track positive or negative change.

The results of the Cost-Burden Analysis are shown in Figure 3. Of all 9,282 (owned and rented) households recorded, a total of 2,922 (31%) are cost-burdened.

In 2013, approximately 35% of owned households in Teller County were cost-burdened. This percentage is significantly above the 27.4% nationwide average for owned households. In addition, 59% of rented households in Teller County were cost-burdened in 2013. This percentage was above the nationwide average of 51.5% and Colorado's average of 51.9% that year.

It is important to note that not every cost-burdened household would move into affordable housing if given the opportunity. Neighborhood preference, proximity to schools, commuting distances and equity are all factors in play. For these reasons the Cost-Burden Analysis does not show the exact number of affordable units to build, and it does not contribute to "catch-up" or "keep-up" demands.

The Cost-Burden Analysis does, however, bring to light that Teller County and its municipalities' governments need to address its 2,922 cost-burdened households. An unspecified number of affordable housing units should be built to meet the needs of the workforce and seniors. This situation represents a large need beyond the minimum "catch-up" and "keep-up" requirements.

CONCLUSIONS

Teller County's affordable housing need is significant. To meet the current catch-up demand, 336 units are required for in-commuters. To meet the keep-up demand, 926 additional units are needed by 2025 for anticipated growth in population and jobs. Meeting these catch-up and keep-up requirements is just a first step. Creating an environment that encourages the development of affordable housing projects will help to satisfy the housing needs of the County's 2,922 cost-burdened households.

The Assessment represents a snapshot in time which clearly shows that a large demand for residential housing development now exists. This presents a major opportunity for property developers supported by federal and state housing construction subsidies and the support of local government zoning and permitting.

While not discussed in the Assessment, local developers have been deterred from building affordable (*workforce and senior*) housing over the past three decades by the County's and Cities' processes and fees. Developers and builders have been unable to structure projects that favorably balance risks and profits sufficient to undertake the projects. There are many steps that the County and Cities could take to incentivize builders to construct housing for lower-income households if the political will and vision were present. These actions include: 1) making land available for projects; 2) reducing County/City fees; 3) implementing inclusionary zoning; 4) increasing densities on multifamily lots; 5) establishing a housing authority; and 6) increasing awareness of the accessory dwelling units ordinance. These are several of the options that local governments should consider if they believe that the need for affordable housing has reached the critical stage that the Assessment's data indicate. These options and others are discussed in more detail in the "Recommendations for Action" section which follows.

Another factor that deters the construction of affordable and market-rate housing projects is the inability to resolve potential contractor "construction defects" without litigation. Current state statutes do not allow arbitration or mediation to be a part of the process. Recent state legislative attempts to change the statute have failed.

As discussed in the "Context" section, there are fundamental questions that need to be addressed regarding the County's and municipalities' long-range planning to define their futures. If those futures focus on continuing to be "bedroom communities," then the communities need only sufficient affordable housing for the service industries that will be required. The Assessment did not include defining the housing needs of service providers. It should be noted that wages and salaries generally paid to service providers are below 60% - 80%AMI.

Recent estimates from the Colorado Department of Labor show that over 70% of new jobs created in Colorado over the next ten years will have starting annual salaries of less than \$36,000. (Source: *Driving a Vibrant Economy: Housing's Role in Colorado's Economic Success*, Dec 2014). A salary of \$36,000 falls below the required \$36,623 annual earnings required to afford an average Colorado two-bedroom apartment at fair market rent and associated utilities without paying more than 30% of income on housing. (Source: *Out of Reach 2014: Colorado. Nation Low Income Housing Coalition*)

The Assessment provides the data and information needed by decision makers to analyze current and future housing needs and understand how the existing inventory is related with the housing demand at various income levels. The information in this snapshot will be useful in evaluating and targeting the housing needs of local residents, workforce, seniors and others who can qualify.

It is hoped that this Assessment will define a new benchmark for determining affordable housing needs in Teller County.

The case for needing many new affordable housing units has been made. Perhaps the long journey to an ideal Teller County housing situation with affordable housing for all will begin with AmericaWest Housing Solutions, nonprofit's small step to build Valley View Place apartments, a 24-unit apartment project with the clear view of majestic Pikes Peak.

RECOMMENDATIONS FOR ACTION

This section of the Housing Needs Assessment is an effort to identify opportunities and actions that may bear fruit if public and political support for affordable housing can be generated across the County. These opportunities will specifically address the actions that need to be taken to encourage developers to build affordable housing both for ownership and rent.

OPPORTUNITIES FOR INCREASING AFFORDABLE HOUSING IN TELLER COUNTY

1. Establish an Affordable Housing Advocacy Committee which is responsible for encouraging the availability for decent, affordable housing in the County.

Who or what organization is responsible for leading activities that produce sufficient affordable housing for the County workforce? There current answer is none.

The Steering Group (SG) recognizes that there is insufficient political will at the County and municipal levels to assign personnel and budgets to meet this challenge. Consequently, the SG has looked for other ways that an interested group of citizens could be organized to advocate for affordable housing. The Advocacy Committee will maintain communications with City Councils and citizens to increase the awareness to the continuing need for affordable housing. The SG proposes that an “Advocacy Committee for Affordable Housing in Teller County” be formed for this purpose.

THE ADVOCACY COMMITTEE

The advocacy committee would focus on encouraging affordable housing by using the tools available at national, state and local levels, social and print media, and networking. The group should also look for opportunities to complete any of the action steps identified in the options presented later in this section.

An advocacy committee should include individuals who share a passion for developing projects that provide for-sale and rental affordable housing for the workforce, seniors and others who qualify. It would be useful if candidates have previous housing and non-profit experience. The current Steering Group could provide the foundation for the committee if the current members are willing to continue to serve. The Steering Group should be surveyed for potential new members as well.

THE COMMITTEE WILL HAVE THE MISSION TO:

- a. **Advocate the support of elected Teller County officials for actively addressing the affordable housing issue.** Even partial resolution of the Teller County affordable housing need over the next ten years will require strong, continuing commitment and advocacy at all levels of Cities and County leadership.
- b. **Create broad public recognition of the need for affordable housing in Teller County.** There is currently little understanding and many misperceptions concerning the affordable housing need in Teller County. The negative impact of not developing affordable housing as well as the benefits of doing so must be “sold” to the voting public at large. It is recognized that the County and municipalities do not build homes, however, they should create an environment that encourages public and private participation in addressing the housing needs of our communities.

The committee should also research what other communities are doing to satisfy their needs and the availability of funds from new and traditional resources.

There are other mechanisms for managing county-wide housing, such as housing authorities and Community Housing and Development Organizations (CHDOs). Each of these requires some level of involvement and funding from local governments. These options have not generated support in the past.

2. Building a Land Bank

A significant challenge to building affordable housing in Teller County is the high cost of developable land. The only properties owned by the municipalities are generally those identified as part of the master plans for parks. Such property is protected by the cities, and it is difficult, if not impossible, to get approval to change the designation.

As for other municipal properties, a dialog should be started with each city to explore the potential for acquiring property for the construction of affordable housing. Private and public developers should be solicited for interest and follow-up.

Another source for properties could be vacant or undeveloped lots within the city limits of Woodland Park, Cripple Creek and Victor. For example, Woodland Park has over 500 vacant lots within the City limits. Not all these lots are buildable or for sale. Most are not zoned for multifamily projects. Approximately 12 lots are zoned as multifamily; however, each of these tracts are owned by private individuals. Each of these owners in all municipalities should be contacted and queried to determine if there might be an interest in donating or significantly discounting the price of the property for the construction of affordable apartment rental unit projects.

The steps shown below for all options are not complete but are intended to be used as a guide to build a comprehensive set of actions that will enable the option to be implemented.

ACTION ITEMS (Office of Primary Responsibility (OPR): Cities' Planning Departments)

- ◆ Determine inventory potential for publicly-and privately-owned parcels
- ◆ Develop a strategy to contact public and private owners regarding their interest to participate in an affordable housing project

If the owners are supportive, place properties in the land bank for future considerations as sites for multifamily rental projects.

3. Inclusionary Zoning (IZ)

Inclusionary zoning is an approach that many communities have used that requires developers to dedicate affordable housing as a certain percentage of a larger market-rate project. For example, the local government could require that a developer build at least 10%, or four units, of a 40-unit project as affordable housing, if the developer wants to build in an area that has been designated as “inclusionary.” The local jurisdictions must pass zoning regulations that declare inclusionary zoning in certain geographic areas. This zoning is intended to increase the number of affordable housing units in areas that typically are not affordable for lower-income families and would otherwise contain only higher-end housing. This option may not be a high priority since there are no developers who are currently eager to build projects, and local communities show little interest in establishing inclusionary zones.

ACTION ITEMS (OPR: Municipalities Planning Departments)

- ◆ Develop a fact sheet regarding the pros and cons
- ◆ Create a plan to educate the elected officials on the need, urgency and benefits
- ◆ Draft a model policy to demonstrate how IZ may work

4. Accessory Dwelling Units (ADUs)

An accessory dwelling unit is often described as a “mother-in-law” apartment/addition to an existing home or a second floor conversion of a garage. An ordinance was passed in Woodland Park in 2013 allowing ADUs, but only two applications have been submitted in three years. It is obvious that publicity is needed to make ADUs better known as relatively simple ways to add housing capacity to a property. In the short-term the Cities should review opportunities for incentives for developing affordable housing and removing barriers to constructing ADUs.

ACTION ITEMS (OPR: Planning Departments, Chambers, Economic Developments)

- ◆ Develop a plan to encourage the growth of ADUs
- ◆ Identify feasible incentives that can be used
- ◆ Remove potential barriers to constructing ADUs

5. Develop Incentives for Building Affordable Housing

The three municipalities and the County charge fees for the development of residential and commercial properties. These fees are significant and can total 6% to 8% of the project cost for a multifamily rental project.

The magnitude of the Cities’ fees have been a significant disincentive for developing affordable housing. Developers have been unable to get financing for local projects, but reduced or waived fees would positively affect the number of affordable housing units built. Other Colorado communities have implemented incentives to encourage developers to build affordable rental units and for-sale homes. These incentives have been effective in many communities.

Woodland Park, Cripple Creek and Victor should all examine the feasibility of reducing the fees charged to developers and builders of affordable housing. Woodland Park is a “home rule city” and would require a vote of the citizens to approve a charter revision to change City fees; Cripple Creek and Victor are “statutory cities” and would require changes to statutes to implement reduced developers’ fees.

ACTION ITEMS (OPR: Must have support of elected officials)

- ◆ Evaluate the feasibility of providing incentives, such as, fee waivers or reductions to developers of affordable housing projects

6. Use Low Income Housing Tax Credit (LIHTC) Programs to Fund Affordable Housing

A federal tax credit program has been in place since 1986 when Congress approved the approach as a means to encourage developers and builders to construct affordable rental housing. To date this program is responsible for 80% of the affordable rental housing built in the US since the act was passed. The programs today in Colorado are managed by the Colorado Housing and Finance Authority (CHFA). Nine percent and 4% tax credit projects are available; the 9% projects are very competitive and require the submission of a comprehensive application. The 4% deals are not competitive and are generally paired with other funding sources to structure a viable project where the risks and rewards are sufficient to attract developers and investors.

The major advantage of the tax credit programs results in the allocation of tax credits to these projects and can provide significant equity to build the development for both 9% and 4% projects. Other funders must be found to fill the gap between the tax credits and the cost of the project.

ACTION ITEMS (OPR: Developers/Builders – for-profit and non-profit)

- ◆ Gather information from CHFA regarding their requirements for submitting an application
 - Design, funding, schedule, supporting data/information, fees, 9% or 4%
- ◆ Make decision to apply or not
 - Plan for six-month schedule to complete application
- ◆ Select team to pursue the tax credit program
 - Financial consultants, attorney, architect, engineers, managers, individuals with experience with LIHTC projects, broker (if land must be purchased), early funder
- ◆ Meet all CHFA requirement and schedules
 - Perform all due diligence
 - Form partnerships with financial lenders
 - Close all required loans
 - Begin work

7. Private Activity Bonds

Private Activity Bond (PAB) financing is another potential funding source for the development of affordable housing. Cities generally have PAB allocations from the state.

The municipalities and the State of Colorado have additional allocations from which County projects could also apply. Although every project is different, the City could support tax-exempt bonds to help fund a portion of a project's cost. There are other potential uses for PAB financing, especially for economic development purposes, but the City could give preference to affordable rental housing projects when allocating its PABs. The expense of PABs makes them difficult to use to build housing for very low income renters (less than 50% of AMI). They do, however, work well for projects affordable to households earning between 50% and 60% of AMI. Affordable units at the 50%–60% AMI level are often needed to help assure an affordable project's cash flow, and entice both non-profit and for-profit developers to build mixed-income and other projects. PAB financing is required for 4% tax credit development. While the local allocations were returned to the state for many years, the cities may be able to assign their allocations to qualified developers/builders.

ACTION ITEMS (OPR: Finance Departments for municipalities)

- ◆ Determine the availability of PABs to potentially fund affordable rental units
- ◆ Determine how a rental project could be funded by PABs
- ◆ Determine pros and cons of a PAB-financed deal
- ◆ Will it work in Teller County?
- ◆ What are the first steps to explore the viability of a PAB-financed rental project in Teller County and/or Woodland?

8. Density Bonus

Density bonuses are often considered for developers who are willing to include affordable housing in a market-rate project. This bonus could be paired with a project being built in an area that has inclusionary zoning. The current ordinances of the municipalities have specific limits for dwelling units per acre. When height, setbacks and open space requirements are considered, it can be difficult to increase densities on certain properties.

ACTION ITEMS (OPR: Planning Departments)

- ◆ Write ordinance or resolution as required
- ◆ City Councils to approve on case-by-case basis

9. Impact Fee Delay

Impact fees are typically paid at the time building permits are issued. This incentive would allow developers to delay the payment of those impact fees until a certificate of occupancy is issued. Some Colorado communities offer this incentive. To be considered “qualified” a project must have at least 10% of the total units dedicated to households earning 60% or less of AMI.

ACTION ITEMS (OPR: Cities’ Planning Departments)

- ◆ Determine the financial magnitude of deferring the impact fees
- ◆ Make decision to use or decline on a case-by-case basis

10. Examine the Potential for Implementing an Acquisition/Rehabilitation Program in the County

An often-overlooked opportunity in communities with older residences and multifamily apartments focuses on acquiring and rehabilitating those properties that are no longer adequate and in some cases may even be unsafe by today’s building codes and standards. These properties should be identified as candidates for the “acquisition/rehab” program. Specific funds are available for accomplishing these conversions, and the rehabilitations are generally less expensive than building new units.

ACTION ITEMS (OPR: Developers/builders, non-profits)

- ◆ Explore existing properties throughout the County
- ◆ Identify candidate properties
 - Determine & contact property owner
 - Willing to sell or rehabilitate?

SUMMARY

A lack of affordable housing affects everyone in our County and communities. Our local firemen, policemen, teachers, government workers, healthcare workers, retail workers and others are valuable members of our communities, but many of them live outside the County since affordable housing is scarce in Teller County. Without the contributions of these vital individuals, Woodland Park, Cripple Creek and Victor would have great difficulty functioning on a daily basis. The affordable housing deficit is an issue with wide-ranging implications.

Those who cannot live where they work must live in other communities and commute to the County. Increased commuting causes more traffic and congestion, which means more pollution and degrades the quality of the environment. Without access to affordable housing, many households are forced to live in units that require over 30% of their annual gross incomes and in some cases, over 50% of their annual gross incomes. Consequently, these households have difficulty saving money and are economically vulnerable. The inability to build a “rainy day” fund perpetuates the cycle of poverty and prevents upward economic mobility.

These families have difficulty affording the bare essentials and spend less money in the community. This has a negative effect on the local economy.

The opportunities and actions outlined in the Recommendations For Action are ambitious but can be accomplished with the support of the County, City Councils and the communities at large. The Recommendations for Action Section have applications for all three communities. Each municipality should carefully consider the options and determine whether the City Council, City staff and citizenry would support implementing them. Those positive decisions should be influenced by an understanding of the urgent need for affordable housing.

The SG strongly encourages the distribution of this Assessment to City Councils, City staffs, the general public and interested investors and developers. The Assessment also provides hard facts and data that cannot be refuted in supporting the present need for 336 affordable rental apartments in Teller County. According to the SDO, that need will continue to grow over the next ten years.

The key to meeting the “catch-up” and “keep-up” demands will ultimately depend on the recognition of County Commissioners, City Councils and citizens committing to creating affordable housing and improving the quality of life in Teller County. By achieving the goals in this plan, the municipalities and the County will be more diverse, vibrant and accessible for everyone.

Live here...



Dream here!