



PRESENTATION TO
THE REGION 10 BOARD
OF DIRECTORS

DECEMBER 8, 2022

Mind the Gap: Workforce Housing in Colorado's Region 10

Agenda



Team Introductions



Project Scope



Stakeholder Interview Results



Housing Demand Analysis



Economic Impact Analysis



Financial Tools and Next Steps



Questions & Roundtable Discussion

Recap: Project Scope



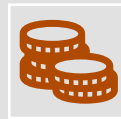
Interview stakeholders representing **diverse** geographies and perspectives around the region



Tell the story behind relevant housing and demographic **data** for Region 10



Identify current and future unmet **workforce housing needs**



Assess the regional **economic impacts of future workforce housing development** based on assessed need



Identify **financial tools** and **opportunities** for Region 10 to **support local jurisdictions**

Meet Our Team!

Region 10

Michelle Haynes
Executive Director

Trish Thibodo
Deputy Director

Dynamic Planning + Science

Ethan Mobley, AICP
Project Manager

Clare Peabody
Data Lead

Raini Ott, AICP
Interviews

Triple Point Consulting

Jeff Moffett, Ph.D.
Economic Impacts

Castlewood Capital

Michael Leahey
Financial Tools

Urban Rural Continuum

Andrew Coburn
Housing Demand

Stakeholder Interviews: What We've Learned



Key Finding #1: Information Hub Role

- Housing Needs Assessments (HNA's) become “**stale**” quickly
- **Limited staff resources and expertise** among local jurisdictions to study the problem and design programs to address housing needs
- Desire for **increased centralization of data and information** to support regional coordination and awareness of local development projects



Key Finding #2: Educational Advisory Role

- Desire for Region 10 to serve in an **educational advisory role** and to generate and share knowledge that supports local jurisdictions' efforts to spur housing development



Key Finding #2: Educational Advisory Role

Specific project ideas:

- Lead an **economic study** that looks at the impacts of converting **publicly-owned vacant or underutilized in-fill sites** to housing developments
- Provide guidance on community education and engagement to address **perceptions of workforce/affordable housing**
- Support financial literacy and resources for prospective homebuyers in both **Spanish and English**



Key Finding #3: Facilitate Regional Collaboration

- Desire for Region 10 to provide opportunities and host space for **collaboration** across the region
- Example: **recruit a network** of housing industry experts, local government officials, nonprofits, and community liaisons to **exchange ideas and share successes/obstacles**



“The Gap”: Key Points



Production Gap



Affordability Gap



Construction Labor
Gap

Assessing Housing Demand



Data Sources and Repository Development



COLORADO

Department of Local Affairs

State Demography Office



U.S. BUREAU OF LABOR STATISTICS



Stakeholder Interviews



Housing Demand

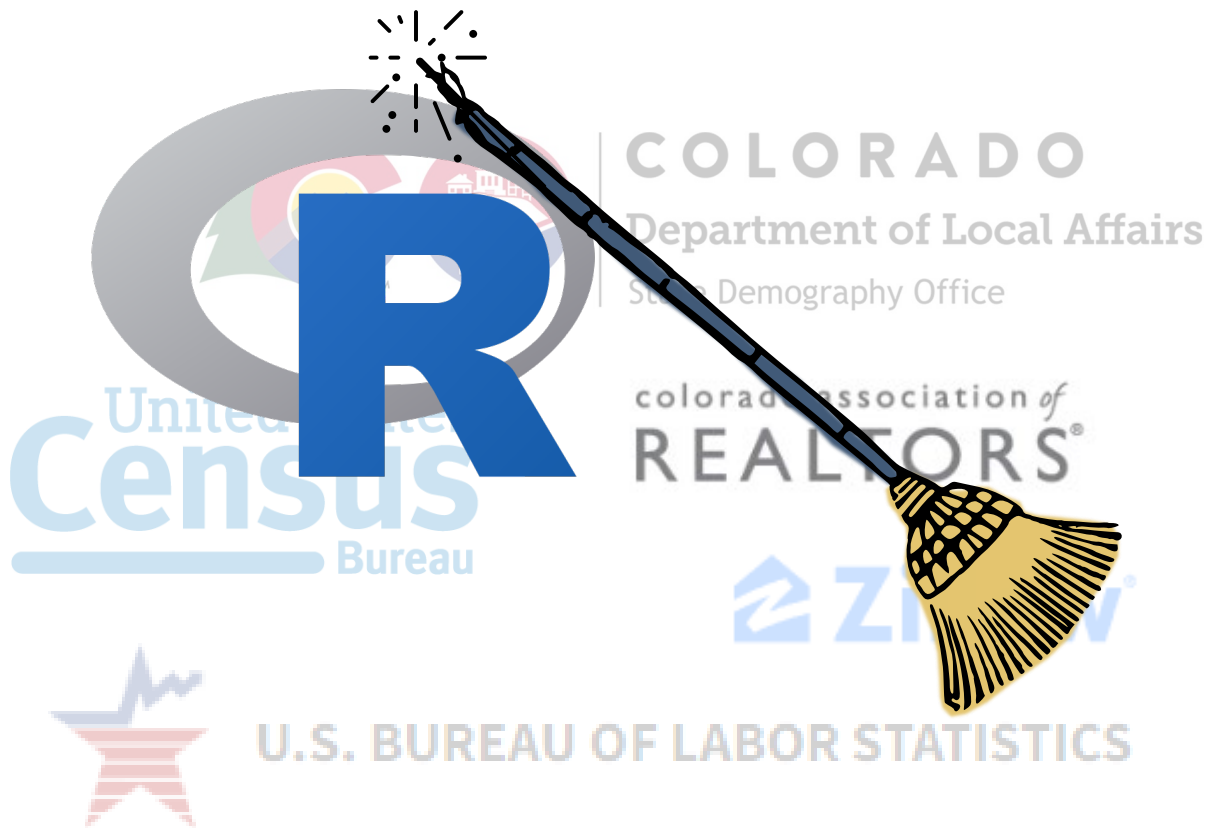


Economic Impact



Financial Tools

Data Sources and Repository Development



**R10
Housing
Database**



Stakeholder Interviews



Housing Demand



Economic Impact



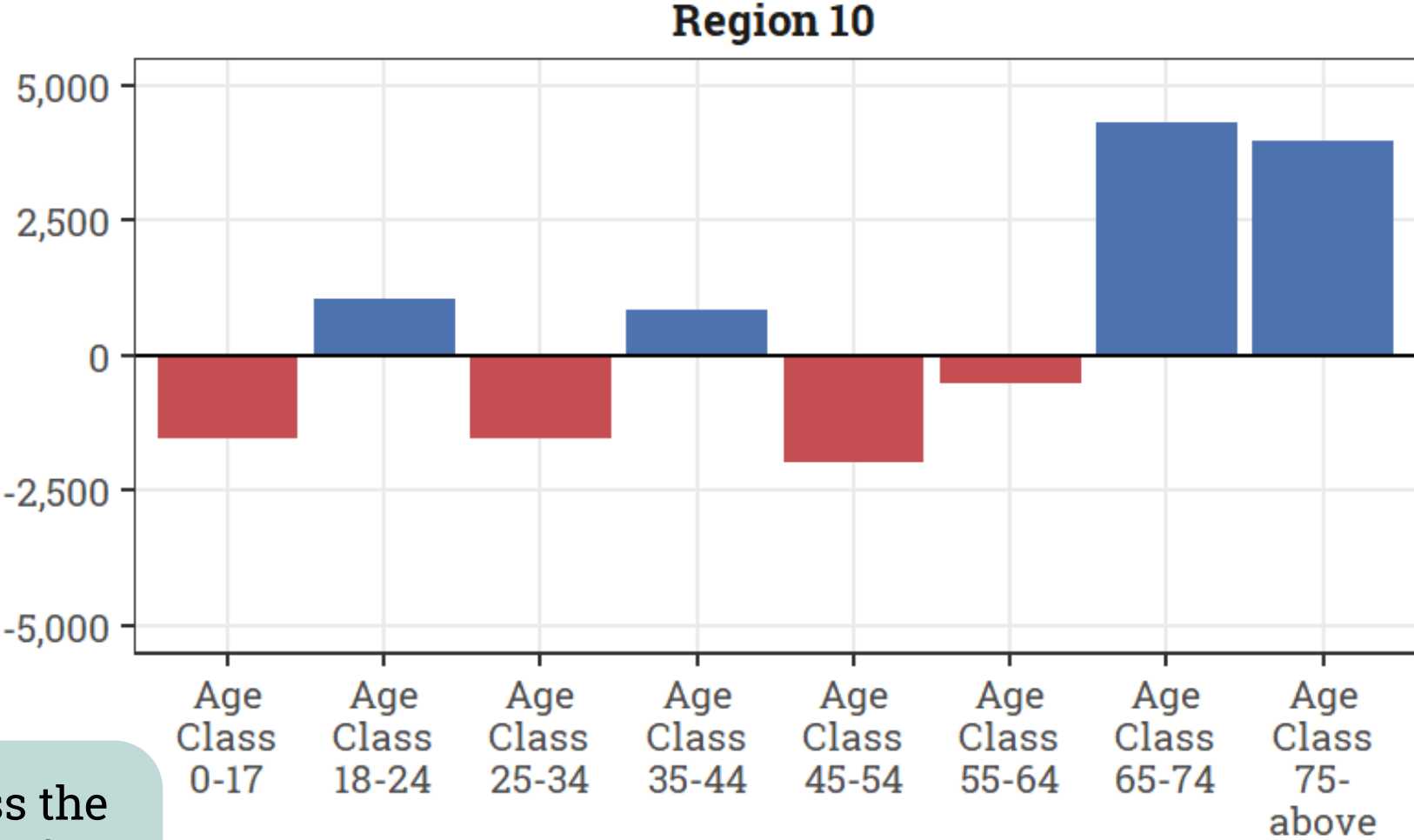
Financial Tools

Data Sources and Repository Development

- **Reproducible workflows** for accessing latest data from the Census, State Demography Office, and other sources
- Development of **centralized repository** with standardized field format to easily compare and visualize data sources side-by-side
- **Conversations with the SDO** to understand limitations of data, especially for rural areas and small geographies



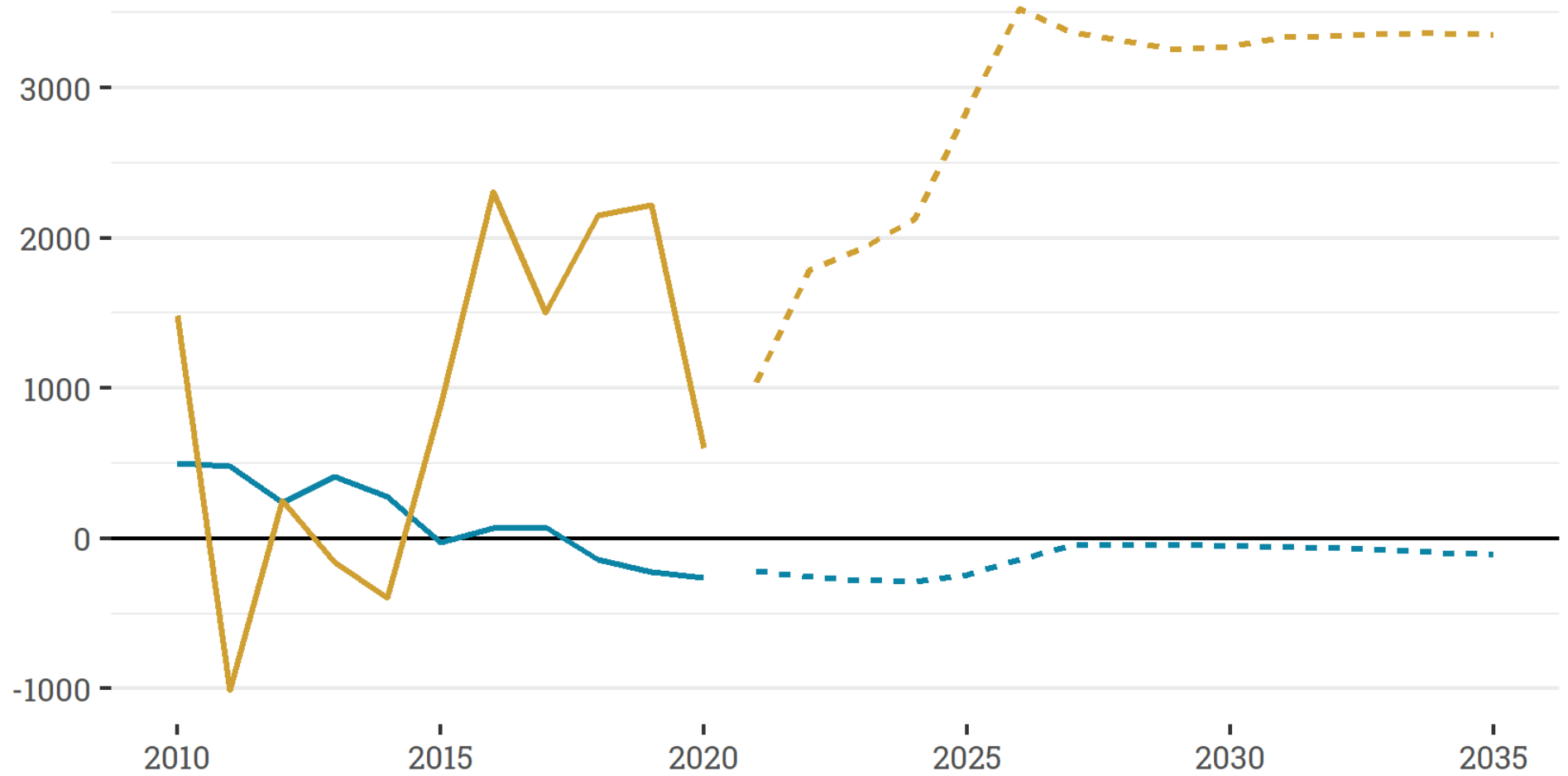
Change in Total Population of Age Class, 2010-2020



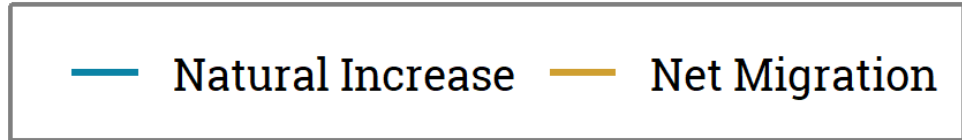
Aging population across the region impacts demand for **replacement workers** and **care services**

Source: ACS 2020

Population Change



Region-wide, rate of **net migration** exceeds rate of **natural increase (births-deaths)** - here is your new workforce!



Source: SDO

Population Change by Individual County



— Estimate - - - Projection

— Natural Increase — Net Migration

Source: SDO

Age, Net Migration and Natural Increase: The Story Behind the Numbers



Net migration will likely account for the majority of the region's **new workforce** in the coming decades



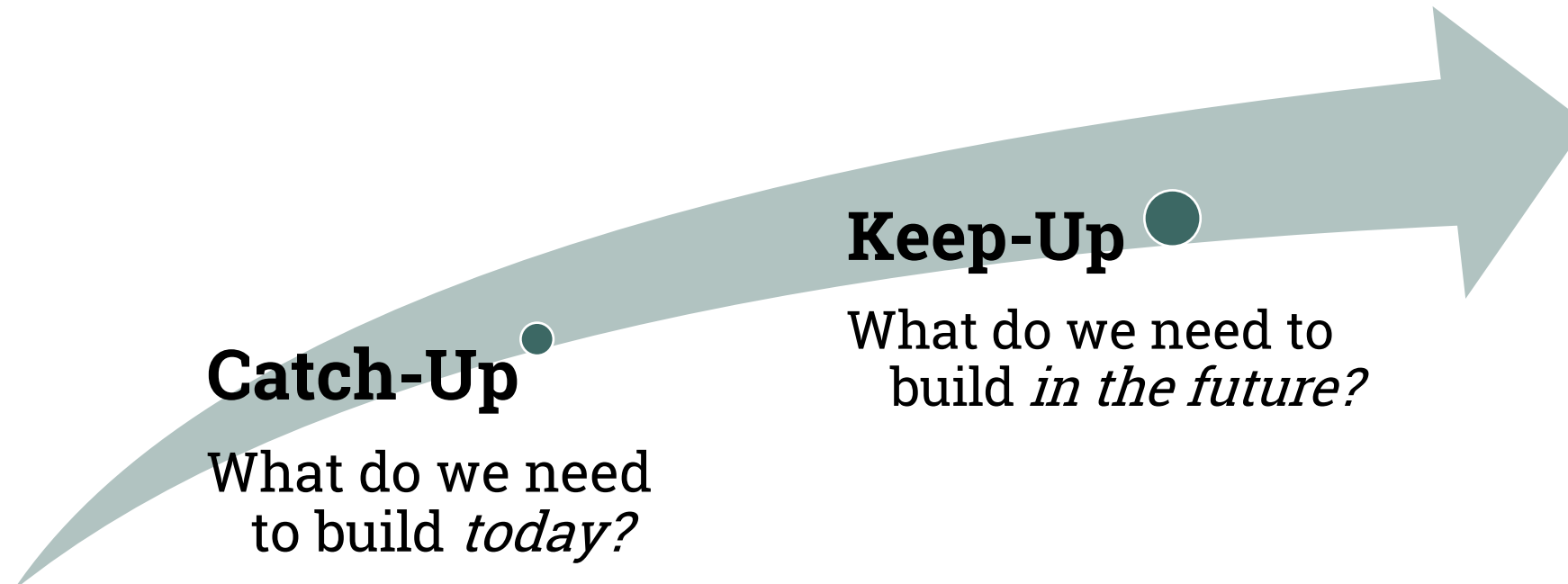
An **aging population** will create new demand for **replacement workers** and **care services**



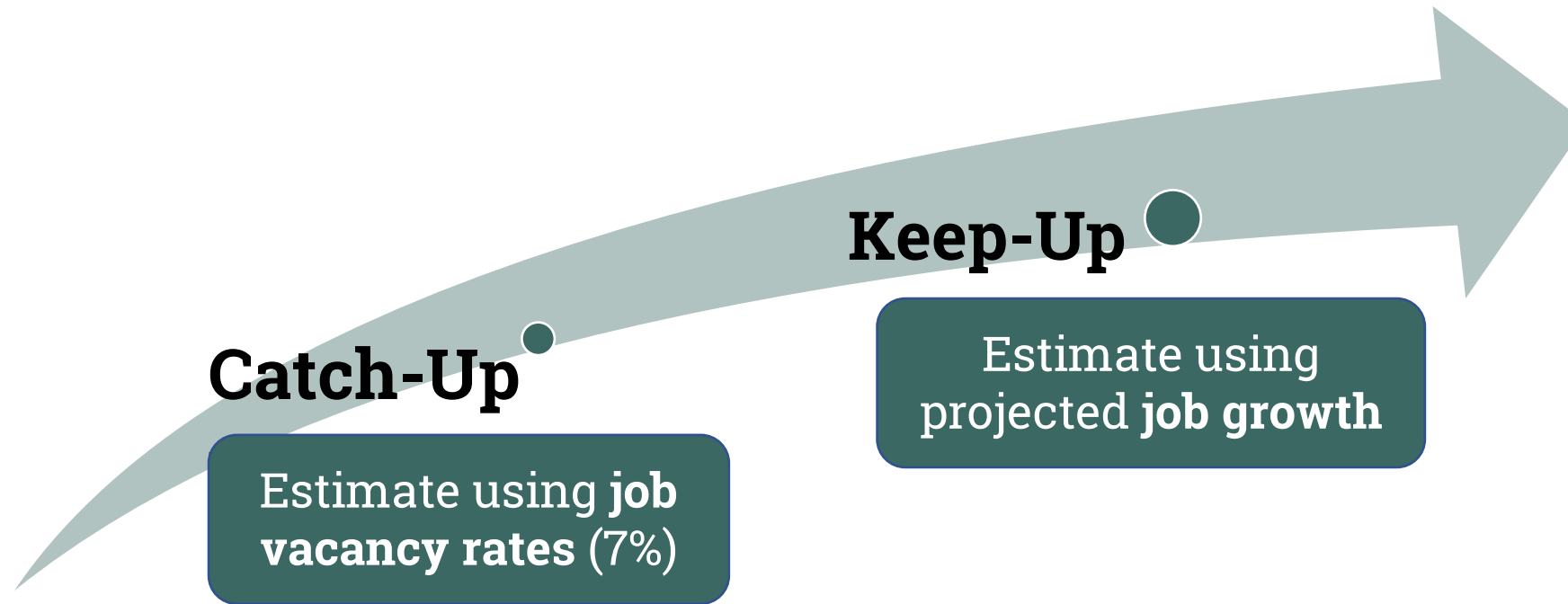
R10 seniors are **aging in place**, rather than downsizing or moving into assisted living facilities



Two Components of Housing Demand



Two Components of **Workforce** Housing Demand





Job Vacancy and Growth

(SDO / BLS
JOLTS)



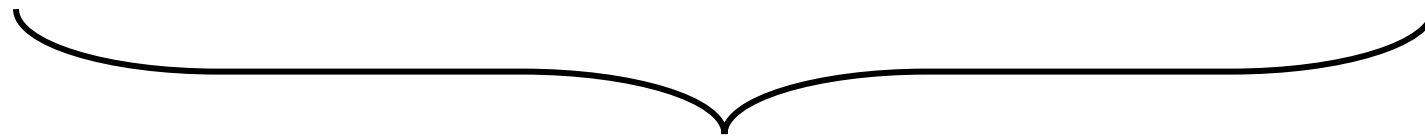
Jobs per Employee and Employees per Household

(SDO & ACS
2020)



Keep-Up and Catch-Up Demand by Unit Type

(ACS /
prescriptive)



Total Unit Demand



Job Vacancy Rates, Colorado (Statewide)

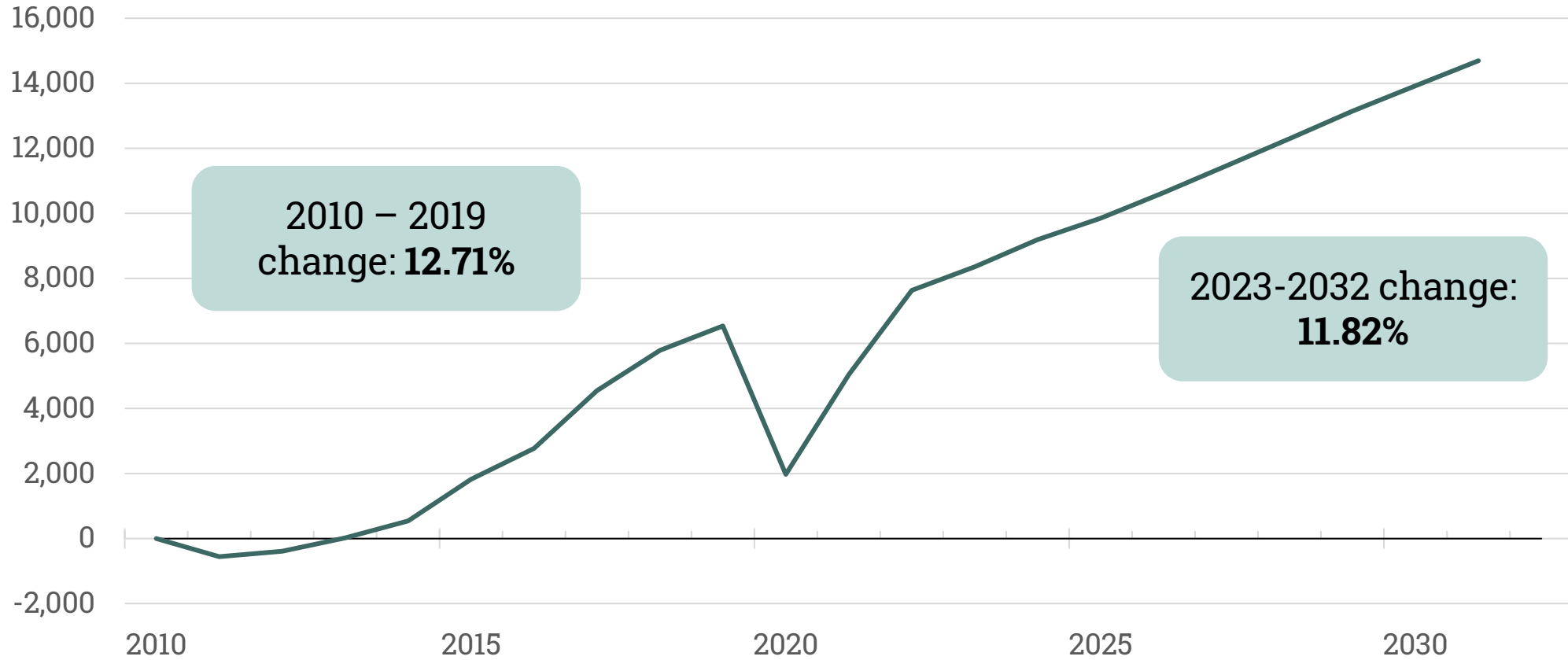


7% is the “floor”;
additional surveys needed for Region 10, but some localities may be higher

Source: BLS JOLTS

R10 Actual and Estimated Total Job Growth, 2010-2030

Region 10



Source: SDO

$$\text{Total Jobs 2022} \times \text{Job Vacancy Rate} \div \frac{\text{Jobs}}{\text{Employee}} \div \frac{\text{Employees}}{\text{Household}} =$$



Catch-Up Units

SDO, BLS JOLTS (Statewide):
 ~60,000 jobs * 7 %
 =
 4,135 unfilled jobs

SDO Labor Force Supply & Demand:
 1.08 jobs per employee

ACS 2020:
 1.67 employees per HH with ≥1 worker

~ 2,287 housing units to fill current job vacancies

**Total Job Growth,
2022 – 2032**

÷

**Jobs
Employee**

÷

**Employees
Household**

=

**Keep-Up
Units**



SDO Labor Force
Supply & Demand:
+ 7,788 new jobs

SDO Labor Force
Supply & Demand:
**1.08 jobs per
employee**

ACS 2020:
**1.67 employees per
HH with ≥1 worker**

**~ 4,265 housing
units for
workers by
2032**



Catch-up and Keep-up Housing Need is Conservative!

What Is Not Accounted For:

Net migration of **retirees** relocating to area

Senior housing / assisted living facilities

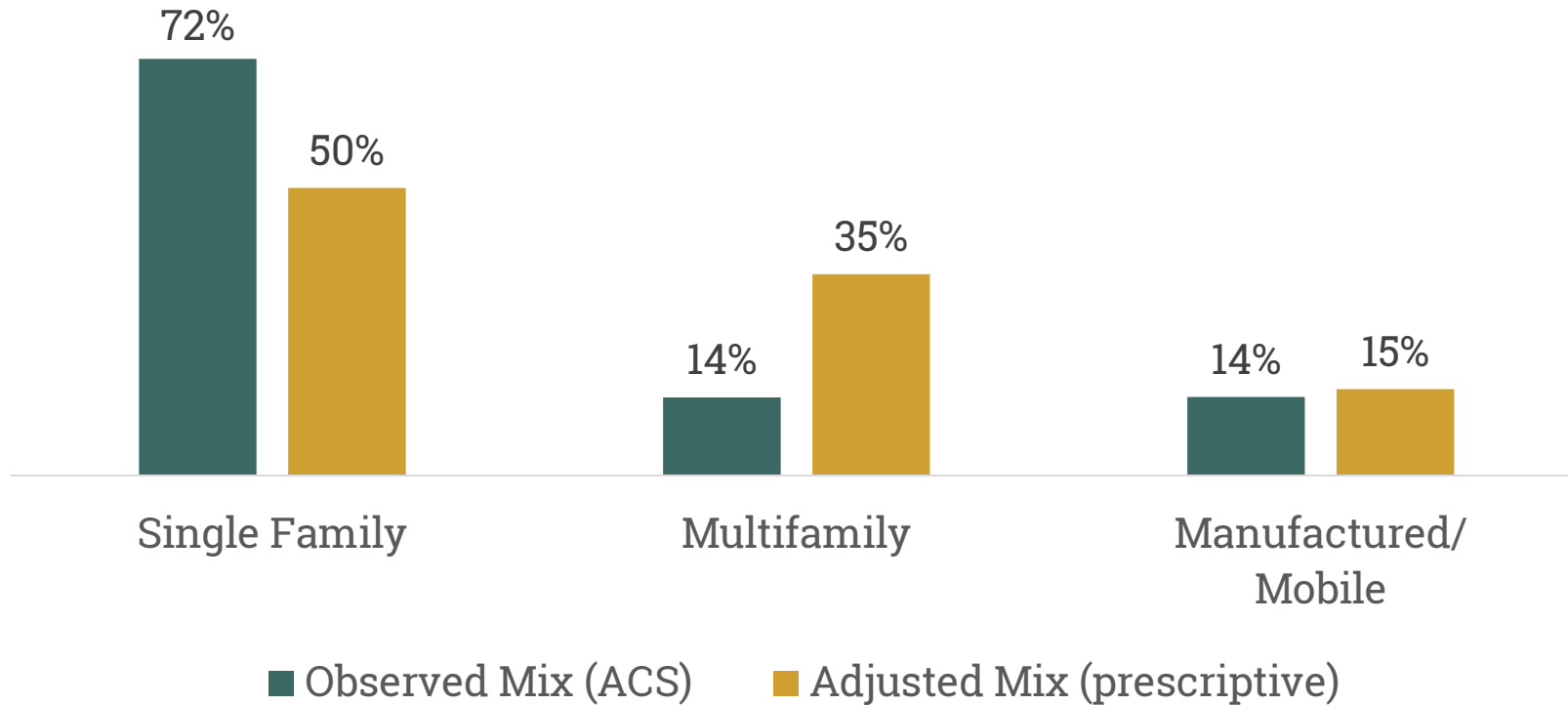
Full extent of **remote workforce** growth

Replacement workers as seniors leave the workforce

Direction (+/-) of effect on total need estimate



Observed and Adjusted Unit Mix by Type – Region 10



Adjusted housing mix to account for **lower share of single-family** homes as a proportion of future workforce housing development

Sources: ACS, Consultant Team



Stakeholder Interviews



Housing Demand

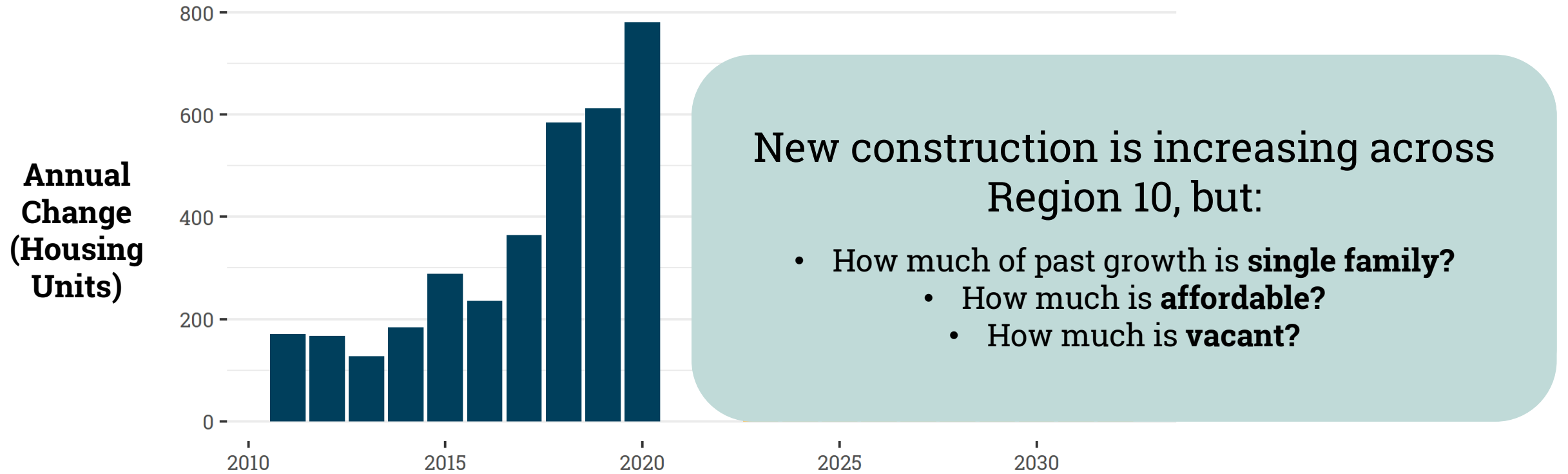


Economic Impact



Financial Tools

The Production Gap

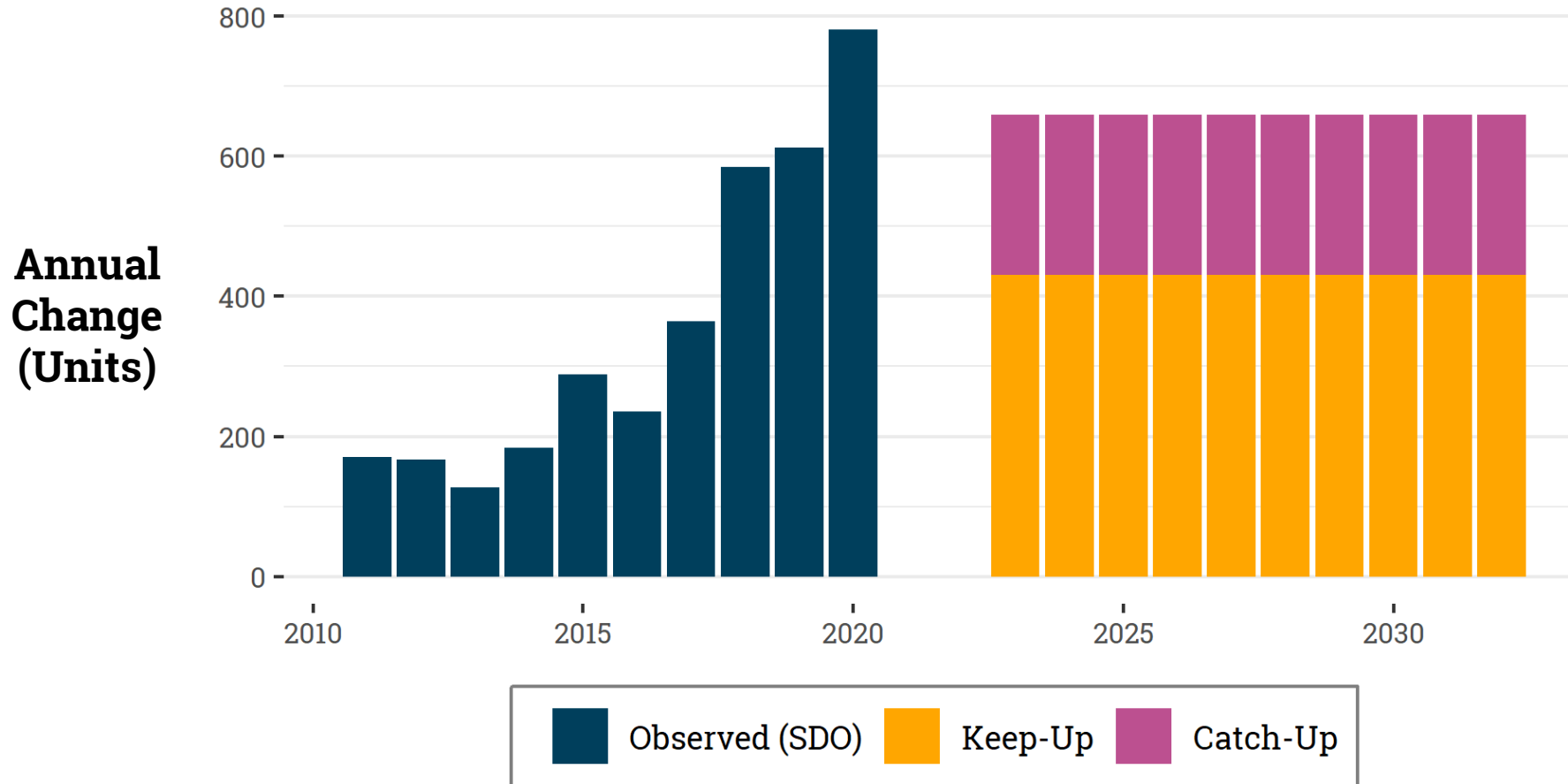


New construction is increasing across Region 10, but:

- How much of past growth is **single family**?
- How much is **affordable**?
- How much is **vacant**?

Source: SDO

The Production Gap



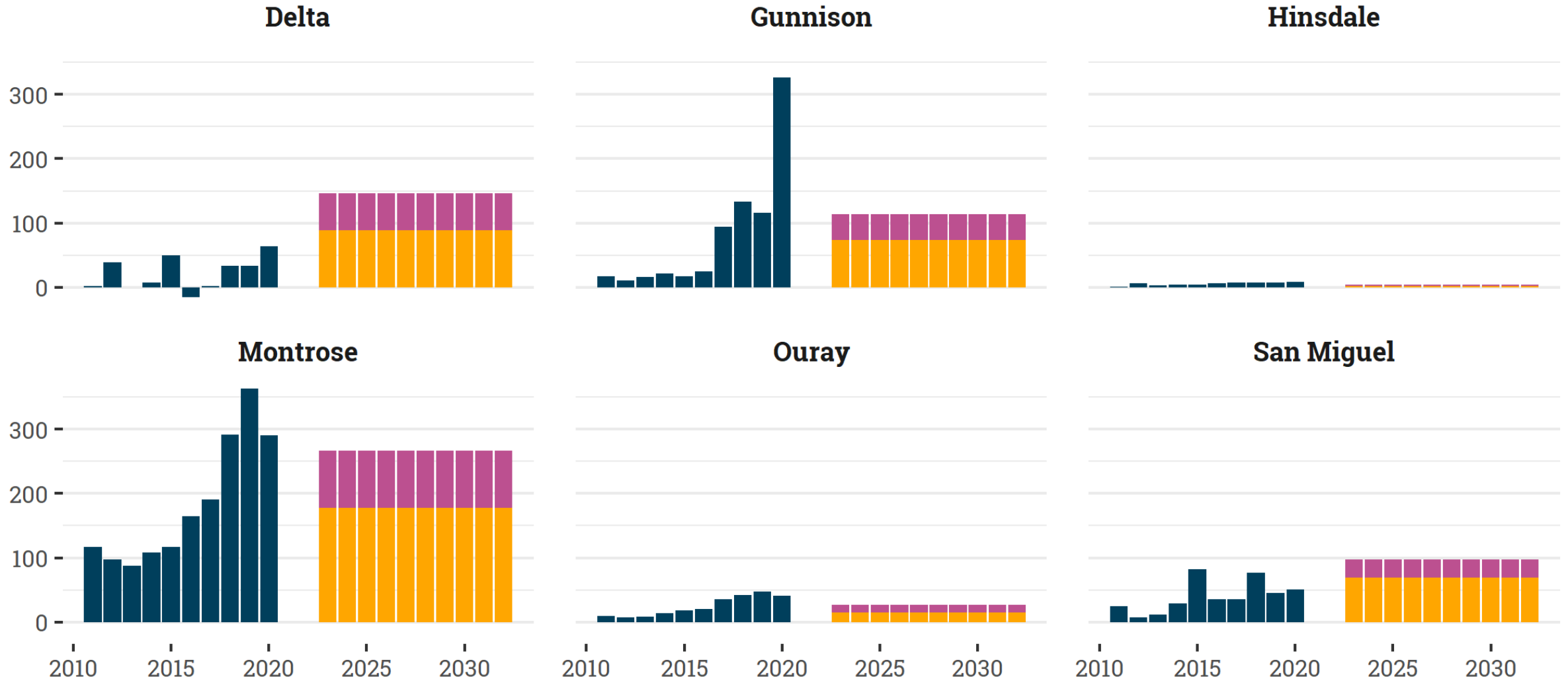
**Region 10
Total:**

~6,600 units
(~660 units / year)

**Just workforce
housing!**

Sources: SDO, Consultant Team

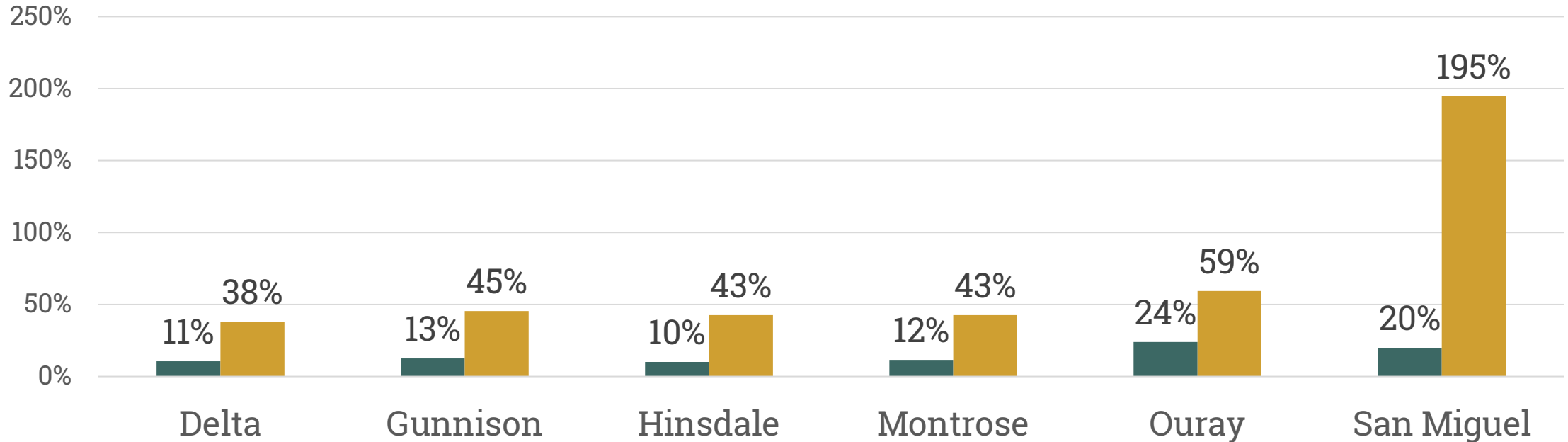
Production Gap by County



Sources: SDO, Consultant Team

The Affordability Gap

% Increase in Pay and Home Prices, 2019-2021



Home prices are increasing faster than wages for all R10 counties

- Change in Avg Annual Pay (2019-2021)
- Change in Single Family Median Price (2019-2021)

The Affordability Gap

“Affordable” = spending < 30% of pre-tax (gross) income on housing expenses

	Median Single-Family Home Sales Price (Oct 2022)	% AMI to Afford Median Single-Family Home (2 BR / 3 people)*
Delta	\$385,000	139%
Hinsdale	\$457,250	164%
Montrose	\$415,000	149%
Gunnison	\$730,000	239%
Ouray	\$845,750	275%
San Miguel	\$1,277,000	382%

* Assumes 6.5% interest rate 30-year loan, \$25k down, and \$300/mo to taxes, insurance, and HOA

Source: CHFA, CO Association of Realtors

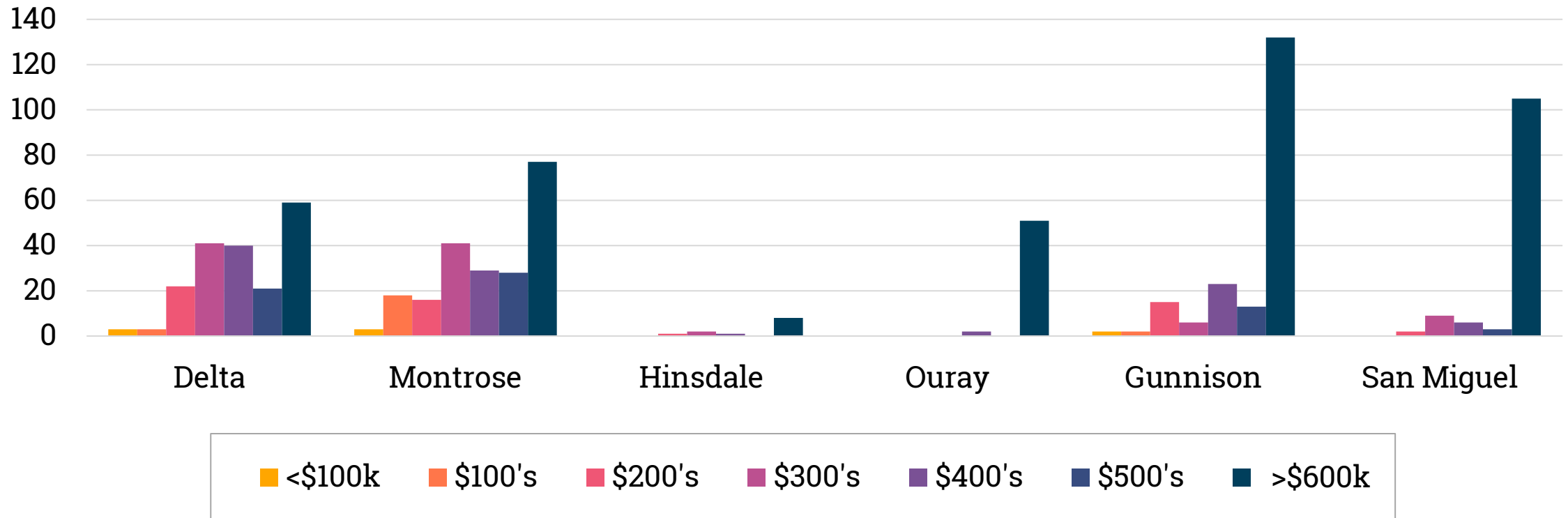


The Affordability Gap

63% of listings are $\geq 500,000$.
There is **limited inventory** available to the local workforce.

Price Distribution of Zillow Sales Listings

Region 10, December 2022



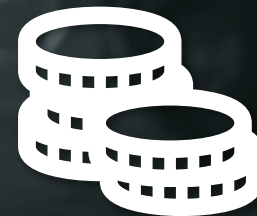
May include duplicate listings
Source: Zillow 12/1/22; consultant team

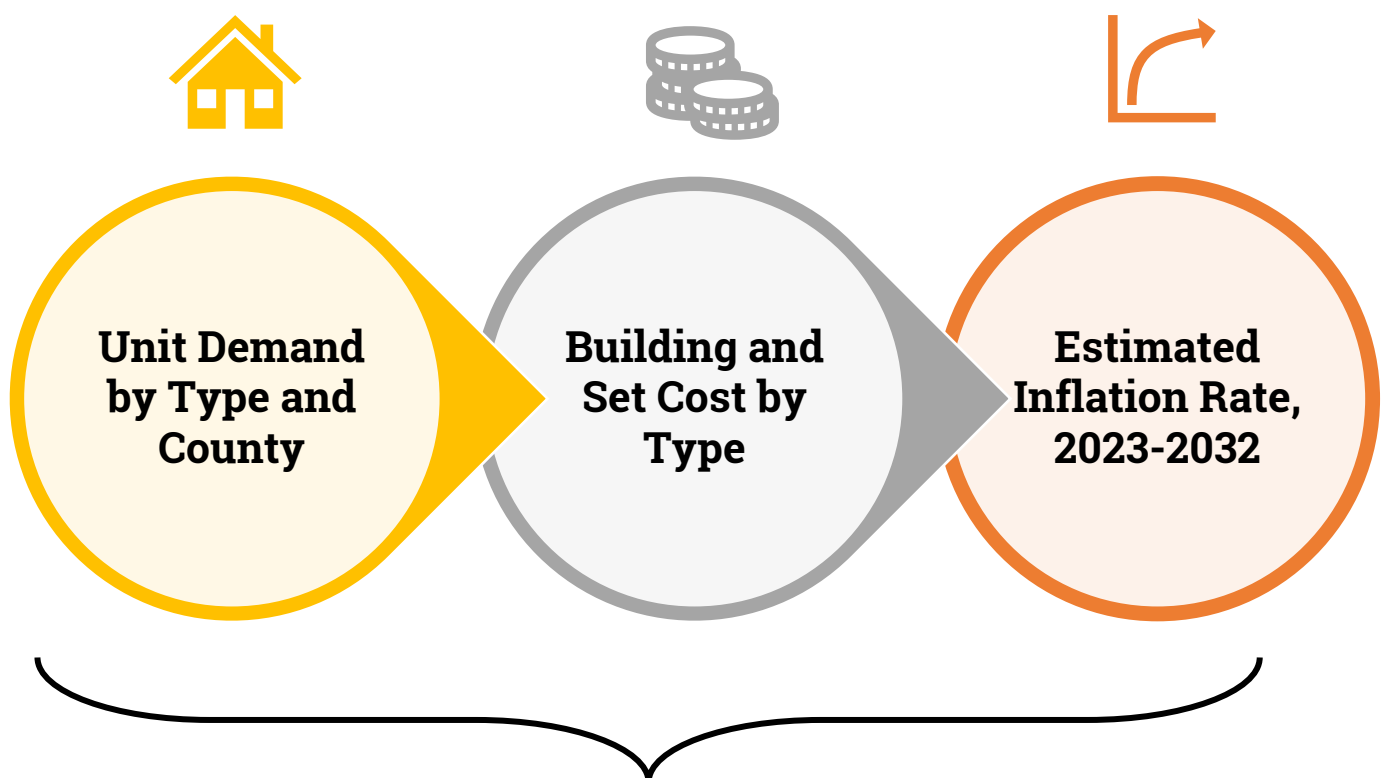
The Capital Gap

Even with subsidized interest rates and down payment assistance, **the cost to build** a typical 1,400-sf single family home still **exceeds what local households can afford.**



Economic Impacts (IMPLAN)





Local Cost to Build



**Local
Economic
Impact**

Region 10 Total Cost to Build **\$2.4 billion in 2023**

(~\$240 million / year over a 10-year period)

Does not include:

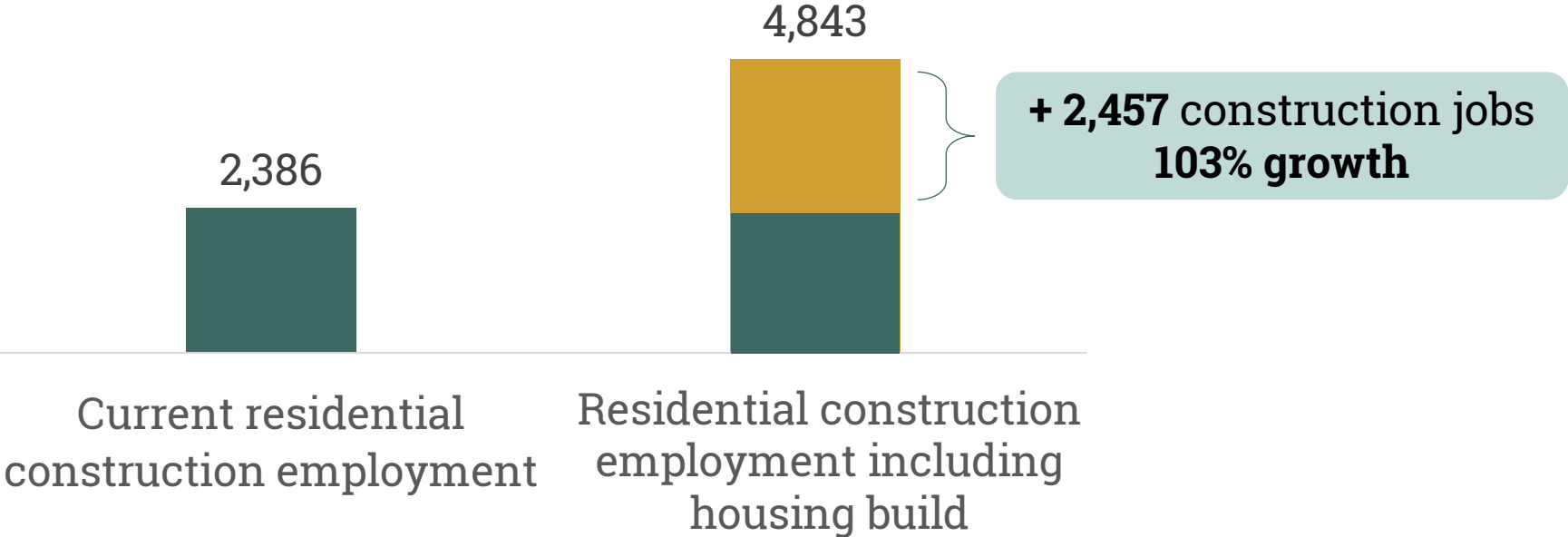
Land value

Manufactured home structure cost



Summary of Outputs: Employment

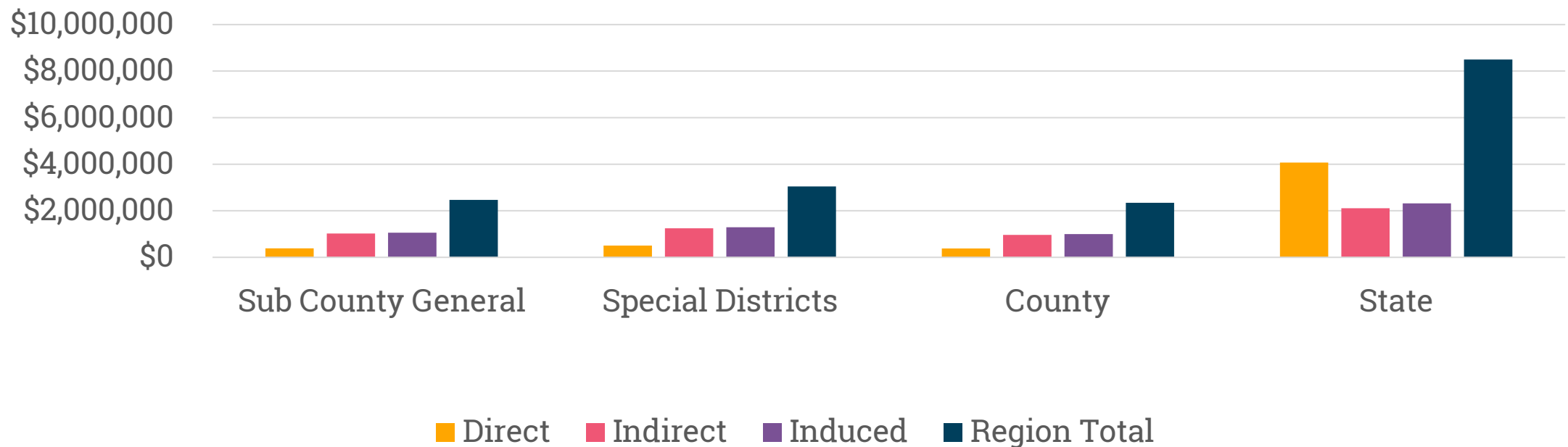
Key point: currently there **is not enough labor** to build the housing need



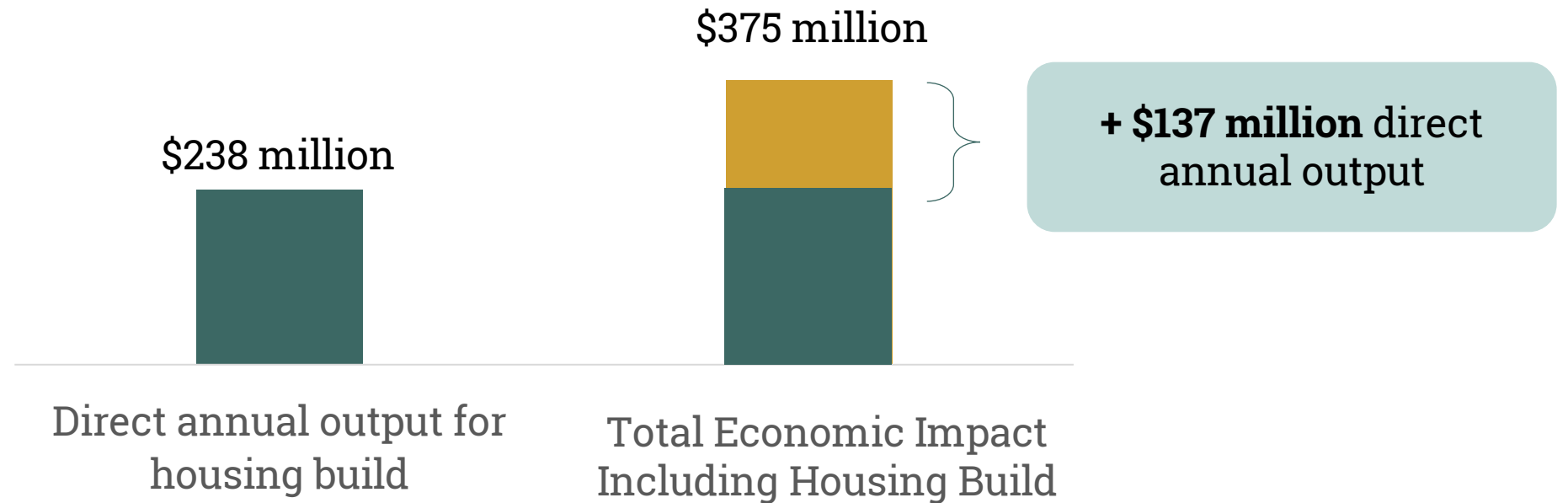
IMPLAN employment include all full-time, part time, and temporary positions and is not FTE equivalent.
IMPLAN tracks labor time in terms of hours.

Summary of Outputs: Tax Revenue

Housing build will generate an incremental **\$8 million** annually for local governments and **\$8.5 million** for Colorado.



Summary of Outputs: Total Output



Financial Tools and Proposed Solutions

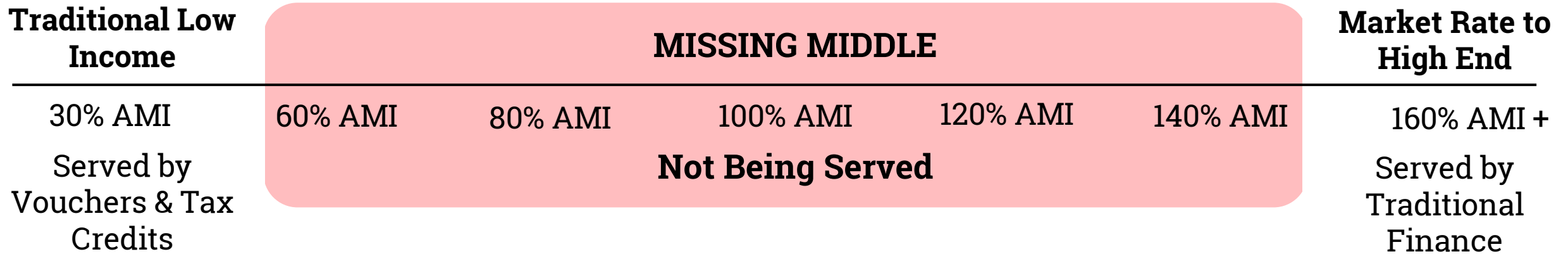


THE MISSING MIDDLE: WORKING FAMILIES & AMERICA'S HOUSING CRISIS

- Subsidies are Available for Low Income Households through LIHTC
- Market Rate Projects Rely on Higher Income Households
- Families Between 60% and 140% of Average Income =
 - Skyrocketing Rents
 - Home Prices Impossible to Pay the Bills



THE MISSING MIDDLE: WORKING FAMILIES & AMERICA'S HOUSING CRISIS



A **HOLE** in the middle of an **ECOSYSTEM** can lead to its collapse



3 Key Problems



Production Gap



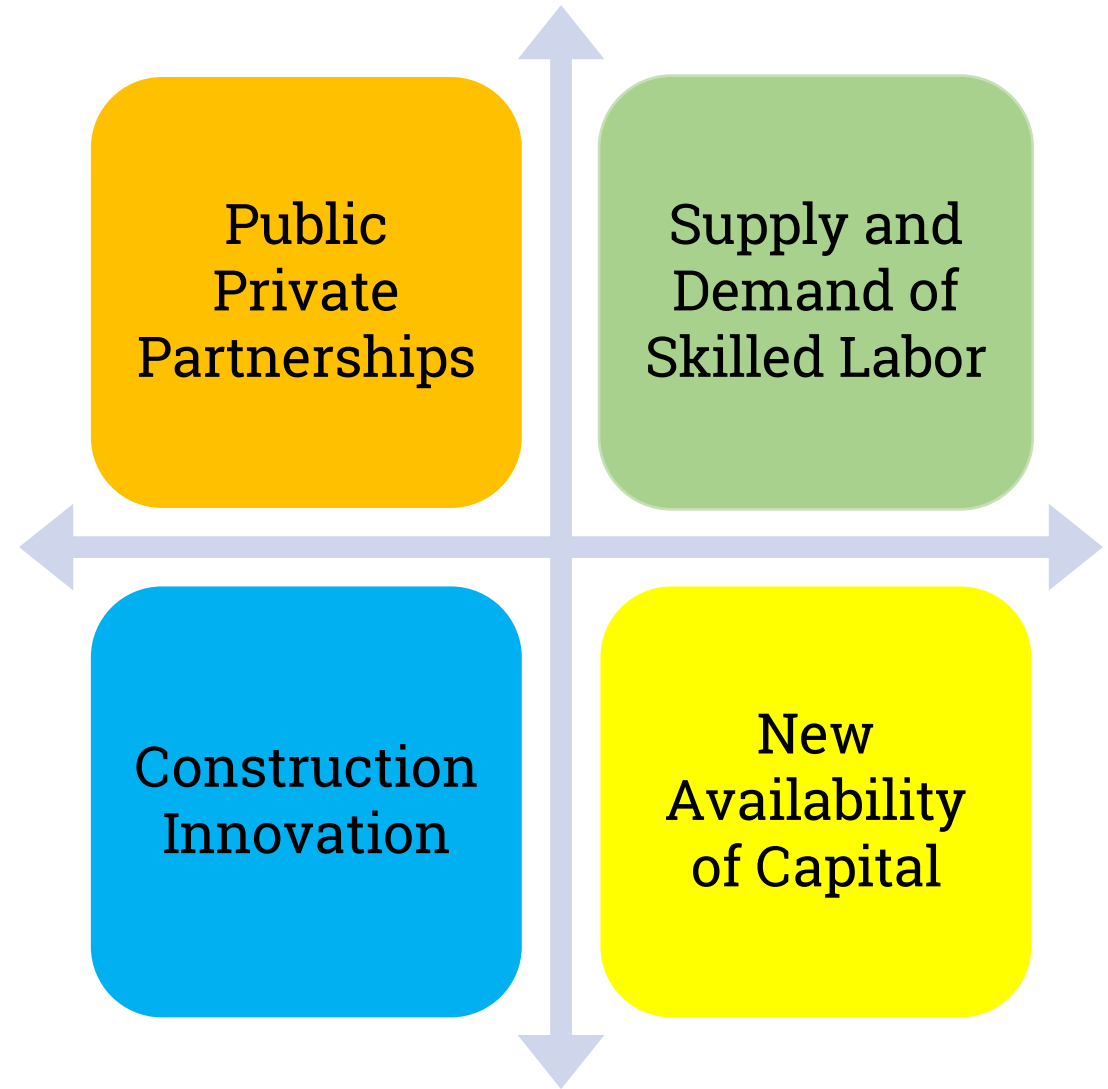
Affordability Gap



Construction Labor Gap

A VICIOUS CYCLE THAT EXACERBATES THE MISSING MIDDLE GAP!

4 Key Solutions



CAPITAL REQUIRED TO FINANCE TOTAL HOUSING DEMAND

- **10-year demand of 6,600 units, 8.2M SF, at a total cost of \$2.8 Billion** (including land)
 - **\$1.8 Billion** in debt capital (from both banks and private lenders),
 - **\$425 Million** in land equity
 - **\$267M** in equity capital
 - **\$277 Million** in state subsidy
- Represents **0.02%** of the residential market in Colorado



SOURCES OF DEBT CAPITAL

1. USDA RD Water Loan & Grant Program / Community Facility
2. Metropolitan District Infrastructure Bonds
3. Bank and Private Loans
4. Social Impact Lenders
5. CHFA Mezzanine Financing
6. PACE Financing
7. HUD / Agency Perm Financing
8. DOH Housing Loan Fund (new)
9. Missing Middle Authority Bonds (new)
10. Prop 123 Funding (new)

SOURCES OF EQUITY CAPITAL

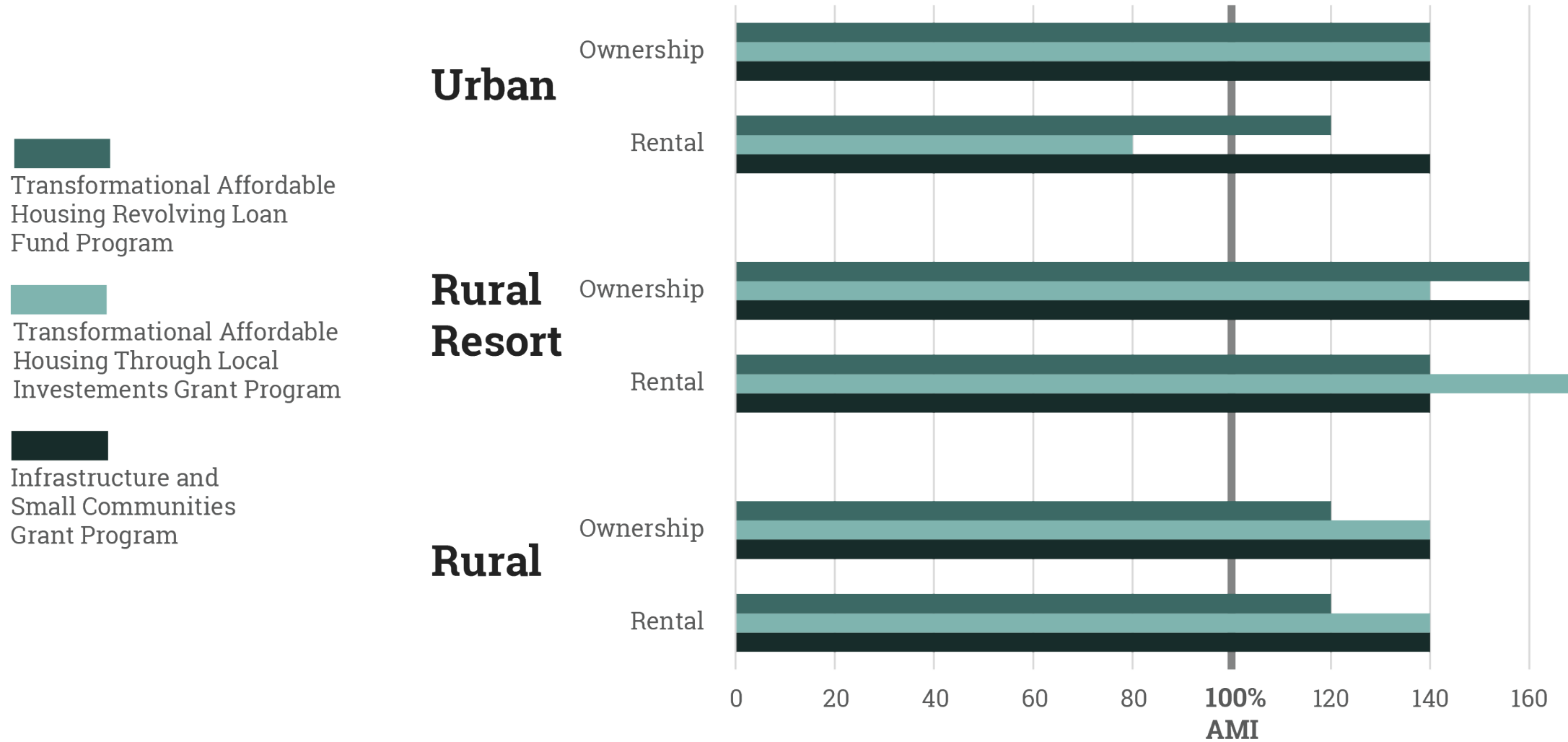
1. Existing Land Value
2. Public-Private Partnership with Housing Authority
3. DOH Traditional Grants &
4. USDA/ DOH Down Payment Assistance
5. Social Impact Investors
6. Qualified Opportunity Zone Equity
7. Federal Inflation Reduction Act Incentives

Public Private Partnerships Needed to Maximize Availability of Capital!



DOLA TRANSFORMATIONAL GRANT PROGRAM

Max Area Median Income Limits of Households that may be Targeted



AN EMERGENT REALIZATION OF THE SCALE OF THE MISSING MIDDLE ISSUE



Stakeholder Interviews



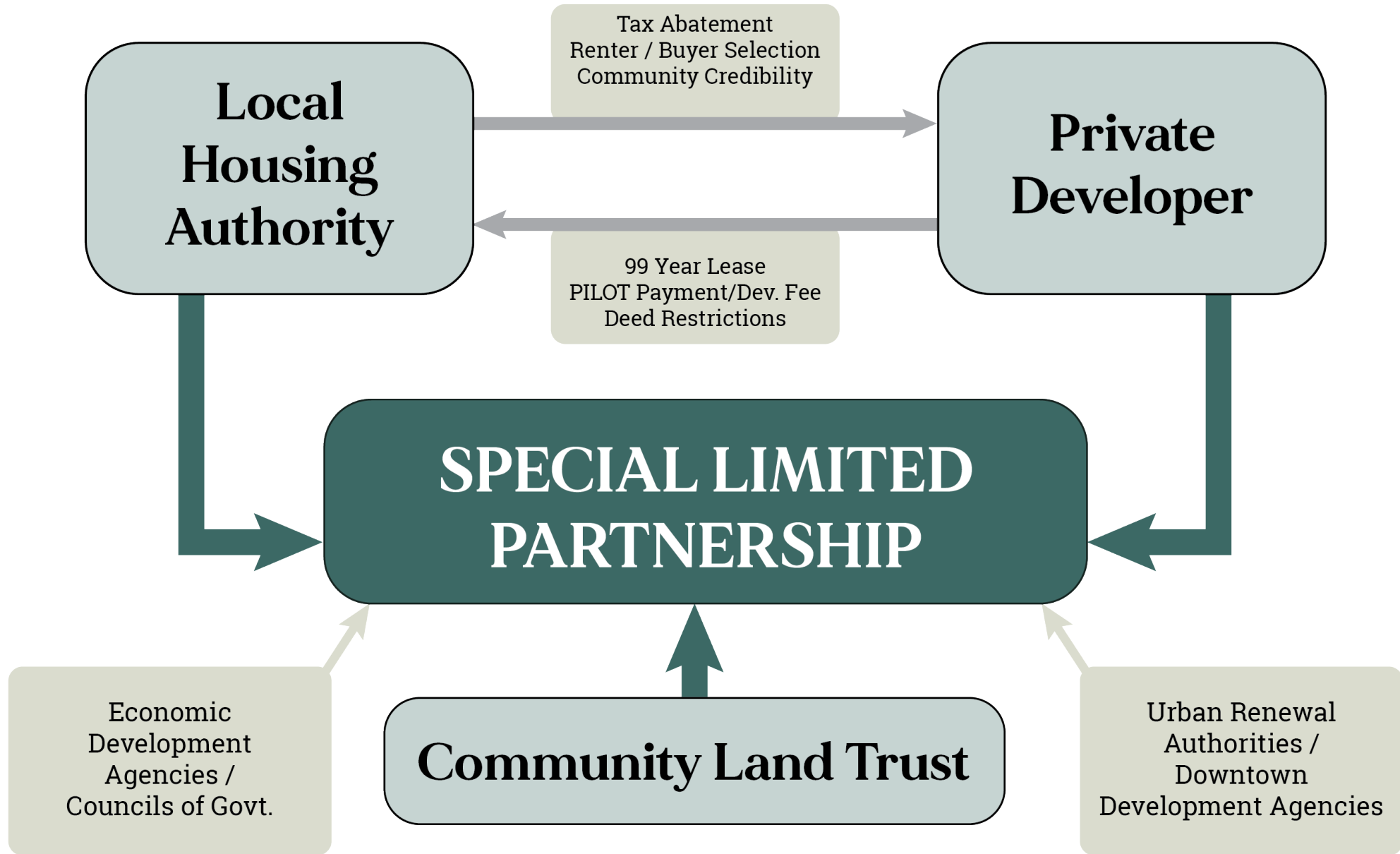
Housing Demand



Economic Impact



Financial Tools



Questions & Discussion

