Housing Affordability in Colorado

the housing continuum

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A housing continuum shows the range of housing options, from emergency shelters to homeownership and everything in between. Each part of the housing continuum serves a unique need in the housing market. One size does not fit all, and ideally a community will have a range of housing options affordable for residents and its workforce.

Housing Affordability Defined

Housing affordability is an important consideration for everyone, regardless of income. Whether a household earns $250,000 or $50,000 annually, they must balance how much they can afford to spend on housing costs, so that they also have sufficient income for other needs, such as food, clothes, transportation, medical expenses, and savings for emergencies.

Generally, a household should not spend more than 30 percent of its annual gross income towards housing costs.

- When renting, housing costs include both rent and utility expenses.
- In homeownership, housing costs include the mortgage loan principal, interest, property taxes, and insurance payment (PITI), as well as any homeowners association (HOA) dues or mortgage insurance required.

Households spending more than 30 percent of their gross annual income on housing are considered “cost-burdened.”

Households spending 50 percent or more of their gross annual income towards housing are defined as “extremely cost-burdened.”

Area Median Income (AMI)

Area Median Income is the annual household income earned by the median or “middle” household in a region.

AMI is published annually by the U.S. Department of Housing and Urban Development (HUD) based on U.S. Census data for each metropolitan and nonmetropolitan statistical area in the nation.

AMI varies not only by geographic region, but also by household size.

In 2017, 100 percent of AMI in the following counties was defined as follows for the various household types:

<table>
<thead>
<tr>
<th>County</th>
<th>1-person</th>
<th>2-person</th>
<th>3-person</th>
<th>4-person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams</td>
<td>$63,000</td>
<td>$72,000</td>
<td>$81,000</td>
<td>$89,900</td>
</tr>
<tr>
<td>Denver</td>
<td>$63,000</td>
<td>$72,000</td>
<td>$81,000</td>
<td>$89,900</td>
</tr>
<tr>
<td>El Paso</td>
<td>$54,400</td>
<td>$62,200</td>
<td>$70,000</td>
<td>$77,700</td>
</tr>
<tr>
<td>Mesa</td>
<td>$47,200</td>
<td>$53,900</td>
<td>$60,600</td>
<td>$63,900</td>
</tr>
<tr>
<td>Weld</td>
<td>$57,300</td>
<td>$65,500</td>
<td>$73,700</td>
<td>$82,400</td>
</tr>
</tbody>
</table>


AMI is used by HUD to establish income limits that determine eligibility for several assisted housing programs. HUD income limits are based on both the Median Family Income estimates and Fair Market Rent area definitions.
employment wages in colorado*

AMI

Disabled Worker on Social Security Only

Food Service Worker

Electrician: Entry Level

Middle School Teacher: Entry Level

Police Officer: Entry Level

Registered Nurse: Entry Level

Radiology Technician

Architect

homeless shelter

below 30% ami

transitional

below 30% ami

permanent supportive (psh)

below 30% ami

affordable rental housing

30% to 60% ami

market rental housing

60% to 120%* ami

first-time homeownership

long-term homeownership

50% ami and above

37%

$10.20/hr

$21,216/yr

31%

27%

37%

41%

50%

59%

67%

72%

85%

90%

96%

101%

109%

121%

139%

*OES Data (Occupational Employment and Wage Rate) provided by the Colorado Dept of Labor and Employment. AMI data provided by HUD.
The Housing Continuum Explained

### Unsheltered

An individual who is unsheltered lacks fixed, regular, and adequate nighttime residence. Someone who is unsheltered may be sleeping in their car, or in a public park, or couch-surfing with family and friends.

### Shelter

A shelter is a public or privately owned facility that is designed to provide temporary living accommodations.

Shelters vary in type and scope of services offered. Some may include a hot meal and showers. Most have waiting lists or limited availability. Some may be drop-in for day or night only. Shelters may also cater to unique populations, such as women and children, seniors, or veterans.

The Family Cold Weather Shelter (FCWS) is an example of a shelter. Located in Lakewood, FCWS is the only severe weather shelter in Jefferson County. This shelter is open between October 1 and April 30 when the temperature is 32 degrees or colder with snow or rain, or 20 degrees or colder and dry. FCWS can take up to 12 families with children under 18 on a single night. Learn more at www.meanstreetministry.org.

### Transitional Housing

Transitional housing facilitates the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months).

Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless persons with mental or physical disabilities, and homeless families with children.

Warren Village is an example of a transitional housing provider. Located in Denver’s Capitol Hill neighborhood, Warren Village helps low-income, single-parent families achieve and sustain personal and economic self-sufficiency by providing residents with affordable housing, early child care and education, and family services. Warren Village clients complete a rigorous, two-year program that includes working or going to school full-time, attending life skills classes, and volunteering. Learn more at www.warrenvillage.org.

### Permanent Supportive Housing (PSH)

Permanent supportive housing is affordable rental housing that is combined with supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to enable them to live as independently as possible.

Pathways Village in Grand Junction is an example of permanent supportive housing. Pathways Village offers 40 one-, two-, and three-bedroom units of housing for homeless individuals and families, and supportive services coordinated through local-provider Hilltop Community Resources. Pathways Village tenant services plans are based on each tenant and their respective needs. Services may include, but are not limited to, case management, job training and placement, parenting, domestic violence education, substance abuse treatment, and mental healthcare. Learn more at www.pathwaysvillageapts.com.
Affordable Rental Housing

Affordable rental housing is rental housing that is provided at an affordable rent to low- and moderate-income households, or households earning no more than 60 percent Area Median Income (AMI).

Often, affordable rental housing is the beneficiary of a private and/or public sector subsidy designed to reduce the development costs of a property. These subsidies may be contributed as grants, tax credits, development waivers, land and material donations, or favorable loan terms. Or, in the case of housing vouchers, the subsidy may take the form of rental payment assistance on behalf of the resident.

Typically, affordable rent restrictions are required to remain in place for a specified period, and may be recorded with the property when subsidy is a factor.

There are an estimated 158,097 affordable rental housing units in Colorado.

Source: Colorado Division of Housing
https://public.tableau.com/views/ColoradoHousingAffordabilityDataExplorer/Introduction?:embed=y&:display_count=yes&authuser=0

Market Rate Rental Housing

Market rate rental housing is rental housing for which rental costs are based on current market prices. While there are no income limits or special requirements, residents do have to prove that they have sufficient income to pay rent and comply with property restrictions.

Over 35 percent of the state’s households are renters. To learn more visit the Colorado Apartment Association at www.caahq.org (US Census, American Community Survey, 2017 one-year estimates).

First-time Homeownership

A first-time homebuyer is an individual who has never owned a home or has had no ownership interest in principal residence during the prior three-year period. This includes a single parent who has only owned a property with a former spouse while married.

In 2017, there were approximately 46,000 homes purchased in Colorado by first-time homebuyers (Colorado Association of REALTORS®, National Association of REALTORS®).

Long-term Homeownership

Long-term homeownership is defined as the successful maintenance of homeownership over a prolonged period. This may or may not include the selling and new acquisition of property, mortgage refinance, and/or mortgage loan payoff.

In 2017, Colorado’s rate of homeownership was at 65.2 percent as compared to the national average of 63.9 percent (US Census, American Community Survey 2017 one-year estimates).
**Key Housing Types**

**Single-family Home**
A residence that is either detached and stands alone, or is semi-attached.

Semi-attached homes, such as townhomes or row homes, must be separated from an adjacent unit by a ground-to-roof wall, and must not share heating or air-conditioning systems, common facilities such as attic or basement, or utilities such as water supply, power supply, or sewage disposal lines.

**Multifamily**
A residential building that contains units built one on top of another and/or side-by-side that share common facilities and/or do not have a ground-to-roof wall.

**Manufactured Housing**
Any pre-constructed building or unit or combination of building units, that is designed for residential occupancy in either temporary or permanent locations; is constructed in compliance with the federal HUD Code Act, factory-built residential requirements, or mobile home standards; includes electrical, mechanical, or plumbing services that are fabricated, formed, or assembled at a location other than the site of the completed home; does not have a motor power; and is not licensed as a recreational vehicle.

**Modular Home**
A residence built using a construction method in which the finished three-dimensional sections of the complete dwelling are built in a factory and transported to the site to be joined together on a permanent foundation. Modular homes are built in compliance with the site-built standards in effect for the state or local jurisdiction in which the residence will be located.

**Mobile Home**
A pre-constructed home built prior to the enactment of the HUD Code on June 15, 1976.

**Housing Cooperative**
Housing in which each member shares in the ownership of the whole project with the exclusive right to occupy a specific unit and participate in project operations through the purchase of stock.