

# Executive Summary of The Colorado Blue Ribbon Panel on Housing

*A catalyst for action and creating affordable housing for Colorado.*



## AFFORDABLE HOUSING SOLUTIONS FOR COLORADO





*Colorado is known for its great quality of life, with an abundance of recreational opportunities, beautiful mountain communities and thriving urban centers.*

In the last decade, the state has attracted an increasing number of business people, retirees, second homeowners and residents yearning to partake in Colorado’s famously active lifestyle. However, for many Coloradans, quality of life is severely impacted by the issue of affordable housing.

Housing is critical to the most vulnerable populations such as the elderly, children and the mentally and physically challenged. In addition, many hardworking people around the state—teachers, firefighters, law enforcement personnel, health care workers, retail workers and others—can’t afford to live in the communities they serve.

*And this creates a lot of problems.*

If you think housing is just a roof over your head or place to hang your hat, think again. Housing is a vital piece of our civic infrastructure just like roads, schools, phone lines and hospitals. It provides the very foundation of a healthy society.

Affordable housing is one of the most critical issues to the long-term future of Colorado. It enhances the lives of everyone in Colorado’s communities. Ultimately, it improves overall economic development, quality of life and housing options for all Coloradans.

In Colorado, as in all states, there are special needs populations requiring various forms of housing assistance. The needs of low-income elderly, the disabled, the homeless and victims of domestic violence are serious housing challenges to any community, and we must continue to seek lasting solutions to these challenges. Colorado, however, has an added challenge in maintaining and producing adequate housing for its workforce.

Colorado is on the frontline of the affordable housing challenge. Because of the growing demands for moderately priced housing and the short supply, a Blue Ribbon Panel came together to raise the roof on affordable housing and make Colorado a better place to live for everyone.

*This executive summary will provide an overview of the following:*

- The Blue Ribbon Panel on Housing’s process and goals
- Colorado’s unique affordable housing challenges
- Affordable housing’s impact on economic vitality
- Solutions and approaches to affordable housing in Colorado

## *The Blue Ribbon Approach*

In October of 2004, The University of Denver and the Colorado Division of Housing established the Colorado Blue Ribbon Panel on Housing. The Panel reflected a broad cross-section of the private, public and non-profit organizations involved in housing and community development in Colorado. It brought together real estate professionals, builders, lenders, economic development professionals, housing providers and housing finance professionals to explore and recommend ways to meet Colorado's housing challenges.

The primary goal of the Panel was to come to a consensus on a variety of tools and cooperative strategies that could contribute to long-term housing affordability for Colorado's workers, families and seniors at all income levels.

Over thirteen months, the Panel met with local advisory groups on housing from six regions across Colorado and with experts on a variety of public policy issues.



### *The Panel's Mission:*

- Identify Colorado's housing needs.
- Define how housing is a key element in economic and community development around the state.
- Promote cooperative solutions to housing challenges in Colorado's many diverse communities.



## What is affordable housing?

*In most cases, affordable housing looks like the house next door. Typically, it is indistinguishable from other housing in the neighborhood—both single family and rental.*

Reflecting industry standards among mortgage lenders and REALTORS, housing agencies have concluded that a household paying more than 30% of its income on housing is “cost burdened” or in a risky financial position. The need for affordable housing in a community is based on the average cost of housing compared to the incomes of workers in that area. If the price of leasing appropriate housing requires more than 30% of a worker’s income, we know that the household is “cost burdened” and that there is a shortage of affordable housing in that area.

Affordable housing is simply housing that is affordable. In many cases, it is about offering accessible housing near jobs for people who provide essential services to the community like law enforcement personnel, health care workers, teachers and retail workers. In other cases, affordable housing provides a safe and decent environment for the elderly, the disabled and struggling families. Regardless of the price range or if it is subsidized or market-rate housing, affordable housing plays a key role in every community.

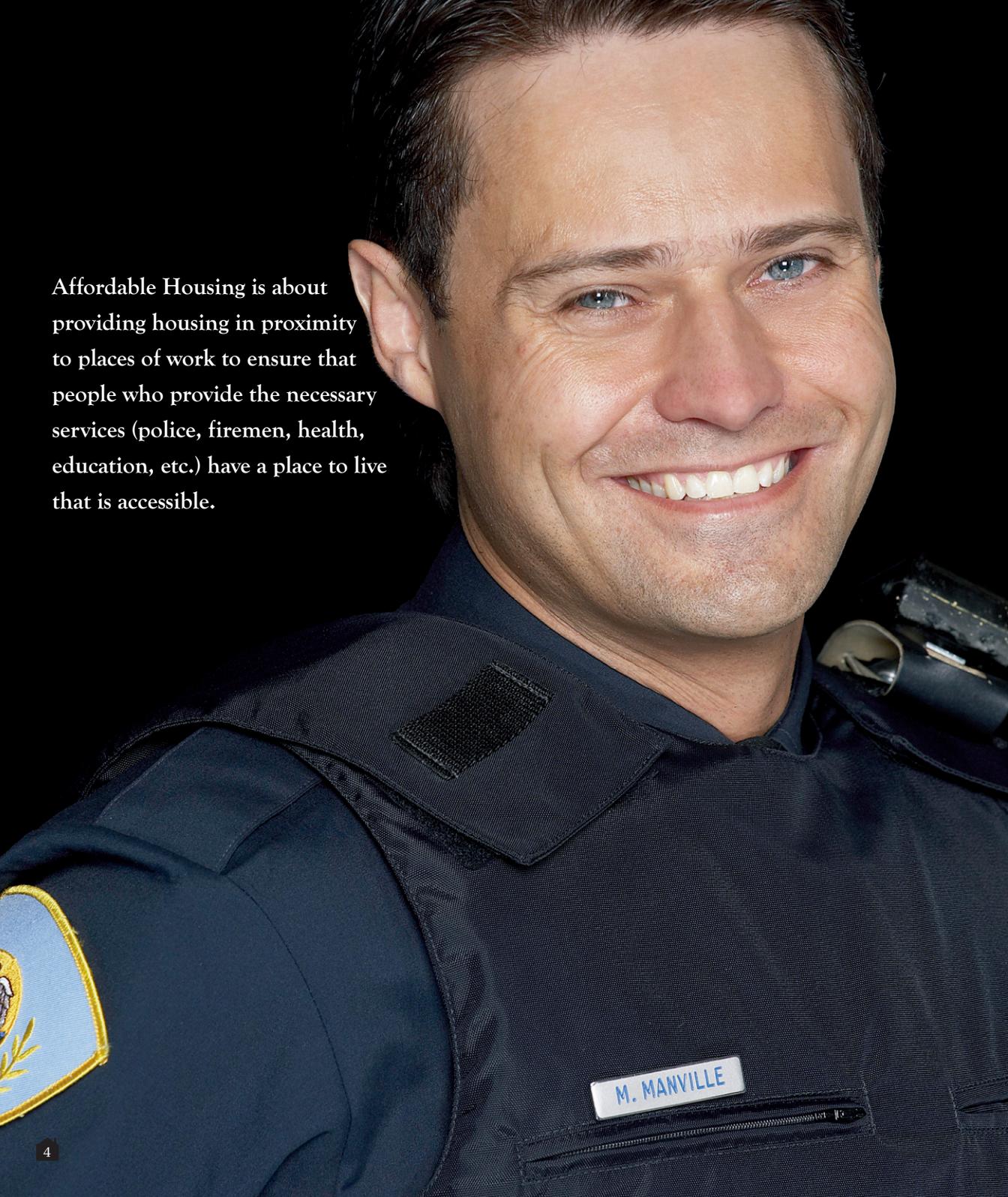
## Colorado’s Challenge

*Colorado has been particularly impacted by a lack of affordable housing, most noticeably on the Front Range, the Western Slope and in the central mountains and other rural resort areas.*

As the economies and populations continue to grow in these areas, the demand for housing continues to grow right along with it. The increasing populations of professionals, retirees, and second homeowners typically drive up the price of homes and rental rates. At the same time, they also have a high demand for recreation,

retail, restaurant and civil services that are typically staffed by lower wage earners. This creates a disparity between the wages earned by a majority of workers vital to the community and the affordability of housing available there. It also makes it increasingly difficult for the community to find housing solutions for those truly disadvantaged.

Affordable Housing is about providing housing in proximity to places of work to ensure that people who provide the necessary services (police, firemen, health, education, etc.) have a place to live that is accessible.



## Teachers, Tellers, and Cops

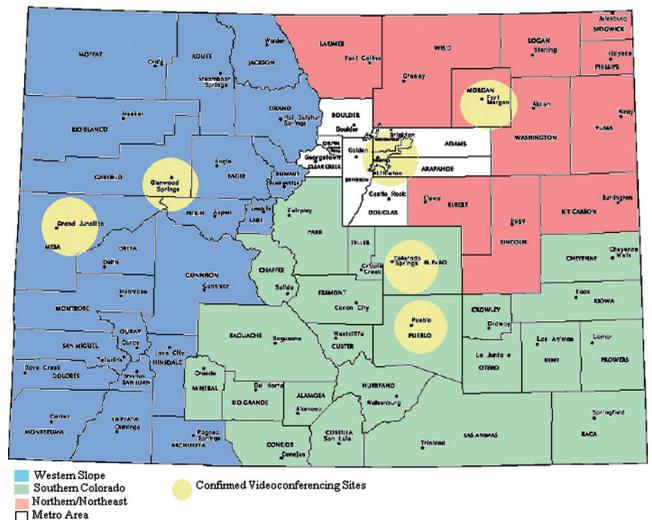
One of the goals of the Colorado Blue Ribbon Panel on Housing's report is to demonstrate deficiencies in the housing market for people who are integral participants in local communities. Teachers, bank tellers, retail workers, health care workers and police officers are examples of occupations important to a community. An analysis of these professions provides a picture of the housing challenges facing regular Coloradans.

Blue Ribbon Panel Co-Chair Tom Ragonetti at an October meeting said "The homeless, the elderly, the disabled and certain other groups will always be a challenge in every state, but what is striking about assessments in Colorado is the gap – and it's a growing gap – between wage earners at the middle and lower ends, and their ability to buy and rent housing in Colorado. That has a vital connection to the state's economic vitality in the long run."

## Why you should care: Housing and Economic Vitality

The panel discovered that Colorado's housing needs are as diverse as the many communities throughout the state. The needs of the metro areas are different from those of the eastern plains, and the needs of the eastern plains differ from those of rural resort areas. However, a consistent theme dominated the panel's discussions: the state lacks housing balance. Within a region, workers, employers and the overall economy benefit from a sufficient supply of housing for those who work there. When a sufficient supply of housing is not present, employee retention and household economic self-sufficiency are strained as is the local transportation infrastructure.

Location of Blue Ribbon Roundtables





## Bank Teller - Denver County

*Average Annual Salary: \$24,772*

*Affordable Monthly Rent: \$619.32*

*2 bedroom/1 bath Median Monthly Rent: \$757.35/month*



## Teacher - Summit County

*Average Annual Salary: \$48,702*

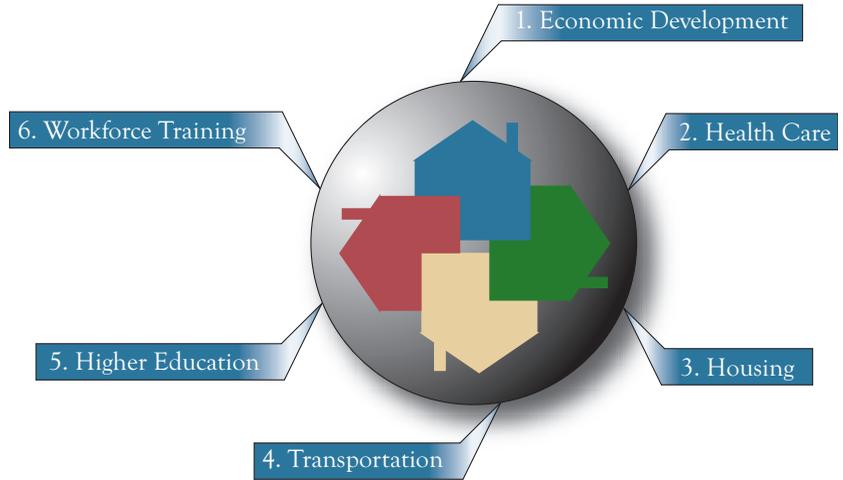
*Affordable Home Purchase Price Based on Salary: \$168,000*

*Median Cost of Home: \$341,588*

*“Infrastructure for a new house located 10 miles from the central city costs twice as much as for one near downtown. Failure to provide for a balanced mix of housing options close to jobs leads to traffic congestion and other problems that diminish quality of life.”*

*The National Governor’s Association, 2004 issue brief.*

*Housing is an important aspect of a community’s overall economic health. To achieve a healthy community requires investments in:*



One or more of these components can temporarily sustain a community’s economic health, if those components are highly functioning. For example, an economic engine such as a ski area may hide deficiencies in a community’s ability to provide housing. Employees will simply seek housing that is affordable despite long commute times. This is called “drive till you qualify.” However, long commutes are not healthy for families or communities. Housing close to jobs is good for Colorado businesses. Shorter employee commute times translate into lower rates of absenteeism, less traffic congestion and less pollution.

## Finding Affordable Housing Solutions For Colorado

To find solutions, the panel sought to answer some basic questions:

- How is housing affordability important to the infrastructure, economic development, and workforce development needs in Colorado?
- What are the best and most cost-efficient housing tools to facilitate cooperative efforts and reduce barriers to affordable housing?
- How can the public, private, and non-profit sectors best work together to ensure that Colorado is able to meet its workforce housing needs now and in the future?
- How can communities achieve optimal housing mix and housing balance?



### Police Officer - Weld County/Greeley

*Average Annual Salary: \$38,979*

*Affordable Home Purchase Price Based on Salary: \$135,000*

*Median Cost of Home: \$185,168*

### Roundtable Themes

In response to these questions, several challenges and ideas were frequently expressed by the Roundtables:

- The growth of low-wage service-sector jobs is substantial in our communities and drives the need for more affordable housing near employment centers.
- In many areas, the scarcity of land and the growth of second home development drive up the cost of housing to levels unattainable to the local workforce.
- Lack of workforce housing near job centers is a strain on the infrastructure.
- There is a need for a reliable, centralized clearinghouse of financial and funding data that can serve both non-profit and for-profit organizations.
- Many small communities often lack knowledge and resources to apply for grants and assemble projects.
- The cost of producing housing continues to go up because of increased fees and development costs.
- The cost of single-family homes continues to grow more quickly than wages.
- The coming retirement of the baby boomers will be a significant housing challenge. Populations at 50% area median income (AMI) and below are the most underserved by existing housing resources.

# Meeting Colorado's Housing Challenge

The Panel's principal recommendations for meeting Colorado's housing challenges are divided into five categories:

- Strategic partnerships • Data collection and delivery
  - Improving access to housing services
- New funding solutions • Public policy development

## I. Meeting the Neighbors: Strategic Partnerships

*A. Pursue greater collaboration between housing organizations and economic development corporations.*

In a November 2004 issue brief, The National Governor's Association notes:

"Housing costs are a primary factor determining whether a state can effectively attract and retain employees and businesses. Young, well-educated professionals are often forced to leave a state because of high housing costs... A lack of affordable housing hinders business expansion and a company's ability to attract workers, a key consideration in business location decisions."

*B. Housing agencies and organizations must work together to devise a common message about workforce housing, and to make workforce-housing data readily available for the business community in Colorado.*

The business community can benefit from housing's contributions to economic and community development. It can also benefit from the data services and technical assistance provided by housing organizations to firms interested in housing development. Housing organizations should work to make these services more accessible to the private sector with the goal of increasing private sector involvement in addressing housing needs.

*C. Housing agencies and organizations should expand their work with economic development councils to address the challenges that will arise from the retirement of "baby boomers" and other workforce housing challenges over the next 10 years.*

## II. Pulling back the curtains: Expanding Data Collection and Delivery

*A. Ensure that housing needs assessments are complete and up to date throughout Colorado.*

Up-to-date housing data is extremely important in helping local communities determine their individual housing needs. Local housing needs assessments, being the product of broad community collaboration, are among the best tools for discovering the housing needs within a region or community.

*B. Promote a common format for housing needs assessments to facilitate regional comparisons and to lessen the cost of updating assessments.*

Communities seeking Division of Housing funds should be required to employ the needs assessment template approved by the Blue Ribbon Panel on Housing. The template facilitates comparisons across regions, is easily updatable and will help the compiling of a statewide needs assessment.

*C. Maximize public access to needs assessment and other housing data.*

*D. Create a task force to facilitate the completion and planning of needs assessments.*

A task force of statewide housing agency staff including State Housing Board members and CDH staff, Colorado Housing and Finance Authority (CHFA) staff and board members, needs assessment contractors and other state and local stakeholders should be formed to provide guidance and assistance on these statewide efforts to ensure timely completion and updating of needs assessments.

### **III. Opening the Door: Improving Access to Housing Services**

*A. The Division of Housing should work with other large housing agencies to create common application and reporting procedures.*

There are a wide variety of programs and public and private funding sources for housing, but navigating the programs and necessary steps required to access such funds can be a time consuming endeavor. Differences among grant applications and requirements for compliance monitoring can require additional staff time and drive up administrative costs for housing providers. A common application would go far in alleviating these problems.

*B. Establish a “One-Stop Shop” for easy access to housing development information and for streamlining the housing development and grant application process.*

Statewide housing agencies should ensure easy access to a statewide central clearinghouse of housing resources. Statewide housing agencies should partner to create a free, online, searchable inventory of housing services that can easily be accessed by housing organizations looking for local resources and for eligibility requirements for statewide financial resources. The panel also recommends creating a cash-funded staff position or positions that would service

the “One-Stop Shop,” packaging funding sources and working with local planning and building officials.

### **IV. Show Me the Money: Financing Housing Needs**

The Panel concluded that there must be flexible, reliable, and dedicated funding sources for housing on the state and local levels in order to ensure that housing is available for Colorado’s workers, seniors, and families.

The Blue Ribbon Panel identified numerous options for funding housing development in the future. The Panel recognizes, however, that decisions regarding public funds require much more than the consensus of a Blue Ribbon Panel. To secure greater input from the community and to find a larger consensus on these issues, the Panel has created the Housing Finance Task Force. Comprised of Blue Ribbon Panel members and other representatives of the housing and business communities, the Task Force will meet to continue the work of the Blue Ribbon Panel on housing finance.

*A. The Colorado General Assembly should restore housing development grant funds to the 2002 levels of \$4.6 million.*

The Blue Ribbon Panel recommends that the “Housing Development Grant” line item in the state budget be restored to 2002 levels, which will do much to help address some of the housing challenges ineligible for attention under current restrictions on federal funds.

*B. Provide new permanent and reliable funding sources for the acquisition, production, and preservation of affordable housing.*

The Blue Ribbon Panel considered a wide variety of funding sources for affordable housing (see full report for complete analysis). The Housing Finance Task Force will devise a short-term and long-term plan for

housing finance and continue to build agreement among public, private and nonprofit organizations to secure additional funds and raise the profile of affordable housing needs.

*C. Ensure that housing funds are used effectively to leverage funds from a wide array of local governments, non-profits, and for-profit organizations.*

Leveraging of local funds from public and private sources is a common practice for housing providers and an invaluable tool in bringing together numerous financial partners. It is also an essential tool in encouraging partnerships with the private sector and ensuring local involvement and support in the production of housing.

*D. Pursue funding through a HUD Economic Development Initiative (EDI) grant.*

Housing agencies and organizations should work together to pursue a “Special Purpose EDI Grant,” a grant program of the U. S. Department of Housing and Urban Development. Such funds should be pursued as seed money for additional housing efforts or as funds for the corpus of a housing trust fund.

*E. Create a Housing Finance Task Force*

To identify, evaluate and secure support for achieving these ends, the Housing Finance Task Force, comprised of Blue Ribbon Panel members and other representatives of the housing and business communities, will continue to meet to continue the work of the Blue Ribbon Panel on Housing finance. It is essential that more be done to highlight the linkages between housing, jobs, transportation, and education, and that financial remedies be sought in partnership with a broad coalition of private and public organizations.

## **V. Raising the Roof: Policy Development**

If the housing community is going to pursue new sources of revenue for housing, it is essential that efforts be made to diminish the costs of developing new housing as much as possible. In addition, it is important to encourage policies that facilitate the preservation of existing affordable housing that will further prevent the need for new construction of such housing.

*A. Broaden policies that facilitate the preservation of existing affordable units.*

Federal and state policymakers should support policy changes and legislation augmenting the Division of Housing’s ability to preserve existing affordable housing units. At the state level, legislation should be passed allowing the Division of Housing to own property for a very short period of time so that properties in danger of foreclosure can be acquired and re-sold to another housing agency or organization that can better administer the property.

*B. Monitor and evaluate how federal, state, and local regulations and incentives affect the cost of producing housing.*

The Division of Housing should evaluate how state law increases the costs of developing housing in Colorado. In the past, CDH has monitored and published increases in fees in a number of jurisdictions. This work should be continued. Current fees and regulations and proposed new fees and regulations should routinely be evaluated using cost-benefit analysis to compare and contrast the presumed benefits of fees and regulations with the added cost to housing production.

*C. Pursue foreclosure mitigation efforts*

State and local housing agencies, non-profits, and lending institutions should work together to address the growing number of households experiencing foreclosure of their homes.

## *What it all means*

There is no one-size-fits-all solution to the housing problem in Colorado. The Blue Ribbon Panel report represents small and incremental steps to addressing a complex issue. It is a start to implementing solutions and providing a blueprint for meeting Colorado's affordable housing challenge. There will be more regional cooperation

and policy development as this process continues and grows. Ultimately, the Panel's findings show it is essential that more must be done to highlight the linkages between housing, jobs, transportation, and education, and that financial remedies be sought in partnership with a broad coalition of private and public organizations.

*Perhaps, most importantly, it is a call to action to the business community and policymakers to raise the roof on affordable housing.*





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FOR COLORADO  
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For a copy of the full Blue Ribbon Report and all panel appendix materials,  
please visit: [www.ahsfc.org](http://www.ahsfc.org)  
or email Ryan McMaken at [Ryan.McMaken@state.co.us](mailto:Ryan.McMaken@state.co.us)  
to receive a printed version or CD.