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Executive Summary

Jefferson County Housing Needs Assessment

PREPARED FOR:

Jefferson County, CO

Draft:

7/30/2024

Report Organization:

I. Demographic & Economic Trends

II. Housing Supply & Market Trends

III. Housing Needs Analysis

IV. Community Engagement Findings

Equity Lens

Jefferson County recognizes, supports, and enhances diversity in all forms, and intentionally seeks inclusive approaches to ensure equitable access and engage communities around issues that matter to them. The project team applies this equity lens not only to community engagement but also to the data analysis, with a review of disproportionate housing needs across historically disadvantaged populations.

Income & AMI

The HNA analysis uses both household income ranges and "Area Median Income (AMI)." AMI is a measure of income based on the median, or middle income household.

Housing programs base program eligibility on income limits that are represented as percentages of AMI. HUD publishes current-year income limits based on an internal calculation that estimates AMIs by household size and region.

Introduction

The Housing Needs Assessment (HNA) is the first component of a two-phase study, designed to 1) Identify Jeffco's current and future housing gaps (HNA); and 2) develop a 15-Year Strategic Plan address housing needs across the housing continuum. This report documents current and future housing needs through data analysis and community engagement.

A subsequent deliverable will outline recommended policies and actions to address housing needs.

Defining and Measuring "Affordability"

The most common definition of housing affordability is linked to industry standards. The federal government considers housing as affordable when the housing payment—the rent or mortgage payment plus taxes and utilities—consumes 30% or less of a household's gross income. Households paying more than 30% are "cost burdened." Households experiencing cost burden have less money to spend on other essentials like healthcare, education, groceries, and transportation—adversely affecting their household well-being, limiting their economic growth potential, and constraining local spending.

A balanced housing stock accommodates a full "life cycle community"—where there are affordable housing options for each stage of life from career starters through retirees—which in turn supports the local economy and contributes to Jefferson County's community culture.

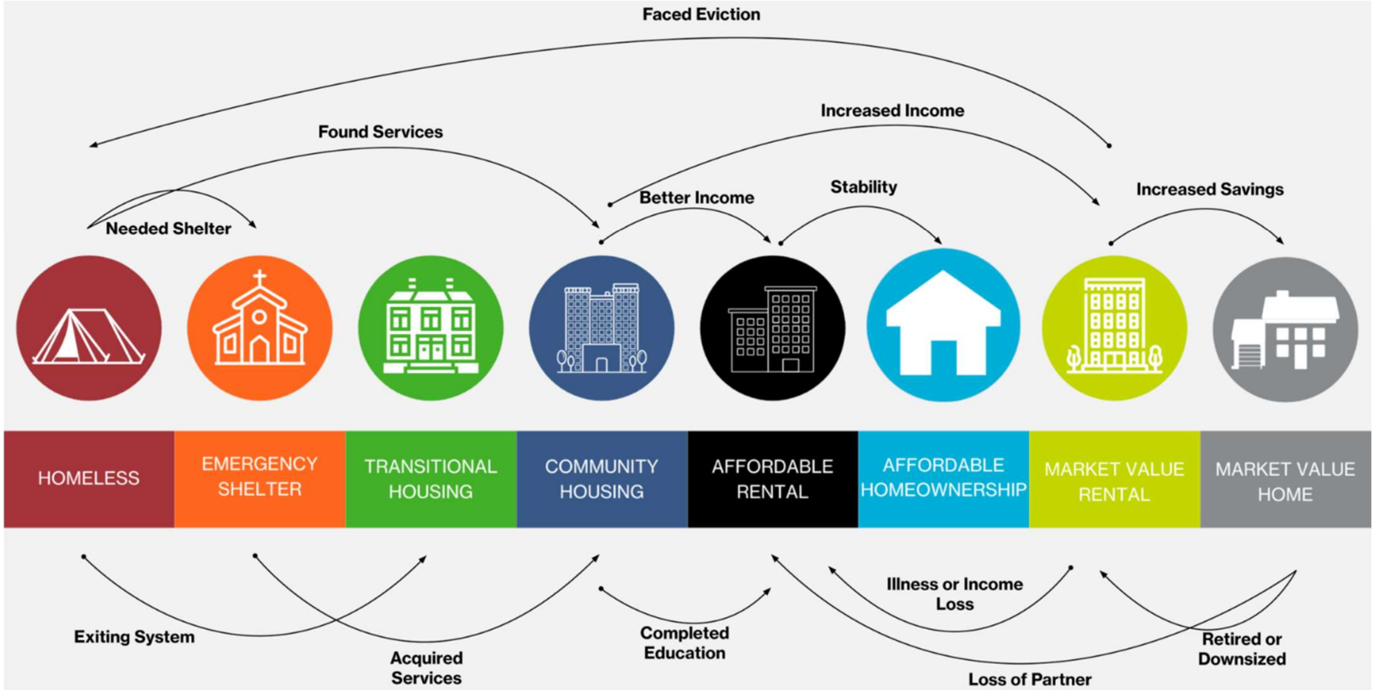
Federal definition of affordability

1) Housing costs are "affordable" if they do not exceed 30% of household's gross monthly income
2) "Costs" include basic utilities, mortgage insurance, HOA fees, and property taxes

The Housing Continuum

The HNA is designed to evaluate and quantify housing needs across the full spectrum of housing—from homelessness to market-rate homeownership.

The graphic below illustrates common pathways by which residents move across the housing continuum. Not all households individually experience each point on the continuum; but all communities have members experiencing each point on the continuum and need shelter or housing options that open housing pathways and facilitate community stability. Mobility across the housing continuum is driven by both individual/household circumstances as well as systemic conditions, which can create structural barriers for historically marginalized populations.



Economic consequences of unstable housing. Housing stability occurs when markets are free of discrimination and households can consistently afford to pay their rent or mortgage without cutting back on essential expenses like food, or health care. When households have stable housing, they can contribute to their local economy, support the economic growth of their families, and manage their families' health and well-being. Rising housing costs have increased the number of Jefferson County households that are housing unstable. There are many negative consequences of housing instability that have broader economic effects, such as:

- Low income renters who are severely cost burdened and/or experience eviction have increased risks of homelessness, reduced earnings, and challenges accessing credit;
- Low income homeowners cannot make needed improvements to preserve the condition of their homes and enable them to age in place;
- Moderate income renters have difficulty achieving ownership and passing on wealth to their families;
- As households spend higher proportions of their income on housing, they spend less in the local community—impacting local businesses as well as local sales tax revenue; and
- Existing businesses cannot find workers and maintain standard operating hours.

Demographic Trends

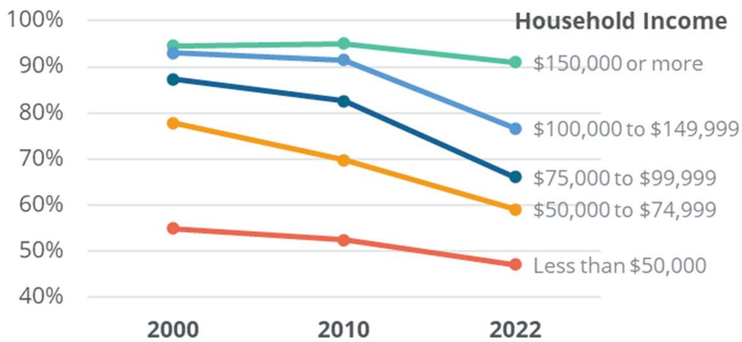
Forecasted growth, aging population, and rising incomes but declining rates of homeownership for households below $150,000.

Population: Jefferson County's population is marked by steady growth most of the last decade, despite a slight drop in 2021 and 2022. Positive population growth is expected to resume through 2050. The county's population is aging and forecasts show continued growth in the senior population. Racial and ethnic diversity increased by about 5 percentage points over the past decade: minority groups now represent 25% of the overall county population and 17% of the unincorporated county population.

Homeownership rates in Jefferson County and its unincorporated areas have remained stable overall since 2010, however, households earning less than $150,000 have seen decreases in homeownership, as the market offerings affordable to them decline.

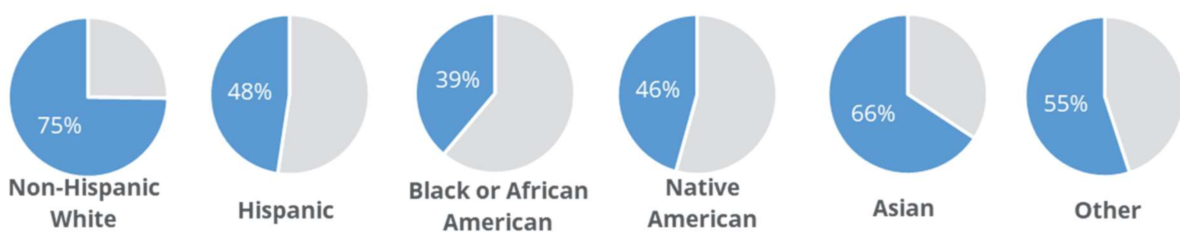
Racial and ethnic disparities in home-ownership persist in both Jefferson County and its unincorporated areas. Mortgage loan application denials are disproportionately high for racial/ethnic minorities, even after accounting for income differences.

Figure ES-1.
Homeownership by Income, Jefferson County



Source: 2000, 2010, and 2022 5-year ACS and Root Policy Research.

Figure ES-2. Homeownership by Race/Ethnicity, Jefferson County, 2022

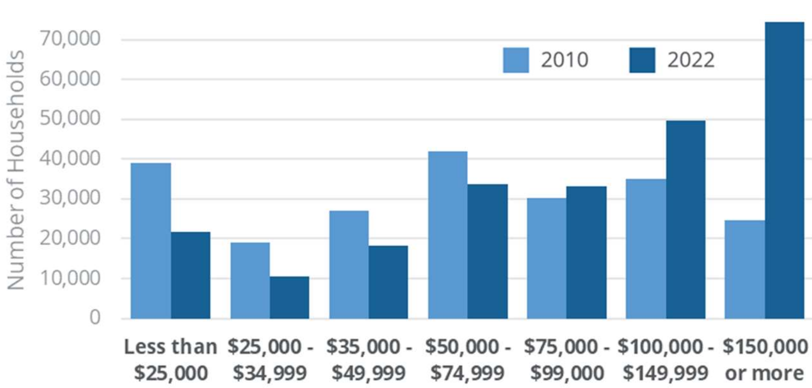


Source: 2022 5-year ACS and Root Policy Research.

Income shifts over the last decade show a sharp rise in the number (and proportion) of Jefferson County households earning more than $150,000 per year. (Similar trends are evident across the Denver metro). This shift reflects income gains for some coupled with an influx of higher income residents. It also signals lower income residents may be leaving the county for more affordable areas.

In 2022, median renter income in Jeffco was $64,034 (up 80% from $35,611 in 2010) and median owner income was $124,641 (up 60% from $77,741 in 2010).

Figure ES-3.
Household Income Distribution, Jefferson County



Source: 5-year ACS and Root Policy Research.

Economic Trends

Strong job growth (recent and projected); , rising wages still lag housing cost increases, .remote workers highest in Golden and unincorporated areas.

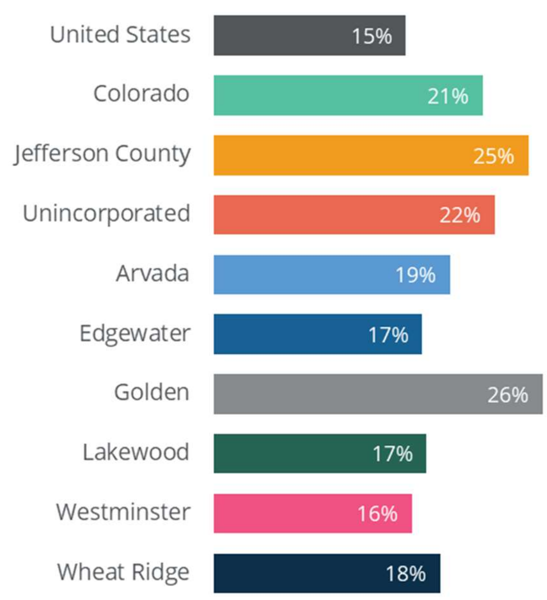
Poverty. The county's poverty rate decreased from 9% in 2010 to 6% in 2022. However, poverty rose in unincorporated areas from 4% in 2010 to 5% in 2022. Wheat Ridge and Golden have the highest poverty rates in the county at over 10% each. Countywide, poverty disproportionately affects racial and ethnic minority households (11%), single mother households (21%), and individuals with disabilities (15%).

Employment and Wages. Overall, employment in the county increased by 40,468 jobs, or 20%, between 2010 and 2022. This increase was driven by employment growth in the Professional & Business Services, Construction, and Education & Health Services industries which together accounted for 68% of employment growth.

The average wage across industries increased 51% from 2010 to 2022, exceeding national inflation (36%). Even so, wage gains were insufficient to keep up with housing prices—rents rose 91% and home prices xx%.

The COVID-19 pandemic increased the share of workers working from home across the country and Jefferson County was no exception—7% of workers in 2019 worked from home compared to 25% in 2022.

Figure ES-4. Share of Employed Population Working from Home, 2022

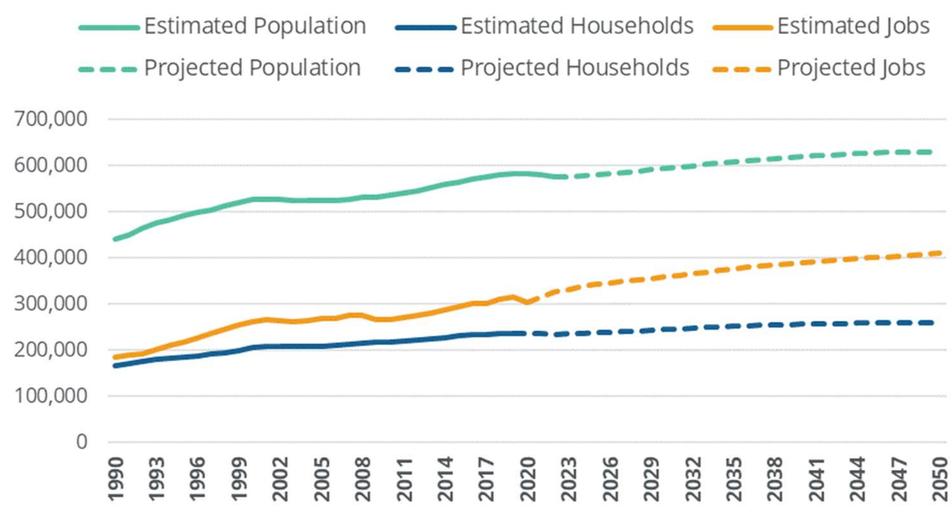


Source: 2022 1-year and 5-year ACS and Root Policy Research.

Commuting. Among employed residents living in Jefferson County, about one-third (32%) work in Jeffco and about two-thirds (68%) commute to a different county—most commonly Denver, Arapahoe, or Adams counties. Just under two-thirds of the jobs (63%) in Jeffco are filled by in-commuters from other counties (most commonly Denver, Adams, and Arapahoe counites).

Projected growth. Growth projections have a significant impact on the types (and volume) of housing construction needed over the next 15 years to maintain market health and commuting ratios. Jeffco employment is projected to grow by 26% between 2022 and 2050, outpacing projected growth in working age residents (2%), overall population (9%), and households (11%).

Figure ES-5. Growth Projections, Jefferson County



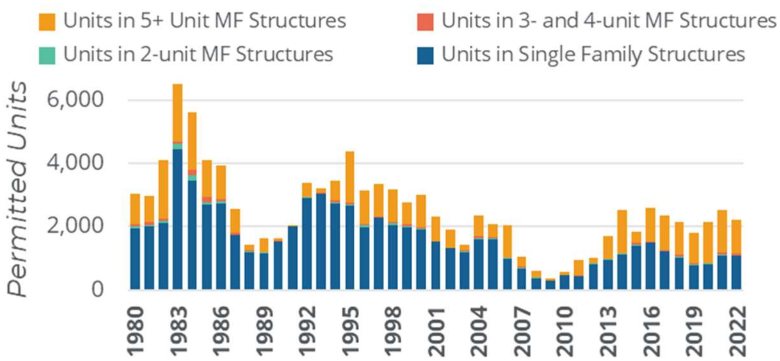
Source: Colorado Department of Local Affairs and Root Policy Research.

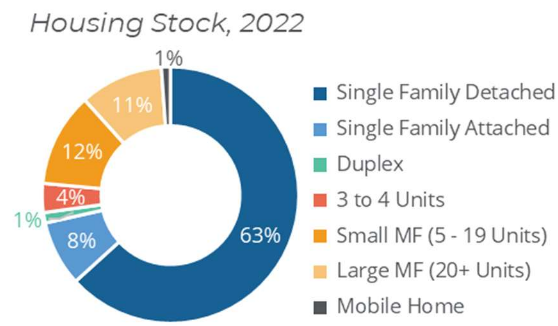
Housing Stock and Market Trends

Steep price and rent increases outpace wages and inflation. Production of missing middle housing is increasing but still constitutes a small share of sales.

Housing stock and production. Overall, housing production slightly lagged employment growth and lagged growth in households in Jefferson County since 2010. Housing stock composition shifted slightly since 2000 as single family detached homes have become a smaller proportion of the overall stock, though they still constitute a strong majority of homes (63%).

Figure ES-6. Building Permits, 1980-2022 and Housing Stock, 2022





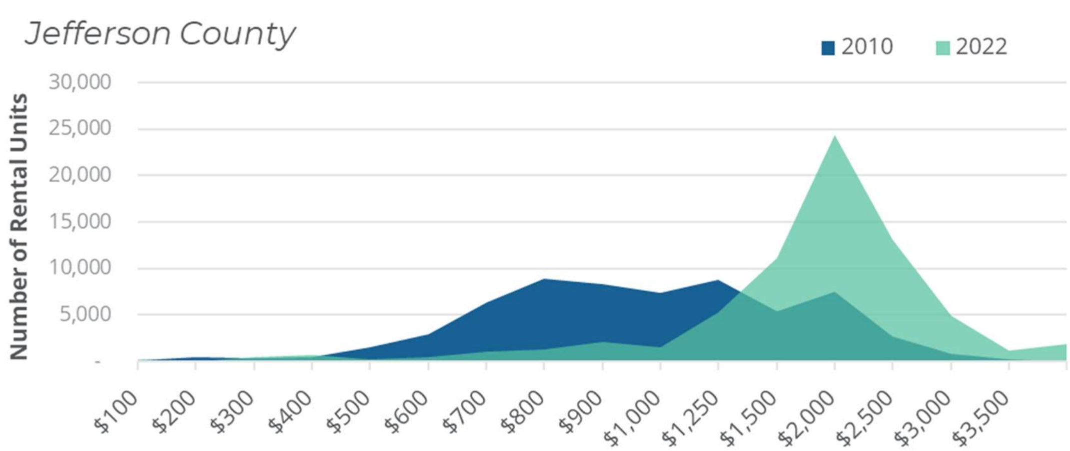
Source: U.S. Census Building Permits Survey and Root Policy Research.

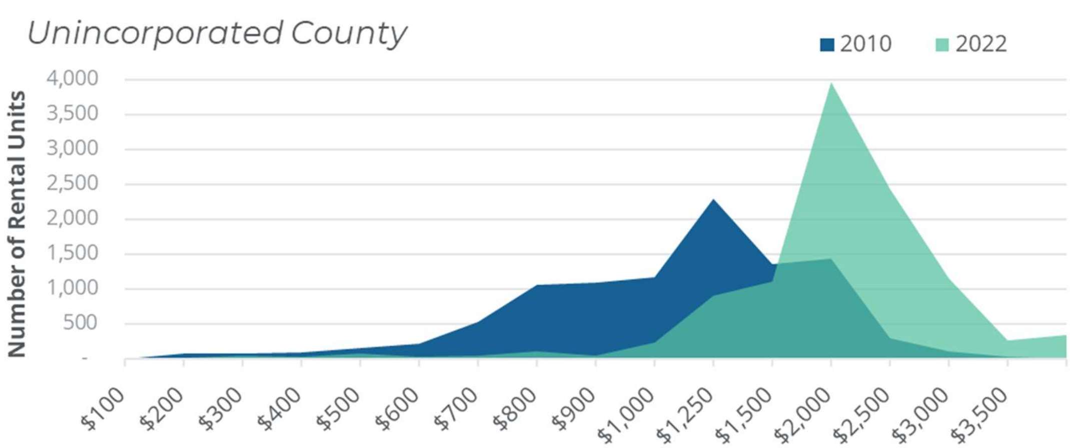
Rental market. Between 2010 and 2022, median rent nearly doubled in Jefferson County (from $907 to $1,731 in the county overall and from $1,059 to $1,963 unincorporated areas) as rental units shifted into higher price points. Over half of the county's rental units were priced between $500 and $1,000 in 2010. By contrast, two thirds of the county's rental units are now priced over $1,500 per month.

Figure ES-7. Rent Distribution, Arvada, 2013-2021

Source:

5-year ACS and Root Policy Research.





Housing Stock and Market Trends (continued)…

Steep price and rent increases outpace wages and inflation. Production of missing middle housing is increasing but still constitutes a small share of sales.

Home purchase market. The median sale price in Jeffco in 2023 was $600,000—more than double the 2010 median price of $220,000. Home price increases outpaced income gains over the past 10 years and recent interest rates hikes have severe impact on affordability. While attached products—particularly condos and duplexes—offer more affordability, they constitute a smaller share of total sales.

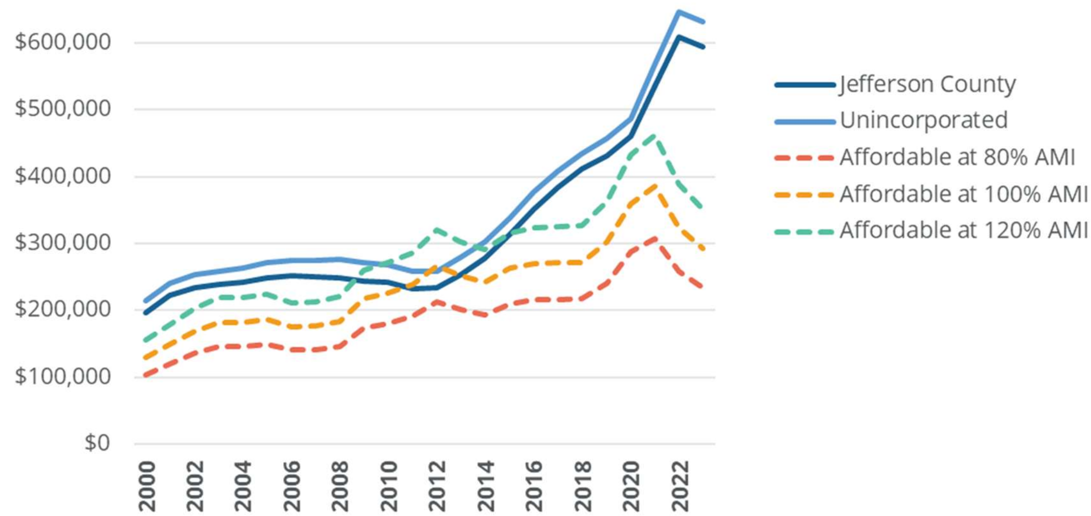
Figure ES-8. Typical Home Price vs. Affordable Price (at 80%, 100%, and 120% AMI)

Note:

Assumes a 30-year mortgage at the annual average mortgage rate with 10% down.

Source:

Zillow and Root Policy Research.

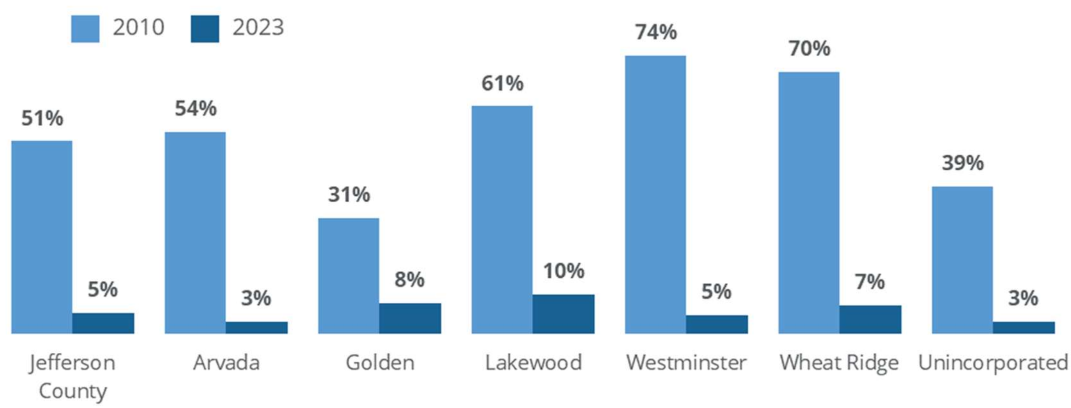


Since 2010 the proportion of home sales affordable to the median household (earning 100% AMI) dropped from **51% to 5%** due to rising prices and declining purchasing power at higher interest rates.

Figure ES-9. Share of Home Sales Affordable at 100% AMI in 2010 and 2023

Source:

Jefferson County Assessor and Root Policy Research.



Manufactured homes. There are 2,760 manufactured/mobile homes in the county (792 in unincorporated areas) accounting for about 1% of the total housing stock. Most mobile homes (79%) are in manufactured housing communities (also called mobile home parks), where residents face unique housing uncertainty: despite owning their homes, they don't own the land under their home and have to absorb rising lot rents (around $1,050 on average in Jeffco) to avoid displacement.

STRs. According to data from airdna.com, there are 3,558 homes listed as short-term rentals (STRs) in Jefferson County ZIP codes accounting for 1.4% of the total housing stock in those ZIP codes. This compares to 44% of the housing stock in Colorado's mountain resort counties.

Housing Affordability & Needs

Homelessness, cost burden, and mismatches in supply and demand.

Homelessness. Homelessness is increasing faster in Jeffco than elsewhere in the metro, but it is still at a "solve-able" level. In Jefferson County, 854 people were experiencing homelessness at a single point in time (based on the January PIT Count) and 1,907 people accessed homeless services during the year. Two 2021 studies highlighted needs for low barrier shelter options and at least 150-200 Permanent Supportive Housing (PSH) units in Jeffco. (PSH is a specific type of affordable rental housing designed to provide individuals and families who have previously experienced homelessness with support and onsite services to promote long-term stability). Updated data show the shelter need persists (2 shelters—one in north county and one in south county) and PSH needs are now estimated at 282 units.

Cost Burden. Over half of Jefferson County's renter households pay more than 30% of their gross income in housing costs and are considered "cost burdened" compared to one fifth of owner households. In Jefferson County and in its unincorporated areas, Black or African American households face the highest rate of cost burden (45%), followed by Hispanic households (39%).

Affordability Gaps—mismatches in supply and demand by price-point: The gaps analysis indicates that affordability needs are concentrated below 50% AMI in the rental market and below 120% AMI in the for-sale market (though for-sale needs persist up to 150% AMI).

- Collectively, there is an affordability shortage of 13,646 units in Jefferson County (and 1,764 units in unincorporated areas) for renters earning less than 50% AMI, even after accounting for affordable, income-restricted inventory. The most acute needs are for households earning less than 30% AMI.
- Forty-three percent of renters have incomes between 50% and 120% of AMI—a range historically in consideration for first-time home purchase. However, only 13% of homes sold in Jeffco in 2022/23 were in their price-range. Potential buyers do not see proportional affordability in the market unless they have incomes over 150% AMI.

Figure ES-10. Rental Affordability Gaps.

Source: 2022 ACS and Root Policy Research.

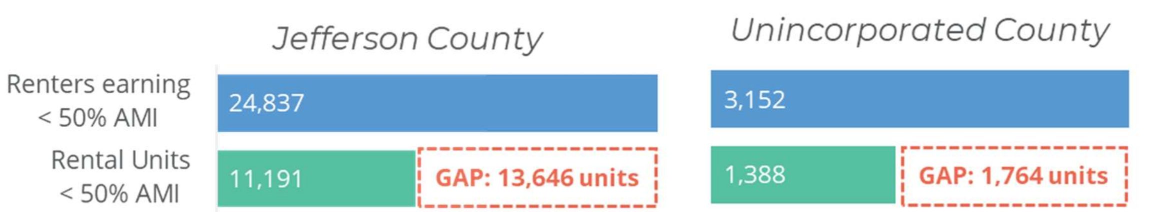
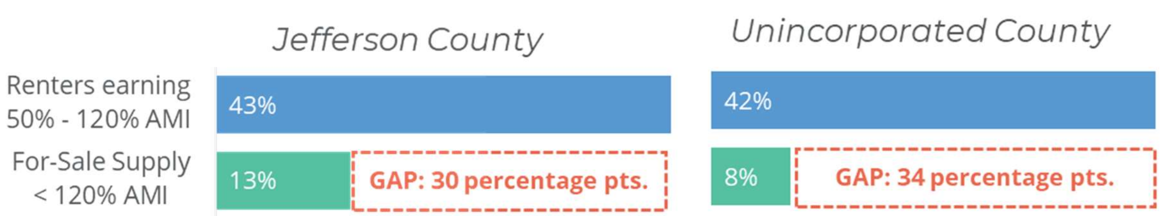


Figure ES-11. For-Sale Affordability Gaps.

Source: 2022 ACS, Assessor and Root Policy Research.



Affordability gaps can be addressed through new production of housing units at the needed price-points and/or through subsidies of existing units.

Housing Equity

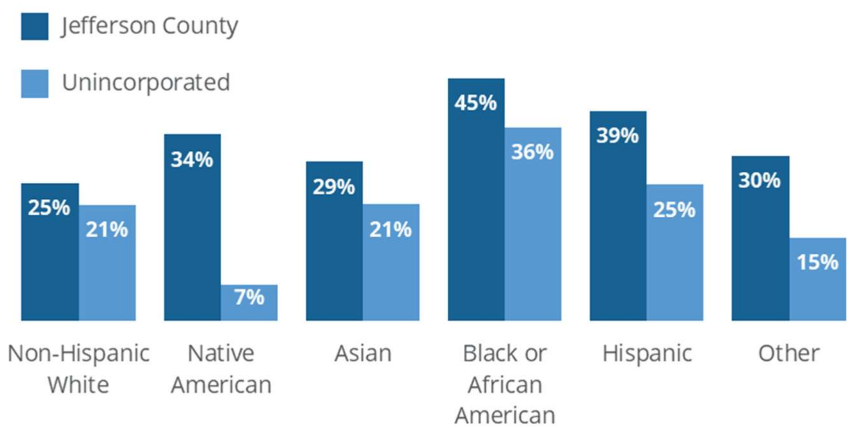
There are serious housing disparities for racial/ethnic minorities (like lower rates of homeownership and mortgage approvals and higher rates of cost burden).

Housing disparities among racial/ethnic minorities include lower rates of homeownership and mortgage approvals (even after controlling for income) and higher rates of cost burden, overcrowding, and homelessness. **Inequities are not merely a reflection of income differences but are the result of historical and social structures that create different barriers and opportunities for different groups. Equality means "the same.; equity means "fair and just." Tailored solutions are necessary to develop equitable outcomes.**

Housing type occupied varies by race and ethnicity: 68% of Non-Hispanic White households and over half of Asian households live in single-family detached homes. Most households identifying as Hispanic, Native American, or African American live in attached homes or multifamily developments.

Cost burden. In Jefferson County overall, non-Hispanic White households experience the lowest rate of cost burden, followed by Asian households and households identifying with other or multiple races. Black or African American households face the highest rate of cost burden (45%), followed by Hispanic households (39%).

Figure ES-12. Cost Burden by Race/Ethnicity



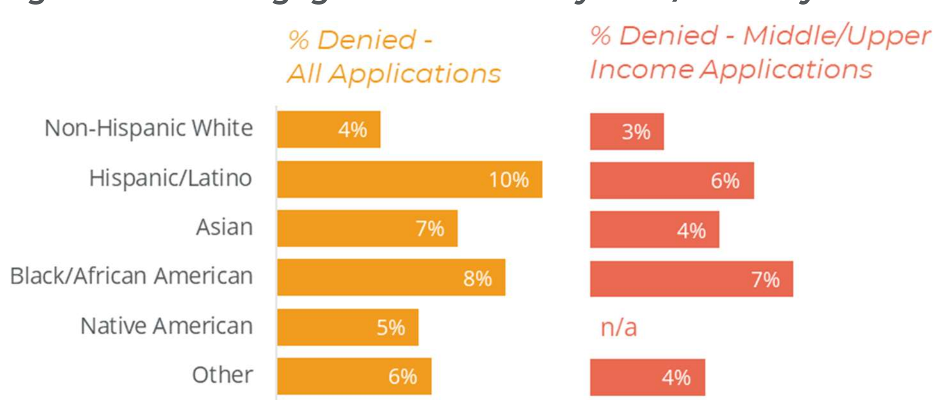
Source: 2020 CHAS and Root Policy Research.

Homelessness. Relative to the general population, racial minorities (excluding Asian residents) are overrepresented among homeless populations in Jefferson County. Based on PIT Count data, Black/ African American and American Indian residents are both about 10 times more likely to be homeless than would be expected given their representation in the Jefferson County population overall.

Homeownership and mortgage approvals. Racial and ethnic disparities in homeownership persist in both Jefferson County and its unincorporated areas: 75% of Non-Hispanic White households in Jefferson County own their homes, compared to less than half of the county's Hispanic or Latino, Native American, and Black households (see Figure ES-2).

Racial and ethnic disparities in mortgage application outcomes persist even when analyzing only households with middle and high incomes (above 80% AMI).

Figure ES-12. Mortgage Loan Denials by Race/Ethnicity



Source: 2020 CHAS and Root Policy Research.

Community Perspectives

The HNA draws from extensive recent, related engagement by the county, municipalities, and foundations, and contributes input from new strategic outreach.

American dream deferred. For many Jeffco residents who struggle to afford housing, the limited supply of affordable housing options in the county is a deep and sustained crisis. They feel perpetually insecure—many of which are treading water financially (at best)—and see no pathway to long-term housing stability or homeownership which is key to long-term wealth building.

Connecting the dots between housing costs and homelessness. Homelessness is no longer seen as exclusively urban. While a variety of factors may contribute to someone becoming unhoused, the high cost of housing is front and center. Without a permanent address and a safe place to settle and live, it is nearly impossible to succeed in other life areas (e.g., finding stable employment that will help pay for housing and create more stability).

Everyone is impacted no matter their circumstances. Even those who can afford a stable place to live recognize that Jeffco's housing shortage and affordability crisis impacts the entire community. When teachers, public safety employees, and health, retail, and hospitality workers cannot afford to live near where they work, everyone who depends on those services suffers. When companies struggle to recruit/retain their workforce (due to high housing costs) the regional economy also suffers.

Causes and solutions are complicated. Recognizing that there is a housing problem that must be addressed is a start—however, agreeing on policies is a much heavier lift. Housing is a nuanced, multifaceted issue that defies simple solutions. The benefits of successful policies are not usually immediate, yet the potential near-term risks are easy to spot for those who worry about the impacts of growth. As such, it is often easier to see the downsides than the upsides. And those impacted by the potential downsides are more likely to make their voices heard than those who could benefit from more affordable housing in the longer term.

Broad consensus around some policy solutions. The policy solutions that are most politically viable are not necessarily the most impactful and support for policies in the abstract—especially land use—does not necessarily translate to support for policy in one's own neighborhood.

Big impact policies are a tougher sell. Major revenue generators like a broad property and sales tax remain tough sells to fund more affordable housing options. New taxes/fees on hotels and short-term rentals generate more support—likely because they are focused on visitors versus local residents—but often don't raise the same amount of revenue as the broader-based measures. Dramatic changes in land use tend to be the most controversial policy options.

Collaboration is key. A challenge this complex can only be solved through cross-sector collaboration that eliminates silos and brings collective expertise and resources together from the public, private, and nonprofit sectors. Regional collaborations like the Housing Continuum Task Force and the Jeffco Housign Advocacy Steering Committee can help bring municipal and regional plans together.

Public will-building is needed. The complexity of the issues and required tradeoffs makes it doubly important to provide context and promote understanding and empathy so people can see beyond their own housing situation. Broader consensus will only emerge when they see how the entire community benefits from affordable housing. Groups like the Jeffco Advocacy Network are working to this end.

Current and Future Housing Needs

Quantified housing needs by AMI—now and by 2040.

HOUSING NEEDS ACROSS THE CONTINUUM

graphic adapted from CHFA's Housing Continuum

**shelter is not a "housing" solution but a temporary step toward housing*

Immediate Needs ("catch-up")

shelters	PSH units	new units	new units or vouchers		home-buyer supports	Market production
2 shelters	282	572	10,663	2,984	- income restricted homes	- Workforce/market rentals
North & South County	chronic homeless	non-chronic homeless	<30% AMI gap	30-50% AMI gap	- down payment assistance	- Increase product & price diversity in for-sale

Needs by 2040 ("catch-up" + "keep up" with household and job growth)

shelters	PSH units	0-30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	120-150% AMI	150% AMI+
2 shelters	382	5,700 new units	4,500 new	7,700 new	9,400 new	5,700 new	17,200 new
North & South County	chronic homeless	+10,700 vouchers (or additional new units)	+3,000 vouchers (or new)	58% owner; 42% rental	69% owner; 31% rental	77% owner; 23% rental	89% owner; 11% rental

Strategies across the continuum...

PUBLIC ASSISTANCE NEEDED
subsidies, incentives, and policies to create/preserve income-qualified units; and programs to improve housing stability

THE MARKET AS A PARTNER
land use and zoning tools to unlock supply and improve natural affordability

Note: PSH is a specific type of affordable rental housing designed to provide individuals and families who have previously experienced homelessness with support and onsite services to promote long-term stability. HUD defines persons experiencing chronic homelessness as those who (a) are homeless, (b) are living in a place not meant for human habitation or in an emergency shelter, (c) have been homeless and living in a place not meant for human habitation continuously for at least 1 year or on at least 4 separate occasions in the last 3 years where the combined length of time homeless across those occasions is at least 12 months, and (d) have a disability.

Addressing Housing Needs

Next Steps: Strategy Development

Root is currently working with the Jefferson County Housing Continuum Task Force (HCTF) and County staff to develop the 15-year Housing Strategic Plan. HCTF members represent diverse expertise and backgrounds spanning affordable housing, development, advocacy, employment, supportive services, and local government. They are instrumental in guiding the analysis and strategic direction for the 15-Year Housing Srategy. This community-led plan will address housing needs across the continuum (from homelessness to homeownership). It will outline housing goals and priorities and provide clear direction on actions and implementation, including regional approaches and partnerships as well as specific actions for the County.

Next Steps: *15-Year Housing Strategic Plan (draft available late August 2024)*