Estes Park Area
Housing Needs Assessment

January 22, 2016

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Attached is the updated Estes Park Area Housing Needs Assessment, completed January 2016. This study quantifies the community's need for residential units to accommodate current and projected demand for safe, attainable housing by residents and the workforce. This study continues the attainable housing effort that we started in 1989 and, with dedication, will help us provide the attainable housing needed by our workforce, our businesses and our community over the next several years.

Without the financial and logistical support of community members and organizations this Assessment would not have been possible. The Estes Park Housing Authority would like to thank the following entities for their generous support of this project:

Bank of Colorado

Bank of Estes Park

Economic Development Corporation

Estes Park Board of REALTORS®

Estes Park Medical Center

Estes Park School District

Forward Estes Park Foundation

Rocky Mountain National Park

Town of Estes Park

This broad-based support is indicative of community-wide recognition of the importance of housing for continued growth and well-being of Estes Park. This study was designed to provide additional information to the community based upon accurate and timely data.

Employers and employees who provided information are also commended for their timely response to surveys and questions. Without this input the conclusions of this assessment would not have been possible.

The Estes Park Housing Authority presents this report to the Estes Valley Community and its leaders so that there are relevant and accurate data upon which to base sound decisions to help meet the continuing need for housing within the Estes Area.

Eric W. Blackhurst

Eric W. Blackhurst, Chairman
Estes Park Housing Authority

TABLE OF CONTENTS

INTRODUCTION 1
Purpose 1
Study Area 1
Methodology 2
Secondary Data Sources 4
What is Affordable Housing in Estes Park? 5
Acknowledgements 5

CONCLUSIONS, RECOMMENDATIONS AND IMPLEMENTATION STRATEGIES 7
Demographics 7
Economic Conditions and Trends 8
Housing Inventory 9
Homeownership Market Analysis 10
Rental Market Analysis 10
Housing Problems 11
Housing Needs and Gaps 11
Recommendations 13
Implementation Strategies 14
1. Develop Strategic Plan 15
2. Hire Housing Coordinator 16
3. Guarantee that New Development Provides New Workforce Housing 17
4. Adopt Accessory Dwelling Unit Regulations for Workforce Rentals 18
5. Create Workforce Housing Fund with Dedicated Revenue Source 18
6. Amend Town Code to Allow and Encourage Workforce Housing 19
7. Utilize Town-Owned Land for Workforce Housing 20
8. Encourage Downtown Housing 20
9. Support and Expand Employer Assisted Housing (EAH) Efforts 20
10. Continue Apartment Development and Redevelopment 21
11. Draft and Adopt Workforce Housing Guidelines 22

SECTION 1 - DEMOGRAPHICS 23
Population and Households 23
Household Characteristics 25
Hispanic Population 27
Seniors 27
Income 28

SECTION 2 – ECONOMIC CONDITIONS AND TRENDS 31
Number of Jobs and Projections 32
Seasonality 33
Unfilled Jobs 35
Jobs and Earnings by Sector 36
Jobs per Employee and Employees per Household 38

COMMUTING 38
EMPLOYER WORKFORCE HOUSING PERCEPTIONS 42

SECTION 3 – HOUSING INVENTORY..45
HOUSING UNITS – NUMBER AND RATE OF GROWTH.. 45
OCCUPANCY AND USE 46
AGE OF UNITS 48
TYPES OF UNITS.. 49
OWNER/RENTER MIX.. 50
AFFORDABLE HOUSING 50
EMPLOYER ASSISTED HOUSING 51
PROPOSED AND PENDING DEVELOPMENT 53

SECTION 4 – HOMEOWNERSHIP MARKET ANALYSIS 54
OVERVIEW OF MARKET CONDITIONS AND TRENDS 54
MARKET SEGMENTS AND BUYER PROFILES 55
SALES ACTIVITY.. 56
HOME PRICES 57
AVAILABILITY – HOMES LISTED FOR SALE 58
AVAILABILITY – LOTS LISTED FOR SALE 58
AGE OF LISTINGS.. 59
AFFORDABILITY OF HOME PRICES 59
PERFORMANCE OF DEED RESTRICTED HOMES 61
Vista Ridge 61
The Neighborhood.. 63
MORTGAGE AVAILABILITY 64

SECTION 5 – RENTAL MARKET ANALYSIS..66
MARKET OVERVIEW AND TRENDS.. 66
INVENTORY 67
RENTS.. 68
AVAILABILITY.. 70
TURNOVER AND WAIT LISTS 71
UTILITIES AND DEPOSITS 72
RENTER PROFILES 72
AFFORDABLE/INCOME-RESTRICTED RENTAL HOUSING 74

SECTION 6 – HOUSING PROBLEMS..77
HOUSING PROBLEM PERCEPTIONS 77
DIFFICULTY FINDING HOUSING 78
COST BURDENED HOUSEHOLDS.. 80
OVERCROWDING 81
SUBSTANDARD HOUSING 81
LOSS OF EMPLOYEE HOUSING 83
FORCED COMMUTING 84

SECTION 7 – HOUSING NEEDS AND GAPS..87
CURRENT CONDITIONS AND CATCH-UP NEEDS.. 87
Overcrowding.. 87
In-commuters.. 88
Unfilled jobs 88

FUTURE (KEEP-UP) NEEDS 88
Retiring employees *88*
Job Growth *89*
SUMMARY OF CATCH-UP AND KEEP-UP NEEDS 89
NEEDS BY OWN/RENT AND AMI 90
SEASONAL WORKER HOUSING 91

SECTION 8 -- HOUSING PREFERENCES 94
WANT TO OWN VS. RENT 94
UNIT TYPE 95
BEDROOMS NEEDED 96
LOCATION ATTRIBUTES 98
OWNER AMENITIES 98
RENTAL AMENITIES 99

SECTION 9 – HOUSING RESOURCES AND LIMITATIONS 101
VACANT AND TOWN-OWNED LAND 101
FLOODPLAIN REDISTRICTING IN 2016 102
REGULATORY ISSUES 104
FUNDING 106
ORGANIZATIONS 107
Estes Park Housing Authority (EPHA) *107*
Loveland Housing Authority *108*
Estes Park Economic Development Corporation *109*

APPENDIX A – HOUSEHOLD INCOME AND AFFORDABILITY CALCULATIONS 1

INTRODUCTION

Purpose

This Housing Needs Assessment quantifies current and future workforce housing needs in the Estes Park area, identifies where the market is not addressing those needs and provides recommendations on how those needs could be addressed. Where applicable, it compares results to the 2008 Estes Valley Housing Needs Assessment, which was conducted just prior to the recession, to understand how conditions have changed post-recession and post-flood. It answers questions such as how much, what type, and at which price points housing is needed to meet the needs of the local workforce. Information is presented on past trends, current conditions, and housing needs projected through 2020.

The information is intended to help establish housing strategies and workforce housing policies that will help provide opportunities for employees to live in the Estes Park area and help support the community and economy. The information will also help the Estes Park Housing Authority, the Town, private developers, employers and other organizations plan projects and best focus resources to meet current and future housing needs.

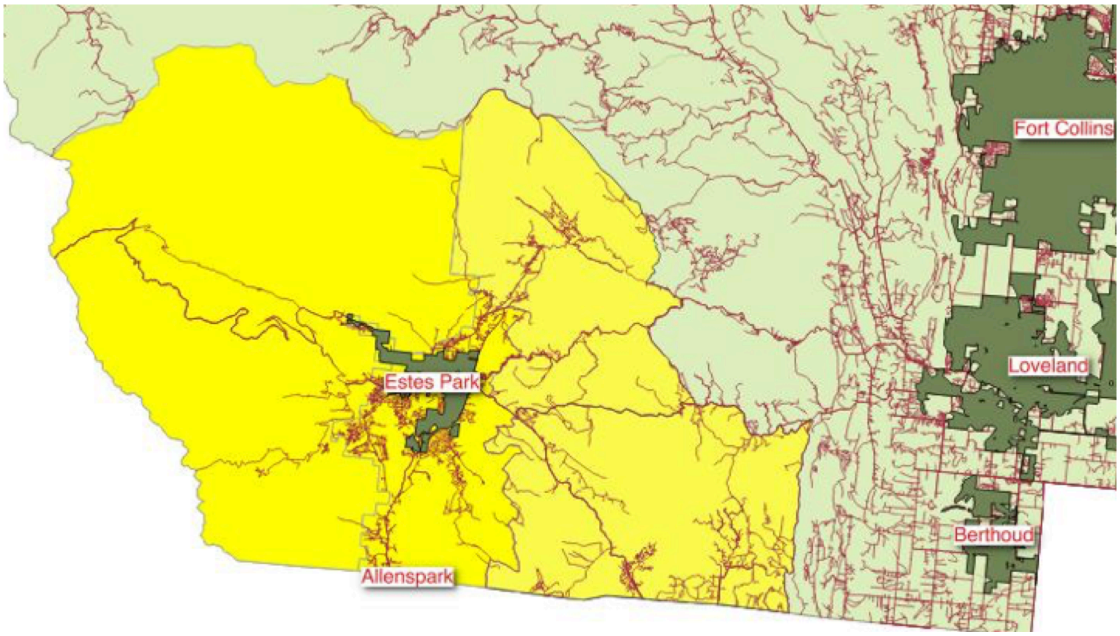
The report does not cover senior and special needs housing, which are populations that require special housing services and considerations that are different from the local workforce. Analyzing the needs of these populations requires expertise and methods unique from workforce housing needs analysis. In May 2015, the Highland Group,[1] an organization that specializes in understanding senior housing needs, completed a study for Larimer County and the Estes Park region, which should be referenced when seeking to better understand and address senior housing and care needs.

Study Area

This study covers the area approximately defined by the Estes Park RE-3 School District, termed the "Estes Park area" throughout this report. This includes the Town of Estes Park, unincorporated Estes Valley and neighboring area including Drake, Pinewood Springs and Glen Haven. Because the U.S. Census data on population and demographic information is not provided for the Estes Park RE-3 School District, data is analyzed for Census Tract 19.03 (Blocks 1 and 3), 28.01, 28.02 and 28.03, which roughly represents this area. Data is compared to the town of Estes Park and Larimer County where useful to understand variations in key indicators.

[1] "Needs and Opportunities in Housing and Care in Larimer County," Highland Group, May 2015.

Estes Park Study Area



The study area is the yellow-highlighted region, including the town of Estes Park

Methodology

Primary research was conducted to generate information beyond that available from existing public sources and included:

Estes Park Area Household and Employee Survey. An online survey was made available to Estes Park area households and workers to collect information on housing preferences of residents and employees, future plans, employment, household characteristics, housing perceptions and conditions, and other issues not otherwise available through secondary sources.

The survey was distributed as an online link through workers' places of employment with the generous assistance of the Estes Park Housing Authority, Town of Estes Park Clerk (who supplied business license information), Partners for Commerce, and, of course, Estes Park area employers – both large and small. The survey link was also made available on the Estes Park Housing Authority's website and advertised through newspaper publications and other media and sent directly to residents of EPHA affordable housing properties, among others.

The intent was to reach both in-town residents and in-commuters (people who live outside of the Estes Park area, but work in town). In total:

- 655 responses were received from area households widely distributed throughout the study area and down-valley.

- Responses represent about 800 Estes Park area workers holding 950 local jobs – or 12% of area jobs.

- The margin of error for survey tabulations is within about 2.5% at the 95% confidence interval, meaning that for any tabulation the percent reported is within plus or minus 2.5% from what is actually the case. For data representing less than the full population of responses (e.g., home owners only), the margin of error will be higher.

Estes Park Area Household and Employee Survey Response Summary

Where respondents live	# Survey Responses
Town of Estes Park	425
Estes Park Valley	144
Remaining study area (Drake, Glen Haven, Pinewood Springs, Allenspark)	38
Down valley in-commuters (Loveland, Fort Collins, Boulder and Weld Counties, etc.)	48
TOTAL	655

Estes Park Area Employer Survey. We distributed a short on-line survey to employers to reach large and small businesses alike in the Estes Park area. The employer survey probed the number of year round and seasonal workers (summer and winter), where workers live (commute patterns), employee retention and recruitment issues, to what extent employee housing is perceived to be an issue and their associated level of support for housing assistance.

We received generous assistance from the Housing Authority, Partners for Commerce, the Economic Development Corporation, and the Town of Estes Park Clerk (who supplied business license information) in distributing the link. The survey link was also made available on the Estes Park Housing Authority's website and advertised through newspaper publications and other media. We also followed up with several employers by phone interviews to generate a deeper understanding of issues presented through survey responses.

Survey responses represent:

- 128 businesses or about 13% of all businesses in the Estes Park area.
- A very large 45% of all jobs in the Estes Park area.

Estes Park Area Employer Survey Response Summary

	Responses	Total in Estes Park area	% represented by survey
Employers	128	997	13%
Jobs represented	3,400	7,571	45%

Source: Employer survey responses; Estes Park area employers and job numbers from ESRI Business Data.

Employer Interviews. Several of the largest employers in the Estes Park area were interviewed, including Rocky Mountain National Park, Town of Estes Park, Stanley Hotel, Estes Park Medical Center, and the Estes Park School District. Interviews followed up on survey responses and sought specifics on employer perceptions of housing, employee needs, seasonal worker issues, employer housing assistance programs and other concerns.

REALTOR® and Lender Focus Group. A focus group with four REALTORS® and two local mortgage lenders was held in Estes Park. Information was obtained on the ownership market including current prices, recent trends, occupancy patterns, availability and what households are seeking when looking to purchase or rent a unit. This discussion also helped define housing preferences in the town, including unit type and locations. Lenders provided information on the availability of financing and the challenges faced when residents try to buy a home.

Property Manager Focus Group. A focus group was also held in which six rental property managers who lease affordable and market-rate rentals, including apartments, condominiums and single-family homes participated. Information on the rental market including rents, vacancy rates, recent trends, renter profiles and units most in demand was obtained.

Stakeholder Interviews. Additional interviews were conducted with the Estes Park Housing Authority, Economic Development Corporation, Town Manager and Community Development Department, to gather their input and perceptions on housing problems, challenges and opportunities in Estes Park.

Secondary Data Sources

A variety of sources of published information were used in the preparation of this report, including but not limited to:

- 2000 and 2010 US Census data and population and household projections from the Colorado Department of Local Affairs (DOLA);

- Employment information from the Quarterly Census of Employment and Wages, the US Bureau of Economic Analysis, Department of Local Affairs (DOLA), and ESRI Business Data;

- 2015 Area Median Income from the Department of Housing and Urban Development;

- Current MLS listings;

- Larimer County Assessor property records; and

- Existing reports, and of particular note the 2008 Estes Valley Housing Needs Assessment by RRC Associates and Rees Consulting, Inc., and the 2015 Estes Valley Economic Development Strategy by Avalanche Economic Strategies.

What is Affordable Housing in Estes Park?

This report centers on an understanding of "what is affordable?" Housing is attainable (or affordable) when the monthly payment (rent or mortgage) is equal to no more than 30% of a household's gross income (i.e., income before taxes). Although there is some variation, this standard is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and leasing agents.

Please reference the Appendix for more details on the area's household incomes and affordability price points on which this report is based, including income sources used and assumptions made when calculating housing affordability.

Acknowledgements

We would like to thank all of those who have helped us and have given us their time and assistance. This includes the Estes Park Housing Authority, Town of Estes Park management and staff, the Estes Park Economic Development Corporation, Partners for Commerce, Loveland Housing Authority, Avalanche Consulting, and area employers – large and small – for their assistance both taking and distributing the surveys necessary for this study, as well as:

Interviewed Employers:
- Rocky Mountain National Park
- Estes Park School District
- Town of Estes Park
- Stanley Hotel
- Estes Park Medical Center

Focus Group Participants:

• Judy Anderson	Anderson Realty and Management
• Abbey Pontius	Anderson Realty and Management
• Seth Hanson	Ponderosa Realty and Management
• Tanya	Trail Ridge Apartments
• Gene Whannel	Range Property Management
• Rita Kurelja	Estes Park Housing Authority
• Shannon Faith	Estes Park Housing Authority
• Eric Blackhurst	Anderson Realty and Management
• Mike Richardson	First Colorado Realty
• Christian Collinet	First Colorado Realty
• Mary Murphy	Coldwell Banker/Estes Village Property
• Rich Flannery	Envoy Mortgage
• Mike Louk	Bank of Estes Park

CONCLUSIONS, RECOMMENDATIONS AND IMPLEMENTATION STRATEGIES

Workforce housing is now of greater concern in the Estes Park area than it has been at any time in the past, even though homes that are affordable for members of the workforce holding low-wage tourism and service jobs have long been in short supply. The recession softened both the ownership and rental markets, but it is over, and recovery has been strong, particularly in the rental market.

The shortage of housing is a more pressing problem currently than affordability; however, with housing in such short supply, prices are rising and will continue to do so. Many homes are now needed and additional units will be needed to keep pace with the strong growth in public and private facilities now planned. Development of housing for the workforce within the Estes Park area is essential for providing the labor force needed to fill already vacant positions, staff planned development, and support the resident and economic diversity and sustainability desired.

Commuting is not the solution, but will remain an option for some employees. Commuting has many costs, however, including those borne by employers who must deal with high turnover and absenteeism among in-commuting employees.

This report quantifies many indicators that show how the factors causing housing problems have and are continuing to trend in the wrong direction. A combination of efforts will be needed to counter these trends and provide opportunities to meet workforce housing needs.

Demographics

Estes Park is unique among Colorado mountain resort communities in that it is also a retirement community. The large senior population creates a unique challenge for workforce housing – seniors generate need for low/moderate-wage service workers, compete with employees for housing, and may not be sensitive to or fully understand workforce housing problems. For younger residents to be able to live and raise families in the Estes Park area, significant changes to housing policies, regulations and strategies are needed. In summary:

- The Town of Estes Park is the oldest community in Colorado, with an average age of 51 years old in 2010;
- The community is losing families and young and middle-aged households – these are primary workforce households;

- Growth in the population of persons over the age of 65 is outpacing other population groups and leading to a community even more dominated by retirees than it has been in the past; and

- The incomes of workforce households in the Estes Park area are lower than the median incomes for Larimer County, which is important when considering housing affordability and utilization of funding sources based on the Area Median Income (AMI) for the county.

Economic Conditions and Trends

The economy is growing, but economic seasonality is still a challenge when attempting to provide housing for the workforce. The Estes Park area is now experiencing a labor shortage with many unfilled jobs – both year round and seasonal positions. Employers have been active in providing housing assistance to their employees, particularly in housing seasonal workers. Despite this, the scarcity of housing available for the workforce in the area is adversely affecting at least 85% of all employers. It primarily impacts employees holding entry-level through mid-management positions. The Estes Park area:

- Has experienced stronger job growth than Larimer County overall in past 5 years;

- Had the most commercial development activity this past year than it has seen since before the recession. More workers will be needed to fill jobs created as local businesses expand and new businesses are added, increasing the demand for housing to support businesses and employees;

- Has high seasonality in employment. About 3,000 jobs must be newly filled each summer to meet seasonal employment needs;

- Has an economy dominated by low-paying tourism service positions, although there is also growth in higher paying health care jobs;

- Is experiencing a major increase in in-commuting by employees; it is now almost double that seen prior to the recession. An estimated 1,000 workers commute up from homes in the Loveland, Fort Collins, Boulder County and other down-valley areas. The direct financial cost to commute for these workers averages about $690 per month; and

- Has widespread problems among employers directly related to housing; employers report more problems filling jobs and retaining employees than prior to the recession.

Housing Inventory

Homes in the Estes Park area are increasingly owned by second homeowners who often compete for housing at the same or similar price points as locals. The inventory is also relatively old, creating challenges for local workers to be able to both afford to buy homes and make needed repairs. Development of units has also not kept pace with economic growth and housing demand, resulting in shortages in both the rental and ownership markets. While the existing stock of affordable units and employer assisted housing helps, more housing is needed in the community to address these issues. In summary:

- Local residents lost ground to second homeowners in the Estes Park area between 2000 and 2010, with the percentage of residential units occupied by locals declining between 4 and 6 points. This works against the ability to grow a year-round economy.

- Second homeowners and locals largely own similar priced units, excepting condominiums, which are less preferred by local owners. In higher-cost mountain resort communities second homeowners typically own more higher-priced units.

- Homes are relatively old, on average, in the Estes Park area. Most development occurred before 1960 and between 1990 and 2007. Residential development has started to pick up again since the recession, but has not yet reached pre-recession activity.

- Construction has not kept pace with demand, particularly for rental units. The newest apartment project was completed 12 years ago. Despite the extremely tight rental market, a rental project now under construction was approved last year for 25% fewer units than could have been permitted (see Section 5 - Rental Analysis).

- Just 3% of housing units in the area are restricted with price/rent caps and income targets to be affordable long term for the workforce.

- About 29% of area employers provide some housing assistance to their employees either in the form of providing rooms or units to rent or other programs. They help house about 50% of their seasonal workers and 9% of year-round workers. The majority expressed potential interest in providing housing assistance in the future. Further education or a more defined assistance program may generate support from a significant number of local employers.

Homeownership Market Analysis

The home ownership market in the Estes Park area has recovered from the recession slump and is again entering a robust period. The primary trends observed include:

- Prices are now close to pre-recession peak levels and are no longer affordable; an income of over 200% AMI is required to afford a median priced home listed for sale.

- The inventory of homes listed for sale is very low, particularly at or below $350,000, although is still over supplied at prices of $500,000 and above.

- 30% of homes listed for sale are at least 35 years old.

- Second home buyers are responsible for a significant share of home sales. They are more cost conscious than second home buyers in ski resort towns, which results in direct competition with the workforce for housing. Many plan to eventually retire in the Estes Park area.

- First time homebuyers are returning to the market, although the availability of homes they can afford is very limited.

Rental Market Analysis

There is much concern about the shortage of rental housing in Estes Park and rightfully so. Primary observations include:

- Multiple events have simultaneously created a surge in rental demand while reducing the supply of rental housing, creating a very tight market.

- Availability is extremely low; almost no long-term rentals were available during late fall and early winter when employment is low.

- Rents are rising after being flat during the recession, and steeper increases are likely in the future due to such limited availability.

- Turnover is decreasing; renters have so few choices that they remain in units even if they no longer meet their household’s needs. Availability has become the only criteria when looking for a place to rent.

- Renter demographics are varied. Renters represent all income levels, age groups and occupations, with many families living in rental housing and relatively few singles and roommates.

Housing Problems

There are many type of housing problems in the Estes Park area, most of which are now worse than when last measured in 2007, the peak economic period prior to the recession.

- 90% feel that the inability of employees who work in the Estes Park area to find housing they can afford is a *serious or critical* problem.
- Nearly half of workforce households (over 2,000) found it very difficult the last time they moved to find affordable housing that met their needs. About 375 renters are still searching for such housing.
- Approximately 1,150 workforce households live in housing that is not affordable based on their incomes.
- Just over 530 workforce households live in overcrowded homes.
- Approximately 930 workforce households (21%) reside in housing that is in fair or poor condition. This is much worse than in 2007 when only 4% of residents surveyed indicated their residences were in fair or poor condition.
- About 700 renters were forced to move or evicted in the past 5 years due to changing circumstances with their rented home. Flood damage, rentals being converted to short-term rentals, and owners moving into their previously rented homes are the most commonly cited reasons.
- About 630 employees are forced to commute and would move into the Estes Park area to be closer to work if they could locate suitable and affordable housing. Many of these households fall within the younger professionals and family demographic that the area has been losing in recent years.

Housing Needs and Gaps

Between 1,480 and 1,690 housing units are needed to address current workforce housing shortages and keep up with future demand. This averages about 300 to 340 units per year, which is well above the number of residential building permits issued during any one of the last five years. This is also almost twice the estimate presented in the 2008 Housing Needs Assessment, primarily because unfilled jobs, in-commuters wanting to move to the area, overcrowding, and the number of retiring employees have increased.

Given the breadth of housing problems identified above, adverse community impacts in terms of loss of younger workers and families, and employer and employee frustrations expressed in relation to housing problems, it is not surprising that this large gap exists.

Summary of Housing Needs	
Catch-Up	**670**
Overcrowding	160
In-commuters	290
Unfilled jobs	220
Keep-Up	**810 to 1,020**
Retiring employees	520
New jobs	290 to 500
TOTAL through 2020	**1,480 to 1,690**

Both ownership and rental housing are needed. The precise ratio constructed is a reflection of housing policy as well as needs; but the table below recommends a larger focus on rental units in the near term given prevailing market problems, needs and trends.

Summary of Housing Needs by Own/Rent Through 2020

	Low	High
Units needed through 2020	1,480	1,690
Ownership	590	650
Rental	890	1,040

- About 39% of units provided should be for homeownership:
    - Homeownership supports year-round residency and allows residents to invest in and help build a more stable community.
    - Affordable homeownership prices should range between $115,000 and $350,000 for working households (50% to 150% AMI).
    - Preferred product types are single-family homes, townhomes, and duplexes.
- Rentals are in tight supply and in high demand.
    - Rentals support businesses in need of workers and help new residents get a foothold in a community.
    - While no rentals are available at any price point, most new units should be priced below about $1,250.
    - Renters want pets. Renters also want their units to be kept well maintained and in good repair.

Recommendations

The following recommendations provide guidance on what should be done. How the recommendations are to be accomplished is covered later in this section under "Implementation Strategies."

- Allocate the resources needed to make workforce housing a priority with a commitment to figure out "how" to build homes, not "if" workforce housing should be built.

- Immediately initiate work on the development of additional rental units that are scattered throughout neighborhoods in the community (accessory units), on site as part of commercial/institutional developments, and in apartment complexes. Create diversity in the rental inventory in unit type, location and income targeting.

- Pursue the development of additional ownership housing immediately, though only consider condominiums in unique situations like the downtown area and provided that mortgage financing is approved for the units. Townhomes, duplexes and single-family homes in neighborhoods with the amenities desirable by families should be a high priority.

- Create opportunities to effectively use limited land and financial resources for workforce housing. Do not let opposition by the vocal minority and unfounded fears unnecessarily reduce the opportunities that exist.

- Develop deed restrictions that can be applied uniformly to ownership housing for the workforce and that include employment requirements. Project-by-project rules would be time consuming and expensive to oversee. The restrictions should make affordability *permanent.*

- Engage the community, build momentum and develop capacity to implement strategies over the long term. Short of another deep, multi-year recession, workforce housing availability is not going to significantly improve. All efforts cannot be the responsibility of the Estes Park Housing Authority (EPHA). The Town of Estes Park, Larimer County, large and small employers, private builders, economic development groups and concerned citizens all need to be part of a multi-faceted work plan.

- Learn from other communities:
    - Organize site visits by elected officials and community stakeholders to well-developed higher density housing projects to educate them that higher densities can be attractive and effective in mountain communities.

- Attainable housing fees, incentives to build affordable housing, employment restrictions on workforce housing, attainable housing guidelines and housing development regulations have been implemented by peer mountain communities. There is no need to reinvent the wheel.

Implementation Strategies

The Estes Park area needs a comprehensive array of strategies to effectively address existing needs and create housing for the workforce as the community grows and diversifies. There is no "silver bullet." Key points to note about implementation strategies:

- Specific strategies typically address only part of the need. For example, Federal and State subsidies can only be used to house low-income households.

- Local funding sources typically address the housing needs of moderate/middle income families who cannot afford homes provided by the private sector.

- Some strategies may only produce a few units but, in combination with other efforts, are key for a diversified inventory of workforce housing that meets the wide spectrum of needs.

- Strategies include both "carrots and sticks." There are no examples in high-cost mountain towns where incentives and public funding alone have been sufficient. Sharing the responsibility for producing workforce housing with new commercial and residential development that creates jobs is typically a key strategy.

- Commuting is not the solution. Housing costs in Loveland, Fort Collins and other areas of the northern Front Range have been rapidly increasing, and availability has become limited. In-commuters from these areas have the same or higher monthly housing payments, on average, than those living in the Estes Park area. Strong job growth has contributed to one of the "hottest" real estate markets in the country. If Estes Park employees are able to find housing there, they often find a new job near their home shortly thereafter. Furthermore, the cost of commuting adds significantly to monthly expenses – it can be more affordable to pay 50% more for housing near work than commute 40 miles each way.

Recent research on five mountain towns (Aspen, Breckenridge, Jackson, Telluride and Vail) found that each town uses between 12 and 20 strategies to produce workforce housing. While the Estes Park area is unique from these towns in some respects, it faces many of the same challenges – seasonal fluctuations in the economy, low-wage tourism-related jobs, high housing costs driven upward by second home buyers, limited land availability, high development costs and the requirement that housing development be attractive and compatible with the community.

The 11 specific strategies recommended for the Estes Park area are as follows:

1. Develop Strategic Plan

The community should develop a strategic housing plan to create policies, set realistic objectives and agree on a course of action that has sufficient community support to effect the changes needed for housing to be developed. This report can be used to support and inform this process by providing key information on the needs and demand for housing and why the housing problem needs to be addressed. Key elements that the Strategic Plan should include are:

- A vision, goals and objectives for workforce housing.
- Assignment and acceptance of roles and responsibilities that shares responsibilities among all involved organizations.
- Actionable tasks with realistic priorities.
- A public outreach/education component necessary to obtain and sustain political commitment, address neighborhood concerns, and achieve widespread acceptance of the realities associated with housing the community's workforce.
- A process for periodically evaluating, modifying and updating the plan.

To be successful, all organizations and the Town need to work together to implement an important recommendation from the economic strategic plan – which equally relates to addressing workforce housing:

> "To successfully accomplish the Estes Valley's economic development vision and goals will require an unprecedented level of cooperation and communication. Setting aside differences and working together toward greater goals is essential."[2]

As the EPHA, EDC, Town and other organizations move forward, information from this Housing Needs Assessment, the economic strategy work of Avalanche Consulting, Inc., and the "Summary of Estes Park Site Visit: Affordable and Workforce Housing

[2] "Estes Valley Economic Development Strategy," Nov. 2015, Avalanche Consulting, p. 16.

Observations (January 19, 2015)"[3] should all be used to help define respective roles and achieve collaboration on the common goal of affordable workforce housing in the Estes Park area.

2. Hire Housing Coordinator

To implement the strategies agreed upon through the strategic planning process, additional capacity and expertise will be needed. Tasks that must be performed in the future if the recommended strategies are to be successfully implemented include:

- Providing technical assistance to employers to help them provide additional housing for their employees.
- Managing the Housing Fund.
- Establishing guidelines that pertain to a diverse inventory of workforce housing produced through a variety of strategies.
- Continuous communication with community groups and public officials about who resides in workforce housing and the many economic and community benefits of workforce housing to dispel community misperceptions.
- Coordinating among the agencies responsible for implementing strategies (this assumes the Housing Authority is not saddled with full responsibility for implementing the Strategic Plan).
- Working with private developers to incorporate workforce housing in their projects.
- Initiating ownership projects that target moderate/middle income households.
- Acquiring sites for future housing development.
- Coordinating management of developer-constructed affordable units. This can either be done in-house or contracted with another entity, such as EPHA, for example.

[3] Tim Gagen (Town of Breckenridge), Laurie Best (Town of Breckenridge), Wendy Sullivan (WSW Consulting), "Summary of Estes Park Site Visit: Affordable and Workforce Housing Observations," January 19, 2015. Result of a site visit by a team of housing practitioners to Estes Park that was organized by the Colorado Association of Ski Towns in January 2015.

3. Guarantee that New Development Provides New Workforce Housing

Insure that new development partially addresses the demand for workforce housing that the development generates. Building commercial space, institutional buildings and residential units generates short-term construction jobs and, most importantly from a workforce housing perspective, permanent positions. Employees needed to fill these jobs need housing, and many Colorado mountain towns (as well as cities across the country) share the responsibility for providing new workforce housing with developers, typically through a combination of requirements and incentives. Given the wave of new development now being considered for Estes Park, near term priorities should be:

- Implementing a commercial linkage program through which housing would be developed on- or off-site, land would be provided, or in-lieu fees would be collected. This requirement could also be used in combination with incentives and act as a catalyst for public/private partnerships. Commercial linkage programs in other mountain towns could be used as examples.

- Implementing a residential linkage program/impact fee, or an inclusionary zoning program to require housing developers to include homes that are affordable and specifically restricted for workforce households. Evaluation of the potential effectiveness of each approach should be part of the strategic planning process. Research on these types of programs in comparable communities should be done to understand tradeoffs. A study that documents job generation rates is usually done when designing linkage programs.

- Adopting annexation policies that impose workforce housing requirements as a condition of annexation though agreements that specify number of units, price, type, owner/renter mix, employment conditions, etc.

Requirements can be combined with incentives to lessen their impact on developer profits. Density bonuses to accommodate workforce units without reducing the number of market rate units and development fee waivers for the workforce housing are common incentives. Incentives for workforce housing should be included as part of the scope for the evaluation of the Town's code by Logan Simpson.

4. Adopt Accessory Dwelling Unit Regulations for Workforce Rentals

Accessory dwelling units (ADUs) are often allowed and incentivized in mountain towns where land is limited and preserving community character is important. These units:

- Typically provide long-term rental housing for moderate/middle income families.
- Rent for rates higher than charged by apartment projects, since private rents cannot be controlled in Colorado, and the attractiveness/location of the units enables them to command higher rents.
- Contribute to the affordability of the primary residence by providing a source of income. In other words, one accessary dwelling unit enhances the affordability/availability of two units.
- Fit well within existing neighborhoods in terms of architecture and scale, often only need one parking space given their small size and location, and can be designed to be compatible with various neighborhood configurations through attached and detached designs.
- Add to attainable housing at no cost to the Town; however, Town incentives increase effectiveness.

5. Create Workforce Housing Fund with Dedicated Revenue Source

As called for in the November 2015 *Estes Valley Economic Development Strategy*, local funding is necessary to address the broad spectrum of workforce housing needs in the Estes Park area. With low-income limits imposed on Federal and State grant/loan programs, local funds are needed to bridge the gap between those limits (60% - 80% AMI) and where the free market serves (near 150% AMI for ownership). Sources of dedicated revenue in Colorado mountain towns include:

- Property taxes
- Sales taxes
- Real estate transfer taxes. New taxes cannot be levied, but real estate transfer assessments (RETA) can be negotiated at annexation or subdivision.
- Development excise taxes
- Impact/linkage fees

All taxes in Colorado must now be approved by voters. Almost all of the taxes dedicated to housing were approved prior to this requirement. Summit County is the exception, where 72% of voters re-authorized a housing sales tax and development impact fee in November that was originally approved in 2006.

Fees can only be assessed when there is a direct link between the fee and the use to which it is applied. A white paper summarizing workforce housing taxes and fees and explaining the issues associated with each type can be downloaded at http://reesconsultinginc.com/examplesdownloads/.

Several Colorado communities are now considering charging fees on short-term vacation home rentals to help address workforce housing problems. Estes Park should join forces with other communities and potentially seek State legislation authorizing the assessment of these fees.

6. Amend Town Code to Allow and Encourage Workforce Housing

The municipal code of Estes Park deters the development of workforce housing through provisions that make them cost prohibitive and lead to under-utilization of scarce land. Logan Simpson, a planning firm based on Fort Collins, has been hired to evaluate the code and recommend revisions. The revised code should:

- Increase density on multi-family sites from the current 8 units per acre to 12 units or more per acre by right, with higher densities permitted in PUDs.

- Implement more flexible PUD standards to make the most of hard to develop lots and improve the ability to integrate workforce housing.

- Revise the Estes Valley Development Code Attainable Housing Density Bonus to allow more than a 50% increase in permitted density to incentivize an increase in private developer contributions to workforce housing. The density bonus should be permitted by right when the developer meets specified affordability requirements to provide certainty to the developer and the community.

- Allow accessory dwelling units in all residential zones provided that they are rented long term to employees.

- As part of the downtown neighborhood zoning review, raise height limits downtown. This can help increase densities, focus more housing downtown to reduce sprawl and, in light of the recent flood and pending FEMA floodplain remapping, can help businesses replace potentially unusable basements and address insurance concerns.

- Implement no-net-loss (or limited loss) provisions that require residential units occupied by local residents to be replaced if lost to redevelopment. Similarly priced units should be replaced on site or another site, or a fee-in-lieu of replacement could be allowed under some circumstances. .

7. Utilize Town-Owned Land for Workforce Housing

Preliminary discussions regarding the Fish Hatchery property are occurring. Develop a plan for this 75-acre property in conjunction with the Housing Authority that accommodates needed workforce housing development in balance with protecting natural areas and trail access. The property provides a unique opportunity to provide moderate- and middle-income ownership and rental housing and is large enough to develop a mix of units and densities to meet a variety of needs.

8. Encourage Downtown Housing

Employee housing should be developed in Estes Park's downtown area to:

- Respond to preferences of younger employees (e.g., Millennials) to live in walkable urban centers with convenient access to shopping, entertainment, activities and recreation.
- Provide high density, lower cost housing options in an area where it is appropriate and reduce sprawl.
- Add vibrancy to downtown and create year-round business for restaurants and retailers.
- Be convenient to public transit.
- Reduce employee impacts on scarce parking downtown. Workers living within walking distance of their jobs can leave their cars at home.

9. Support and Expand Employer Assisted Housing (EAH) Efforts

As is done already by 29% of employers in Estes Park, employers could share responsibility for workforce housing since they directly generate housing demand, benefit from a reliable workforce, have resources to leverage and have expertise in their employees' needs. Multiple approaches feasible for both small and larger employers should be provided including:

- An outreach program, particularly for employees of municipal, county, special district, emergency and medical service providers, the school district and suppliers of other essential services.
- An education program or outreach to employers to explain how a master lease program could operate. Some employers welcome the opportunity to master lease units, whereas others do not have a good understanding for how the

program works. Education could invite more participation. A master lease package could:

  - Identify free market units suitable for employees and their pets; multiple units in a single projects work well since employees can rideshare to/from work and to conduct errands;
  - Leverage long-term apartment financing with master lease agreements;
  - Provide up front development/construction funding;
  - Allocate responsibilities to property managers (not employers);
  - Build partnerships, communication and unit trade-offs among those who need summer housing for employees and others that need winter housing;
  - Provide sample lease and management agreements.

- Technical assistance to employers that have land, under-utilized space or other resources for the development for employee housing.

- Incentives to employers who provide housing for employees, particularly on site. Allow employers to construct on-site units not only for their employees, but for others in the community.

10. Continue Apartment Development and Redevelopment

Market conditions (low vacancies and rising rents) indicate additional rental units are needed. Construction of Falcon Ridge will only partially address existing needs. Continued growth in low-wage jobs will add to the demand, yet it takes a minimum of two to three years to design/finance/build an apartment property. As such, planning for additional rental development should start soon.

- Identify sites where densities of 12 to 15 units per acre can be achieved.

- Provide a range of units priced under 60% AMI up to the needed 80% AMI, which will require funding other than just Low Income Housing Tax Credits.

- Monitor rental vacancies and rent rates to help inform development and financing decisions. Learn from Falcon Ridge when it leases.

- Encourage the rehabilitation or redevelopment of the 32 units at Park Ridge Apartments which were built in 1985. Additional units at this site might be feasible.

11. Draft and Adopt Workforce Housing Guidelines

Guidelines should define:

- Housing goals and objectives.
- Explain the Town's regulations in plain language.
- Specify unit types, sizes, ownership price points and incomes levels.
- Explain procedures and qualifications for persons interesting in owning or renting workforce housing.

SECTION 1 - DEMOGRAPHICS

This section of the report provides population and household estimates, examines growth and describes the demographic characteristics of households, including income. Key findings include:

- The Town of Estes Park is the oldest community in Colorado (average age of residents was 51 years old in 2010);
- The community is losing families and young and middle-aged households – these are primarily workforce households;
- Growth in the population of persons over the age of 65 is outpacing other population groups and leading to a community even more dominated by retirees than it has been in the past; and
- The incomes of households in the Estes Park area that include at least one member of the workforce (referred herein as workforce households) are lower than the median incomes for Larimer County, which is important when considering housing affordability and pricing.

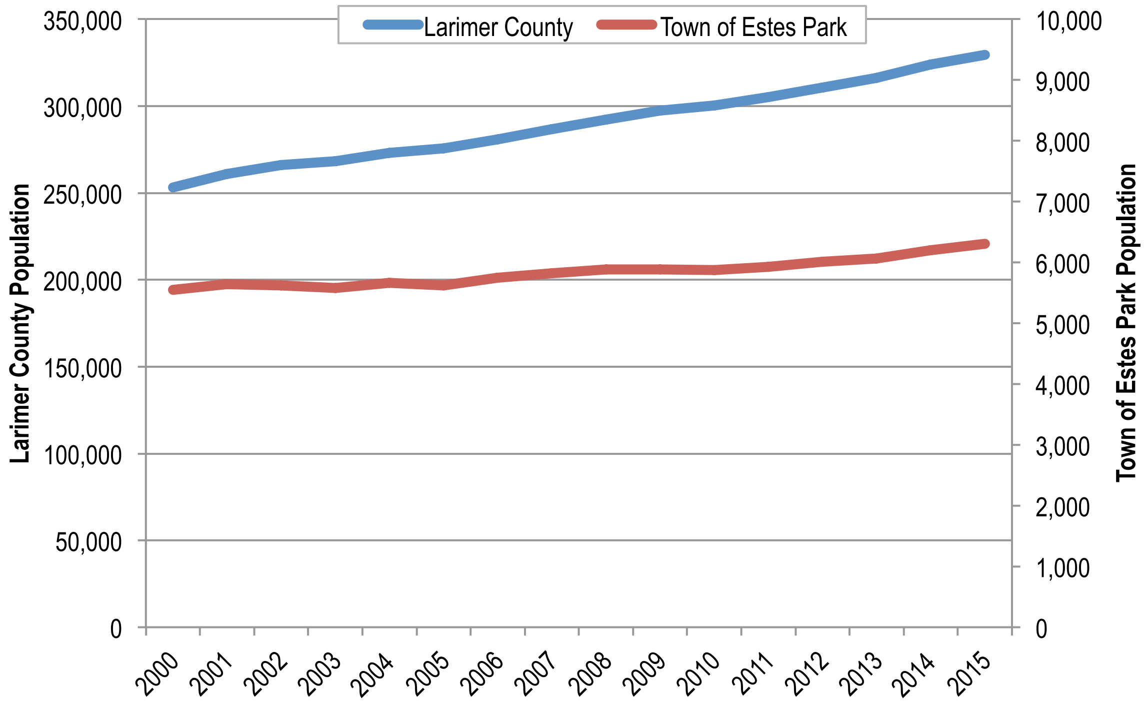
Population and Households

Estes Park currently has a population of approximately 6,300, which equates to only about 2% of the population in Larimer County. The larger Estes Park area has a population of about 12,400.

Population growth in the town has been slower than in the county overall since 2000. As shown below:

- Between 2000 and 2005, the population in Estes Park remained fairly flat.
- A few people were added between 2005 and 2007, with growth flattening again through about 2010.
- The population in the town of Estes Park grew at less than one-half the rate in the county between 2000 and 2010 (8% versus 19%, respectively). While growth picked up between 2010 and 2015, growth in the town still lagged the county.

Change in Population: 2000 to 2015



Source: Colorado Dept. of Local Affairs, US Census, Consultant team

Growth in the larger Estes Park area has been slower than in the town. Between 2000 and 2010, the town added about 445 people, whereas the remainder of the Estes Park area lost about 125 people.

Population: 2000 to 2015

	2000	2010	2015	% change (2000-2010)	% change (2010-2015)
Larimer County	251,494	299,630	329,559	19%	10%
Town of Estes Park	5,413	5,858	6,306	8%	8%
Estes Park Area	11,348	11,667	12,398	3%	6%

Source: 2000 and 2010 Census; DOLA projections (Larimer County 2015, Estes Park through 2014); Consultant team

Residents occupy about 3,000 housing units in the town of Estes Park and over 5,700 in the Estes Park area.[4] Of the estimated 5,735 resident households, 4,438 include at least one member who works (workforce households).

[4] The terms "households" and "occupied housing units" are synonymous.

Households: 2000 to 2015

	2000	2010	2015	% change (2000-2010)	% change (2010-2015)
Town of Estes Park	2,541	2,796	3,009	10%	8%
Estes Park Area	5,104	5,395	5,735	6%	6%

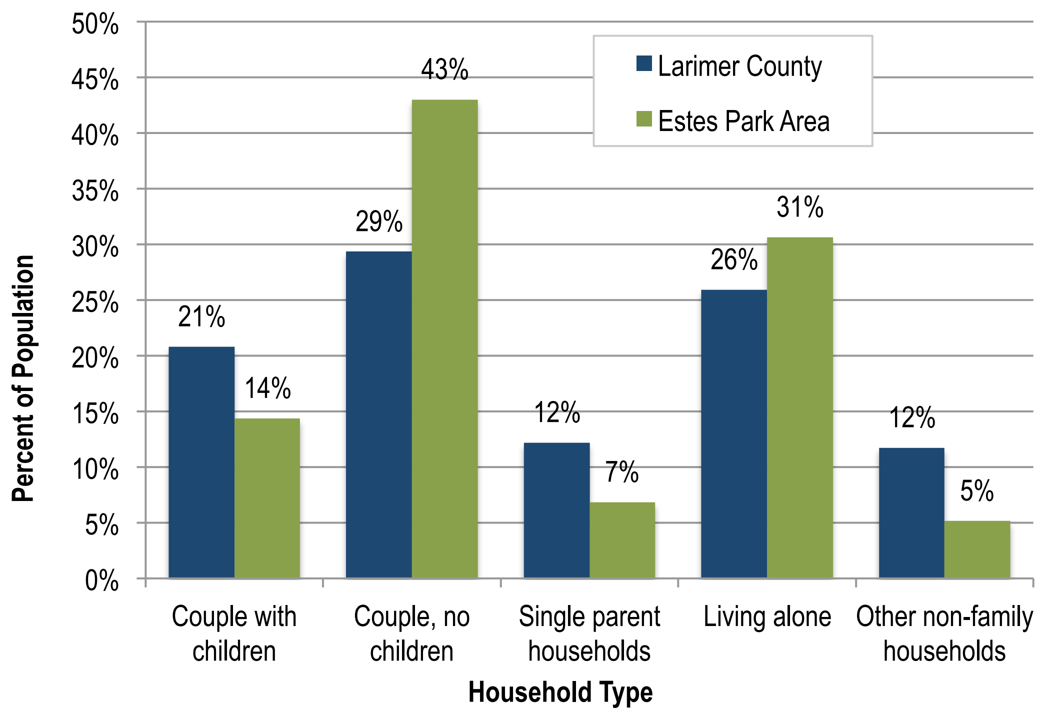
Source: 2000 and 2010 US Census, DOLA projections (Larimer County 2015, Estes Park through 2014), Consultant team

Household Characteristics

In the Estes Park area, trends in household characteristics very much mirror population trends. The distribution of households by type reflects the older population demographic, where:

- Couples without children comprise the largest percentage of households in the Estes Park area (43%);
- Relatively few households have children (21% total); and
- People living alone comprise over 30% of households.

Household Distribution by Type: 2010



Source: 2010 US Census

Between 2000 and 2010:

- Family households with children declined in the Estes Park area. The Estes Park area lost over 900 residents between the ages of 18 and 44, plus almost 200 children between the ages of 5 and 17, indicating that families are leaving the area.

- Households living alone and couples without children both increased.

Data from the 2014 5-year ACS indicates that couples with children have continued to decline; whereas "other non-family households" (i.e., roommate households) may have increased since 2010, which is likely the result of decreased rental availability.

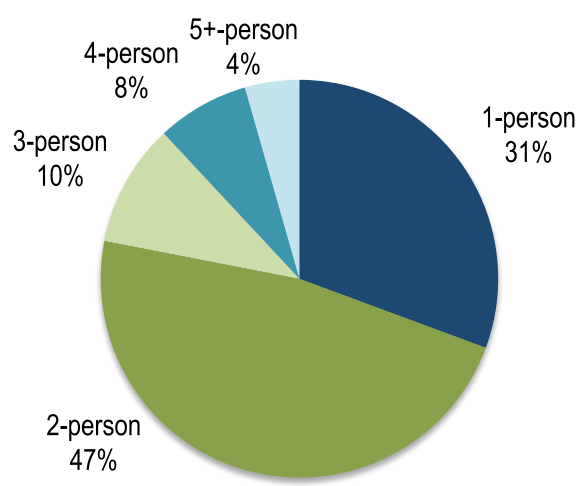
Percentage Change in Household Composition: Estes Park Area, 2000 to 2010

	% change (2000-2010)	# change (2000-2010)
Couple with children	-7%	-62
Couple, no children	8%	178
Single parent households	-7%	-28
Living alone	17%	246
Other non-family households	-13%	-43
TOTAL	6%	291

Source: 2000 and 2010 US Census

Households average just over 2.1 people per household in the Estes Park area, down from about 2.2 people on average in 2000. There is little variation by tenure, where both owner and renter households average about 2.1 people in size.

Household Size: 2010



Source: 2010 Census

Hispanic Population

There is a small but fast growing Hispanic/Latino population. About 270 households in the Estes Park area are headed by Hispanic/Latino persons, more than doubling since 2000. Data from the 2014 5-year ACS indicates there has been little change in the number of these households since 2010.

Hispanic/Latino-Headed Households: 2000 to 2010

	Town of Estes Park		Estes Park Area	
	#	%	#	%
2000	84	3%	121	2%
2010	219	8%	270	5%
% change (2000-2010)	161%	-	123%	-

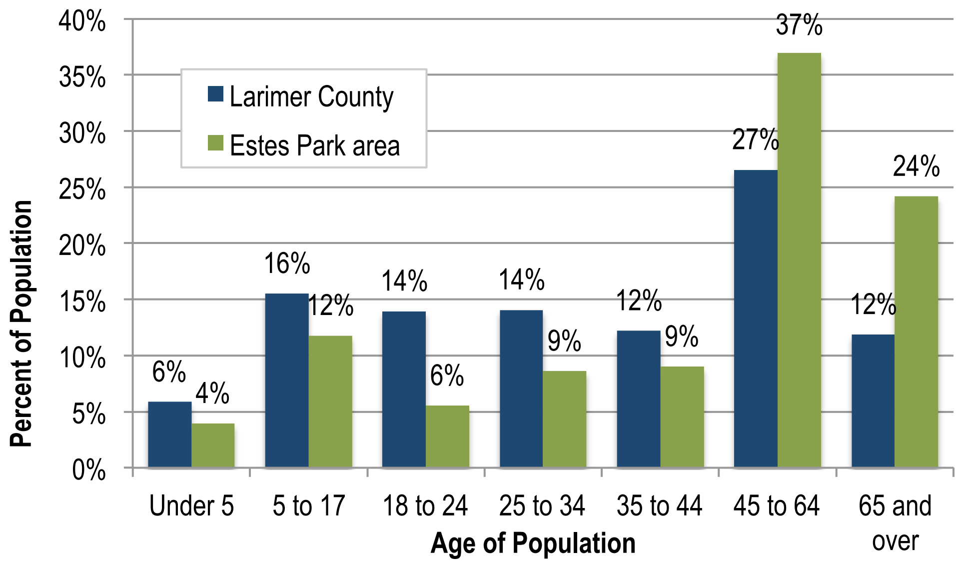
Source: 2000 and 2010 US Census

Seniors

The town of Estes Park is the oldest community in Colorado. Residents in 2010 average about 51 years of age. Seniors head about one-third of the households in the Estes Park area. Residents in the larger Estes Park area are similarly older. The unique age distribution is shown below:

- Almost one-fourth of the population in the Estes Park area is age 65 or older, compared to 12% in the county overall;

Population Distribution by Age: 2010



Source: 2000 and 2010 US Census

- Between 2000 and 2010, growth was highest among seniors – an increase of 35% (700 residents).
- Data from the 2014 5-year ACS indicates that the 65 and older population has continued to increase at a faster pace than all other age groups.

Percentage Change in Residents by Age: Estes Park Area, 2000 to 2010

	% change (2000-2010)	# change (2000-2010)
Under 5	6%	26
5 to 17	-12%	-193
18 to 24	-5%	-31
25 to 34	-5%	-53
35 to 44	-44%	-823
45 to 64	18%	664
65 and over	35%	729
TOTAL	3%	319

Source: 2000 and 2010 US Census

Many of these senior households were second homeowners in the area and have since moved into their homes to retire in the Estes Park area. About 35% of senior-headed households moved into their homes within the past five years.[5]

Senior-Headed Households: 2000 to 2010

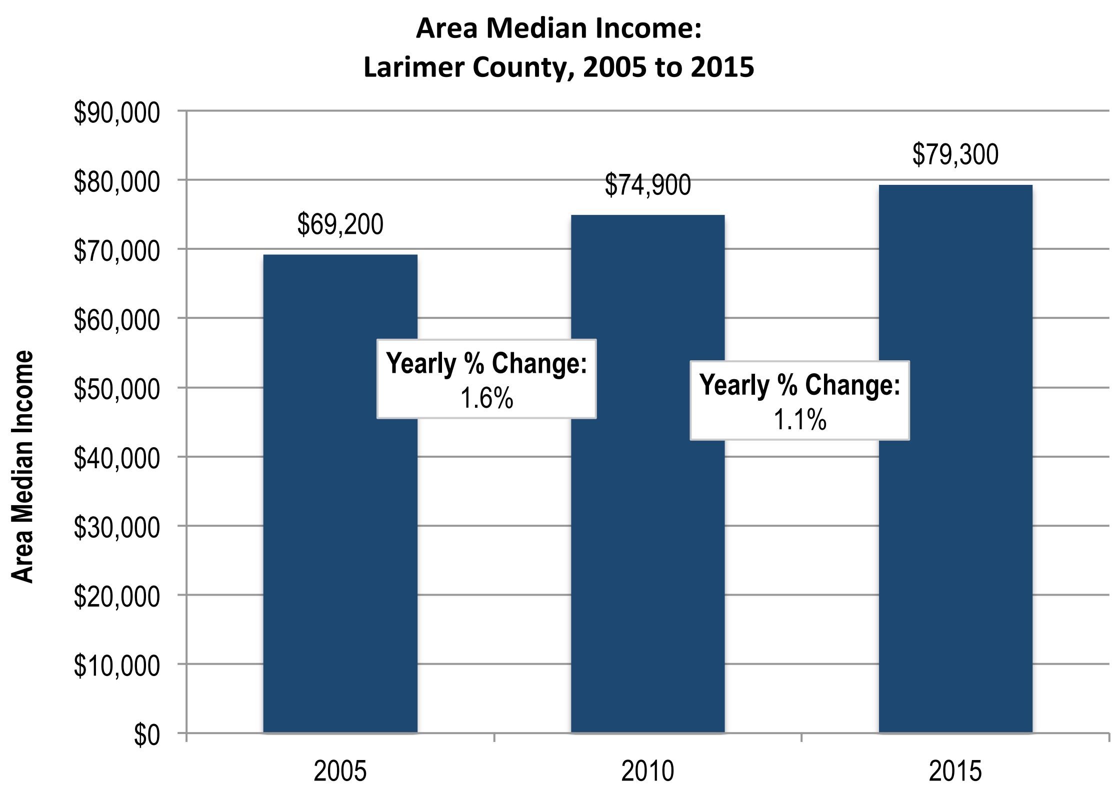
	Town of Estes Park		Estes Park Area	
	#	%	#	%
2000	697	27%	1,306	26%
2010	957	34%	1,815	34%
% change (2000-2010)	37%	-	39%	-

Source: 2000 and 2010 US Census

Income

The 2015 area median income (AMI) in Larimer County is $79,300. The AMI has increased only 1.1% per year on average since 2010, evidence that incomes are not keeping pace with housing costs.

[5] Source: 2015 Household and Employee survey



Source: HUD

Households with at least one member who is employed (workforce households) earn a lower median income of about $64,500 compared to the HUD median of $79,300 for Larimer County. This finding is of particular importance when considering housing affordability. It is due to the concentration of low-wage jobs in the Estes Park area compared with the diversity of jobs and higher wages in the Fort Collins/Loveland area.

> 4,438 households in the Estes Park area have at least one employed person in their home

To determine the sales price or rent for housing to be attainable by the workforce, costs are compared to the incomes of households with employees. Of total households in the Estes Park area, about 77% or 4,438 households include at least one member who is employed. This figure is important to this study; it is the number to which survey results are applied when quantifying housing problems. The income distribution of these workforce households is shown below:

- The majority of renters earn under 80% AMI (57%), compared to only 21% of owners;
- A similar percentage of owners and renters earn between 80% and 120% AMI; and

- Owners are much more likely to earn incomes over 120% than renters.

These variations in income between owners and renters are typical.

Area Median Income: Workforce Households, Owners and Renters
Estes Park Area, 2015

	Renters	Owners	TOTAL
<50%	28%	10%	19%
50% to 80%	29%	11%	20%
80.1 to 100%	15%	14%	14%
100.1 to 120%	11%	12%	12%
120.1 to 150%	10%	22%	16%
Over 150%	7%	31%	19%
TOTAL	2,214	2,224	4,438[6]

Source: 2015 Household and Employee Survey; 2014 5-year ACS; Consultant team

[6] Based on ACS 2014 5-year source of income data, about 77% of Estes Park area households received employment income in 2014. Of the estimated 5,735 households in the Estes Park area, this means that about 4,438 households include an employee.

SECTION 2 – ECONOMIC CONDITIONS AND TRENDS

This section presents information on the number of jobs, average number of jobs held per worker and per household, job trends and projections, seasonality in employment and wages. It also analyzes commuting patterns and the influence of the current housing market, both for year-round and seasonal workers, on the business community.

Key findings from in this section include:

- The Estes Park area has experienced stronger job growth than the county overall in past 5 years;
- The Estes Park area had the most commercial development activity this past year than it has seen since before the recession, indicating continued strong growth. More workers will be needed to fill jobs created as local businesses expand and more businesses are added, creating more demand for housing to support businesses and employees;
- There is high seasonality of employment in the area. About 3,000 jobs must be newly filled each summer to meet seasonal employment needs;
- Jobs are dominated by low-paying tourism service positions, but higher paying health care jobs are growing;
- In-commuting has been rising and is now almost double that seen prior to the recession. An estimated 1,000 workers commute up from homes in the Loveland, Fort Collins, Boulder County and other down valley areas. The cost to commute for these workers averages about $690 per month; and
- Employers now have more problems filling jobs and retaining employees than experienced prior to the recession. The scarcity of housing available for the workforce in the area is adversely affecting at least 85% of all employers and impacts employees holding entry-level through mid-management positions.
- The “Estes Valley Economic Development Strategy” report was completed by Avalanche Economic Strategies in Nov. 2015. Its conclusions are very much in line with this study – to help support a year-round economy, help businesses stay afloat and improve off-season services to residents, the lack of workforce housing availability must be addressed. Addressing workforce housing is one of the top three priority recommendations.

Number of Jobs and Projections

In 2015, an average of 7,570 jobs were located in the Estes Park area. Recent local job growth has placed increased pressure on workforce housing needs. Anticipated continued job growth and new commercial construction will only increase this pressure in the future. In summary:

- Jobs in the County fully recovered from losses during the recession by 2012.

- Jobs grew at a faster rate in the Estes Park area between 2010 and 2015 than in Larimer County. Commercial construction began picking up in 2011 after the recession, with the most activity seen this past year than has occurred in at least the last five years. Based on surveys conducted in the spring of 2015, about 30% of employers in the Estes Park area increased their employment in the region during the past five years.[7]

- If growth occurs at the same rate projected for the County through 2020, another 700 jobs will be added in the Estes Park area. If growth continues at a faster rate, then about 1,300 jobs will be added. About 41% of existing area employers expect to increase their employment over the next five years.[8]

Jobs Estimates and Projections: 2007 to 2020

						Avg Yearly % growth	
	2000	2007	2010	2015	2020	2010-2015	2015-2020
Larimer County	154,580	168,255	165,263	188,707	207,037	2.7%	1.9%
Estes Park Area	6,499	5,552	6,042	7,571	8,306 – 8,868	4.6%	1.9% - 3.2%

Source: Colorado Dept. of Local Affairs, QCEW zip code files, ESRI Business data, Consultant team
*Job growth estimates for Estes Park area in 2020 is based on the State Demographer's projections for Larimer County.

Based on planned and pending commercial development projects in the Estes Valley and continued economic development, an increased need for workers is expected to continue in the near term.

Growth in jobs has outpaced growth in housing units, a leading cause of the current housing shortage.

[7] Source: Feb/Mar 2015 Estes Valley Community Survey, "Estes Valley Economic Development Strategy," Nov. 2015, Avalanche Consulting.
[8] Id.

Planned and Pending Commercial Projects: Dec. 2015

Project	Description
EPMC Wellness Center	Phase I wellness center and hotel under construction; hotel approved for Phase II.
Stanley Events/Wedding Pavilion	Under construction
Performing Arts Center, Horror Museum	43,000-square-foot Stanley Film Center and horror museum; state funding credit approved
Murphy's River Lodge expansion	Under review; some employee housing proposed
Estes Park Resort expansion	Under review
Rocky Mountain Performing Arts Center and Hotel	Under review; theatre, hotel and commercial space
Safeway addition and remodel	Pre-Application sketch plan received
Community Recreation Center	1% Mill levy passed by voters Nov. 2015; to include space for childcare and youth sports, year-round recreation, senior services, fitness and wellness services, library, and other amenities

Source: Community Development and Town Manager interviews; Current Applications, available at: https://www.colorado.gov/pacific/townofestespark/currentapplications;

Seasonality

3,000 summer jobs must be filled each year with workers from outside the Estes Park area.

The high summer seasonality of the economy and workforce in the Estes Park area was highlighted by a recent study completed by Avalanche Consulting. This study found through surveys, interviews, focus groups, and conversations with members of the community a strong desire for a "year-round economy" to help businesses stay afloat and improve off-season services to residents. The study found that to be economically viable and support this direction, the lack of workforce housing availability must be addressed.

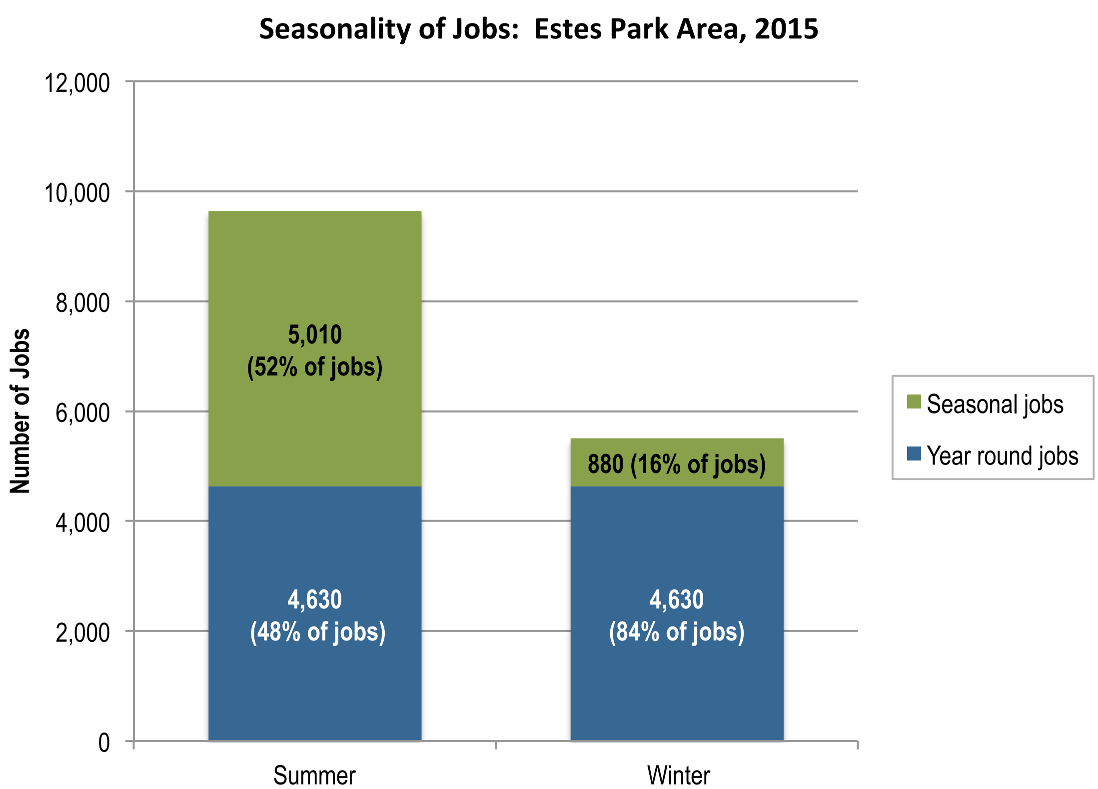
In the interim, businesses currently recruit and will continue to need to recruit a significant number of employees each summer. As shown in the below chart, there is an extreme difference between the number of jobs available in the summer and the winter:

- Total jobs in the summer are almost double those in the winter.
- About 68% of employers report that they hire seasonal workers.
- Over 5,000 seasonal jobs need to be filled each summer, making up over half of total jobs in the Estes Park area during that season. Only about 40% of seasonal

jobs are held by year-round residents of the Estes Park area. This means that 3,000 summer jobs must be filled each year with workers from outside the area – workers that need to find housing

- In the winter, 16% of jobs are seasonal, or about 880 jobs.

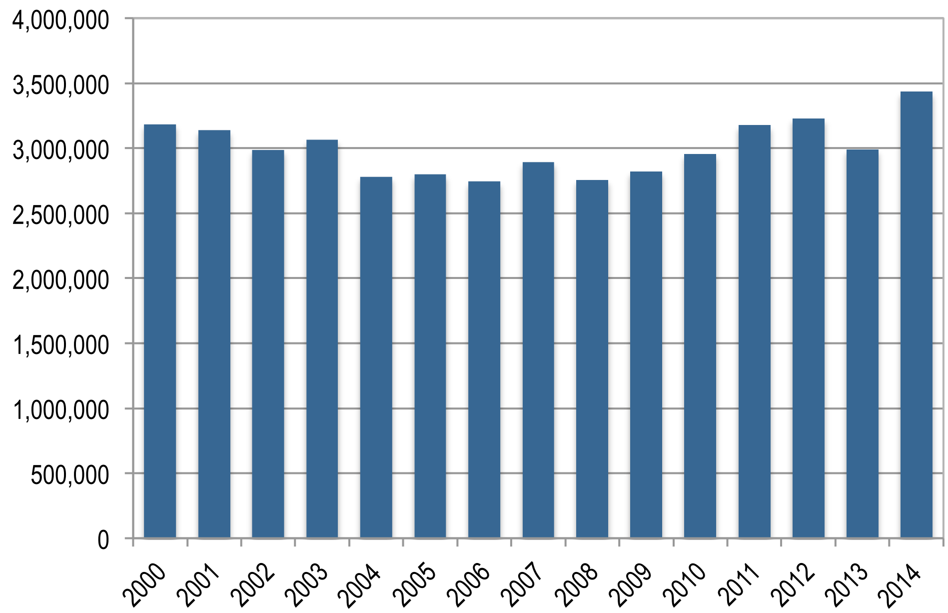
- Businesses in lodging, retail, bar/restaurant and recreation, along with other tourism services, are the predominate industries that hire summer seasonal workers.



Source: 2015 Employer Survey, ESRI Business data, Consultant team

Summer tourism is not expected to decrease in the near term. Rocky Mountain National Park, the largest tourism draw to Estes Park, had record visitation last year with near 3.5 million visitors. This year, the Park had over 3.9 million visitors through October – well surpassing last year's record. This is a trend seen in many resort communities and it is expected to continue.

Yearly Visitation to Rocky Mountain National Park: 2000 to 2014



Source: Rocky Mountain National Park, National Park Service

Unfilled Jobs

With the shortage of housing in the area, employers have reported increased difficulty recruiting and retaining workers to fill positions. With unfilled positions, this decreases the ability for a business to provide quality services and reduces their ability to generate needed revenue to stay open.

- In November, nearly 700 jobs were unfilled in the Estes Park area – about 13% of all jobs.
- About 1,000 jobs were unfilled last summer (11% of all jobs).

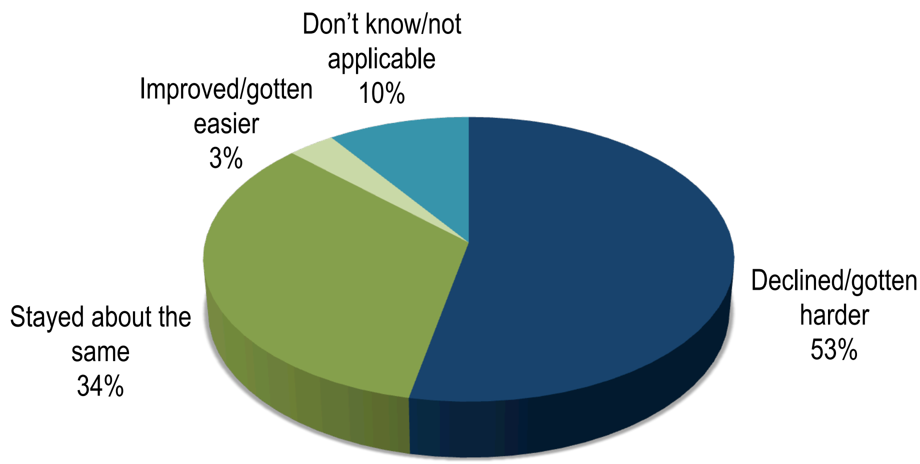
Unfilled Jobs: Estes Park area, Summer and Fall/Winter 2015

	Summer 2015		Fall/Winter 2015	
	# Unfilled	% Unfilled	# Unfilled	% Unfilled
Year round jobs	540	12%	480	10%
Seasonal jobs	480	10%	210	23%
TOTAL	1,020	11%	690	13%

Source: 2015 Employer survey

The ability for employers to fill these jobs has been getting more difficult in recent years. Over one-half of employers stated recruiting and retaining employees has gotten harder over the past three years.

"To what extent has your ability to find and retain qualified employees changed over the past three years?"



Source: 2015 Employer survey

By far the number one difficulty noted by employers in being able to recruit and retain employees is the lack of housing that is available and affordable for the workforce. Other limiting factors included:

- Lack of childcare;
- Low wages and lack of year-round positions;
- Transportation, particularly between Town and down valley where commuting workers live;
- The seasonality of town activity; and
- Lack of a community center.

> *"Lack of housing, not to mention affordable housing, is the single largest problem facing the employers in the Estes Valley today. It is the first question I ask to a potential employee 'Do you have housing in Estes'. I've trained too many people who think they'll be able to live in Estes once they get a job, then they leave when they can't find housing."*
> Estes Park area employer

Jobs and Earnings by Sector

Jobs in Estes Park are dominated by three primary sectors:

- Accommodation and food services (29%)
- Health care and social assistance and (21%)
- Retail trade (13%)

These industries are related to the dominate tourism economy and providing services to its growing senior population.

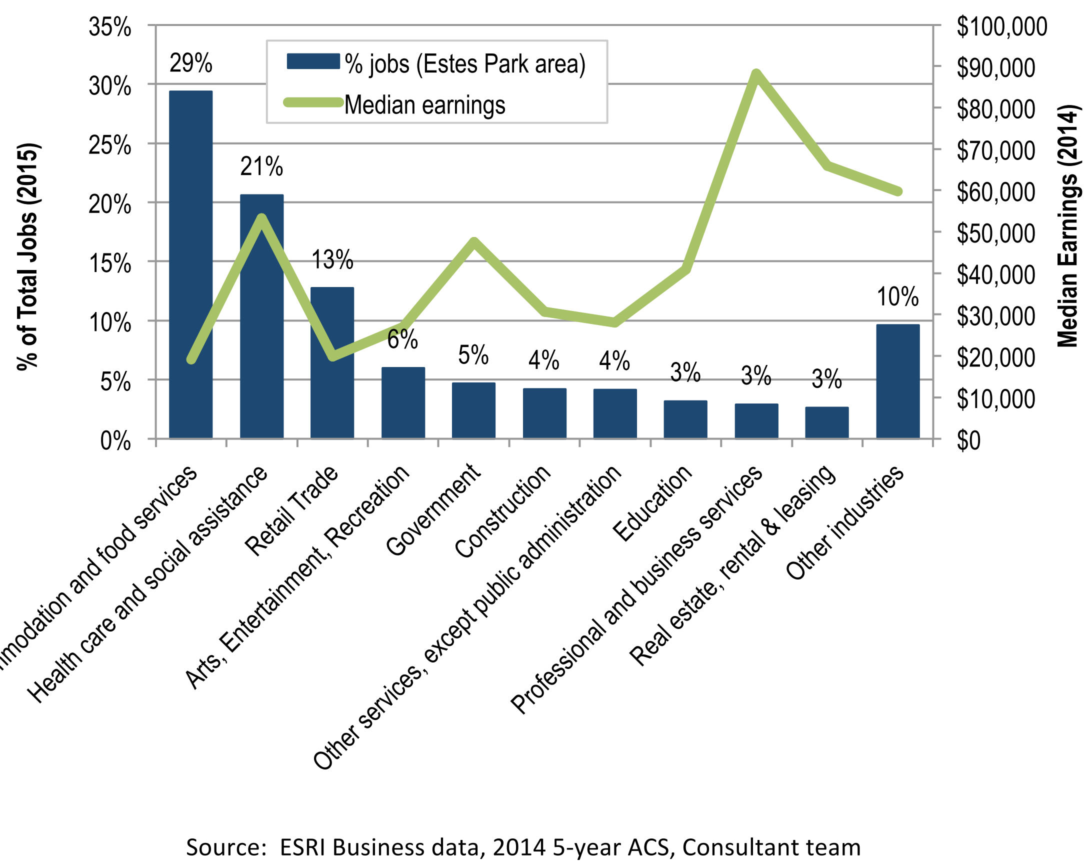
Wages paid by these various sectors show significant differences:

- Accommodation and food services and retail services pay among the lowest wages in the Estes Park area, yet comprise 42% of jobs. Median earnings from these industries were about $19,000 in 2014.

- Health care and social assistance jobs pay significantly more, with median earnings near $53,000 in 2015.

- Of the remaining industries, the majority pay between about $30,000 to $45,000 (comprising 25% of total jobs).

Jobs and Earnings by Industry Sector: Estes Park Area, 2015



Source: ESRI Business data, 2014 5-year ACS, Consultant team
Sorted in descending order of jobs by type of industry.

Jobs per Employee and Employees per Household

The number of jobs per employee and the number of workers per household are used to translate job growth into housing units needed by workers to fill new jobs.

Total Estes Park area jobs	7,571
Jobs per employee	*1.2*
Total employees filling jobs	6,340
Employees per household	*1.84*
Total employee households	3,400

Source: ESRI Business data, 2015 Household and Employee Survey

Commuting

As shown above, the Estes Park area employs about 6,340 people on average year-round to fill its 7,571 jobs. Not all jobs can be filled by local residents, although many employers would prefer this was the case to avoid the problem of workers being unable to find housing once hired.

"If we hire from the valley, they don't last because of the winter commute. We would rather hire a resident of Estes."
Estes Park area employer

- Employers estimate that about 75% of their workforce resides within the Estes Valley.

- Just over 1,000 workers (21% of workers) commute up from down valley, including primarily Loveland, Fort Collins, Lyons and other Boulder County areas and Weld County. This is almost double from an estimated 11% of workers in the 2008 Estes Valley Housing Needs Assessment.

- Employers estimate that in-commuting from down valley increases slightly in the summer months to about 26% of workers, mostly due to increased seasonal employment.

Where Estes Park Area Workers Live: 2015

	# Workers	% Workers
Estes Valley	4,760	75%
Neighboring area*	480	4%
Outside area (Loveland, Fort Collins, Lyons, Weld County, etc.)	1,020	21%
TOTAL	6,340	100%

Source: 2015 Employer Survey
*Incudes Glen Haven, Drake, Pinewood Springs and Allenspark

Of those who in-commute from areas down valley, employees travel an average of 30-miles ONE WAY to reach their jobs, or 60-miles round-trip. Based on the standard mileage rate set by the Internal Revenue Service for 2015 of 57.5 cents per mile,[9] this equates to an average commute cost of $690 per month per in-commuting employee. Employers trying to fill lower and even middle-wage positions have a particularly hard time attracting and keeping workers from outside the Estes Park area for this reason – the pay does not compensate for the commute.

Average Cost of Commute for Down Valley Workers: 2015	
Average daily commute miles traveled ONE WAY	30
Average cost per mile	57.5 cents
DAILY ROUND-TRIP cost of commute (60 miles * 57.5 cents per mile)	$35
MONTHLY round-trip cost of commute (5-days per week for 4-weeks)	$690

Source: 2015 Household and Employee Survey, Internal Revenue Service mileage rate, Consultant team

"All of my current employees want to live here, thus their earnings would be spent here vs in the valley. It affects us on many levels."
Estes Park area employer

There is a perception by many that workers who commute from Loveland, Fort Collins or other larger communities prefer to do so because they choose to live in these amenity-rich areas. The data from interviews and the household and employer survey conducted as part of this study indicate otherwise. While some do prefer to reside in their down-valley community, these households *are in the minority*.

[9] The IRS standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile, including depreciation, insurance, repairs, tires, maintenance, gas and oil.

- About 62% of in-commuting workers (630 total) would prefer to live in the Estes Valley if they could find housing that they could afford.

- Of the 38% that would not move, most indicated they prefer living in their current community (79%). Another 7% presently reside closer to the place of work of others in their household. The remainder would not move for reasons including weather, quality of schools, and overall high cost of living.

The below table shows some characteristics of in-commuters:

- In-commuters are predominately employed in government and health care/social service professions. A higher percentage of in-commuters are in health care, professional services and other services than local Estes Park area workers. Retail and restaurant wages are generally too low to cover the cost of commuting.

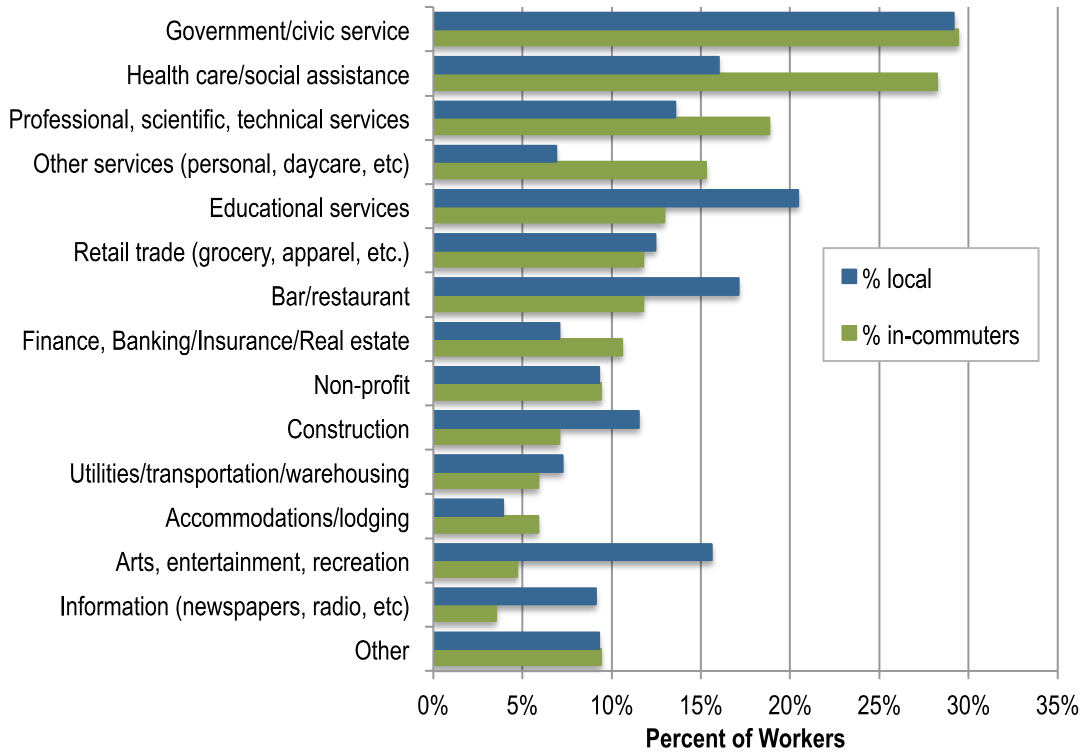
- About one-fourth of in-commuters earn less than 50% AMI. The median income of commuting employees is $60,000/year; slightly lower than that for local workers ($65,000/year).

- In-commuters are relatively new employees to the Estes Park area, with 64% having worked in the area for less than 3 years. Many in-commuters leave their jobs within a few years if they are unable to find housing closer to their jobs.

- About 57% of in-commuters rent their homes compared to 50% of local workers, meaning that in-commuters are not necessarily commuting because they own homes down valley. Many of them want to live in the Estes Park area (62%), but are just unable to find housing.

Characteristics of In-Commuters: 2015

Type of Employment



Source: 2015 Household and Employee Survey

Income and Household Characteristics

	% in-commuters	% local		% in-commuters	% local
HOUSEHOLD TYPE			AMI		
Adult living alone	8%	18%	<50	25%	18%
Couple with child(ren)	29%	32%	50-80	22%	20%
Couple, no child(ren)	36%	29%	80-120	22%	28%
Immediate and extended family	11%	8%	Over 120	31%	35%
Single parent with child(ren)	11%	5%	Median income	$60,000	$65,000
Other	6%	8%			
YEARS EMPLOYED in the Estes Park area			TENURE		
Less than 1 year	24%	8%	Own	43%	50%
1 up to 3 years	40%	20%	Rent	57%	50%
3 up to 5 years	17%	14%			
5 up to 10 years	10%	18%			
10 years or more	10%	39%			

Source: 2015 Household and Employee Survey

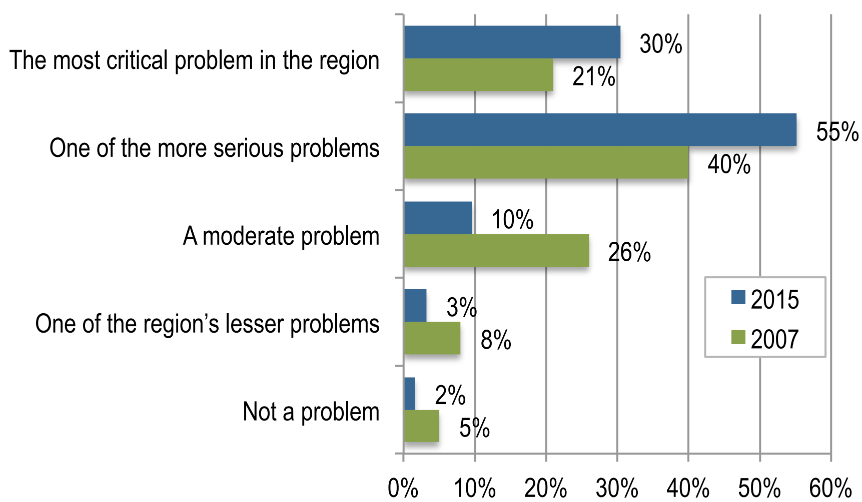
Employer Workforce Housing Perceptions

> *"We must address this issue now...I am worried constantly about being able to staff my office. I'm already worried about next season, it doesn't go away."*
> Estes Park area employer

Housing issues are now worse than they were during peak employment prior to the recession. The housing problem has not "gone away." Compared to employer perceptions and problems encountered at the time of the 2008 Estes Valley Housing Needs Assessment (during peak pre-recession employment), employers are experiencing an increased rate of unfilled jobs (as discussed above), more workers declining to take positions and more workers leaving their positions.

- Employers are much more likely to feel that housing is the most critical (30%) or one of the more serious problems (55%) in the Estes Park area than they did during peak employment in 2007, just prior to the recession. A very significant 85% of employers are seriously concerned about and impacted by this problem.

Do you feel that the availability of affordable workforce housing in the Estes Park area is:



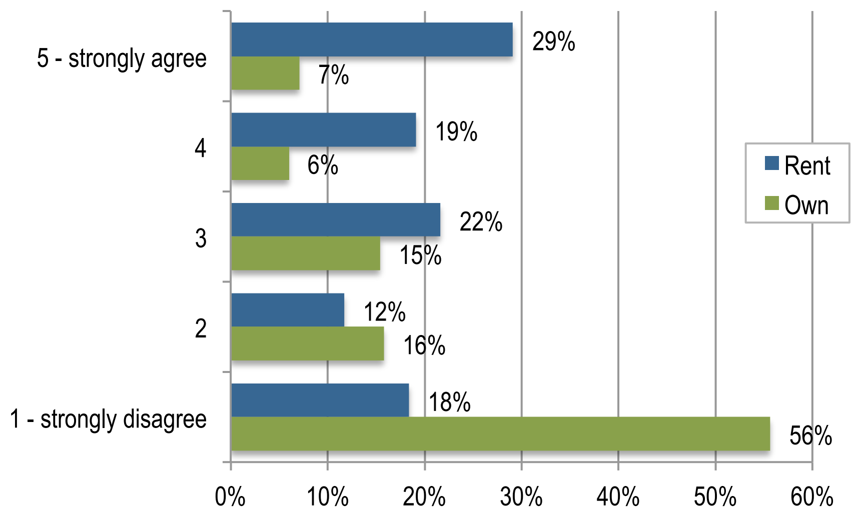
Source: 2015 Employer survey; 2007 Employer survey

- About 1,030 workers were not hired or left their positions last year due primarily to a lack of housing.

- Over 1,100 workers (16%) state that they are "seriously considering" leaving their Estes Park area employment in part because of the inability to find suitable and affordable housing in the area.

- Those considering leaving their jobs are predominately employed in service industries of bar/restaurant, accommodations/lodging and retail, as well as government, health care and education.
- These employees have mostly been employed in the area for 1 to 3 years (31%). After trying to locate suitable housing for a period of time, they are now getting frustrated.
- They predominately earn under 120% AMI – the housing issue affects middle income as well as low income workers.
- Renters are much more likely than owners to consider leaving their jobs. This illustrates the positive effect that homeownership can have on helping to stabilize the local workforce and reduce turnover.

Extent to which you agree that you are "considering leaving your Estes Park area employment in part because of the inability to find suitable housing that you can afford in the Estes Park area."



Source: 2015 Employer Survey

In addition to many of the issues discussed above, employers noted the following:

- Lower-wage jobs are generally the hardest to fill, but employers often have trouble hiring and retaining mid-level and professional positions.

- Turnover is a widespread problem and particularly problematic among in-commuters who can find work close to their homes. Growth in jobs in the Fort Collins/Loveland/Boulder County area has made it harder to keep employees who commute from homes in those areas.

- Turnover can impact all employment levels. The upper managers who were interviewed for this study representing the five largest employers in the area had all lived in the Estes Park area for less than two years.

- Employers report all types of housing is needed – seasonal, year round rentals that serve moderate income employees, and entry level ownership seem to be the most in demand, but the shortage is extensive. Homes priced up to $350,000 are needed.

"Which of your employees have the most difficulty finding or affording housing in the area?"

% of Employers stating their workers have a "Major problem" finding housing	
Seasonal workers	84%
General labor (landscaping, etc.)	80%
General service (maids, cooks, etc.)	80%
Operations maintenance	71%
Entry level professionals	71%
Retail/service clerks	69%
Construction/skilled trades	61%
Office support staff	51%
Mid-management	49%
Upper management	45%

Source: 2015 Employer survey

SECTION 3 – HOUSING INVENTORY

This section provides an overview of the housing inventory, occupancy and ownership of homes in the Estes Park area. It includes information on market rate units, affordable and income restricted housing and employer-assisted housing for workers. It also discusses housing developments either under construction or proposed in the Estes Park area.

Some key observations from this section include:

- Local residents lost ground to second homeowners in the Estes Park area between 2000 and 2010, with the percentage of residential units occupied by locals declining between 4 and 6 points. This works against the ability to grow a year-round economy.

- Second homeowners and locals largely own similarly-priced units. Condominiums, which are less preferred by local owners, are an exception. In higher cost mountain resort communities, second homeowners typically own higher-priced units.

- Units are relatively old, on average, in the Estes Park area. Most residential development occurred before 1960 and between 1990 and 2007. Home construction has started to pick up again since the recession, but has not yet reached pre-recession activity.

- New construction has not kept pace with demand, particularly for rental units. The newest apartment project was completed 12 years ago.

- Just 3% of housing units in the area are restricted with price/rent caps and income targets to be affordable long term for the workforce.

- About 29% of area employers provide some housing assistance to their employees either in the form of providing rooms or units to rent or other programs, helping to house about 50% of their seasonal workers and 9% of year-round workers. The majority expressed potential interest in providing housing assistance in the future. Further education or a more defined assistance program may generate support from a significant number of local employers.

Housing Units – Number and Rate of Growth

The Estes Park area has just over 9,200 residential units, which equates to about 6% of the units in Larimer County as a whole. The rate of growth in the Estes Park area between 2000 and 2010 has been modest (16%) compared to the town of Estes Park (24%) and Larimer County overall (26%).

Housing Unit and Occupancy Estimates

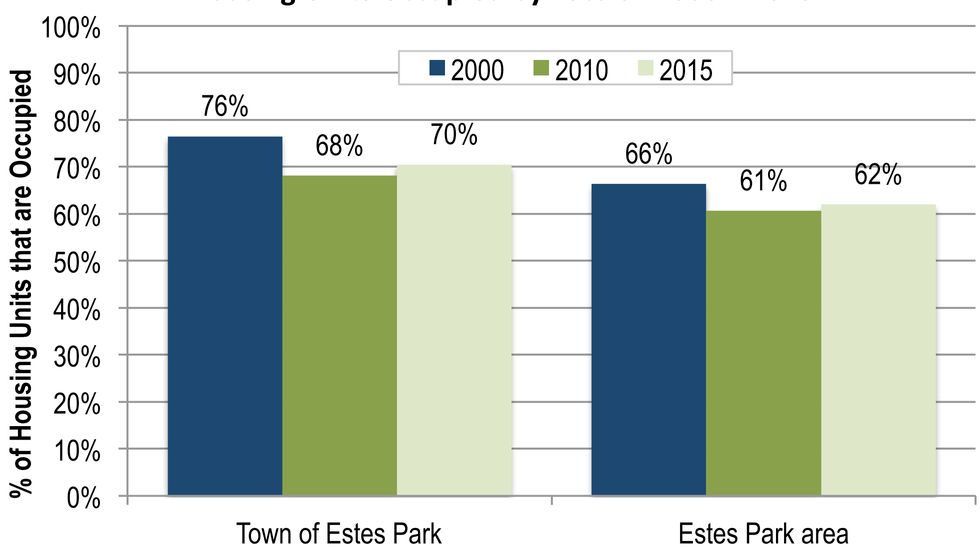
	Town of Estes Park		Estes Park Area	
	Housing Units	Occupied Units	Housing Units	Occupied Units
2000	3,323	2,541	7,696	5,104
2010	4,107	2,796	8,902	5,395
2015 (est)	4,272	3,009	9,260	5,735
% change (2000 to 2010)	24%	10%	16%	6%
% change (2010 to 2015)	4%	8%	4%	6%

Source: 2000 and 2010 US Census, DOLA household estimates (Larimer County), Estes Park Building permit data, County Assessor data, Consultant team

Occupancy and Use

Just over 60% of homes are occupied by residents in the Estes Park area; the other 40% are primarily second/vacation homes. Local home occupancy decreased in the Town of Estes Park by at least 6-percentage points, and by about 4-percentage points in the Estes Park area, since 2000. The decreasing occupancy trend is not in the desired direction for a community that desires to create a more year-round economy.

Housing Units Occupied by Locals: 2000 – 2015

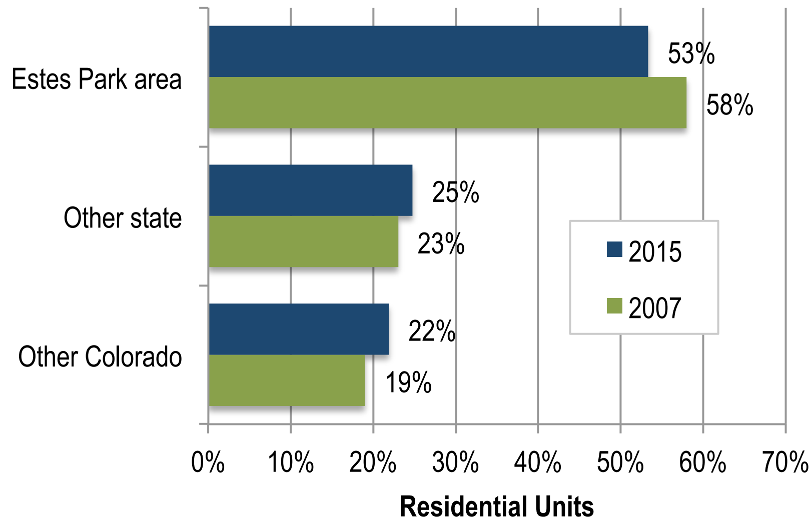


Source: 2000 and 2010 US Census

While locals reside in over 60% of the housing units, only 53% are owned by Estes Park area residents based on the mailing addresses in Assessor records. Renters who live in units owned by absentee landlords account for the difference.

Compared to the 2008 Housing Needs Assessment, a lower percentage of homes are owned by local area residents, with a corresponding increase in other Colorado and out-of-state ownership.

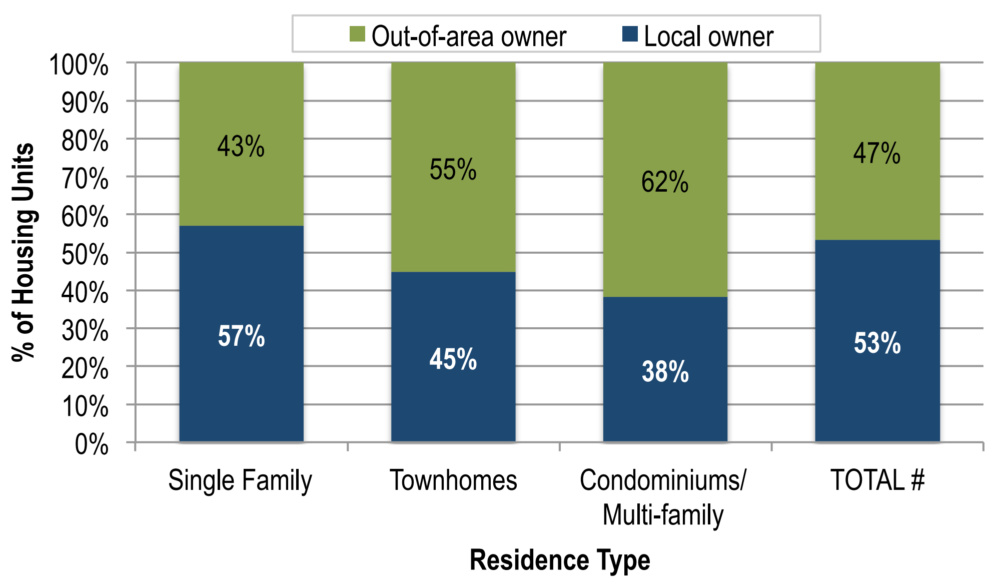
Estimated Owners by Place of Residence: Estes Park area, 2015



Source: Larimer County Assessor, Consultant team

The ownership pattern varies by type of unit. More than half of single-family homes are owned by locals. Locals own just under one-half of townhomes. Out-of-area owners own the majority of condominiums and other attached product.

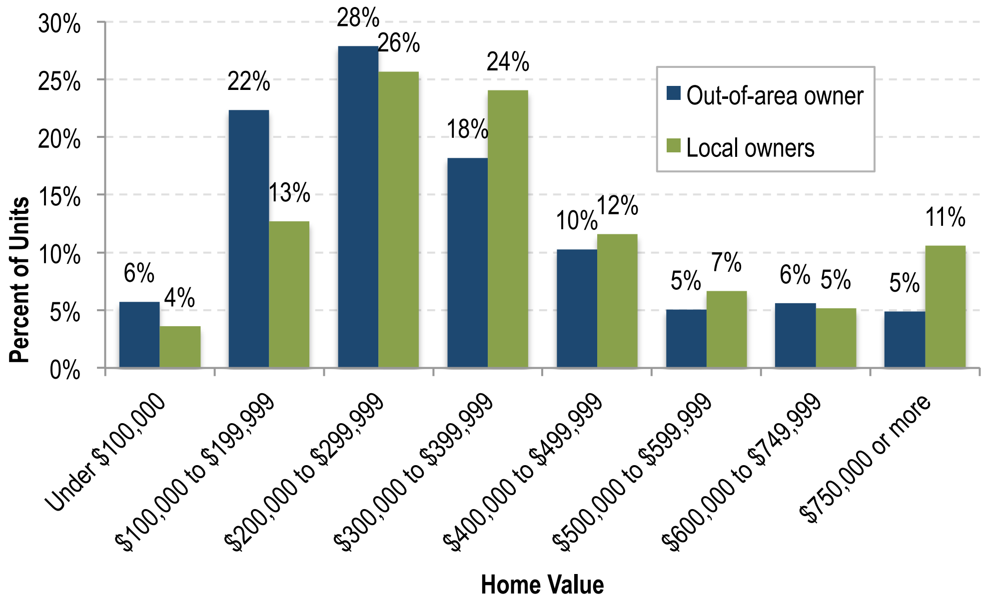
Ownership of Homes by Type of Unit: Estes Park Area, 2015



Source: 2010 US Census, Larimer County Assessor, Consultant team

Second homeowners are more likely to own homes valued between $100,000 and $200,000, most of which are condominiums, which are less preferred by locals. Otherwise, second homeowners and locals largely own similar priced units. Often in resort communities we see more second homeownership at higher price points (e.g. luxury homes) than locals. This does not appear to be the case in the Estes Park area. REALTORS® indicate this trend as well, as noted in Section 4 – Homeownership Market Analysis.

Ownership of Homes by Value of Unit: Estes Park Area, 2015



Source: Larimer County Assessor, Consultant team

Age of Units

Homes are relatively old in the Estes Park area.

- The average year built was in 1975 (40 years ago).
- Almost one-fourth of units were built prior to 1960. Most of these units (54%) are rated as fair or low quality in County assessor records, meaning repairs and/or upgrades are needed.
- Residential construction was strong in the 1990's, during which 20% of units were constructed, and remained strong through about 2007.
- Residential construction fell off during the recession. It began picking up again in the past couple of years, but remains below pre-recession activity.

- Relatively more home construction occurred in the Town of Estes Park in the 1990's through 2007 than in the Estes Park area in total.

Age of Units: Estes Park area, 2015

Year Built	Town of Estes Park	Estes Park area
Before 1960	16%	24%
1960 to 1969	6%	10%
1970 to 1979	13%	15%
1980 to 1989	15%	14%
1990 to 1999	26%	20%
2000 to 2009	21%	15%
2010 to 2015	3%	3%
TOTAL	4,272	9,260
Average Year Built*	1981	1975

Source: Larimer County Assessor, Consultant team

*Based on "adjusted year built" which reflects either the original year of construction or the year in which significant remodels are completed.

Types of Units

The majority of residential units in the Estes Park area are single-family homes, most of which were built prior to 1980 (57%). Most of the condominiums (65%) and townhomes (89%) have been built between 1980 and 2010.

In the Town of Estes Park single-family homes and attached product are about equal in number.

Housing Units by Type: Estes Park area, 2015

	Town of Estes Park	Estes Park area
Single Family	53.7%	75.5%
Townhomes*	25.0%	12.6%
Condominiums & Multi-family	21.2%	11.6%
Mobile Homes	0.2%	0.3%
TOTAL #	4,272	9,260

Source: Larimer County Assessor, Consultant team

*Town classification and assessor classification of units as townhomes may differ.

Owner/Renter Mix

Among Estes Park area households, 73% own their homes and 27% rent. The homeownership rate increased by 2 percentage points between 2000 and 2010. Homeownership in Larimer County, on the other hand, decreased slightly.

Homeownership Rate: 2000 and 2010

	2000	2010
Larimer County	68%	65%
Town of Estes Park	60%	63%
Estes Park area	71%	73%

Source: 2000 and 2010 US Census

Affordable Housing

A mix of 203 income-restricted rentals and 74 deed-restricted ownership units with income and price limits provide affordable housing primarily for the workforce, though also serve retirees and persons with special needs.

- These 277 homes represent 4.8% of the occupied housing units and 3% of total housing units in the Estes Park area.
- The rental units are all restricted through Federal subsidy provisions for low income households (≤60% AMI).
- The ownership units serve a range from very low-income (Habitat for Humanity) through middle-income families (120% AMI achieved through a density bonus).

Additional information on these homes is provided in the Homeownership Market Analysis and Rental Market Analysis sections of this report.

Affordable Housing by Own/Rent

	# of Units	Year Built	Income Restriction						
RENTALS			30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	100% AMI	120% AMI
Cleave St. Apts*	10	2005*	1		3	6			
Falcon Ridge	48	U/C	4	10	14	20			
Lone Tree Village	57	1997		13	32	12			
Park Ridge Apts	32	1985			32				
S. St. Vrain Apts	12					12			
Talons Point	44	2003		18	14	12			
Sub-total	203		5	41	95	62			
OWNERSHIP									
The Neighborhood	30	2007 – Present						15	15
Vista Ridge	30	2006					30		
Habitat Homes**	15	varies			14				
Sub-total	74				14		30	15	15
Total	277		5	41	109	62	30	15	15

*Was built in 1932 but completely remodeled in 2005.
**One unit is now under construction.

The Pines was not included in the above inventory – 24 units are rental restricted for seniors and 22 are ownership without income or occupancy restrictions. Refer to *Needs and Opportunities for Housing and Care* by The Highland Group for additional information on all senior housing options in Estes Park.

Employer Assisted Housing

Employers in the Estes Valley contribute significantly to the provision of workforce housing. While this is the case in many Colorado resort communities, compared to them, a larger percentage of employers in the Estes Park area subsidize or provide on-site housing for their employees.

- About 29% of employers reported providing some sort of housing assistance to their employees.

"The quality of employee help would be better if there was housing available. The only reason I have a full staff is because I purchased two houses in the last 2 years for employees to live in. I would be 5 people short year-round if I didn't have these houses, and 16 people short in the summer months."
Estes Park area employer

- Most employers that provide assistance own or master lease units that are rented to employees (98%). Some provide down payment assistance and salary stipends/cost of living bonuses. Other forms of assistance provided include providing tents for workers in the summer, RV pads and hookups, and assistance finding housing through local contacts.

- The Town of Estes Park has an innovative down payment program for their employees who qualify, which has been in place since 2002. Twelve employees are currently in the program. Over the last couple of years, six participating employees have purchased homes.

Type of Housing Assistance Provided by Employers: 2015

% of employers providing assistance	
Own units/rooms occupied by employees	77%
Master lease units that are rented to employees	21%
Down payments or help with mortgage	6%
Salary stipend/cost of living bonus	3%
Other	21%
TOTAL	128%

Source: 2015 Employer survey

*Totals over 100% - some employers provide more than one form of assistance.

- Employers responding to the survey provide assistance to about 9% of their year-round workers and 50% of seasonal workers. This includes about 600 workers housed by the YMCA and 245 employees housed by RMNP.

Summary of Employee Housing Assistance: 2015

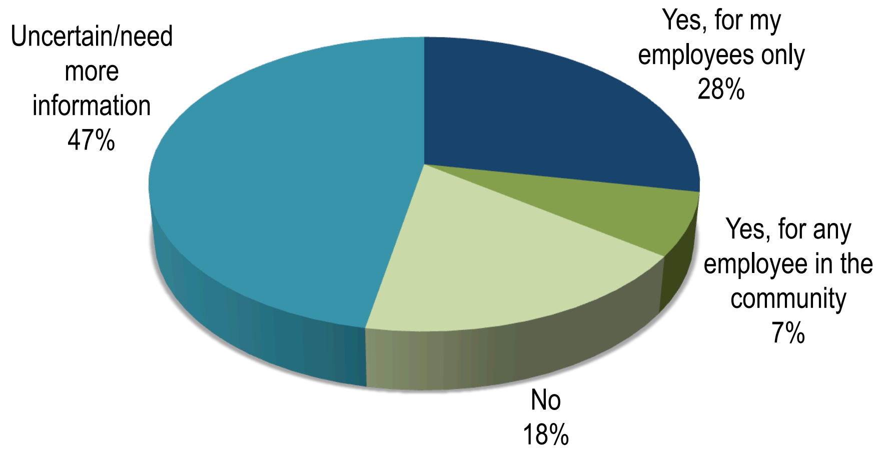
% of employers providing assistance	29%	
Employees Assisted:	#	%
Year round	183	9%
Seasonal	1,129	50%

Source: 2015 Employer survey

*Numbers represent total survey responses, not total employment in the Estes Park area.

- When asked if employers would be willing to provide assistance in the future for either their own or other employees in the community, about 32% expressed interest. A large 47% indicated they were uncertain/needed more information, indicating that further education or a more defined assistance program may generate more support from local employers.

"In the future would you be willing to assist with the provision of workforce housing?"
Estes Park Area Employers, 2015



Source: 2015 Employer survey

Proposed and Pending Development

Several residential development projects are proposed or under construction in the Estes Park area. Most are market rate developments, with a few proposing employee housing units. These include:

	# of units	Type of homes	Price Point
Murphy's Resort (proposed)	7	Employee units	Affordable rentals
Estes Park Resort (under construction)	Unknown	Resort expansion	Any employee units will be for on-site employees
Mountain Meadow Subdivision (proposed redevelopment)	15	Single family	$400,000+
MacGregor Ave. Condominiums (pending construction)	4	Condominiums	Market rate
Riverview Pines (proposed redevelopment)	9	Townhomes	Market rate
Black Canyon Inn (proposed conversion)	Unknown	Townhome conversion of existing condominiums	Market rate, plus 3 employee units
National Park Village (proposed)	10	Employee units	Unknown: rentals for employees

Source: Community Development Dept. interviews, https://www.colorado.gov/pacific/townofestespark/currentapplications

SECTION 4 – HOMEOWNERSHIP MARKET ANALYSIS

This section of the report describes how the home ownership market in the Estes Park area has recovered from the recession slump and is entering a robust period. It covers trends, market segments, sales activity, availability, home prices and affordability, age of homes listed for sale, the performance of deed restricted housing, and mortgage availability. Key findings include:

- Prices are now close to pre-recession peak levels and are no longer affordable; an income of over 200% AMI is required to afford a median priced home listed for sale.
- The inventory of homes listed for sale is very low, particularly at or below $350,000, although is still over supplied at prices of $500,000 and above.
- 30% of homes listed for sale are at least 35 years old.
- Second home buyers are responsible for a significant share of home sales. They are more cost conscious than second home buyers in ski resort towns and many plan to eventually retire in the Estes Park area.
- First time homebuyers are returning to the market, although the availability of homes they can afford is very limited.

Overview of Market Conditions and Trends

The ownership housing market has recovered from the recession. Prices for single-family homes now equal or exceed previous peak levels in 2007. In 2008, homes sales dropped off sharply. Prices declined then flattened. The turnaround was not clearly evident until 2014 with strong gains in homes sales and modest increases in home prices in 2015.

The number of units sold has increased 10% to 12% compared with last year. Buyers have more confidence in the economy overall and in the real estate market, fueled at least in part by the "hot" housing markets in Denver and the northern Front Range.

While homes priced at and under $350,000 are in very short supply, the market remains soft for homes priced at or above $500,000. Of the single-family homes listed for sale as of the end of October 2015, slightly more than half were listed for prices exceeding $500,000. The median price of homes listed for sale in November was $624,250, nearly double the median price of homes sold from January through September.

Market Segments and Buyer Profiles

The primary buyer segments in the current market are second home owners, local residents and local employers. Investment buyers who purchase properties for the purpose of renting them out or otherwise making a profit, do not have a significant presence.

Second home buyers comprise a unique market segment and are responsible for a significant share of home sales in the Estes Park area. Second home buyers:

- Account for roughly 35% to 65% of sales handled by REALTORS® in the area. In 2015, 50% of sales through November went to second home owners;
- Are older (late 40's to late 50's), in their prime income earning years, and planning to retire in the area;
- May have family who live on the Front Range and are choosing Estes Park for their second and eventual retirement home to be nearby;
- Are typically more cost conscious than buyers of second homes in Colorado's ski towns where home prices are higher;
- Often live on the Front Range, although the percentage is decreasing with an increase in interest from out-of-state buyers.

Although it is too soon for data to document, REALTORS® feel that the number of local residents who are buying is increasing not only in absolute numbers but also relative to second home/retiree buyers compared to recent years. Most of the locals who are now buying or looking to buy are:

- Moving from a home they already own in the area.
- Moving up into larger homes, although some (mostly empty nesters positioning for retirement) are downsizing.
- Buying homes for the first time. After very few sales to this segment of the market since the recession, about 25% of local residents who are now purchasing homes are doing so for the first time.

These two dominant market segments vary somewhat, with locals most often preferring single-family homes with three bedrooms and a garage for up to $350,000 in less expensive subdivisions that are often out of town but convenient.

	Unit Type	Price	Location
Local Workforce Household	Single family 3 BR/2 BA w/ garage	<$350,000	Less expensive subdivisions, in valley but out of town
2nd Home Buyer Future Retiree	Condo	±$350,000	Views, on the water, "Feeling" dominates over convenience

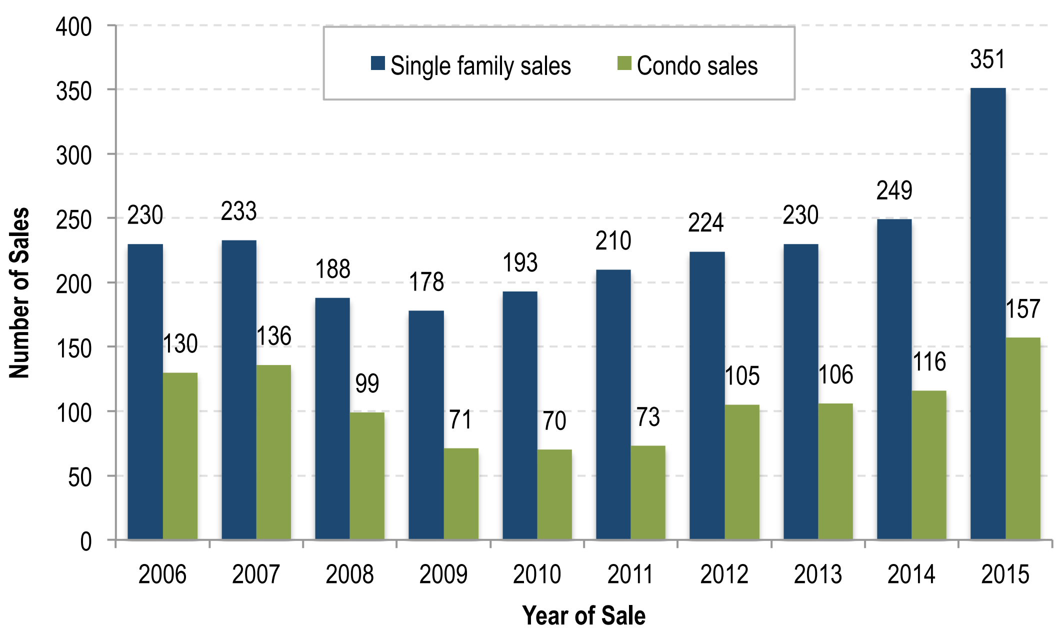
Source: REALTOR® focus group

Employers are also searching for properties to buy as housing for their employees. Some of their efforts are frustrated by Town regulations limiting the addition of residential units to commercial buildings.

Sales Activity

In 2015, the number of residential units sold exceeded the total number sold in all of 2007, the pre-recession peak year. After reaching a low of 249 sales in 2009, over 500 units sold in 2015. Sales of condominium units have been slower to recover from the recession than sales of single-family homes.

Number of Sales, 2006 – 2015



Source: Estes Park Real Estate Newsletter, Eric Blackhurst, Anderson Realty and Management

Home Prices

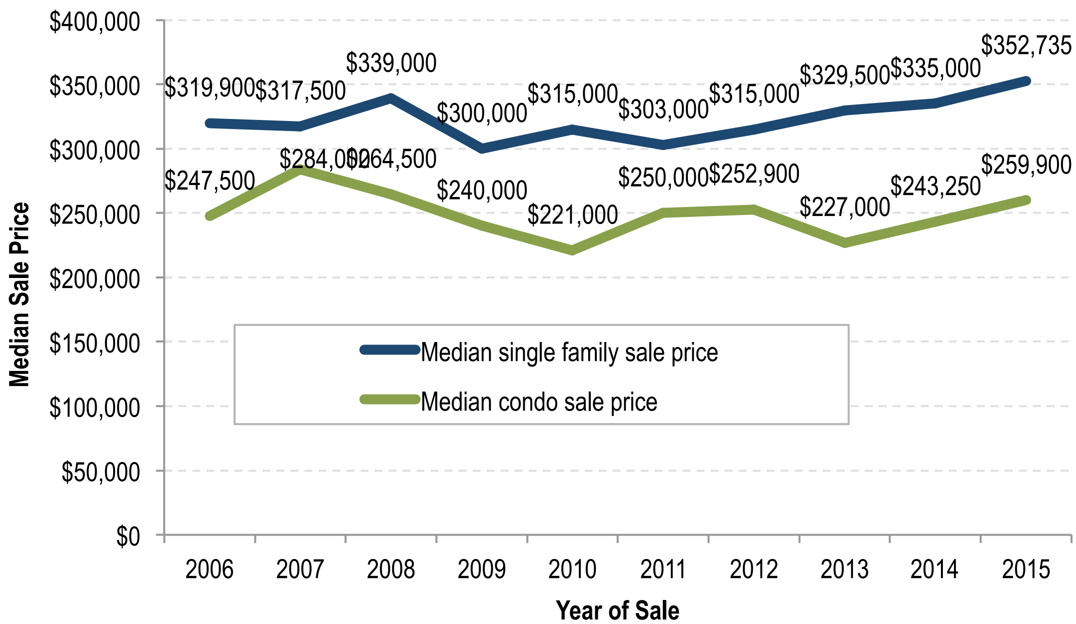
Single-family home prices peaked at a median of $339,000 in 2008, dropped nearly 12% the following year, then flattened, before recovering to $335,000 in 2014. The median price of single-family homes listed for sale in November 2015 was $624,250. The median list price was so far higher than the 2015 median sales price of $352,735 not because prices escalated to that extent but rather a function of the inventory – lower priced homes sold while homes priced over $500,000 have remained on the market.

Condominium prices have been more volatile than single-family home prices. Condominium prices peaked in 2007, rising 15% from the prior year. Median prices then dropped 22% before bottoming out in 2010. The median price of condos has since increased 20% to $265,375 and is now about $20,000 lower than the pre-recession peak.

Despite their lower overall sale prices and greater price drop during the recession, condominiums command higher median prices per square foot ($197/sq. ft.) than single-family homes ($184/sq. ft.).

Price increases have not been across the board. Homes priced below $350,000 have been in high demand. Homes priced under $500,000 may command full list price and bidding wars are becoming more common. Prices have not escalated to a similar extent in the upper price range.

Median Sale Prices, 2006 – 2015



Source: Estes Park Real Estate Newsletter, Eric Blackhurst, Anderson Realty and Management

Availability – Homes Listed for Sale

Housing availability has significantly decreased in the past year. In late November, only 88 single-family homes and 50 condominium/townhomes were listed for sale, excluding fractional ownership. Compared with the 446 homes sold through September 2015, the November inventory of 138 units is less than a 3-month supply of housing.

The homes still listed for sale at prices under $500,000 are often "quirky" or priced about 10% higher than their market value. The homes tend to be older and have physical issues. Sellers who have recently listed their homes for sale often expect prices that are higher than prevailing due to the low number listed for sale. These price points may be marketable next year, however, if current trends continue.

Residential Units Listed For Sale, November 2015

	Town of Estes Park	Other Estes Park Area	TOTAL area
# of Listings			
Condos	50	0	50
Single Family	61	27	88
Total	111	27	138
Median Price			
Condos	$295,700	-	$295,700
Single Family	$765,000	$300,000	$624,250
Overall	$499,000	$300,000	$457,500
Median Price/SF			
Condos	$246	-	$246
Single Family	$211	$182	$199
Overall	$227	$182	$213
Median Year Built			
Condos	2000	-	2000
Single Family	1994	1977	1991

Source: MLS; area covered includes zip codes 80515, 80517, 80532 and 80540.

Availability – Lots Listed for Sale

The number of land sales is up significantly, though lot prices remain far below 2007 levels. Builders are purchasing most of the lots for construction of spec homes at prices greatly discounted from pre-recession levels. These sales are an indicator that residential construction will be picking up, and that construction jobs are likely to compound the existing labor shortage.

Age of Listings

Approximately 30% of homes listed for sale were built before 1980. The average year built for all residential units listed for sale this November is 1987. Unless significant updating has been done on these homes, investment in heating systems, appliances, roofs and other improvements will be needed, which decreases the affordability of these units.

New single family homes (built in 2010 or later) command higher prices on a per square foot basis than other listings, but there is no other clear correlation between age and price.

Year Home Built: For Sale Listings, Nov. 2015

	Single Family	Multi Family	Total #	Total %	Average PPSF (SF)	Average PPSF (MF)
Before 1980	33	8	41	30%	$220	$242
1980-1989	9	8	17	12%	$230	$185
1990-1999	27	9	36	26%	$259	$266
2000-2009	18	22	40	29%	$208	$254
2010 or later	1	3	4	3%	$346	$244
TOTAL	88	50	138	100%	$227	$213

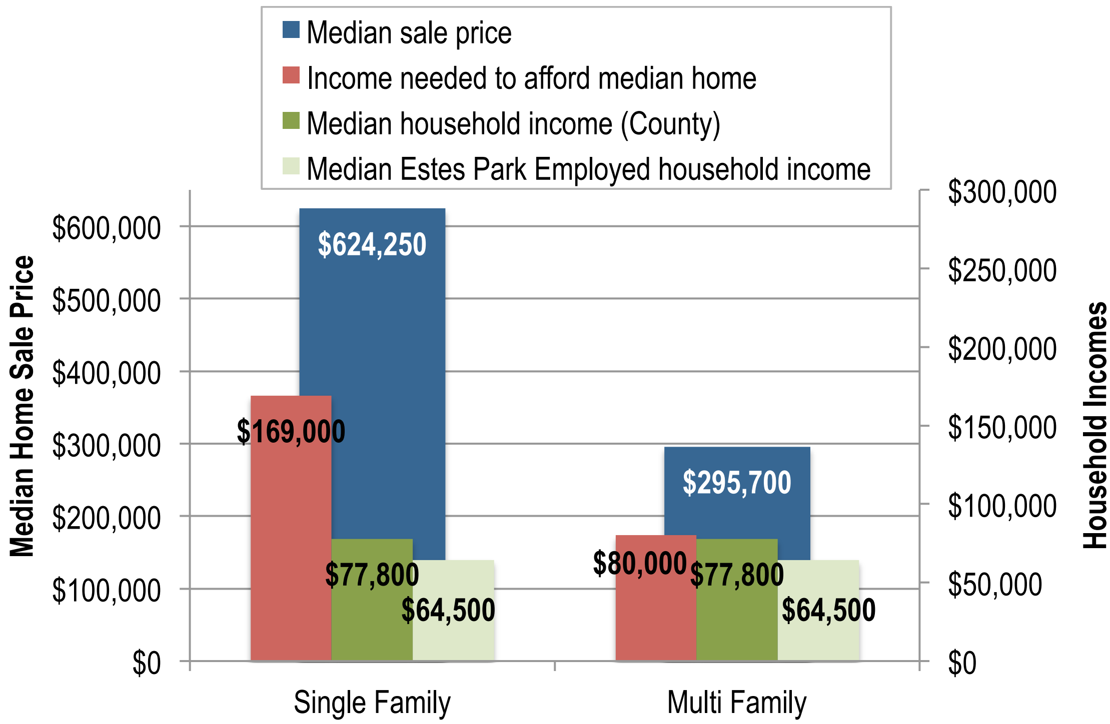
Source: MLS

Affordability of Home Prices

Even though prices have not returned to previous peak levels, they are still too high for most workforce households. A household earning an income of $169,000 (or about 217% AMI for Larimer County) is needed to afford the median-priced single family home listed for sale in the Estes Park area. Because the median income of workforce households is lower than the Larimer County AMI, an Estes Park workforce household must earn 262% of the local AMI to afford the median priced home.

Even with prices that are still much lower than the pre-recession peak, condominiums do not pass the standard affordability test. Incomes over 100% AMI ($80,000) are required to afford the median price multi-family unit listed for sale.

Median Price of Residential Homes for Sale in Estes Park Area (Nov. 2015)
Household Income Compared to Income Needed to Afford Median Home



Source: HUD, Consultant team, MLS courtesy of Eric Blackhurst

Of the 138 residential units listed for sale as of November, only 25 were affordably priced for households with incomes at or below 100% AMI. Of these, 18 were condominiums which are typically not well suited for families and larger households. Buyers have few choices unless their incomes exceed 150% AMI.

Low income households (earning under 80% AMI) have few options for homeownership. Of the 15 units that are potentially affordable, nine are condominiums that may have cost prohibitive homeowners association dues, and the units are old (average year built – 1965), likely needing costly improvements.

Affordability by Unit Type: For Sale Listings, Nov. 2015

	Single Family	Multi Family	Total Units	Percent of Total	Average Year Built
<50%	0	0	0	0%	NA
50% to 80%	6	9	15	11%	1965
80.1 to 100%	1	9	10	7%	1997
100.1 to 120%	7	6	13	9%	1986
120.1 to 150%	4	9	13	9%	1987
Over 150%	70	17	87	63%	1989
TOTAL	88	50	138	100%	1987

Source: MLS courtesy of Eric Blackhurst

Performance of Deed Restricted Homes

Vista Ridge

Project Description -- Vista Ridge was developed by Estes Investors, LLC, a partnership between the Estes Park Housing Authority and a group of local investors. Of the 59 condominiums, 30 were initially priced to be affordable for households with incomes no greater than 80% AMI. This property demonstrates the marketability of deed restrictions and of mixing affordable, deed restricted homes with market rate units. Deed restrictions on one unit were lost during foreclosure. The remaining 29 deed restricted units:

- Are price, income (80% AMI or less), resale and appreciation restricted, but not employment restricted. Some of the units were sold to retirees.
- Have either two or three bedrooms, all with an attached garage
- Come with a $50,000 soft second mortgage that is non-serviceable and would only be due if a violation of the deed restriction were to occur, in which case the amount payable would include 10% interest from the date of closing.
- Are limited to half of market appreciation as determined by an appraisal. Resale prices can include real estate agent commissions and pre-approved capital improvements.
- Were financed in part with fee waivers from the Town of Estes Park and grants from the Colorado Division of Housing.

Rate of Sales – These deed restricted condominiums initially sold at the rate of 6.25 units per year but, with the recession, the last five homes to be completed were temporarily rented. Re-sales are now occurring at the rate of roughly five units per year.

Prices and Affordability - The deed-restricted units were initially priced as low as $200,000; however, construction costs rose sharply, forcing prices upward. Prior to the recession, prices had increased to between $220,000 and $241,000 depending upon the number of bedrooms, floor plan and inclusion of fireplaces. Re-sale prices have ranged from about 5.5% to nearly 12% higher than initial prices, during a time when there was little appreciation in market prices. Two sales in 2015, both for three-bedroom homes, were for $239,900 and $271,250.

Initial and Re-sale Prices at Vista Ridge

Purchase Price	Resale Price	Increase
$226,500	$242,515	7.07%
$225,000	$251,525	11.79%
$237,932	$250,929	5.46%
$237,942	$258,000	8.43%
$205,000	$222,000	8.29%
$228,000	$245,332	7.60%
$236,000	$258,415	9.50%
$228,053	$246,959	8.29%

Source: Estes Park Housing Authority

The free-market units were initially listed for sale at prices ranging from $264,500 (3 units) to $325,000. They sold at roughly the same rate as the deed restricted units for about $45,000 more per unit.

Availability -- No homes are currently available for purchase. EPHA determines the maximum allowable resale price but does not maintain a wait list. Units are listed with REALTORS® when they become available; their commissions add to the escalation in prices.

Lessons Learned – EPHA learned two lessons from Vista Ridge:

- Development of deed restricted ownership housing in the future should focus on compact single-family homes, duplexes and townhomes that are designed for families rather than condominiums.

- Efforts are needed to educate the public about who Vista Ridge serves and who future deed restricted developments could house. Although Vista Ridge has performed well, there is a perception that deed restrictions mean low income housing, which is perceived negatively by some.

The Neighborhood

Project Description -- The Neighborhood subdivision, developed by Pawnee Meadows, LLC, consists of 32 single-family residential lots, and two commercial lots. Utilizing a 50% density bonus allowing 12-units per acre instead of only 8-units, it provides new single-family homes at the lowest prices in the area without direct financial subsidies.

- All units are single-family homes manufactured off site then placed on foundations with a crawl space or unfinished basements.

- Units each have three bedrooms in 1,305 square feet, but several of the buyers have removed one wall, eliminating a bedroom and enlarging the living room.

- 17 homes are deed restricted for 30 years for households earning 125 % AMI or less, with prices determined by limiting the amount of income that buyers can spend on their housing payment to no more than 40%. There are no limits on capital improvements that can raise prices above levels affordable at 125% AMI, thus making it difficult for owners to sell their homes at recoup their investment.

- EPHA income-qualifies potential buyers.

- The Town is allowed to charge 0.5% of the sale price for each transaction to cover administration of the deed restrictions.

Rate of Sales – From 2009 through 2015, 23 homes sold. Homes in the two categories initially sold at about the same pace. The similar performance of units in the two income categories is an indication of the acceptability of deed restrictions with price caps and evidence of the demand for entry-level homeownership product at a variety of price points.

Prices and Affordability -- In 2007, homes were listed for sale at prices ranging from around $220,000 to $240,000. In 2015, the three homes that were sold ranged in price from $236,480 to $299,000. Prices have averaged $266,725 over the past seven years.

Availability -- No homes are currently listed for sale. One 1,792 square foot unit was under contract in November for $295,000.

Lessons Learned

- Single family homes make it possible for buyers to choose among a variety of competitively-priced mortgages.

- Deed restrictions with income limits do not greatly impact initial sales or resales

Mortgage Availability

Mortgage lending has really picked up in the past 15 months and lenders saw an increase in construction loan activity this in summer of 2015.

For single-family homes and townhomes, conventional and government-backed mortgages are readily available in the Estes Park area at competitive rates. Condominium financing, however, remains problematic. Since the mortgage melt down of 2008, the industry has gone through many changes that have limited condominium financing primarily to portfolio loans (i.e., loans not sold on the secondary market). These changes include:

- Enforcement of underwriting criteria on the number of short-term rentals that can be located within the project.

- Prohibition of any on-site rental offices – looks too much like a condo-hotel to lenders.

- Tight limits on the amount of commercial space that can be within the project.

- No more “spot” loans by FHA, USDA and VA in projects that are not FHA-approved.

In the Estes Park area:

- Local residents are most likely to obtain conventional (Fannie Mae/Freddie Mac) mortgages with 5% to 10% down.

- USDA loans with zero down were popular, but lending guidelines became more restrictive in June and again in October. These changes along with higher home prices all contribute to making it more difficult to qualify for a USDA loan.

- The FHA loan limit is $300,000 which limits its utilization because home prices are too high in Estes Park. Three condominium projects are FHA approved: Pine Meadow, Thatchtop Mountain and Vista Ridge, although expirations are forthcoming and renewals are needed.

Deed restrictions on condominiums can be a problem for conventional lenders. The restrictions further compound the difficulty of lending on condos although conventional mortgages have been obtained on the deed restricted units at Vista Ridge. The deed restricted units at Vista Ridge have soft second loans with EPHA that requires FHA or VA loans be obtained.

At least one local bank provides portfolio loans with interest rates fixed for a maximum of five years and a 20% down payment requirement. The lender has no problems with condominiums or deed restrictions.

Qualifying first-time buyers can be difficult due to credit problems and seasonal/fluctuating employment patterns. Appraisals, however, are not typically a problem these days if appraisers familiar with the Estes Park area are used. Sales of comparable units are typically adequate for documenting values.

HOA's may have budget-related concerns that must be addressed in order for mortgage lenders to provide loans on member condominiums. HOA fees generally run $125 to $185 per month but can be much higher. REALTORS® perceive that some properties charge higher HOA fees to "weed out" buyers.

SECTION 5 – RENTAL MARKET ANALYSIS

This section of the report presents the inventory of rental units, their condition/age, rents, and vacancies. It identifies trends in the occupancy and price of rental units and evaluates both market rate and affordable rentals.

Key takeaways:

- Multiple events have simultaneously created a surge in rental demand while reducing the supply of rental housing, creating a very tight market.

- Availability is extremely low; almost no long-term rentals were available during late fall and early winter when employment is low.

- Rents are rising after being flat during the recession, and steeper increases are likely in the future due to such limited availability.

- Turnover is decreasing; renters have so few choices that they remain in units even if they no longer meet their households needs. Renters must take what they can get.

- Renter demographics are varied; renters represent all income levels, age groups and occupations, with many families living in rental housing and relatively few singles and roommates.

Market Overview and Trends

The rental market in the Estes Park area has been impacted by a “perfect storm” of factors that have created the tightest market conditions in memory and resulted in rising rent.

- Increased Visitors – As is typical in other Colorado mountain resort towns, Estes Park is experiencing recording-setting visitation. The number of visitors during peak summer months is up and the season is growing longer. In 2015, October was much busier than in years past. Visit Estes Park is credited with doing a great job marketing Estes Park. New festivals are diversifying the activities appreciated by locals and visitors alike. Increased visitation increases housing demand in several ways:

    - Through the jobs generated, primarily in food service, accommodations, retail and recreation;

  - From exposure that leads visitors to become residents; the more people who visit Estes Park, the more who want to move there; and

  - Indirectly through demand for short-term rental units and second homes by visitors, affecting the availability of long-term rental units for residents.

- High Park Fire – 20 homes were lost to the fire, 15 of which were occupied by local residents who needed to find alternative housing.

- September 2013 Flood – While 80 homes in the area were lost to the flood, many of these were vacation cabins. Residents of the area who were displaced due to access being cut off needed rental housing short term until roads and bridges were reconstructed. The flood has not had a significant long-term impact on the rental market but could still impact it through changes in flood plain boundaries.

- Loss of Units – *At the same time rental demand was increasing from the factors mentioned above, the size of the rental inventory declined*. Long-term rentals occupied by the workforce have been sold to new owners as the market recovered or converted into short-term vacation home rentals, both of which displaced renters and permanently reduced the supply of rental housing.

Inventory

Half of the workforce households in the Estes Park area rent, which equates to 2,214 renter-occupied housing units that include at least one employee. This rental inventory exhibits the following physical and market characteristics:

- Rentals are primarily individually-owned condominiums and single-family homes; approximately half are professionally managed while the others are leased/maintained by their owners.

- Apartment complexes in the area are small, publicly subsidized, income restricted and combined have only 155 units (not including apartments restricted for seniors).

- There are no free market apartment complexes in Estes Park, likely the result of few sites, high land costs, low density limits, high construction costs and low-wage jobs that constrain how much can be charged for rent. The largest market apartment building identified has 12 units.

- The size of the long-term rental portfolios managed by professionals appears to be holding relatively steady. Their greatest loss has been the result of the recovery in the ownership market making it now possible to sell homes that were rented during the recession.

- Conversion from long-term into short-term vacation rentals has not significantly impacted professionally managed units. Property managers demonstrate to owners that renting long term generates higher revenues through lower operating costs (cleaning, management fees, etc.) and higher occupancy (year round vs three to four months). The decision factor is usually the extent to which the owner wants the home to be available for personal use.

- Sharing units between short-term vacation renters and long-term renters is rarely done and does not appear to be a practical means for increasing the number of rentals available for the workforce. If the units are used as short-term vacation rentals for the peak season, their furnishings and quality make them inappropriate for workforce rentals the rest of the year.

- Some second homes are rented for 8 to 9 months of the year, with their renters moving out during the summer so that owners can use their homes. Also, some seasonal housing units that are used for summer employees are rented to other employees the rest of the year.

- Seasonality in employment does not significantly impact the professionally managed long term rental inventory. They do not cater to seasonal workers and typically offer only one-year leases. Construction workers often commute up from Loveland and Fort Collins or are temporarily housed in Estes (in motels mostly) while working on larger construction projects. Professional property managers and the EPHA almost exclusively lease units for the full year.

- The old age of many rental units is increasingly a concern. One apartment complex is 30 years old and in need of rehabilitation or redevelopment. The condos and single-family homes that are used as long-term rentals are, for the most part, older and many are in need of repairs/improvements (see Section 6 – Housing Problems).

Rents

Rents are rising after holding steady during the Recession years. While the Recession softened the market with higher vacancies and more time required to fill units, rents decreased very little, if at all.

Rents now average approximately $950 for two-bedroom units. This includes market and subsidized units combined. This rent is considered to be affordable for households with incomes of at least $38,000 per year, which is equivalent to 63% AMI.

The highest rents charged for low-income housing tax credit (LIHTC) and other income-restricted apartments are roughly equivalent to the low end of the free market rent range and significantly below market averages.

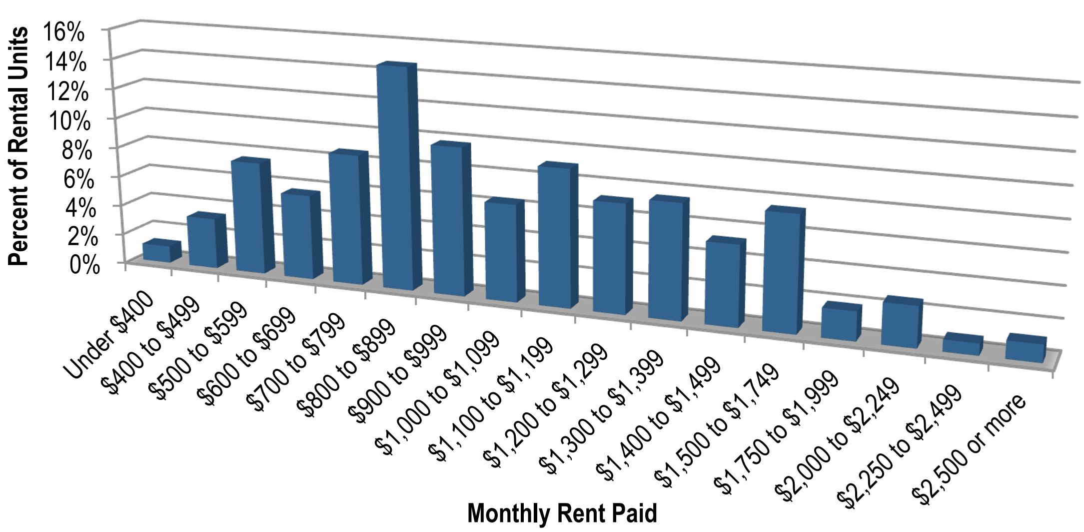
Rents by Unit Size, November 2015

	Professionally-Managed Market Rents	Survey Rents	EPHA Rents
1 Bedroom	$600 - $900; $750 avg.	$750	$395 - $695
2 Bedroom	$759 - $1,200; $990 avg.	$950	$750 - $850
3 Bedroom	$950 - $1,600; avg. $1,500	$1,250	$600 - $1,040

Source: Property Manager focus group, interviews

Rents are distributed across a wide range, with most units renting for between $500 and $1,750 per month. Property managers indicated that rates are not highly correlated with location, which means that the rents vary primarily based on the quality, condition and size of the units.

Distribution of Rentals by Monthly Rent Paid: Estes Park Area, 2015



Source: 2015 Household and Employee Survey

The distribution of existing rental units by AMI affordability is generally in line with workforce household incomes. Despite this, many households are cost-burdened due in part to higher-income households occupying more affordable units, forcing lower-income households to pay more than they can afford. This occurs more frequently when there is an insufficient supply of rental units, as is the case in the Estes Park area (see Section 6 – Housing Problems).

Distribution of Existing Rentals by AMI Affordability: Estes Park area, 2015

	Maximum Affordable Rent	Renter Income Distribution	Existing Rentals
<50% AMI	$780	28%	28%
50-80% AMI	$1,245	29%	40%
80-100% AMI	$1,560	15%	19%
100-120% AMI	$1,870	11%	8%
Over 120% AMI	Over $1,870	17%	6%
TOTAL	-	100%	100%

Source: 2015 Household and Employee Survey, Consultant team

Property managers are "getting more aggressive" with the rates they charge, now raising rents when units turnover or leases renew. The increase is moderate, in the range of $25 to $50 per month on units with average rents of $750 to $1,500. The rates by which rents are raised will likely grow as long as market conditions remain tight.

Availability

Property managers indicated that the only criteria renters now have when looking for a place to live is availability. So few units are available as to not give renters choice in terms of location, unit type, size and amenities.

"Availability is the only criteria."
Estes Park area property manager

Out of 387 market and income-restricted long-term rental units researched, only one was vacant. This equates to an extremely low vacancy rate of 0.3%. Only five units were advertised on Craigslist out of 2,219 total rental units, which is a vacancy rate of 0.2%

Units Listed for Rent on Craigslist, December 2015

Type	Rent	Bedrooms
Condo	$1,250	2br/1.5 ba
House	$1,075	3br/2ba
Townhouse	$1,800	3br/2.5 ba
Condo	$1,000	1br/1ba
House	$1,850	3br/2ba

Turnover and Wait Lists

Turnover is typically 15% to 20% per year, but has been declining as availability of units has decreased. There was no turnover at two of the Housing Authority's properties in 2014.

Turnover does not occur on a regular "seasonal" schedule. The inventory of long-term rentals is not highly influenced by the seasonal ebb and flow of the workforce. Turnover is highest among smaller units occupied by singles.

When the 44 units at Talons Point were completed in 2003, it had a noticeable impact on the rental market. Given how tight conditions are now, the same impact is not anticipated when the 48 units at Falcon Ridge are completed. Some temporary softening could occur, but will be short term, if felt at all.

Wait lists are long. One company that manages 54 long-term rentals recently purged their wait list and, between September 1st and October 30th, qualified 45 applicants. The number of applicants on EPHA's wait lists exceeds the total number of units currently in the inventory and under construction by over 100 households.

EPHA Wait Lists by Project

Rental Project	Total # of Units	Applicants on Wait List
Cleve St.	10	22
Falcon Ridge (under construction)	48	85-90
Lone Tree	57	78
Talons Point	44	68
Total	159	≥250

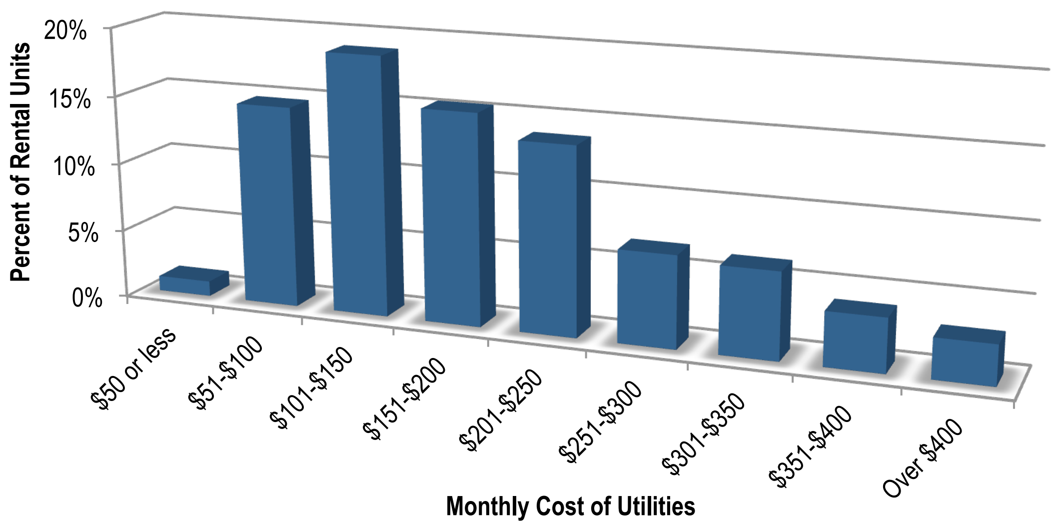
Note: The Pines was not included since it is age restricted for seniors, but it has a wait list with 34 applicants.

Utilities and Deposits

About 17% of renters report that their utilities are included with their rent. For the rest, utilities average about $155 per month, typically ranging anywhere between $50 up to $250 per month.

Property managers require renters to place utilities in their names and provide deposits if required. Cross Roads Ministry, the Salvation Army and local churches, provide assistance for low income families who need help with security and utility deposits.

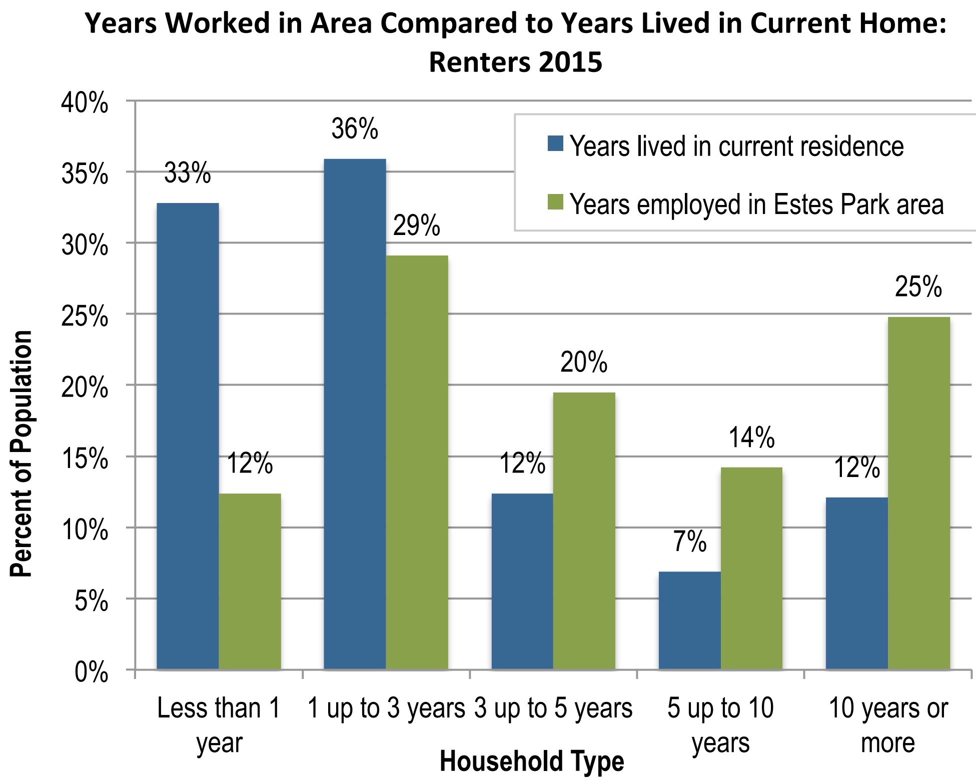
Distribution of Monthly Utilities Paid: Estes Park Area, 2015



Source: 2015 Household and Employee Survey

Renter Profiles

Length of Employment and Residency - Most year-round renter households have been employed in the area a long time. Only about 12% are new workers who have been employed for less than one year. About one-third, however, have lived in their current residence for less than one year, indicating the relatively transitory nature, whether by choice or by force, of renting in the Estes Park area.



Source: 2015 Household and Employee Survey

<u>Household Type</u> – Two thirds of renter households are families. Many families with children rent; approximately 40% of EPHA renters and 45% of those who rent professionally-managed units include children.

Roommate households are not common, a factor that distinguishes Estes Park from Colorado's ski towns. EPHA rarely serves roommates since two-income households without dependents typically have incomes exceeding maximum limits.

<u>Jobs Held</u> – Renters hold all types of jobs. Professionally-managed units are more likely to house mid- and upper-level employees, while EPHA's rentals serve more service, retail and restaurant employees. Both house many health care providers.

Renter Profiles

	Professionally-Managed Units	EPHA Residents
New to the area <1 yr	10%	10%
Residents for a few years 1-5	30%	-
Long term residents >5 yrs	60%	-
Young <30	15%	35%
Middle working yrs (30-65)	70%	35%
Seniors	15%	30%
Singles	20%	35%
Roommates	5%	Few*
Couples no kids	30%	25%
Families w/ kids	45%	40%
Jobs held	Service workers Health care providers Teachers Mid/upper managers	Service/retail/restaurant workers Health care providers

Source: Property manager Focus Group

*Roommate households usually have combined incomes over LIHTC limits.

Note: Percentage are approximate, representing the general profile of residents and not the particular occupants at any point in time.

Lifestyle and Retiree Renters – Few renters reside in Estes Park for lifestyle reasons without working. Second home renters are also rare. Retirees do not rent many professionally managed market units (about 15%) but are more likely to live in EPHA units (30%).

Affordable/Income-Restricted Rental Housing

A total of 155 apartments are located in five complexes that can only be occupied by low-income households. Another apartment project with 48 units is under construction, which will bring the total to 203 units. Three of the 203 units are for on-site managers and not income restricted. Rents caps as well as income limits are determined annually by Federal agencies. Annual re-certification of the resident eligibility is required.

Three of the five complexes with a combined total of 161 apartments were financed with Low Income Housing Tax Credits (LIHTC). Tax credits are a particularly attractive form of financing at this point in time. As such, most apartment projects in Colorado mountain towns built in recent years, or now under construction, were financed using LIHTC.

Rents for LIHTC apartments are about $25 lower than the maximums allowed. This is not due to market conditions, however, but is rather done to manage potential fluctuations in utility allowances. If the allowances are increased while CHFA's maximum allowable gross rents (contract rents plus utilities) remain the same, the contract rents would have to be lowered to compensate. Rather than devote the time required to lower rents, EPHA provides a small rent discount to create a buffer.

Income-Restricted Rental Complexes

Name	Address	In-Service Date	# Units
LIHTC Family Properties			
Falcon Ridge		Under construction	48
Lone Tree Village	1310 Manford Ave.	10/24/1997	57
Talons Pointe	1715 Red Tail Hawk Dr.	7/30/2003	44
South St. Vrain Apartments	1631 Avalon Dr.	11/30/1996	12
Other Income Restricted Family Properties			
Cleave Street Apartments	157 Cleave St.	1932; rehab 2005	10
Park Ridge Apartments	1250 Acacia Dr.	1985	32
		Total:	203

Note: Two senior apartment complexes are not included.

Falcon Ridge – 48 units are now under construction adjacent to Talons Point (see below). The project was planned to have two phases with a total of 66 units, yet opposition from nearby residents led the town to reject the bonus request, reducing the number of units by 25%. The resulting density is 8.7 units per acre, which is very low for an apartment property where land is limited and expensive. The property will be attractive, provide a mix of one-, two- and three-bedroom apartments in flats and townhomes, and include a clubhouse and outdoor recreation facilities.

Lone Tree Apartments – Completed in 1997, this family-oriented property is located between Lake Estes/US-36 to the north and the Estes Park Golf Park to the south. Townhomes and apartments are available at this property. One of the 57 units at this property is a manager's unit.

Talons Pointe – This 44-unit apartment property is the newest of the LIHTC projects, completed in 2005. It is owned and managed by the Estes Park Housing Authority and located in the northeast corner of Estes Park, north of Lake Estes and US-34. Flats and townhomes are offered, all of which are income restricted.

South St. Vrain Apartments – This 12-unit property includes a one-story and a two-story apartment building. It is located just off S. St. Vrain Ave./Rte. 7 on the south end of Estes Park. Completed in 1996, 11 of the 12 units are income restricted. It is owned by a private entity.

Cleave Street Apartments - This historic 10-unit building, owned by the Estes Park Housing Authority, was originally built in 1932 and rehabbed in 2005 using Colorado Division of Housing grants and a Colorado Housing and Finance (CHFA) loan. While units are restricted at HUD-published AMIs, the restrictions are not assigned to specific unit types (one bedroom, two bedroom). It is located in downtown Estes Park.

Park Ridge Apartments is subsidized through USDA's Rural Development. Residents pay 30% of their household's income for rent. The 32 units are located south of town. The property was built in 1985, making it the oldest apartment project in the Estes Park area. It is owned by an out-of-state company and is in poor condition. The property is a likely candidate for rehabilitation or redevelopment.

SECTION 6 – HOUSING PROBLEMS

This section reports on perceptions in the community about the availability of affordable workforce housing and quantifies multiple indicators of housing problems ranging from affordability to overcrowding. Key findings from this section include:

- 90% of the members of workforce households feel that the inability of employees who work in the Estes Park area to find housing they can afford is a *serious or critical problem*.

- Nearly half of workforce households (over 2,000) found it very difficult the last time they moved to find affordable housing that met their needs. About 375 renters are still searching for such housing.

- Approximately 1,150 workforce households live in housing that is not affordable based on their incomes.

- Just over 530 workforce households live in overcrowded homes.

- Approximately 930 workforce households reside in housing that is in fair or poor condition. This is much worse than in 2007 when only 4% of residents surveyed indicated their residences were in fair or poor condition.

- About 700 renters have been forced to move or evicted in the past 5 years due to changing circumstances with their rented home. Flood damage, long-term rentals being converted to short-term rentals or sold, and owners moving into their previously rented homes are the most commonly cited reasons.

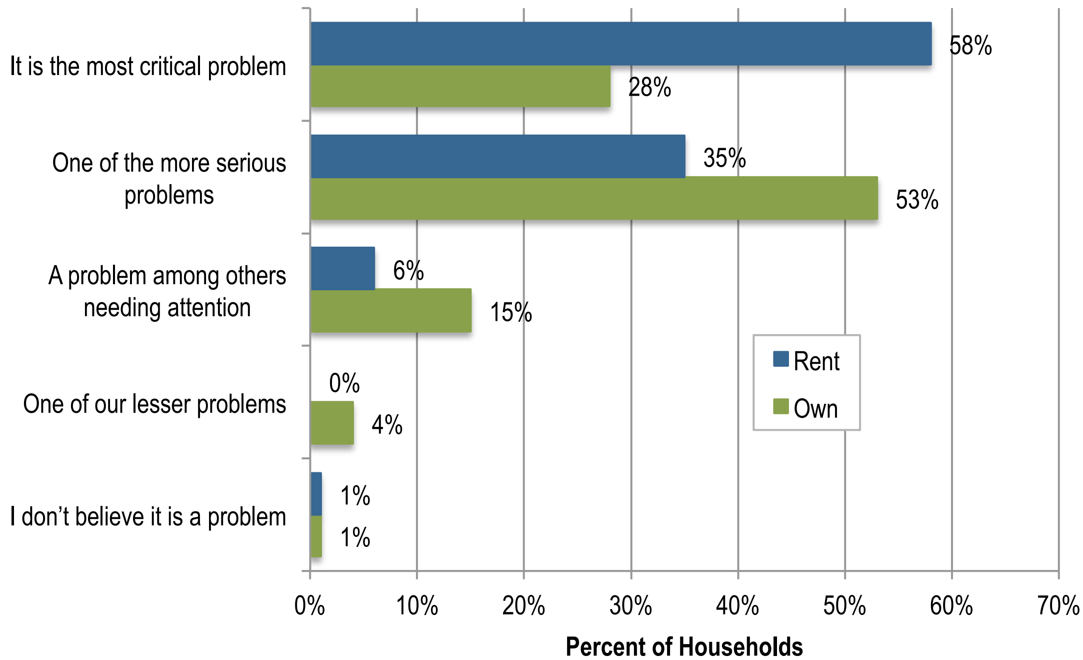
- About 630 in-commuters would move into the Estes Park area to be closer to work if they could locate suitable and affordable housing. Many of these households fall within the younger professional and family demographic that the area has been losing in recent years.

Housing Problem Perceptions

When asked, *"How do you feel about the issue of people who work in the Estes Park area being able to find housing they can afford?";* nearly 90% indicated it is a serious or critical problem. This is a very high, even when compared to surveys in other Colorado mountain towns. A similar percentage of residents and employers alike see workforce housing as the most critical or one of the more serious problems in the area.

Renters are more likely than owners to rate the housing for people who work in the Estes Park area as a serious or critical problem, yet only 1% of both owners and renters do not believe it is a problem.

"How do you feel about the issue of people who work in the Estes Park area being able to find housing they can afford?"



Source: 2015 Household and Employee survey

Middle and upper income households are just as likely as low income households to feel that workforce housing is a serious or critical problem. There is no correlation between incomes and the extent to which members of workforce households feel housing is a problem, which is rare. Typically lower income households feel housing is more of problem than higher income households – the problem reaches households at all income levels in the Estes Park area.

Difficulty Finding Housing

Nearly half of employees surveyed found it very difficult the last time they moved to find housing that met their needs and that they could afford. The level of difficulty was much higher among renters than owners – 1,260 renters indicated it was very difficult to find housing they could afford and about 375 have still not found affordable housing that meets their needs.

"I have no rent because I live in my car. We have been trying to buy or rent a house for 3 years and have not been able to find affordable housing. In Gunbarrel, we paid $1,000 with utilities included for a one-bedroom condo. This was affordable for us."
Estes Park area employee

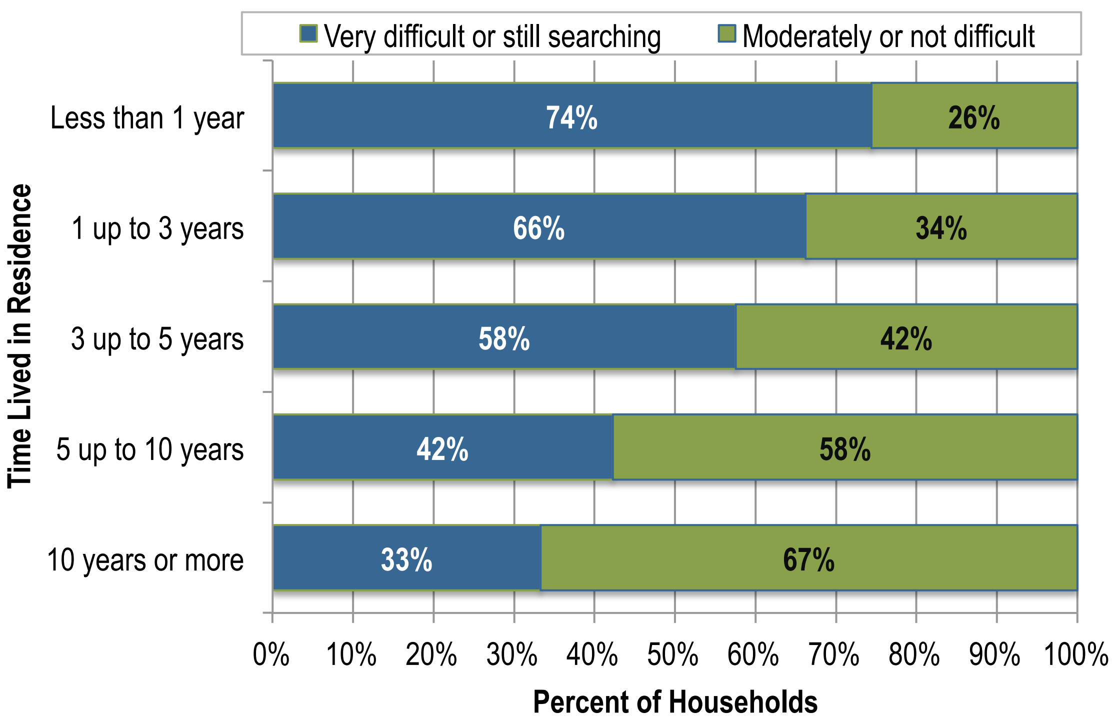
"When you last moved, how difficult was it to find housing that met your needs and that you could afford?"
Estes Park area workforce households, 2015

	Own	Rent
Not difficult	27%	5%
Moderately difficult	36%	20%
Very difficult	36%	57%
I am still searching for such housing	1%	17%
TOTALS	2,224	2,212

Source: 2015 Household and Employee Survey

There is a clear correlation between how difficult it has been to find housing and the length of time employees have lived in their current residence, which is one of many indications that the availability of affordable housing has gotten worse over time. Three-fourths of survey respondents who had lived in their home for less than one year indicated it was very difficult to find housing that met their needs they could afford, or they are still searching.

"When you last moved, how difficult was it to find housing that met your needs and that you could afford?"

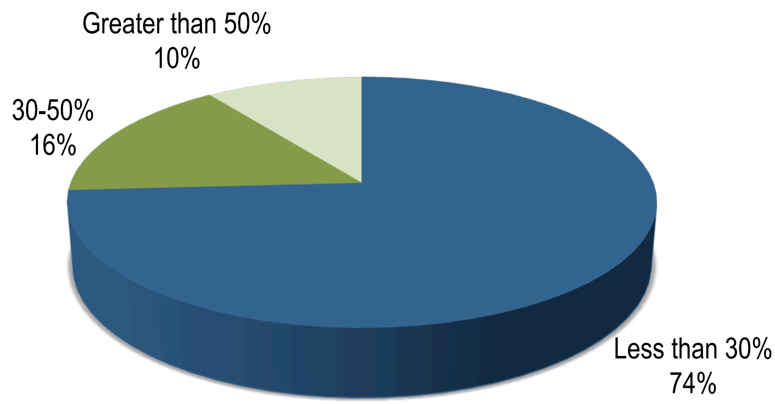


Source: 2015 Household and Employee Survey

Cost Burdened Households

Approximately 1,150 workforce households (26%) residing in the Estes Park area live in housing that is not affordable given their incomes. Households are considered to be cost burdened if their housing payment exceeds 30% of their gross income, and extremely cost burdened if it exceeds 50%. When this occurs, these households have insufficient income left over for other life necessities including food, clothing, utilities, transportation and health care.

Percent of Income Paid for Rent or Mortgage: 2015



Source: 2015 Household and Employee Survey

Members of the workforce who have lived in their current residence for less than three years are more likely than others to be cost burdened by high housing payments, a symptom of increasing home prices. Renters are more likely to be cost burdened than owners (35% compared to 16%).

Percent of Income Paid for Rent or Mortgage: 2015

	Own	Rent	TOTAL
Less than 30%	84%	64%	74%
30-50%	10%	21%	16%
Greater than 50%	6%	14%	10%
TOTALS	2,224	2,212	4,436

Source: 2015 Household and Employee Survey

Overcrowding

> *"Almost all of my workers live with other families or in hotel rooms. Only 4 out of 13 employees have their own house or apartment"*
> Estes Park area employer

Just over 530 workforce households are overcrowded as measured by the standard of more than two persons per bedroom. Overcrowding is more prevalent among:

- Low income households – nearly two-thirds have incomes equal to or less than 80% AMI.
- Renters – 20% of renter households are overcrowded compared to 5% of homeowners.
- Apartment dwellers, followed by single-family homes; 41% of overcrowded households reside in single-family homes.
- Households with immediate and extended family members – about 27% are overcrowded. Roommate households are seldom overcrowded, which is unique compared to other mountain towns with limited rental availability. During the summer season, overcrowding in units shared by unrelated roommates increases as seasonal employees move in with year-round residents or crowd into seasonal rentals.

Persons per Bedroom: Estes Park area working households, 2015
(Shading denotes overcrowding)

Persons per bedroom	Own	Rent	Total
Under 2	75%	80%	88%
2 or more	5%	20%	12%
TOTAL overcrowded	100	430	530

Source: 2015 Household and Employee survey

Substandard Housing

Approximately 930 workforce households (21%) reside in housing that they rate as being in fair or poor condition. This is much worse than in 2007 when only 4% of residents surveyed indicated their residences were in fair or poor condition.

Renters are far more likely to live in substandard housing than owners, with one-third (730 households) rating their residences as fair or poor. Employees who are most likely to live in housing that is in fair or poor condition include:

- Households living in RV's, motels/hotels and dormitories;

- Households who have lived in their home for less than one year;
- Single parents with children.

Condition of Home

	Own	Rent	Total
Excellent	46%	21%	34%
Good	44%	47%	46%
Fair	9%	25%	17%
Poor	1%	8%	4%
TOTALS	2,224	2,212	4,436

Source: 2015 Household and Employee survey

While owners are less like to live in homes that are in fair or poor condition, those who do indicate they need as many repairs or improvements as renters. Energy efficiency upgrades including windows and insulation were the most frequently cited repair/improvement needed among both groups.

Mold and other flood damage received many responses – about 50 owner and 230 renter workforce households indicated they need mold or asbestos abatement, and repair of flood damage was the most frequent "other" problem mentioned.

What type of repairs are needed to your home if it is in fair or poor condition?

	Own	Rent
Old, inefficient, or broken appliances	50%	50%
Roof (leaking, cracked)	21%	21%
Exterior upgrades (paint, siding, landscaping)	61%	63%
Flooring (carpet, tile, etc.)	64%	63%
Heating, plumbing or electrical	46%	53%
Energy efficiency upgrades, insulation, windows	64%	72%
Infrastructure (sidewalk, driveway, water/sewer lines)	46%	32%
Mold or asbestos abatement	25%	32%
Other	11%	16%
TOTALS	389%	401%

Source: 2015 Household and Employee survey
*Adds to over 100% because most homes need multiple repairs.

Loss of Employee Housing

As indicated in Section 3 – Housing Inventory, locals have been losing ground to second home owners, from occupying 66% of units in 2000 to less than 62% in 2015. While some of this is due to rising home prices and the inability for workers to afford housing, it also is the result of the loss of units that locals previously owned or occupied. Based on survey results:

About 32% of renters (700 total) have been forced to move or were evicted in the past 5 years – and some more than once.

Rental homes being sold, flood damage and rentals being converted to short-term rentals have affected the most renters – about 200 each. A close second are owners moving into their previously rented homes.

"Have you been evicted or forced to move within the past 5 years due to:"

	% of renters affected	# of renters displaced
Rental home was sold	9%	205
Flood damage - renters	9%	205
Rental converted to short-term/vacation rental	9%	197
Owner moved in	7%	159
Rental home was foreclosed upon	1%	15
TOTAL respondents affected*	32%	700

Source: 2015 Household and Employee Survey
*Column totals add to more than the "TOTAL respondents affected" because some renters have been forced to move multiple times.

Among owners, about 9% (200 total) report that they moved or have been forced to move in the past 5 years. Flood damage affected the most owners. Few owners indicate that they have converted a home that they owned and occupied either into a short-term or long-term rental in recent years.

"Have you moved or been forced to move within the past 5 years due to:"

	% of owners affected	# of owners displaced
Flood damage - owners	5%	120
Converted home to short-term rental for visitors	3%	60
Converted home to long-term rental for residents	1%	30
TOTAL respondents affected	9%	210

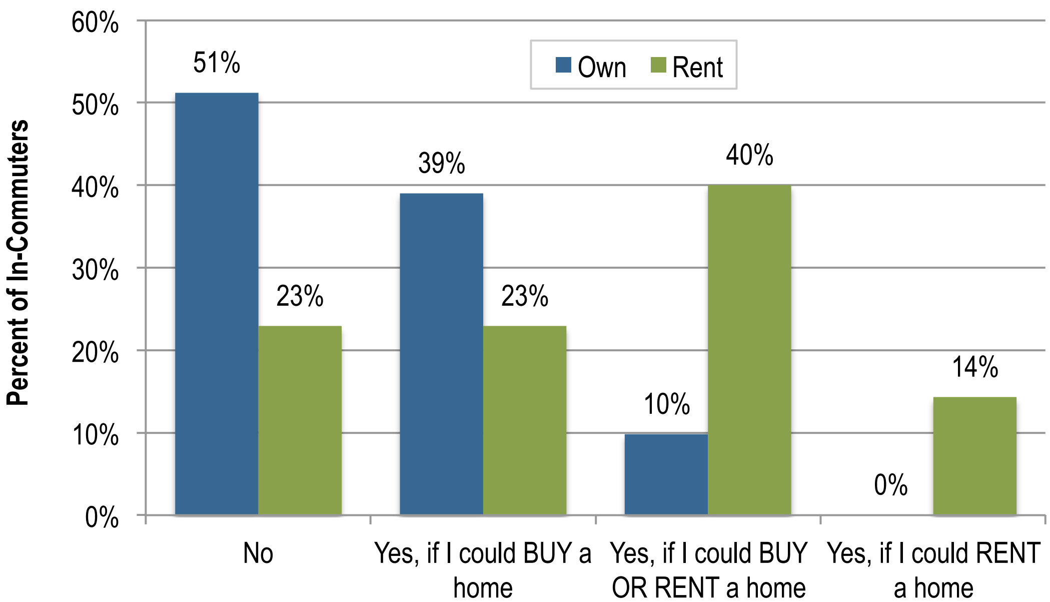
Source: 2015 Household and Employee Survey

Forced Commuting

As stated in the Section 2 – Economic Conditions, Trends and Employment, about 62% of in-commuting workers (630 total) would prefer to live in the Estes Valley if they could find housing that they could afford. These workers are forced to commute due to the lack of workforce housing in the Estes Park area.

Desire to move varies by tenure. Of current in-commuting renters, 77% want to move compared to 49% of in-commuting owners. It is typical that homeowners who in-commute tend to be more reluctant to move given their more stable housing situation.

"Would you consider moving your household to the Estes Park Valley (nearer your households employment) if housing were available that you could afford to buy or rent?"



Source: 2015 Household and Employee survey

In-commuters who want to move are mostly employed in the health care, professional, government and service professions. A comparatively higher proportion of in-commuters employed in education and non-profit professions are also interested in moving to the Estes Valley rather than continuing to commute.

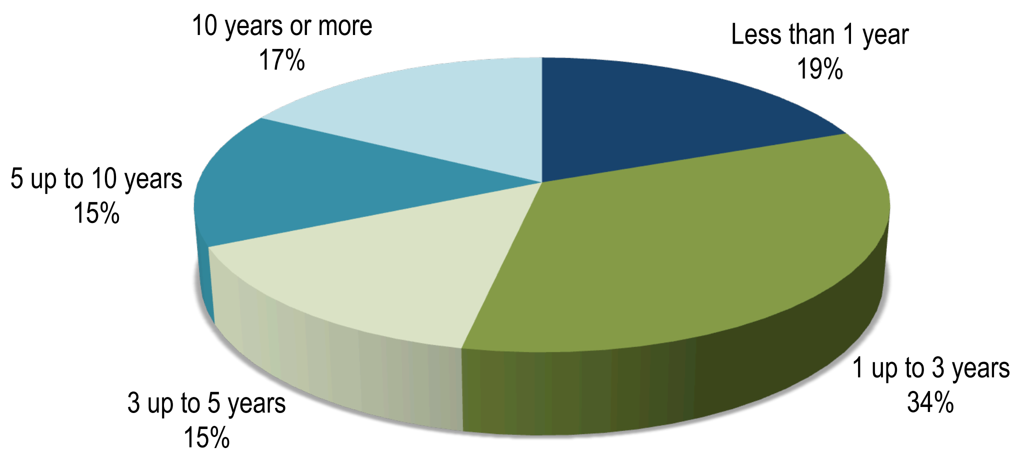
Industry of Employment: 2015

	Want to move	Do not want to move
Health care/social assistance	17%	21%
Professional, scientific, technical services	13%	5%
Bar/restaurant	12%	0%
Government/civic service (excluding public schools)	12%	31%
Educational services	9%	7%
Other services (personal, daycare, auto repair, etc.)	9%	2%
Retail trade (grocery, sporting goods, etc.)	7%	7%
Non-profit	7%	2%
Construction	3%	7%
Other	19%	25%
TOTAL	100%	100%

Source: 2015 Household and Employee survey

Over one-half of in-commuters who want to move are relatively new employees, having been employed in the area less than 3 years. Many in-commuters leave their jobs after this time if they cannot find housing closer to their jobs, as noted by employers. Many who want to move, however, have been contributing members of the local workforce for 10 years or more (17%).

"How long have you been employed in the Estes Park area"
In-commuters who want to move, 2015



Source: 2015 Household and Employee survey

Over one-third of in-commuters who want to move also have children and 38% are young professionals between the ages of 18 and 29. These are demographics that the Estes Park area has been losing over recent years and are important to maintain a vibrant workforce and community.

Household Age and Composition:
In-commuters that want to move, 2015

Age of Household Members	Want to move	Household type	Want to move
Under 5	13%	Adult living alone	6%
5 to 17	23%	Couple with child(ren)	26%
18 to 29	38%	Couple, no child(ren)	36%
30 to 64	81%	Immediate and extended family	13%
65 and over	4%	Other - Write In	2%
		Single parent with child(ren)	9%
		Unrelated roommates	9%

Source: 2015 Household and Employee Survey

SECTION 7 – HOUSING NEEDS AND GAPS

This section of the report estimates the number of housing units needed by employees in the Estes Valley both to fill existing gaps in the market and to accommodate future needs. Units needed are identified by ownership and rental units and AMI affordability level.

Housing needs are determined through a combination of factors and are presented in two categories:

- Catch-Up Needs -- the number of housing units needed to address current deficiencies in housing based on overcrowded housing units, employees needed to fill unfilled jobs and in-commuting employees who want to live in the Estes Valley.

- Keep-Up Needs -- the number of units needed to keep-up with future demand for housing based on projected employment and jobs vacated by retiring employees.

The housing needs estimated in this section are a component of housing demand in the Estes Valley, but they do not represent total demand. This section estimates housing units needed to support employers, keep up with future job growth and improve housing conditions for area workers. It does not include additional components of demand, such as resident households who would like to buy a new or different home in the Estes Valley or out-of-area households looking to purchase vacation homes.

Current Conditions and Catch-Up Needs

Overcrowding

Overcrowding can only be addressed by building additional units. As reported in the Housing Problems section of this report, 530 units are overcrowded in the Estes Park area. An increase in the supply of workforce housing equal to about one-third of the number of overcrowded units will help address overcrowding to the extent practical, given, for example, cost consciousness and cultural needs. Therefore, about 160 units are needed to help address overcrowding within the Estes Park area.

Units Needed to Address Overcrowding	
Total over-crowded households	530
% needed to address overcrowding	30%
New housing needed	160

In-commuters

About 290 units are needed in the Estes Park area to meet the needs of in-commuters who want to move nearer their jobs. Over 60% of in-commuters commuting from homes down valley (e.g., Loveland, Fort Collins, Boulder and Weld Counties, etc.) want to move to the Estes Park area if they could find affordable and suitable housing. The majority would prefer to buy (70%). As noted in the Employment Section, providing stable housing options for in-commuters helps decrease employee turnover, improves customer service and job satisfaction, among other benefits.

Units Needed to House In-Commuters	
Total in-commuters	1,020
% want to move to Estes Valley*	62%
# that want to move	630
Jobs per employee	1.2
Workers per household	1.84
New housing needed	290
Want to rent (30%)*	90
Want to buy (70%)*	200

*Source: 2015 Household and Employee Survey

Unfilled jobs

About 220 housing units are required to house employees needed to fill the 480 year-round jobs that were vacant in November 2015. Based on survey responses, about 70% of new workers to the area rent, meaning the majority of these units should be rentals.

Units Needed to Help Fill Vacant Jobs	
# Year-Round unfilled jobs (Nov. 2015)	480
Jobs per worker	1.2
Employees per household	1.84
Housing units needed	220
Rentals (70%)	155
Ownership (30%)	65

Future (Keep-Up) Needs

Retiring employees

About 520 housing units will be needed to house employees that fill jobs vacated by retirees over the next five years. About 15% of area employees responded on the survey that they expect to retire within 5 years, meaning employers will have vacancies to fill in addition to any newly created jobs. Some retirees will likely leave the area upon retirement; however, when they sell their homes, many will likely be purchased by second homeowners or retirees rather than local employees.

	Retiring employees
% to retire within 5-years	15%
# to retire	1,150
Jobs per worker	1.20
Employees per household	1.84
Housing units	520

Job Growth

To keep up with estimated job growth over the next five years, approximately 300 to 500 additional units will be needed by 2020 to house 85% of local employees in the Estes Park area. The 85% target is based on current patterns – 75% of the current workforce lives in the area and 10% commute in but want to move. The range of needs is based upon whether job growth will occur in the Estes Park area at the same rate as the county over the next five years (about 1.9% per year), or if it will continue to grow at a faster pace as it has done since 2010 (about 3.2% per year). These job growth estimates are presented in more detail in Section 2 – Economic Conditions and Trends.

Estimate of Housing Needed to Fill New Jobs, 2015 – 2020

	Low	High
Increase in Jobs between 2015 to 2020	740	1,300
Jobs per Employee	1.2	1.2
New Employees Needed	620	1,080
% to live in Estes Park*	85%	85%
# to live in Estes Park	530	920
Employees per Housing Unit	1.84	1.84
New housing needed	290	500

*Includes 75% of the workforce that lives in Estes Park plus in-commuters who want to move to the Estes Park area.

Summary of Catch-Up and Keep-Up Needs

Based on estimated catch-up and keep-up needs, approximately 1,480 to 1,690 housing units for the workforce are needed by 2020. This averages about 300 to 340 units per year. This is almost twice the estimate presented in the 2008 Housing Needs Assessment, primarily because the problems of unfilled jobs, in-commuters wanting to move to the area, overcrowding and retiring employees have increased.

Summary of Housing Needs	
Catch-Up	**670**
Overcrowding	160
In-commuters	290
Unfilled jobs	220
Keep-Up	**810 to 1,020**
Retiring employees	520
New jobs	290 to 500
TOTAL through 2020	**1,480 to 1,690**

Needs by Own/Rent and AMI

Both ownership and rental housing in the Estes Park area that is affordable for the local workforce are needed. About 40% of new units should be for ownership and 60% for rent. This takes into account that 70% of in-commuters prefer to own homes if they move to the area, along with the reality that 70% of new workers to the area initially rent. It is also in line with the current rental crisis experienced in the Estes Park area (e.g., 0.3% vacancy rate).

The precise ratio, however, is somewhat dependent upon the community's desired direction and housing policy. While the rental market is currently tighter than the ownership market and has a stronger post-recession recovery, ownership is needed long term for year-round residents.

Summary of Housing Needs by Own/Rent Through 2020

	Low	High
Units needed through 2020	1,480	1,690
Ownership	590	650
Rental	890	1,040

Ownership housing should be distributed based on the income distribution of Estes Park area employed households, as shown below. Price points for locals should range as low as about $115,000 up to about $350,000 (50% through 150% AMI).

- The current market is not providing a sufficient supply of homes in this price range, whereas homes affordable to households earning over 150% AMI are over supplied.

- Homes affordable for households earning under 50% AMI are also undersupplied; however, producing homes at this price will not occur without substantial subsidies or programs such as Habitat for Humanity. These households also often have trouble qualifying for loans and meeting down payment purchase requirements.

Homeowner Income Distribution Compared to Homes Sales and Availability

AMI Range	Maximum Affordable Sale Price	Owner Income Distribution	Current Condo, Townhome and SF Listings
<50%	$115,500	10%	0%
50% to 80%	$184,800	11%	11%
80.1 to 100%	$231,000	14%	7%
100.1 to 120%	$277,200	12%	9%
120.1 to 150%	$346,500	22%	10%
Over 150%	Over $346,500	31%	63%
TOTAL	-	100%	138

There are basically no units available to rent at any price point in the Estes Park area. Rentals are needed for households at all income levels. As shown below, however, new rentals should be mostly priced for households earning under 80% AMI based on the incomes of households with an Estes Park area employee.

Renter Income Distribution Compared to Available Rentals

	Maximum Affordable Rent	Renter Income Distribution	Available Rentals*
<50% AMI	$780	28%	0
50-80% AMI	$1,245	29%	2
80-100% AMI	$1,560	15%	3
100-120% AMI	$1,870	11%	0
Over 120% AMI	Over $1,870	17%	0
TOTAL	-	100%	5

*Available rentals include rentals available in the Estes Park area in December 2015.

Seasonal Worker Housing

Businesses recruited and trained workers to fill about 3,000 jobs last summer.[10] Given the scarcity of housing in the area, 84% of employers that hire seasonal workers state that the ability for these workers to find housing is a “major problem.” Many employers have expressed frustration with being unable to hold onto workers due to the inability for new hires to find housing.

[10] See Section 2 – Economic Conditions and Trends (Seasonality).

In most seasonal resort communities, housing for seasonal workers is often provided by the employers who hire them. Neither private developers nor public housing authorities can afford to develop housing that is occupied only part of the year. Since the peak period for seasonal workers is in the summer months, RV spaces, camping facilities, non-winterized cabins and similar low cost housing options for these workers are feasible, unlike in the ski towns. Employers have specific knowledge of the number of workers they plan to hire, their demographic characteristics and their housing needs.

In the Estes Park area, many employers are helping to address this problem:

"Seasonal housing for those here for the summer is nearly impossible to find. This really hampers our ability to serve our guests and give them a great service experience because we are always shorthanded."

"We have found that it is WAY too hard to find a place to live. We also believe that if it were easier to find housing, we would have a better rate of returning staff each year. It is very frustrating for us and them!"
Estes Park area employers

- Employers responding to the survey provided housing assistance to about 50% of their seasonal workers (over 1,100 total).[11]
- While seasonal workers were not a focus of the fall 2015 employee survey, a few seasonal employee responses were received (18 total), many of which were housed by their employer.
- A few employers have some pending development proposals to build housing for their workers.[12]

Summary of Employee Housing Assistance: 2015

Employees Assisted:	#
Jobs filled by seasonal residents	3,000
Jobs per seasonal worker (est.)	*1.5
Seasonal workers needing housing	2,000
Housed by employers	**1,100+
Number of Seasonal Housing Units Needed	Unknown/fluctuates

*Year round workers hold 1.2 jobs on average in the Estes Park area. Seasonal workers typically hold more than this (up to 1.8 jobs in some communities). An estimate of 1.5 was used (mid-point).
**Actual count from responding employers.

Housing units needed by seasonal workers has not been defined – needs change year-to-year based on several factors – tourism, hiring needs, weather, housing market availability, etc. The Estes Park area is encouraged to explore ways to continue to help employers flexibly serve this population. Maintaining development code provisions that help employers to build or provide housing for their and other's workers, programs that

[11] See Section 3 – Housing Inventory (Employer Assisted Housing).
[12] See Section 3 – Housing Inventory (Proposed and Pending Development).

can facilitate pooling of resources and master lease programs to meet seasonal needs, and allowing innovation in taking advantage of low-cost summer housing options including camping options, such as RV sites, campgrounds, and unweatherized cabins.

SECTION 8 -- HOUSING PREFERENCES

This section examines what workforce households need and want in housing – type, number of bedrooms, location, design features and amenities. Takeaway from the section:

- Existing residents and in-commuters who want to move into or within Estes Park primarily want to buy homes. This counters the strong need for rental housing when considering catch-up and keep-up demand. Similar towns often set a policy or goal for the mix of ownership and rental workforce housing taking into consideration factors like these as well as the historic owner/renter mix in the community.

- When developing workforce housing, townhomes are a clear preference over condominiums.

- Workforce households living in the Estes Park area often reside in larger homes than they need. There are relatively too few one- and two-bedroom homes and relatively too many homes with three or more bedrooms.

- Estes Park's highly valued proximity to nature and outdoor recreation is second to the affordability of housing/cost of living as the most important consideration overall when looking for a place to live. This suggests that if housing is not affordable, the beautiful Rocky Mountain location will not keep many employees in the community.

- Amenities most desired include garages, mobile phone/internet access, pets allowed, in-unit washers/dryers and, if the household includes children, play areas.

Want to Own vs. Rent

The 2015 Household and Employee survey asked local workforce households and in-commuting households whether they want to move into a new or different home in the Estes Park area. About 62% of in-commuters and 41% of local workforce households expressed a desire to move.

- Of workforce households who want to move, most want to own.

- Current owners want to continue to own and nearly 60% of renters want to move into ownership.

- Another 28% of renters would own or rent. Relatively few renters who want to move from where they now rent want to continue to rent. This preference balances the own/rent mix in the demand generated for additional units through job growth.

Preference to Own or Buy a Home in the Estes Park area: 2015

	Present Tenure Status		
Do you:	**Owners**	**Renters**	**Total**
Prefer to Own	100%	59%	67%
Either own or rent (no preference)	0%	28%	22%
Prefer to Rent	0%	14%	11%
TOTALS	100%	100%	100%

Source: 2015 Household and Employee Survey

Unit Type

Single-family homes were by far the favorite choice when members of workforce households who want to move were asked, *"If you were to move into a new or different home in the Estes Valley, what is your first and second preferred choice of home?"* This is not a reflection of the marketability of other types of housing. Research on housing-related tradeoffs in Colorado mountain towns has shown that employees are more willing to compromise on unit type and size, but typically hold firm on price and location.

First Choice – Preferred Type of Housing: 2015

	Present Tenure Status		
FIRST Preferred Home Type:	**Owners**	**Renters**	**Total**
Single family	97%	78%	82%
Duplex/townhome	2%	6%	5%
Condominium	2%	2%	2%
Apartment	0%	7%	6%
Mobile Home	0%	5%	4%
Other	0%	2%	2%
TOTALS	100%	100%	100%

Source: 2015 Household and Employee Survey

The second choice home provides insight into the relative desirability of other types of housing. Duplexes and townhomes are far more preferred than condominiums by those who want to move to or within the Estes Park area.

Second Choice – Preferred Type of Housing: 2015

	Present Tenure Status		
SECOND Preferred Home Type:	Owners	Renters	Total
Duplex/townhome	57%	52%	53%
Condominium	20%	22%	22%
Apartment	0%	10%	8%
Single family	4%	6%	5%
Other	20%	10%	12%
TOTALS	100%	100%	100%

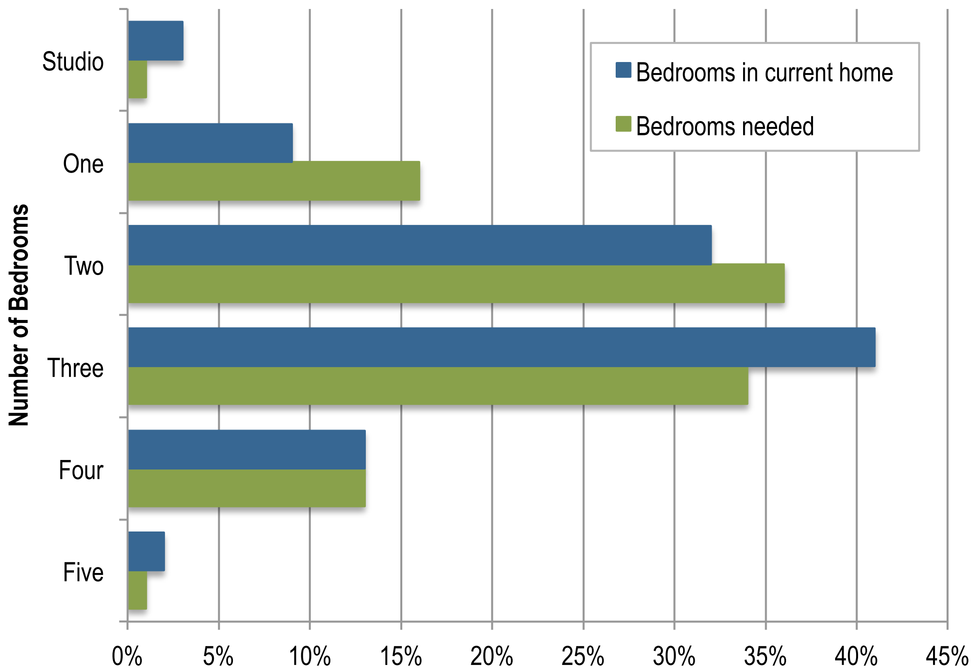
Source: 2015 Household and Employee Survey

Bedrooms Needed

Workforce households employed in the Estes Park area in general need fewer bedrooms than they now have, which is good for affordable housing efforts, since smaller homes cost less to build.

- Whereas over half indicated they need one or two bedrooms, 40% now live in one or two bedroom homes.
- Only 48% need three or more bedrooms although 56% now have this many bedrooms.

How Many Bedrooms Do You Occupy and How Many Does Your Household Need? Estes Park area workforce households, 2015



Source: 2015 Household and Employee Survey

Of workforce households wanting to move into a new or different home in the area, those who want to own report needing more 3- and 4-bedroom homes than those who would consider renting.

Number of Bedrooms Needed by Own/Rent: 2015

Bedrooms Needed	Want to own	Would rent or own
Studio	0%	2%
One	10%	22%
Two	37%	41%
Three	38%	29%
Four	14%	7%
Five	1%	0%

Source: 2015 Household and Employee Survey

Location Attributes

When looking for a place to live, the affordability of housing/cost of living is the most important consideration among renters, but a close second to proximity to nature and outdoor recreation among owners.

While owners and renters rate the relative importance of the options offered similarly, owners place greater importance on most attributes, especially proximity to services, community amenities and community character. Renters gave higher ratings than owners only on the affordability of housing and cost of living.

Several "other" write-in survey responses were received to this question. Allowing pets was the most frequently cited, followed by the quality of housing.

Importance of Location Attributes

	Own	Rent	Grand Total
Affordability of housing/cost of living	4.2	4.7	4.5
Proximity to nature/outdoor recreation	4.3	3.9	4.1
Community character (family oriented, neighborhood feel, etc.)	4.1	3.7	3.9
Community amenities (parks, libraries, etc.)	4	3.6	3.8
Proximity to my place of employment	3.7	3.7	3.7
Proximity to services (medical, shopping, etc.)	3.5	3.1	3.3
Proximity to place(s) of employment for other household members	3.3	3	3.2
Quality of schools	3.2	2.9	3
Proximity to day care	1.7	1.7	1.7

Source: 2015 Household and Employee Survey
*Sorted in descending order of importance.

Owner Amenities

A garage and adequate storage top the list of what home buyers who work in the area most seek when choosing a home. Most buyers realize they will have to consider older units to find homes they can afford.

Condominiums do not appeal to many, but still function as housing for some of the workforce, primarily since other options are so limited. Empty nesters are more likely to consider condominiums, yet families with children are far more likely to only consider single-family homes with private yards.

The community has continued to attract older residents with its amenities and relatively large inventory of condominiums. Living down valley often appeals more to singles and younger families who prefer the lifestyle, schools and family-oriented amenities like community/recreation centers available in Loveland and Fort Collins. Some REALTORS® feel the community is transitioning, however, and that its attraction of younger tourists with events like beer festivals will ultimately lead to younger home buyers. This is supported by information in Section 6 – Problems, where many of the in-commuters that want to move closer to their work are comprised of younger workforce households and families.

Rental Amenities

The amenities and features that renters desire are similar in most respects between those renting market units compares to income-restricted rentals. They both highly rate being able to have pets and laundry either in the unit or on site.

There are some notable exceptions. When considering these differences is it important to note that the income-restricted units are apartments in complexes. The market units are largely scattered condominiums, single-family homes and cabins.

- Pets are at the top of the list for both categories of rentals. Pets are rarely allowed at apartment properties and in professionally managed rentals even though they are highly valued. Renters are getting around prohibitions by indicating their pets are “service” animals. An alternative is to charge pet rent as well as higher security deposits.

- Mobile phone/internet service shares the top rating with pets. The National Park Services had some vacancies in their summer employee housing because the units did not have internet access.

- On-site and in-unit washers/dryers are very important.

- Garages are moderately important to market renters yet none of the income restricted rentals have garages.

- Playgrounds are of moderate value to the residents in the income-restricted apartment complexes but of low value to market renters.

- Storage is lower in terms of importance that often found in mountain towns, perhaps because Estes is not a ski resort and residents may not have all of the gear associated with that sport.

Importance of Amenities to Renters
1 = not important; 5 = very important

	Professionally-Managed Market Rentals	EPHA Rentals
Pets allowed	5	5
On site laundry	4	5
Mobile phone/internet service	5	5
In unit laundry	4	3
Garage	3	N/A
Yard space	3	3
Energy efficiency	3	1
Storage	2	3
Clubhouse	N/A	2
Playground	1	3
Exercise equipment	1	N/A
Security	1	1

Source: 2015 REALTOR® and Property Manager focus groups

In terms of unit design, there is no clear preference for single-story units as compared to multi-story. In general, older renters prefer one level while families with children like townhomes and other multi-story units.

Renters are split roughly 50/50 between those who want a full bathroom with tub and those who are fine with a ¾ bathroom with shower.

SECTION 9 – HOUSING RESOURCES AND LIMITATIONS

This section introduces land and housing resources that may be available to help address affordable housing for the workforce. The existing regulatory environment is discussed as it relates to the development of affordable housing, including both code and process. Changes incurred by the 2013 flood and pending floodplain redistricting are also introduced. Finally, funding and programs provided by local and regional organizations are presented. This information helps guide recommendations and possible strategies.

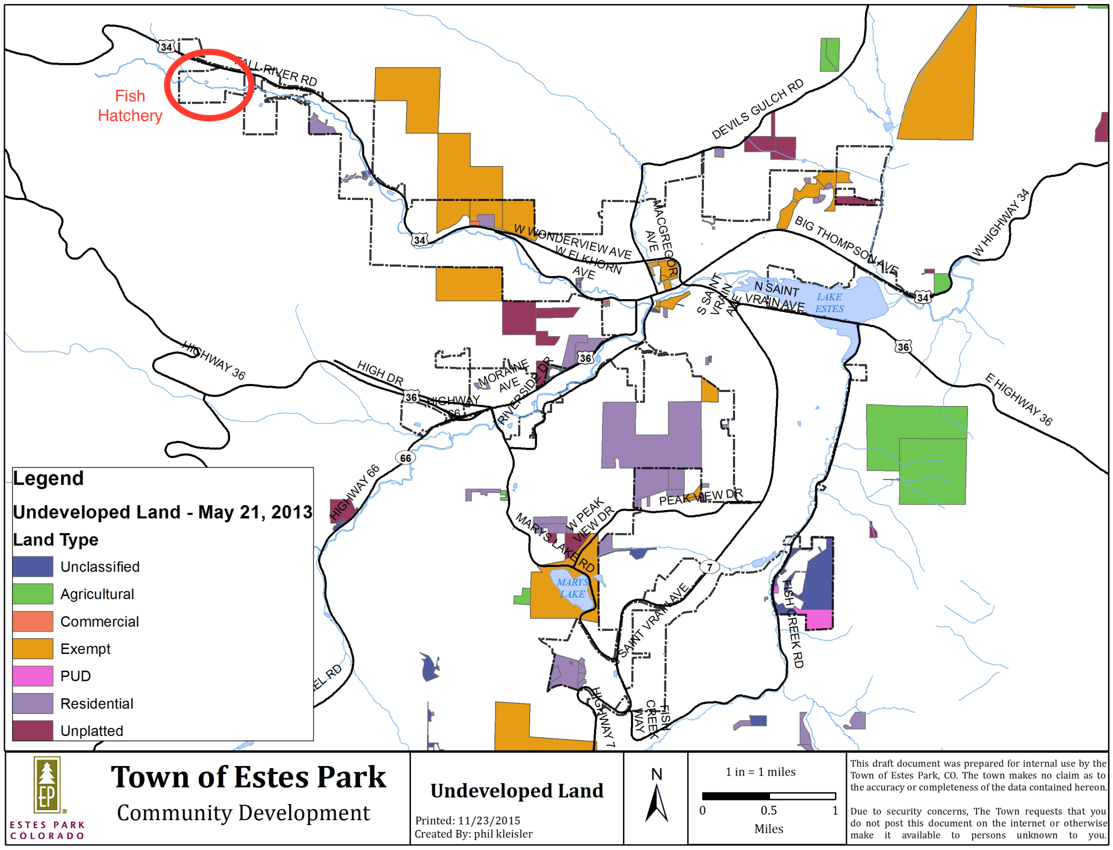
Vacant and Town-Owned Land

The below map shows vacant land in the town of Estes Park area. Much of the land shown may not be suitable or available for development. Of the parcels shown, only the Fish Hatchery parcel is currently under consideration for workforce housing (upper left corner of the map).

This parcels is about 4 miles west of town. The area is currently under A-1 zoning, allowing about four units per acre. Not all the land is developable due to steep slopes, wildfire hazard, and other conservation areas, but some significant acreage could potentially be developed at higher densities.

Discussions have been occurring with the Estes Park Housing Authority. If an agreement can be worked out with the Town donating land, homes for moderate- and middle-income families could be constructed that are below market but above the limits associated with Federal and State housing programs. The parcel has competing interests, both for conservation and housing, but the extensive size of the parcel should lend itself to meeting multiple interests.

Vacant Land in the Estes Park Area: 2013



Source: Estes Park Community Development Department from Larimer County Assessor Records
*Land classifications are from Assessor records and do not represent Estes Valley zoning designations

Floodplain Redistricting in 2016

The Federal Emergency Management Agency (FEMA) is expected to release a new 100-year floodplain map for the Estes Park area at the end of 2016. This map is expected to place many properties in the floodplain that currently are not classified as such. It is unknown at this time how many residential properties may be affected by this redistricting.

FEMA has programs targeted to reducing the damage to property and disruption caused by repeated flooding. Redistricting will open the door to additional grant opportunities to address flooding related issues and renovations in Town. Among FEMA's concerns are "severe repetitive loss" (SRL) properties, which are properties that are subject to repeat flooding damage. In the past, grant funds have been available to state and local governments for acquisition or relocation of SLR structures and conversion of the property to open space, elevation of structures or dryproofing of historic properties.[13]

The Islander, an 8-plex unit downtown that often houses local employees, is one for which the Town may request these funds, but an application has not yet been submitted. While removing properties from the floodplain is important, a no-net-loss policy for housing occupied by residents should be equally as important. As more SRL properties are identified, the Town should have in place a plan to relocate or replace lost units in non-flood areas, rather then simply remove, these properties.

The Town has hired a consulting team, Logan Simpson, to establish a Downtown Plan consistent with community goals and needs. This plan will evaluate the potential for 3-stories and stepped-back 4-stories in some downtown areas, some of which is in anticipation that basement and crawl spaces will be in the floodplain following redistricting. This could open up options for more housing downtown. As the Town continues with these efforts, it is important to consider the potential impact of floodplain redistricting and the impact on housing.

Redevelopment Parcels

The town has few undeveloped parcels. Most potential development is through redevelopment rather than new subdivisions within the town. A few properties were identified by the town as potential candidates for redevelopment, though no specific plans are currently in the works:

- An almost 5-acre parcel about two miles south of downtown on South St. Vrain Avenue. This parcel is across the avenue from the golf course. It had a recent proposal for development that was contested by residents in the area and was subsequently withdrawn.

- A 9.5-acre parcel north of the lake on Dry Gulch Road and just south of Vista Ridge Condominiums. The parcel could be rezoned to accommodate higher density residential, but as with most development in the area, would be contentious with the community.

- Cleave Street property downtown, which is one area to be evaluated as the town reviews a Downtown Plan for Estes Park.[14] This parcel contains Cleave Street Apartments (EPHA), along with a few buildings that are ripe for redevelopment.

[13] See "Guidance for Severe Repetitive Loss Properties," May 2011, available at: https://www.fema.gov/pdf/nfip/manual201105/content/20_srl.pdf; "FY 2015 Flood Mitigation Assistance Program Fact Sheet," available at: http://www.fema.gov/media-library-data/1432847398289-878c470e718239eedcaadc8d52ea1823/FMAFactSheetFY2015.pdf

[14] See discussion herein above under "Floodplain Redistricting in 2016."

Redevelopment of many properties is challenging. The town underwent a broad scale rezoning many years ago that changed many multi-family zones to single-family. This means that there are several "non-conforming" uses in place, such as hotels and multi-family residential, which may not be permitted to redevelop to their current use. No net loss provisions, requiring removed residential units to either be replaced on site or another site or a fee-in-lieu of replacement be paid, are common in areas concerned about the loss of local housing to redevelopment.

> *"I have been in this town for 18 years, and have seen this issue go from bad to worse. I was one of those forced to leave the old trailer park. The lot is still empty."*
> Estes Park Area Employee

Regulatory Issues

Many concerns regarding the current zoning and development environment in the Estes Park area were raised through interviews, survey comments and data observations. The primary issues raised included:

- The low density zoning in the valley,
- Redevelopment challenges (discussed above),
- Opposition to most types of development by vocal residents,
- Ineffective attainable housing incentives,
- Lack of mandates or fees for workforce housing, and
- The prohibitions on renting Accessory Dwelling Units (ADUs).

This section highlights some of these concerns. The Strategies section of this report recommends how the Town may improve its regulatory environment to better accommodate attainable housing.

Multi-family zones. Very little multi-family zoning exists in town. As of 2013, only 2% of land in the Estes Valley was zoned for multi-family residential (3 to 8 units per acre). Nearly half of the land in the Estes Valley is zoned for very low density, rural uses only (1 home on at least 10 acres). Eight-units per acre is low even compared to most other mountain resort communities in Colorado.

Density bonus.

- The current Estes Valley Development Code allows a 50% density bonus (e.g. from 8-units per acre up to 12-units per acre) if attainable housing is proposed as part of a development. The density bonus is subject to discretionary review and may not be granted.
- Attainable housing is defined as rentals for households earning 60% AMI or less and ownership for households earning 80% AMI or less. These price points

overlap with what can be produced with federal funding (units for 80% AMI households or below).[15]

Residential Zoning Acreage: Estes Valley, 2013

Residential Land Use	Total Acres	Percentage
Multi-family: 3-8 du/acre (RM)	319	2.0%
Single Family: 10 acre min. (RE-1)	7,369	46.3%
Single Family: 2 1/2 acre min. (RE)	4,694	29.5%
Single Family: 1 acre min. (E-1)	2,212	13.9%
Single Family: 1/2 acre min. (E)	1,026	6.4%
Single Family: 1/4 Acre min. (R)	202	1.3%
Single Family: 5,000 s.f. min. (R-1)	14	0.1%
Two Family: 27,000 s.f. min. (R-2)	74	0.5%
TOTAL	15,910	100.0%

Source: 2013 Town of Estes Park and Larimer County Land Use Records, as reported in the Estes Valley Comprehensive Plan (2012 Update), Chapter Four: Land Use.

Townhomes. Until 2011, townhomes were not a recognized product under the Municipal Code in the Estes Valley. Townhomes are presently permitted in the R-1, R-2, RM, A and A-1 zone districts. Townhomes are a preferred attached product type by many locals in mountain towns, including the Estes Park area (see Section 8 – Housing Preferences).

Accessory Dwelling Units. The rental of ADUs has been proposed and rejected in the past. This should be revisited as it can help provide employee housing for locals. Crested Butte and Telluride have effective ADU provisions.

Planned Unit Developments. The use of PUDs is limited and must include a commercial component. As new development opportunities have decreased and redevelopment opportunities have grown, more flexible PUD standards are needed to make the most of hard to develop lots.

Development Fee Waivers. The Town Board has been assisting many developments with fee waivers. Fee waivers made the affordable rental project, Falcon Ridge, feasible. The Town should selectively apply fee waivers for projects that advance Town goals and needs, such as supporting attainable housing.

Buildout Analysis. The Town last updated its buildout study in 2007. The study estimated that the Town could accommodate about 7,780 total residential homes under then-current zoning. Presently 68% of homes are occupied by year-round residents. This means that 5,100 of these 7,500 units should accommodate the needs of local residents if the town wants to preserve its character. Applying estimates of housing

[15] See Estes Valley Development Code, § 11.4 Attainable Housing Density Bonus.

units in the Estes Park Area (which is a larger area than the Estes Valley) indicates that about 2,000 residential units remain to be built – 1,390 of which should be for residents.

This analysis is an important planning tool for the town and can help when evaluating proposed projects to ensure town attainable housing goals are being met.

Estes Valley Estimated Buildout: 2007

LAND USE	ACRES BY CLASSIFICATION	ESTIMATED BUILDOUT (existing plus future units)
Multi-family: 3-8 du/acre (RM)	294	2,255
Single Family: 10 acre min. (RE-1)	2,859	344
Single Family: 2 1/2 acre min. (RE)	4,332	1,121
Single Family: 1 acre min. (E-1)	1,887	1,583
Single Family: 1/2 acre min. (E)	899	1,560
Single Family: 1/4 Acre min. (R)	154	583
Single Family: 5,000 s.f. min. (R-1)	13	78
Two Family: 27,000 s.f. min. (R-2)	65	254
TOTAL	10,503	7,778
Estes Park Area* (2015 existing homes)	(example only)	5,735
Remaining housing to be built	(example only)	2,034
Resident Housing (68%)	(example only)	1,390

Source: 2007 Buildout Analysis, as reported in the Estes Valley Comprehensive Plan (2012 Update), Chapter Four: Land Use.

*Estes Park Area housing estimates represent a larger area than just the Estes Valley. This number is provided for example purposes only – the number of units remaining to be constructed in the Estes Valley should be higher than represented in this example.

Funding

To date, affordable housing development has mostly relied on the use of Low Income Housing Tax Credits. A few units have been produced by the private market (The Neighborhood), and others through creative financing by the EPHA (Vista Ridge and The Pines) to produce both affordable ownership and rental units.

The Town presently does not have in place a source for affordable housing revenue, but has provided direction to staff to explore options. Many options are presented in the Strategies section of this report.

Organizations

Estes Park Housing Authority (EPHA)

In addition to the rental units it owns/manages and the ownership units it oversees, EPHA offers:

- Estes Valley Workforce Housing Assistance (EVWA) is a down payment program created by the Estes Park Board of REALTORS® and EPHA to assist working families with incomes from 81% to 150% AMI. It is funded with private donations, grants, the Town and the Board of REALTORS®. Utilization of the program was low until recently, but now the portfolio includes five loans. Terms are:
  - A maximum loan amount of 3.5% of the purchase price OR $10,500;
  - An interest rate of 2% with a 10-year term;
  - Repayment of the loan can be deferred if needed to qualify for the first mortgage;
  - Loan amounts are dependent on available program funding;
  - Applicants need to invest a minimum of $3000 of their own funds into the home purchase;
  - A prequalification letter from a lender is required; and
  - Homeownership education is also required.

- Homebuyer Education – EPHA refers buyers to a homebuyer counseling program provided online by the Colorado Housing and Finance Authority. No one provides homebuyer education classes in the Estes Valley, but classes are held in Fort Collins and Boulder.

- Section 8 Rental Assistance – EPHA has an allocation of Section 8 rent subsidy vouchers that are awarded to income qualified households who then must find rental housing that rent for no more than the Fair Market Rents defined by HUD. EPHA has 50 vouchers. Only 42 are utilized at this time because voucher holders are unable to find units that rent for less than the maximum allowed.

While operational self-sufficiency is the goal, the Town has financially supported EPHA since formed in 2000. At its peak, the Town provided $250,000 to $300,000 annually with the understanding that EPHA would ask for fewer funds each year, eventually reaching operational self-sufficiency through income from properties. The Town has allocated $50,000 for 2016, and also supports the Authority by providing legal fees, office space and phone service. The self-sufficiency goal applies only to operations. The Town will still consider providing subsidies for the construction of housing, as done when $369,000 was provided for Falcon Ridge.

Loveland Housing Authority

The Loveland Housing Authority is a sister agency to EPHA. It helps with various administrative functions including accounting, allocation of Section 8 vouchers, and is now working on the initial lease up of Falcon Ridge. This agency also provides several homeowner programs that cover the Estes Park area:

- Larimer Homeownership Program (LHOP) provides down payment assistance to households with incomes no greater than 80% AMI who are purchasing a home in Larimer County outside the City of Fort Collins. This program has not been used often in the Estes Park area because home prices are too high, yet could be of benefit if additional deed restricted units are developed for low-income residents. Terms include:
    - A maximum loan amount of $10,000;
    - An interest rate of 2%;
    - Buyers must contribute at least 1% of the home's purchase price;
    - The home value may not exceed the current FHA limits;
    - Funds will not be reserved until a home is under contract and a first mortgage has been approved;
    - Applicants must be pre-approved by a lender prior to submitting an application;
    - Applicants must attend a first time home buyer class; and
    - Home buyer/Applicant is able to work with any lender of their choosing for the first mortgage; however, the program reserves the right to not lend behind a first mortgage that would have questionable terms.

- Larimer Improvement Program offers low- to no-interest rate loans to income qualified families with incomes at or less than 80% AMI for repairs/improvements. EPHA works with residents to complete applications and the Loveland Housing Authority administers. Because of FHA limits and equity requirements, this program better serves seniors than workforce households. Terms include:
    - A maximum loan amount of $24,999;
    - The interest rate varies from 0% to 5% based upon the family's income;
    - Loan terms are very flexible; and
    - Focus on health and safety related issues and could include roof replacement or repair, new siding, windows and insulation to improve energy efficiency, room additions in overcrowding situations, etc.

- Disaster Relief is a special allocation of Federal funding provided by the Colorado Division of Housing to assist households displaced by the September 2013 flood and the High Park fire. Most of the assistance is devoted to housing rehabilitation, but up to $50,000 can be provided for ownership assistance. Under both programs, households with incomes equal to or less than 80% AMI who can demonstrate flood or fire displacement can apply for Disaster Relief assistance. Terms and loan amounts are determined on a case-by-case need.

To date, 25 households within the study area have received Disaster Relief assistance through these programs.

Location	# Households Assisted	Amount Provided
Drake	3	$84,314
Estes Park	5	$104,377
Lyons (Larimer Co)	2	$151,262
Big Elk	13	140,477.58
Glen Haven	2	$65,133
Cedar Cove	3	$88,571

Source: Loveland Housing Authority

- Emergency Grant Assistance is provided to owners who make no more than 50% AMI for urgent need situations such as burst pipes or a broken water heater or furnace. Stipulations include:
    - Furnace replacement first requires an application with the Longs Peak Energy Conservation weatherization program;
    - Grants cannot exceed $1,000 absent special circumstances; and
    - Grants are only provided one time.

Estes Park Economic Development Corporation

The Estes Park Economic Development Corporation (EDC) was formed in August 2013 in part to plan for and promote the economic development of the Estes Valley; assist existing local businesses to reach their full economic potential; and use and promote the tools of economic development to create a more dynamic, multi-generational community to the benefit of all citizens. By June 2014, the EDC had helped over 80 businesses with Colorado's Recover Colorado business grant program for flood and fire recovery programs.

The lack of affordable housing for the workforce has long been a problem for area businesses. The November 2015 economic strategy study commissioned by the EDC reiterated that the: "Limited availability of workforce housing in the Estes Valley presents a serious threat to the ability of businesses to attract and retain qualified employees." [16]

The EDC has formed a Housing Committee to explore methods and opportunities for addressing workforce housing. The Housing Committee is in the process of formulating policy recommendations and options to address workforce housing with a vision toward identifying or helping to facilitate housing projects.

[16] "Estes Valley Economic Development Strategy," Nov. 2015, Avalanche Consulting, pp. 26, et al.

APPENDIX A – HOUSEHOLD INCOME AND AFFORDABILITY CALCULATIONS

Housing is affordable when the monthly payment (rent or mortgage) is equal to no more than 30% of a household's gross income (i.e., income before taxes). Although there is some variation, this standard for affordability is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and leasing agents.

Affordable rents and purchase prices, meeting this 30% standard, are often calculated for various income levels, expressed as a percentage of the Area Median Income (AMI). AMI is published annually by the U.S. Department of Housing and Urban Development (HUD) for each *county* and represents the Median *Family* Income of an area. This means that the AMI does not incorporate incomes from non-family single and roommate households, which make up 56% of households in the Estes Park area. As a result, the AMI will generally be higher than the average income of all households.

The AMI varies by household size. The median (or middle) family income estimate in an area generally falls on or near the 100% AMI rate for a family of four. In Larimer County the AMI in 2015 is $77,800.

Larimer County AMI's by Household Size: 2015

AMI Level	1-person	2-person	3-person	4-person	5-person
30%	$16,350	$18,690	$21,030	$23,340	$25,230
50%	$27,250	$31,150	$35,050	$38,900	$42,050
60%	$32,700	$37,380	$42,060	$46,680	$50,460
80%	$43,600	$49,840	$56,080	$62,240	$67,280
100%	$54,500	$62,300	$70,100	$77,800	$84,100
120%	$65,400	$74,760	$84,120	$93,360	$100,920
150%	$81,750	$93,450	$105,150	$116,700	$126,150

Source: US Department of Housing and Urban Development (HUD)

Throughout this report, the analysis of affordability will be based on the income for a 2-person household, which is about the average size of households in the Estes Park study area. The affordable rents and purchase prices of the average Estes Park area household at various rates of AMI are as follows:

Maximum Affordable Housing Costs

AMI	Household Income	Max Rent	Max Purchase Price*
30%	$18,690	$467	$69,299
50%	$31,150	$779	$115,499
60%	$37,380	$935	$138,599
80%	$49,840	$1,246	$184,798
100%	$62,300	$1,558	$230,998
120%	$74,760	$1,869	$277,197
150%	$93,450	$2,336	$346,496

Source: HUD, Consultant team
*Assumes 30-year mortgage at 5.5% with 5% down and 20% of the payment covering taxes, HOA, PMI and insurance.

Interest rates have been kept low for several years and will eventually rise. Rates for a 30-year fixed rate mortgage currently average around 4.5% depending upon credit scores. As rates rise, higher incomes will be required of buyers to buy the same priced home today. For example, a one percentage point increase drops the affordable purchase price by $20,000 to $25,000 for households with incomes at 80% AMI. This should be a consideration when setting prices for new homes and making decisions about resale price calculations.