Estes Valley
Housing Needs Assessment

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-FINAL -

Prepared for:

Estes Park Housing Authority

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INTRODUCTION

Purpose of the Study

This Housing Needs Assessment quantifies housing needs in the Estes Valley and provides recommendations on how those needs could be addressed. It contains information intended to support development of specific goals and objectives for consideration of actionable options for addressing housing needs and opportunities. Addressing housing needs, concerns, issues and opportunities is complex and challenging, yet crucial for preservation of communities and sustainable economies.

This study assesses and quantifies a variety of housing problems including:

- Affordability, which considers housing costs relative to income;
- Overcrowding, or when homes are not of a sufficient size to meet the needs of the household;
- Condition of homes, which encompasses a variety of factors such as general physical condition, safety and surroundings;
- Public perceptions, which gauge the relative severity of housing needs in the county relative to other problems that residents face;
- Location of housing, or the ability of residents to live where they want to live and in proximity to employment;
- Employer problems, including insufficient labor force to fill available positions, high turnover, absenteeism/tardiness that are directly attributable to housing costs and availability.

Needs are measurements of the number of additional units required to address problems and are quantified based on unfilled jobs, commuting, overcrowding, job growth and retirement.

Organization of the Report

Findings are reported for the Estes Valley overall. The report is organized into ten sections, based on the template published by the Colorado Division of Housing:

I. Economic and Demographic Framework, which provides population and household estimates, examines growth and describes the demographics of households in the Estes Valley, and includes data on number of jobs, growth in jobs, seasonality in employment, wages paid and commuting.

II. Housing Inventory, which provides information on the number, type, occupancy/use and development of residential units in Estes Valley.

III. Housing Market Conditions

A. Homeownership Market, which considers historic and current home prices and the availability of homes by price and area.

B. Rental Market, which analyzes the inventory, rents and vacancy rates.

IV. Housing Problems, which examines perceptions, satisfaction, affordability, overcrowding, physical conditions, in county commuting, and problems employers are having related to housing – unfilled jobs and employees leaving or not accepting positions.

V. Special Needs, which considers the housing needs of seniors, Spanish-speaking employees, homeless persons, victims of domestic abuse, and very low-income households.

VI. Needs and Gap Analysis, which estimates the total number of housing units needed by employees in The Estes Valley both to fill existing gaps in the market and to accommodate future needs based on five-year projections of growth.

VII. Conclusions

VIII. Community Resources and Financial Tools, which considers down payment assistance, mortgage availability, homebuyer education, housing rehabilitation, local sources of revenue and land availability.

IX. Recommendations for an Action Plan, which examines the acceptability of various techniques that could be used to produce/promote community housing, and provides recommendations on next steps that could be pursued.

Sources and Methodology

Sources of information referenced in this report are identified within the text and adjacent to tables and graphs. Survey research was conducted to generate information beyond that available from existing sources. This research included a paper version of the household survey distributed to Estes Valley Households, an online version of the household and employer surveys distributed through chambers of commerce and publicized through the Housing Authority.

The Household Survey was mailed to 3,300 randomly selected homes in the Estes Valley and placed on the doors of 200 apartments. A total of 869 completed household surveys were returned, for an average response rate of about 25%. Responses from the household survey represent 1,755 total persons and 832 employed adults.

Employer surveys were distributed through the Visitors Bureau and the Housing Authority. In total, about 38 responses were received. Responding businesses together account for a total of 2,143 summer jobs and 1,349 winter jobs, which equates to about 1/3 of all employees in the Estes Valley. More details on the distribution and weighting of the sample are provided in Appendix F.

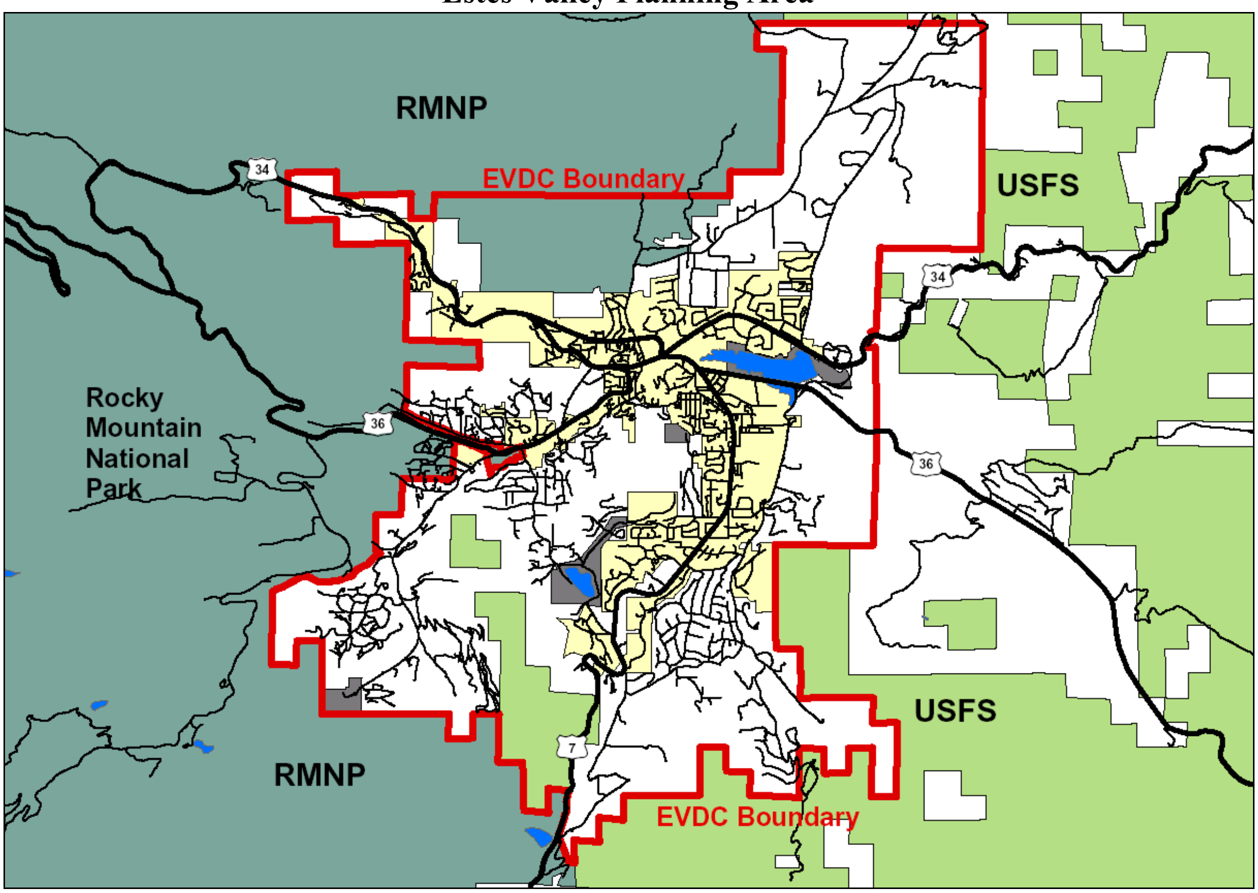
SECTION 1 - DEMOGRAPHIC AND ECONOMIC FRAMEWORK

This section provides an overview of current household demographics and characteristics. It presents current estimates and projections of the population and number of households in the Estes Valley from the year 2000 through 2015. It also evaluates employment and commuting trends, including estimates of total jobs and projected growth in jobs, seasonality of employment, and selected workforce characteristics.

Geographical Description of Study Area

This study covers the Estes Valley. The Estes Valley Planning Area includes the incorporated town of Estes Park, Colorado as well as the surrounding unincorporated areas of Larimer County. The map below outlines the planning area in red. For purposes of analyzing data from the Census Bureau, Census Tract 28 and Tract 19.03 Blocks 1 and 3, roughly represent the Estes Valley.

Estes Valley Planning Area



Source: Town of Estes Park

County Population and Households

Based on building permit data, it is projected that the total number of housing units in the Town of Estes grew at a faster rate than in the unincorporated Estes Valley between 2000 and 2007. As represented in the 2000 Census, the average household size in the unincorporated Estes Valley is slightly higher in 2007 than the town of Estes Park (2.16 vs. 1.99). It is estimated the Estes Valley will add 2,404 people and 1,021 households by 2015.

Population, 2000 to 2015

	2000 Population	2007 Population	2015 Population	# Change 2007 to 2015	% Change 2007 to 2015
LARIMER COUNTY	251,494	281,565	312,566	31,001	11%
Estes Valley	11,348	12,941	15,345	2,404	19%

Source: Department of Local Affairs (DOLA), 2000 US Census; Larimer County Assessor; RRC Associates, Inc.
*APPENDIX F describes methods for projections

Currently it is estimated that the unincorporated area of the Estes Valley is home to about 52% of all households in the Valley, but this is projected to decrease to 46% by 2015.

Households, 2007 to 2015

	2000 Households	2007 Households	2015 Households	# Change 2007 to 2015	% Change 2007 to 2015
LARIMER COUNTY	97,164	108,969	120,966	11,997	9.9%
Estes Valley	5,104	5,815	6,836	1,021	14.9%

Source: Department of Local Affairs (DOLA), 2000 US Census; Larimer County Assessor; RRC Associates, Inc.
*APPENDIX F describes methods for projections

Responding households to the survey indicate that the majority live in single-family homes, 71%. Of those living in the unincorporated areas of the valley, 95% live in single-family residences. The percent of Town residents living in condo/townhome/duplex properties has increased from 14% in 1998 to 21% in 2007.

Occupancy and Tenure

It is important to note that the percentage of units occupied by residents of the Estes Valley has been decreasing according to Department of Local Affairs estimates, from about 69% in 2000 to 66% in 2007. This indicates that the percentage of out-of-area owners increased between 2000 and 2006.

The homeownership rate in the Estes Valley is high for a mountain resort community.

Taking the DOLA estimate for change in owner renter mix for Region 2 (Larimer and Weld Counties) and applying it forward to the Estes Valley only, about 69.4% of occupied units in

2007 are owner-occupied (2,735 total) and 30.6% are renter-occupied (1,235 total). The homeownership rate is slightly lower than the state average of 71%.

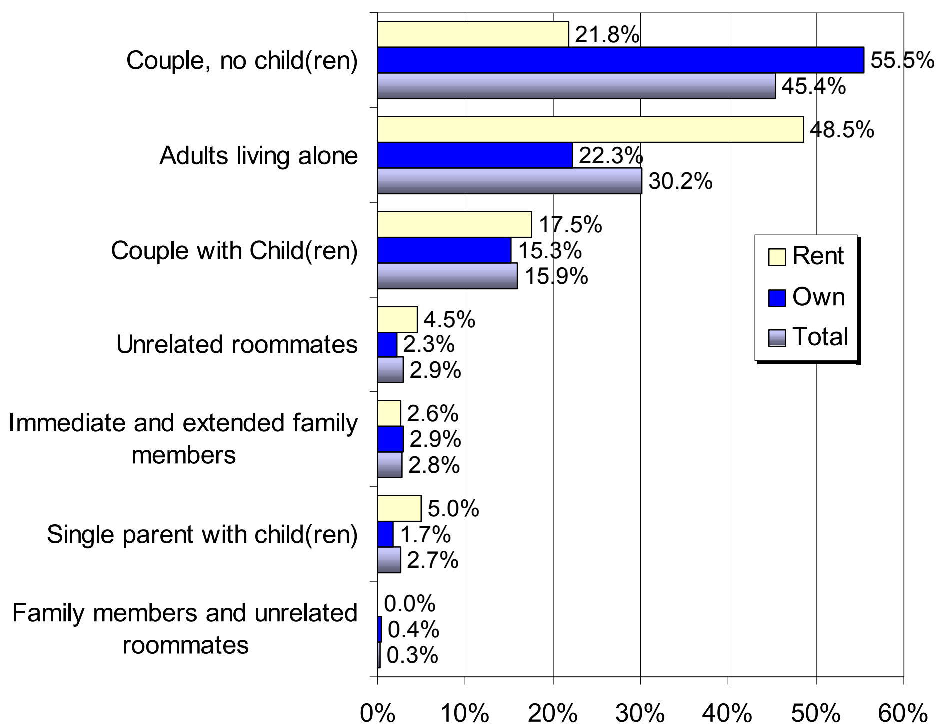
Household Composition and Length of Residence by Tenure

The majority of households in the Estes Valley are composed of families. Couples with or without children in the home comprise 76% of the households. Household composition varies by tenure where the majority of owner households in the Estes Valley are couples without children, while the largest percentage of renter households are adults living alone. Accordingly, the average household size for an owner household is slightly larger, (2.1 persons per household) than for renter households (1.9 persons per household).

Renters are more likely than owners to have children living at home.

Household composition varies slightly by area, with the largest percentage of couples without children living in the Town of Estes Park. Of all households in the Estes Valley, about 19% have at least one child under the age of 18. Interestingly, renters are more likely than owners to have at least one child under the age of 18 (23% renters and 17% of owners).

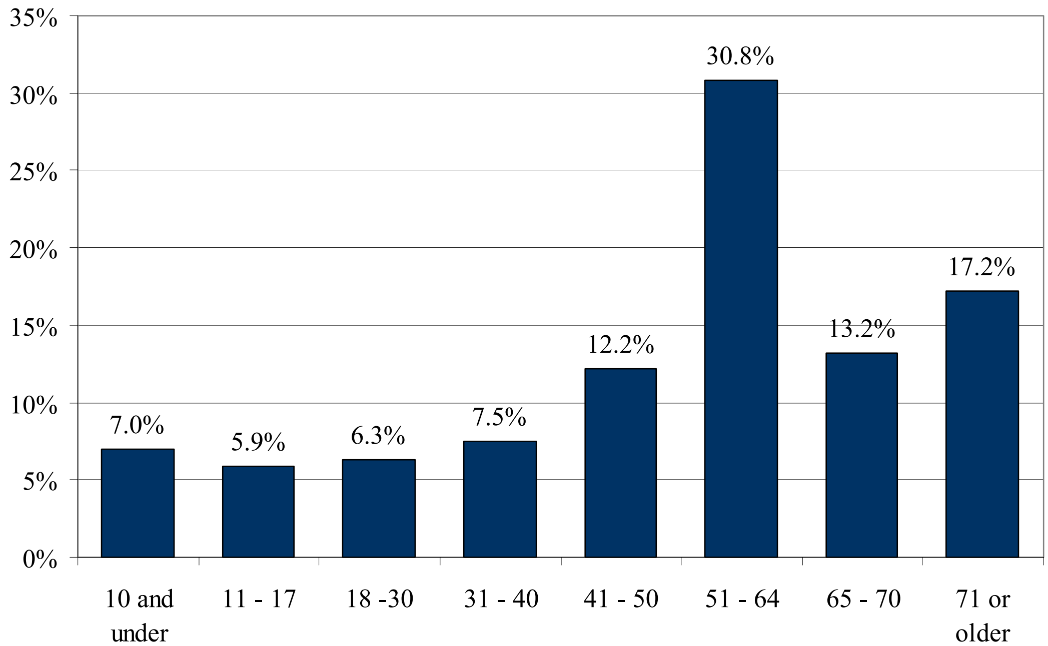
Household Composition, 2007



Source: 2007 Household Survey

Estes Park has a very large senior population, about 19%. Of the senior population, 93% live in ownership housing. This in part explains why renters are more likely to have children living at home. The median age in the Estes Valley is 56, which is up significantly from 40 in the 1998 survey.

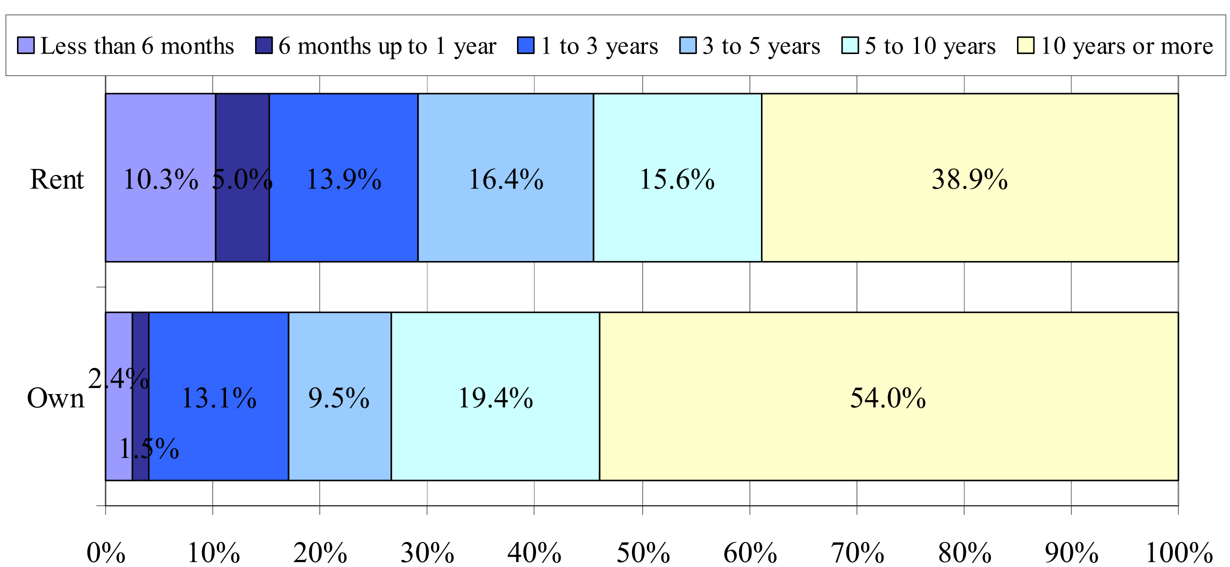
Age Distribution



Source: 2007 Household Survey

The population in the Estes Valley is highly transitory compared to urban areas and resorts with a more year-round economy. Owners tend to have lived in the Valley for the longest amount of time, with the majority of them having lived in the region for ten years or more.

Length of Residency by Tenure

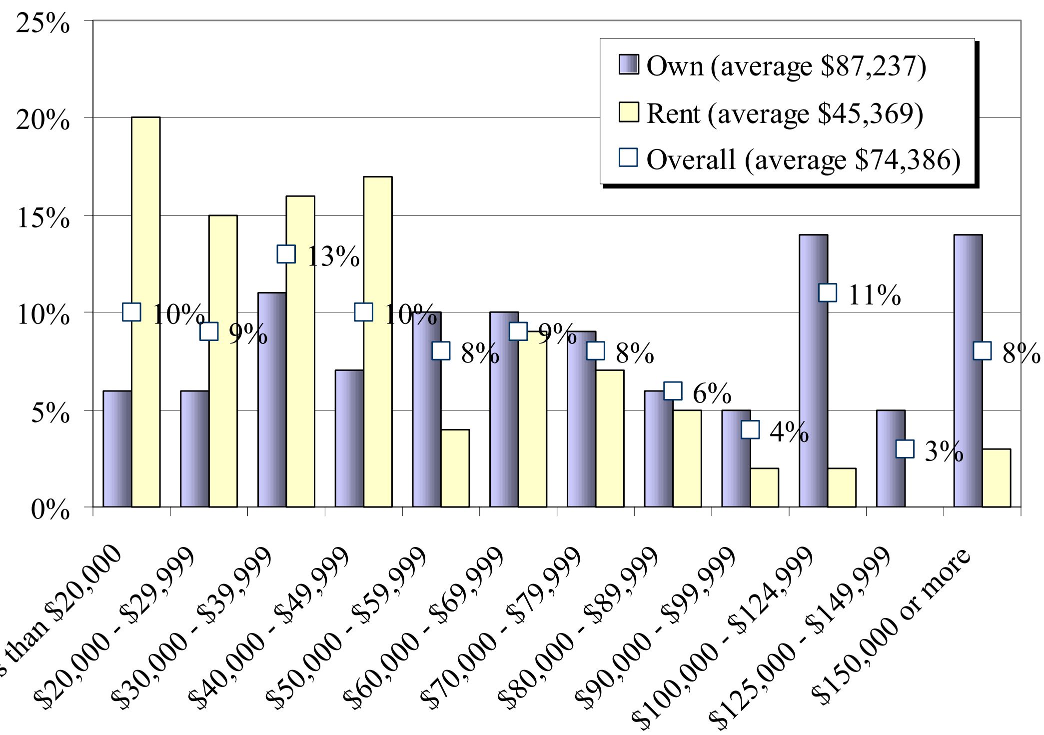


Source: 2007 Household Survey

Household Income

The median household income in the Estes Valley is $60,000 ($74,386 average). This indicates a 50% increase since the 1998 survey. The median household income for owners is almost double that of renters. The largest percent of renter households make below $20,000, while the largest percent of owner households make between $100,000 and $124,000 and over $150,000.

Income Distribution of Estes Park Households



Source: 2007 Household Survey

The following table shows 2007 income limits for households earning between 30% and 140% AMI. Limits are based on the median family income (100% AMI for a 4-person household) for the Fort Collins-Loveland MSA, which is $69,200 in 2007, as determined by the US Department of Housing and Urban Development (HUD)[1].

Since 2000, Larimer County's AMI has increased by 23% from $56,300 to $69,200 (100% AMI for a 4-person household)

[1] For the Fort Collins-Loveland MSA 2007 Area Median Income Estimates, HUD used 2005 American Community Survey data. It is noted by HUD that although the ACS will detect real changes in local median family incomes since the 2000 Census, the ACS is also known to provide generally lower estimates and HUD's median family incomes reflect that. Based on this data the actual AMI is $68,200. In order to minimize program management problems, HUD implemented a Hold Harmless Policy. This means that because the 50% AMI in 2007 was lower than for 2006 ($34,100 vs. $34,600), the 2006 limit was used. The 2006 50% AMI was adjusted upward from $34,300 to $34,600 due to the hold harmless

"Low-Income" families, as defined by HUD, have incomes that do not exceed 80% AMI. "Very Low-Income" families are defined as having incomes that do not exceed 50% AMI.

Larimer County 2007 Area Median Income

Family Size	50% AMI	80% AMI	100%AMI	120% AMI	140% AMI
1 person	$24,200	$38,750	$48,400	$58,080	$67,760
2 person	$27,700	$44,300	$55,400	$66,480	$77,560
3 person	$31,150	$49,800	$62,300	$74,760	$87,220
4 person	$34,600	$55,350	$69,200	$83,040	$96,880
5 person	$37,350	$59,800	$74,700	$89,640	$104,580
6 person	$40,150	$64,200	$80,300	$96,360	$112,420

Source: Department of Housing and Urban Development

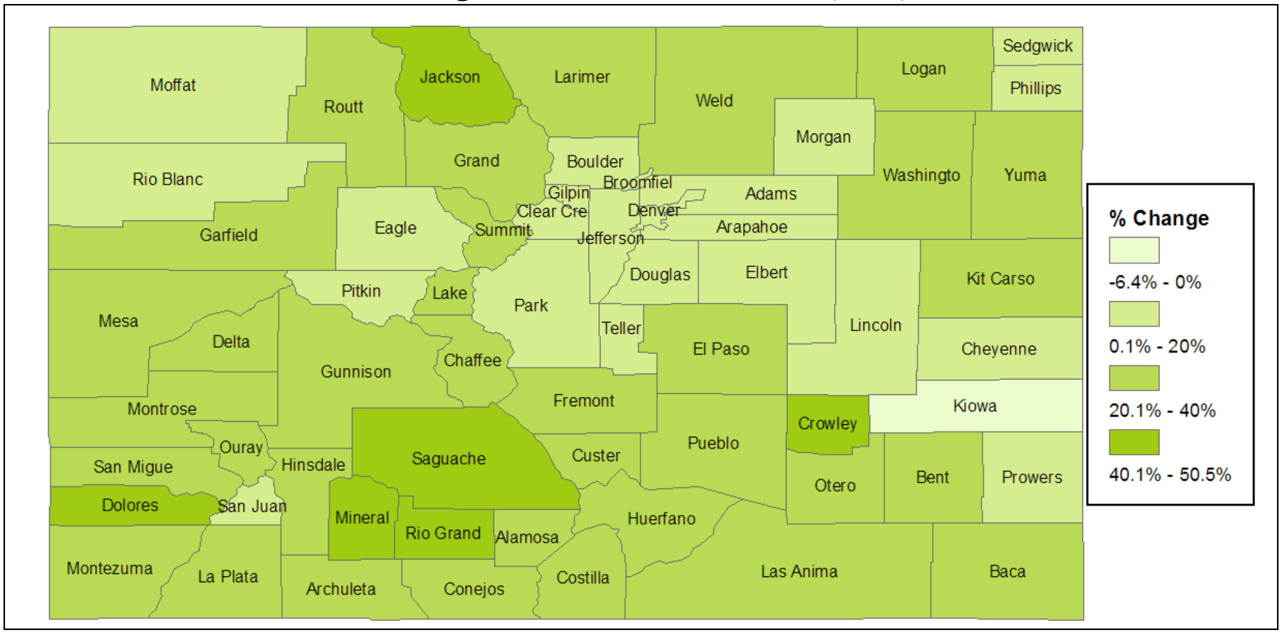
- *Households: 5,815*
- *Average Household Size: 2.06*
- *Tenure*
  - *Owner 69.4%*
  - *Renter 30.6%*
- *Area Median Income $69,200*

Larimer County ranks 17th in the state for 2007 area median income ($69,200), with Pitkin County ranking 1st ($89,300) and Costilla County ranking 64th ($30,400) in the state. Since 2000, Larimer County's area median income has increased by about 23%, from $56,300 to $69,200. Compared to the rest of the state, Larimer County ranks 36th out of 64 counties for percentage increase in area median income during this time period.

The largest percent increase in median income occurred between 2002 and 2003, with an increase of 6.6%. Since 2003, the area median income has remained relatively flat, increasing by just over 1% per year on average.

policy. Thus, true 50% AMI estimates have been below the amount actually represented since 2005, which was the last year the Census was used for estimates.

Colorado % Change in Area Median Income (AMI), 2000 to 2007



Source: Department of Housing and Urban Development; RRC Associates, Inc.
*Denver MSA includes: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park Counties.

Over one-third of households in the Estes Valley (37%) are low income (<=80% AMI)

Special tabulations of the 2000 US Census data (CHAS) were used to determine the number and percentage of Estes Valley households within each AMI category and were used to weight the 2007 survey data results to ensure representation of the population as a whole. Based on final survey results, about 37% of Estes Valley households earn less than 80% AMI and 33% earn over 140% AMI. This varies by tenure, with renters more likely than owners to have low incomes.

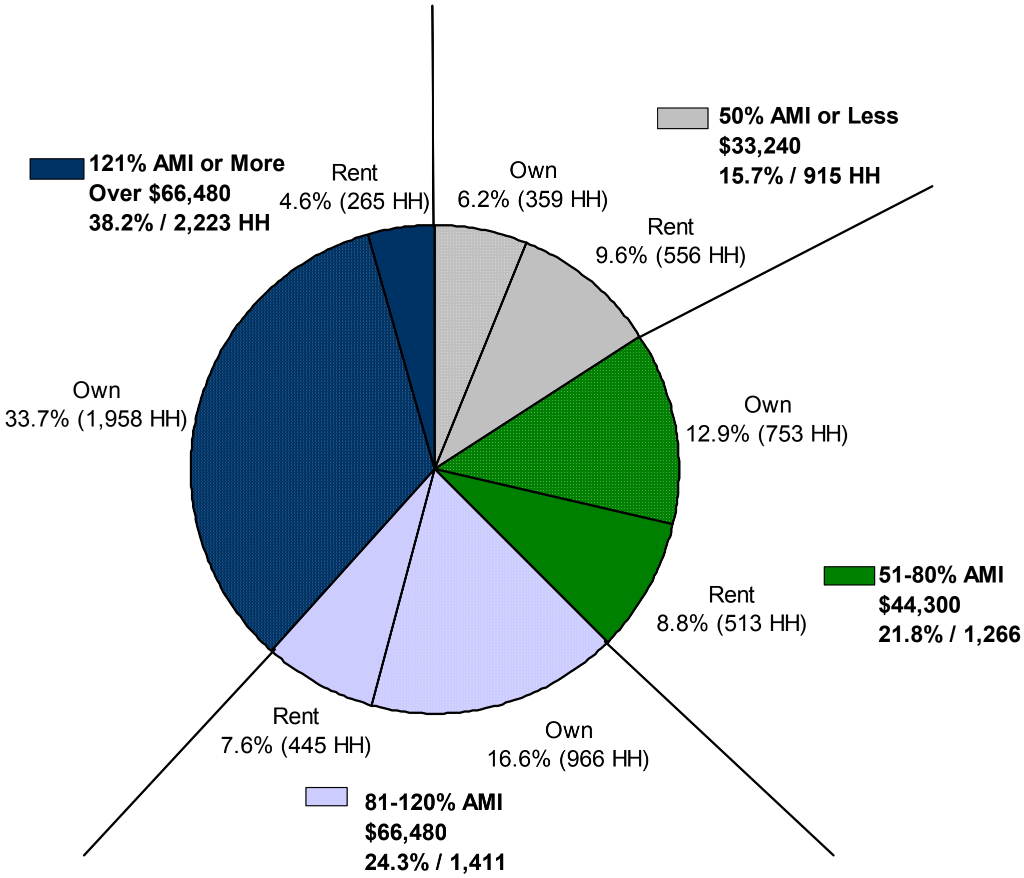
Income Distribution by Tenure: 2007 Estimates

	Renters		Owners		Total	
	#	%	#	%	#	%
30% or less AMI	239	13.5	205	5.1	445	7.6
31 - 50%	316	17.8	154	3.8	470	8.1
51 - 80%	513	28.8	753	18.6	1,266	21.8
81 - 100%	291	16.3	470	11.7	761	13.1
101 - 120%	154	8.7	496	12.3	650	11.2
121 - 140%	77	4.3	257	6.4	334	5.7
Over 140%	188	10.6	1,702	42.2	1,890	32.5
Total	1,779	100%	4,036	100%	5,815	100%

Source: Department of Local Affairs; CHAS; RRC Associates, Inc.

Of all households in the Estes Valley, 10% are renters making below 50% AMI and 6% are owners making below 50% AMI. The largest category consists of homeowners with incomes over 120% AMI.

Total Households by AMI and Tenure, 2007



Source: Department of Local Affairs; CHAS; RRC Associates, Inc.
*Maximum Household Income for a two-person household

Job Estimates and Employment

It is estimated there are currently 5,587 jobs in the Estes Valley in 2007, which equates to about 3.3 percent of all jobs in Larimer County. If job growth in the Estes Valley were to occur at the same rate as projected job growth in Larimer County, there will be 6,872 jobs by 2015, as illustrated in the table below. However, it is more likely that job growth will occur at a slower rate in the Estes Valley, adding about 868 jobs between 2007 and 2015. It is estimated in 2000 that about 4 percent of jobs in the County were in the Estes Valley, down to about 3.3 percent in 2007 (see Appendix F for estimate methodology). Data indicates that the Estes Valley has mostly recovered from the 2001 recession, felt throughout Northern Colorado. It is important to note that this is an estimate of the average number of jobs in 2007. A discussion of seasonal employment follows.

Yearly Average Total Jobs

	Larimer County	Estes Valley (growth at same rate as County)	Estes Valley (growth at slower rate than County)
2000	144,347	6,069	6,069
2007	169,312	5,587	5,587
2015	208,238	6,872	6,455
# Change 2007 to 2015	38,926	1,285	868
% Change 2007 to 2015	23.0%	23.0%	15.5%

Source: Colorado Department of Local Affairs (DOLA), Census Zip Code Business Patterns, RRC Calculations

Seasonality in Employment

Employment in the Estes Valley fluctuates significantly with the season. Results from the 2007 Employer survey indicate that just over half of the workforce during the summer months is seasonal. Employment drops significantly during the winter months when approximately 3,366 people are holding year-round positions and 950 are employed in seasonal jobs. Survey data indicates that winter employment as a percent of summer employment has remained between 58 and 64% since 1989.

Seasonality in Employment

	Total Summer	Total Winter	Average
Number of Employees	6,857	4,316	5,587
# Year Round	3,360	3,366	3,364
# Seasonal	3,497	950	2,223
% Seasonal	51%	22%	40%

Source: 2007 Employer Survey

Employer surveys further asked employers to estimate the percentage of seasonal employees which return to work for them from past seasons. Employers reported that an average of 46% of summer seasonal employees and 18% of winter seasonal employees returned to work for them from previous seasons, meaning that the majority of seasonal employees must be newly recruited each year.

Jobs per Employee and Employees per Household

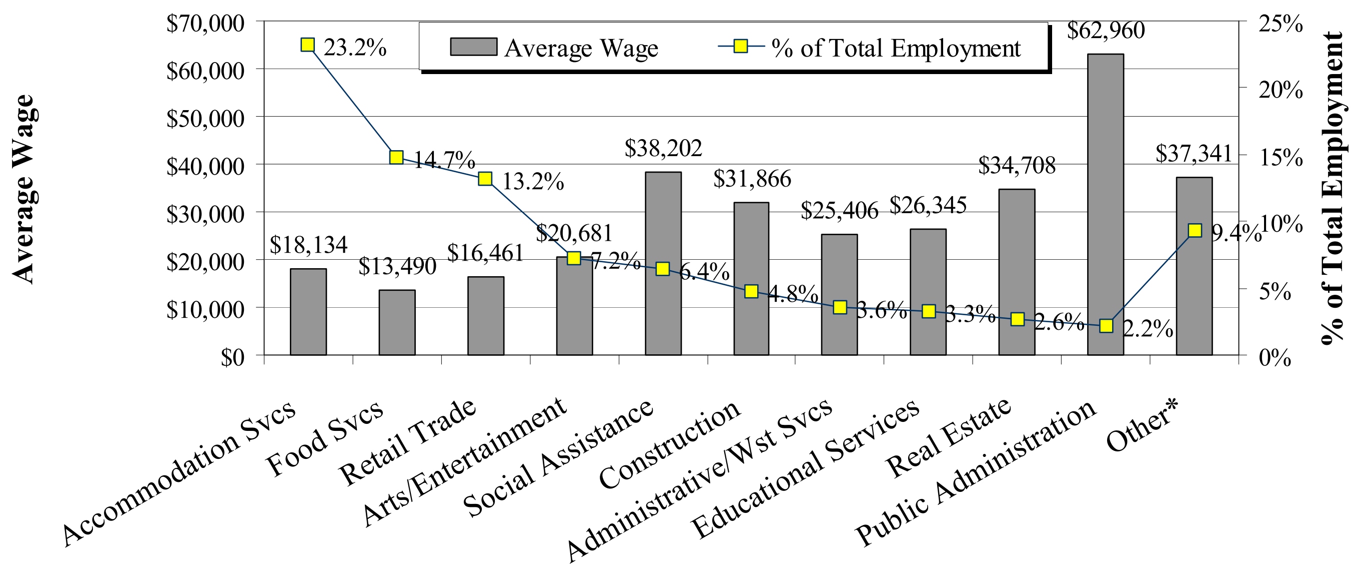
The household and employee survey asked workers how many jobs they hold during the summer and the winter and how many adults (age 18 and over) in their household are employed. These responses can be used to translate the estimated increase in jobs in the county into housing units demanded by workers needed to fill new jobs (see Housing Needs and Gaps, for projections of future housing demand).

	Overall
Total Jobs (DOLA)	*5,587*
Jobs per employee	*1.28*
Total employees	*4,365*
Employees per working household	*1.61*
Total employee households	*2,711*

Jobs and Wages by Industry

Estimates from the Quarterly Census of Employment and Wages (QCEW) includes workers covered by unemployment insurance and, therefore, does not generally include self-employed proprietors and positions exempt for various reasons. However, QCEW provides useful estimates of the types of industries that supply jobs in a region. In the third quarter of 2006, accommodation and food services supplied the largest percentage of jobs in the Estes Valley, followed by food services, the retail trade and arts and entertainment. The industry paying the highest average wage (mining $80,000) supplied only 0.04% of jobs in the Estes Valley.

Average Wage by Industry vs. % Employment by Industry 2006 3QTR



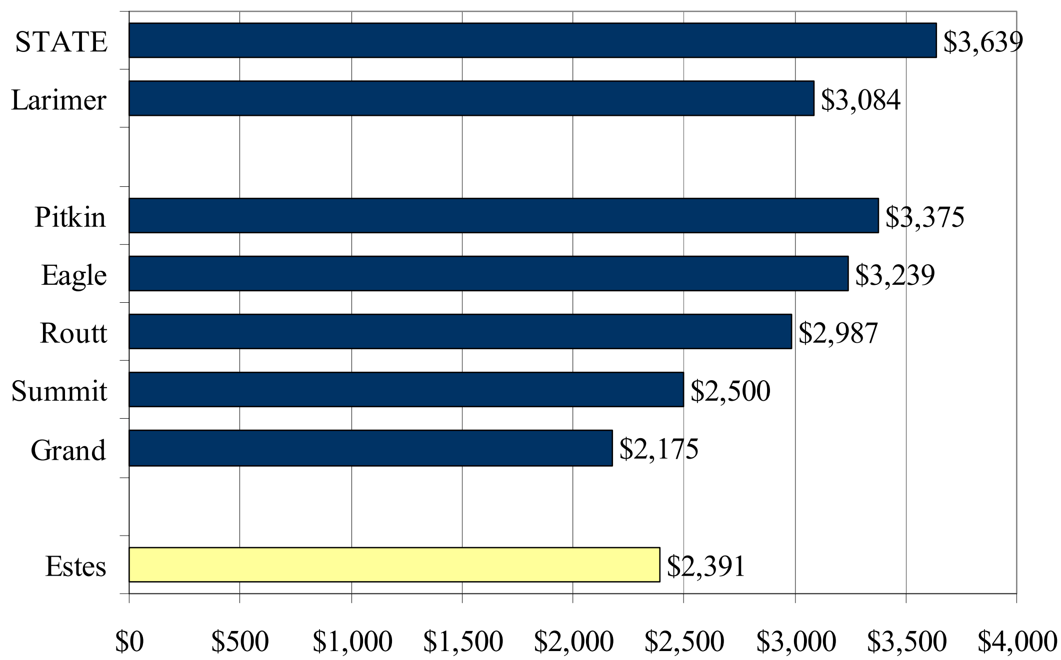
Source: Quarterly Census of Employment and Wages (QCEW); Sorted in descending order of % of Estes Valley Workforce.

*Other includes: Finance and Insurance, Prof and Tech Svcs, Mgt of Cos and Enterprises, Transportation and Wharehousing, Manufacturing, Information, Utilities, Wholeslae Trade, Mining and Agriculture and Forestry

Accommodation Services employs the largest percent of the Estes Valley's workforce (23.2%), and pays one of the lowest wages ($18,134).

The Estes Valley's average wages during 2006 were substantially below the average monthly wages paid in Larimer County ($2,391 vs. $3,084), in large part because much of its' jobs are in comparatively lower-paid tourism sectors, in contrast to substantial numbers of jobs in high wage sectors such as business services in nearby cities. In comparison to other tourism-oriented counties, the Estes Valley's wages are on par with Grand County and are generally below wages in the state's other ski resort counties.

Average Monthly Wage by Location of Employer



Source: ES202 Employer Address Files for Larimer County; RRC Associates

The composition of the Estes Valley job base is heavily dominated by the tourism sectors. The concentration of tourism-related sectors is significant, in part because these sectors pay relatively low wages, which in turn affects the ability of the workforce to afford housing.

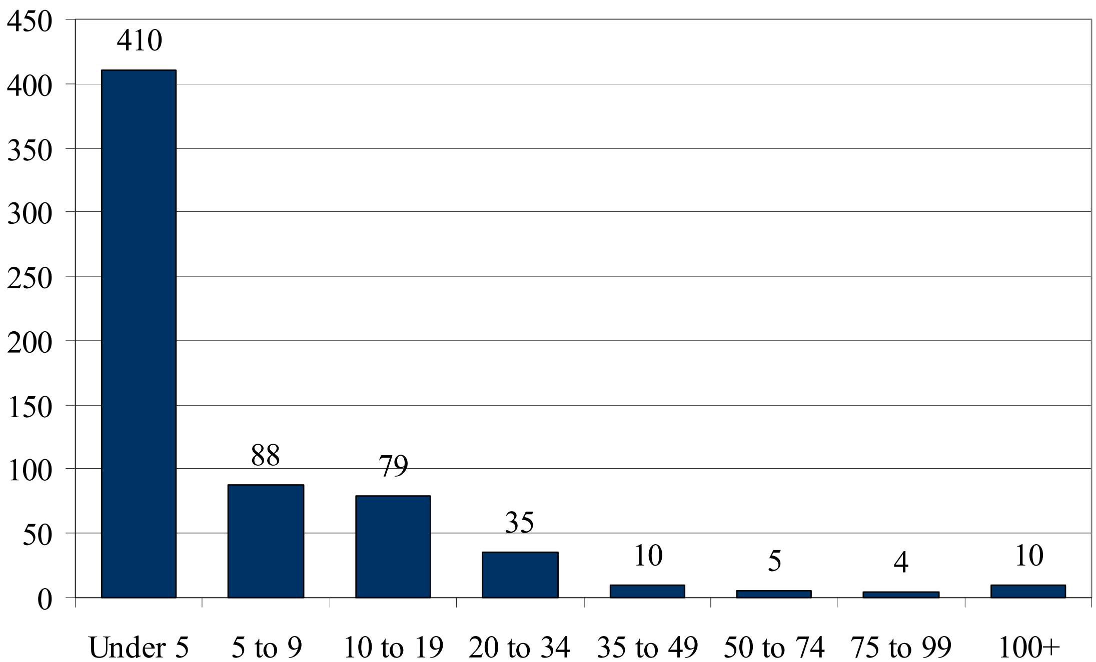
Employment by Industrial Sector

	July 1998		July 2006	
	% of Jobs	# of Jobs	% of Jobs	# of Jobs
Hotels and Lodging	25.0	1,635	25.6	1,632
Eating and drinking places	16.9	1,100	16.3	1,037
Government	16.0	1,042	17.1	1,092
Retail other than eating and drinking places	15.9	1,037	14.6	928
Services other than hotels and lodging	14.4	940	12.5	798
Other*	4.6	301	4.1	259
Construction	4.5	293	5.2	335
Finance, insurance, real estate	2.7	179	4.7	297
Total	100%	6,527	100%	6,378

*Other includes agriculture, forestry and fishing; mining; manufacturing; transportation, communications, and public utilities; and wholesale trade.
Note: Public agencies of all types are included in the "Government" category.
Note: Persons who are employed through an employment agency are classified as working in the service sector, even if their actual line of work is in other field.
Source: ES202 Employer Address Files for Larimer County; RRC Associates

The Estes Valley is characterized by a large number of relatively small establishments. The Valley's ten largest employers account for one-third of the Valley's jobs in the summer. The significant employment concentration at large employers is important, to the extent that it only takes action by a few such employers to have a large impact on housing issues in the region.

Establishments by Size of Establishment 2006 QTR 3



Source: ES202 Employer Address Files for Larimer County; RRC Associates

Unemployment

> *Labor shortages are occurring in the Estes Valley where unemployment is extremely low.*

Overall, unemployment in Larimer County is so low as to represent full employment. Generally an employment rate below 3% is considered full employment. The rate has followed the same pattern as that of the State, with the unemployment rate peaking at just over 5% in 2003 and steadily declining for the past three years. In 2007, the unemployment rate dropped a full percentage point as the result of strong job growth in the county.

Results from the 2007 Employer survey indicate that at the end of the 2007 summer season, unemployment in the Estes Valley was at about 1.8%, which is extremely low and an indication of labor shortages. Comments from employers indicate that labor availability is not just a seasonal problem but that it is also difficult to fill year-round positions.

Unemployment Rates (%), 2000 thru Oct. 2007

Year	Colorado	Larimer County
2000	2.7	2.5
2001	3.8	3.2
2002	5.7	4.7
2003	6.1	5.1
2004	5.6	4.7
2005	5.1	4.4
2006	4.3	3.9
2007-Oct	3.4	2.9

Source: Colorado Workforce LMI Data

Commuting Patterns

Employers estimate that about 11% of their employees in the Estes Valley live somewhere outside of the valley. This is down slightly from 13% in 1998. This indicates that a larger percent of local workers have been able to find housing in the region, rather than having to commute long distances to find housing they can afford. One reason for this could be due to progress made by the Housing Authority in providing both income-restricted rentals and deed-restricted ownership opportunities for workers in the valley.

In-Commuters

	2007 (est)	2015 (est)
Total Jobs (DOLA)	5,587	6,872
Jobs per Employee	1.28	1.28
Total Employees	4,365	5,369
% In-Commute	11.0%	11.0%
# In-Commute	480	591

Source: Department of Local Affairs; RRC/Rees Calculations

Of those workers commuting in for work, the largest percentage drive up from Loveland. The average number of miles traveled round trip is 17, with 86% of workers traveling by themselves in a car.

Worker Flow Tabulations

	Work in the Estes Valley - Live in:
Estes Valley	89.0
Allenspark	1.9
Meeker Park	0.1
Glen Haven	0.6
Loveland	3.5
Ft. Collins	0.3
Pinewood Springs	0.5
Lyons	0.5
Longmont	0.7
Boulder	0.4
Weld County	1.9
Other	0.7
Total	100%

Source: 2007 Household Survey; 2007 Employer Survey

SECTION 2 - HOUSING INVENTORY

In this section of the report, information provided about the housing inventory includes number and type of units, occupancy (local renters and owners versus vacationers/part-time residents), age of housing, rate of production and development trends, income-restricted units, and employer-assisted housing.

Number of Units and Unit Type

The Estes Valley currently has approximately 8,700 residential units. This number includes all types—single-family homes, apartments, condominiums and mobile homes regardless of whether they are occupied, vacant, second homes or vacation accommodations.

Housing Units by Type

		New Construction 2000 - 2006			
	2000	**Town of Estes Park**	**Unincorp. Estes Valley**	**Total thru 2006**	**Percent of Total**
Single-family	5,971	428	145	6,544	76.1%
Two Units	769	126	45	940	10.9%
Three and Four Units	330	86	0	416	4.8%
Five or More Units	557	74	0	631	7.3%
Mobile Homes, RV, Van	56	0	14	70	0.8%
Total	7,683	714	204	8,601	100%
% of Total thru 2006	89.3%	8.3%	2.4%	100%	

Sources: US Census Bureau, County Building Permits and Larimer County Assessor

Over three-fourths of the housing units in the valley are single-family homes. Compared to other resort communities in the Colorado mountains where private land suitable for development is limited, the Estes Valley has relatively little high-density, multi-family product. Just over 10% of units are in two-unit or duplex buildings. There are few condominiums, townhomes or apartments in large-scale buildings; only 7.3% of units are in buildings with five or more units.

Mobile homes, typically the most affordable type of housing within a community's inventory, are not a significant source of housing in the valley. Less than 1% of units in the Estes Valley are mobile homes.

As of 2000, approximately 46% of the housing units in the Estes Valley were located within the municipal boundaries of the Town of Estes Park. This percentage, however, has been increasing with new construction this decade. Approximately 78% of units built since 2000 have been constructed within town. This trend could bode well for employees looking for housing – higher density in town housing is generally more appropriate for employees and less expensive than homes in rural areas. It is also better suited for seniors, a consideration when trying to achieve a balance between housing demand generated by job growth and workforce housing.

Rate of Production and Development Trends

Construction of new residential units has been occurring at a slow to moderate pace since 2000. Permits have been issued for an average of 127 units per year from the start of 2000 through September 2007. The peak year was 2005 when construction commenced on nearly 200 residential units. Construction activity dropped, however, the following year to the lowest level this decade. Based on permits issued through September 2007, construction is continuing at a modest, below average pace.

Growth in the housing supply has been slow to moderate; the number of housing units grew by only 9.6% between 2000 and 2007

Building Permits, 2000 – 2007

	# Units Estes Park	# Units Unincorporated Estes Valley	Total
2000	106	27	133
2001	73	37	110
2002	84	25	109
2003	136	26	162
2004	80	27	107
2005	154	40	194
2006	81	22	103
2007 (thru September)	50	38	88

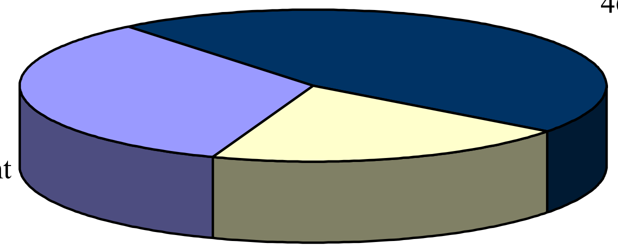
Sources: Larimer County Building Dept and US Census Bureau

Occupancy and Ownership

66% of the residential units in the Estes Valley function as housing; most of the others are vacation accommodations that generate housing demand. The percentage of units that are used as vacation accommodations is on the increase with an 3-point gain since 2000.

The majority of the residential units in the Estes Valley house local residents but a sizable percentage do not, and the percentage of second/vacation homes is increasing. According to DOLA, approximately 34% of the units in the Estes Valley are vacant, up from 31% in 2000. Of these, most are second homes and vacation accommodations occupied only for seasonal or occasional use. The 66% of the residential units that are actually lived in are part of the housing supply, however the other units are not. Residential units that are used as vacation accommodations (second/third homes and short-term rentals) generate demand for workforce housing through purchases of goods and services by their occupants. Homes occupied by retirees serve as housing for a segment of the local population but also generate demand for workforce housing.

Estes Valley Occupancy, 2007



Source: DOLA; RRC Associates

The homeownership rate in the Estes Valley is 69%

The mix between owner and renter occupancy is typical for the state as a whole but relatively high for a mountain resort community where many of the tourism-based jobs are low paying. Overall, the homeownership rate is 69% in the Estes Valley. Throughout the state, the homeownership rate increased during the 1990's with a booming economy, unprecedented levels of home building, low interest rates and a surge in sub-prime lending. Given tightening mortgage credit and signs of an economic downturn, it is likely that the homeownership rate will flatten or may even decline as employees choose to or are forced to rent.

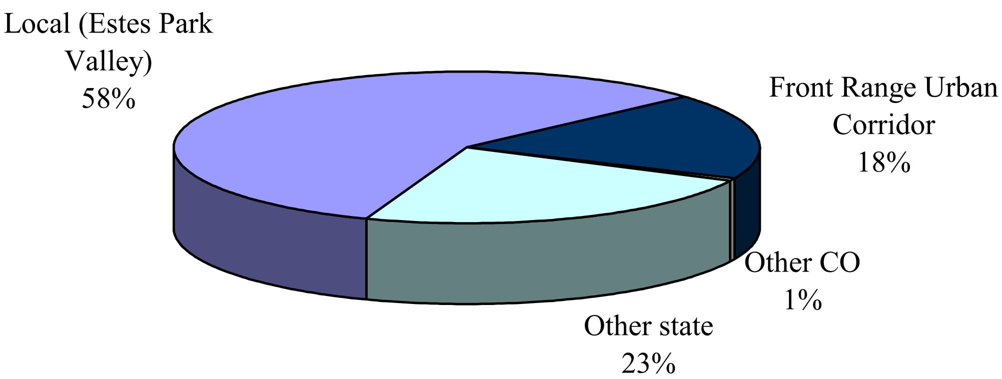
Ownership Patterns

In between the decennial census, it is difficult to quantify shifts in occupancy characteristics. Examining ownership using County Assessor records provides insight into how occupancy has changed since 2000 and to determine if there has been a shift between local and non-resident ownership, an indicator of changes in the housing supply/demand equation. All residential units in the Estes Valley were analyzed using the mailing address of their owners from the Larimer County Assessor database.

The Estes Valley has an unusually high percentage of homeowners who live on the Front Range.

Local residents own approximately 58% of residential units in the Estes Valley. Other Front Range residents own 18% while out-of-state residents own 23%. Of units owned by locals, 74% are single-family. Out of area owners are slightly more likely to own a condo than local residents (38% vs. 25%).

Ownership by Unit Type, 2007



Ownership of Units Sold Jan – Sept 2007

	% of Units Sold
Local (Estes Valley)	49.7%
Front Range Urban Corridor	19.9%
Other CO	0.5%
Other state	29.8%
Total	100%

Ownership patterns appear to be shifting with fewer homes being purchased by local residents. Based on the ownership of units sold in the first nine months of 2007, local residents are buying relatively fewer units than they have in the past. Only 50% of the units that sold in January through September 2007 were purchased by local residents. Out-of-state residents are buying proportionately more units than they have in the past – 30% of those sold in 2007 compared with 23% of total units. If this trend continues, housing will become increasingly difficult for local residents to afford. Non-local owners create demand for housing yet the units they purchase are not part of the housing supply. This will shift the housing demand/supply relationship that now exists and should drive prices upward.

Ownership patterns are changing with proportionately fewer local and more out-of-state residents buying residential units in the Estes Valley. This alters the relationship between housing supply and demand, and will drive prices upward.

An examination of valuation by ownership shows that local residents and out-of-state residents generally own the most expensive housing units while other Front Range residents look for value and tend to own the least expensive units. In most of Colorado's mountain resort communities, vacation-home buyers purchase the most expensive units on the market and drive prices upward with incomes from outside of the market area. In the Estes Valley, the situation is different.

Having so many buyers from the Front Range has likely slowed increases in home prices since they tend to be cost conscious and buy the least expensive units.

Valuation by Ownership

	Estes Valley Median Value*
Local (Estes Valley)	$130,000
Front Range Urban Corridor	$103,100
Other CO	$123,600
Other state	$128,000
Total	$127,900

Source: Larimer County Assessor

*The value of the property is determined by the County Assessor to ensure that each taxpayer pays only his or her fair share of property taxes.

Age of Housing

Much of the housing in the Estes Valley is fairly old; nearly 60% is more than 20 years old. The product built in the 1970's is aging and often in need of repair. Many of the older units are historic and have been renovated.

Age of Housing

	Estes Valley
New (2007)	1.5%
1 to 5 years	8.3%
6 to 10 years	12.4%
11 to 15 years	12.0%
16 to 20 years	6.2%
21 to 30 years	15.2%
31 to 50 years	21.3%
51 to 100 years	21.9%
Over 100 years	1.1%
Total	100%

Source: Larimer County Assessor data

Income-Restricted Housing

5% of the housing units in the Estes Valley are publicly subsidized, publicly owned, specifically for seniors or restricted for low- and moderate-income households.

Though casually referred to by different names including attainable and workforce housing, the term "affordable" is the most widely used and encompasses housing occupied by employees as well as seniors. In total, 389 units in the Estes Valley are age and/or income restricted, publicly owned or publicly subsidize. This equates to 5% of the housing supply. Note: this total includes 22 units at the Pines that are owned by the Housing Authority but offered for sale on the free market.

Age and/or Income-Restricted and Publicly-Owned Housing

Name	# Units	Year Built	Income Restriction
Senior			
The Pines of Estes Park (Pine Knoll)	24	2007	
Trail Ridge Apartments	24	1992	30% of income
Good Samaritan			
Twinhomes	46		
Apartments	34		
Assisted Living	24	2003	None
Sub total	152		
Family Rentals			
Park Ridge Apartments	32	1985	
South St. Vrain Quarters	12		≤60% AMI
Lone Tree Village	57	1997	13@ 40% AMI 32@ 50% AMI 12@ 60% AMI
Talons Pointe	44	2003	18@ 40% AMI 14@ 50% AMI 12@ 60% AMI
Cleave Street Apartments	10	2005 (orig 1932)	1 @ 30% AMI 3 @ 50% AMI 6 @ 60% AMI
Subtotal	155		
Section 8 Rent Subsidies	50		≤80% AMI
Ownership			
Vista Ridge	30	2003	≤80% AMI
The Neighborhood	15 15	2006	≤100% AMI ≤120% AMI
The Pines at Estes Park*	22	2007	
Subtotal	60		
Total	**389**		

* Includes units owned by the housing authority but listed for sale on the free market.

Family Apartments (30 or more units)

- Park Ridge Apartments is a 32-unit rent restricted complex, constructed in 1985. They have a mix of 1, 2 and 3-bedroom units ranging between 862 and 1,025 square feet. They rent mostly to families, with a large percentage of Hispanics.

- Lone Tree Village Apartments, constructed in 1997, consists of 10 apartments and 47 townhomes. All are income restricted. The rents vary based on income. Lone Tree tends to rent to families with children, primarily because of its location near schools. 18 of the units are fully accessible for persons with disabilities.

- Talons Point was constructed in 2003 using Low Income Housing Tax Credits (LIHTC). It consists of 44 flat and townhome-style apartments, with 32 two-bedroom units and 12 three-bedroom units. All are income restricted.

- South St. Vrain is a low-income housing tax project which consists of 12 rental units. The units are fully subsidized with rental assistance from rural development.

- Cleave Street is 10-unit apartment building located conveniently for employees in downtown Estes Park. Most of the units have one bedroom although there is also one studio and one two-bedroom apartment. Even though the property is old (constructed in 1932), it underwent a major renovation two years ago. Its location makes it popular among members of the workforce; it operates at or near full occupancy with about 50% of the units occupied by Hispanics. Tenants are each provided one parking space per unit in an adjacent lot.

Senior Housing

- The Pines of Estes Park (formally called Pine Knoll Apartments) is a 24-unit apartment property, built in 1983. All are one-bedroom 625 square foot units. The Housing Authority recently converted 24 apartments to condos (see below). The rents vary based on income.

- Trail Ridge Apartments was constructed in 1992 with 24 units. All are one-bedroom 860 square foot units. Tenants pay 30% of their income for gross rent.

- Good Samaritan Village is a new senior community which includes 46 high-end duplexes surrounding a 34-unit senior apartment complex and attached 24-bed assisted living center. The village offers residents two dining rooms, a hair salon, library, country store, lap pool, spa and exercise room.

Homeownership

- Vista Ridge was developed by Estes Investors, LLC, a partnership between the Estes Park Housing Authority and a group of local investors. It consists of 59 condominium units, 30 of which are affordable. The affordable units are price, income (80% AMI or less) and resale restricted through deed restrictions. The affordable units have either two or three bedrooms, all with an attached garage. Buyers are eligible for an equity investment from the Housing Authority and down payment assistance in the form of subordinated loans.

The project received support from the Town of Estes Park though fee waivers and a grant from the Colorado Division of Housing. While sales were initially brisk, interest in the units has slowed. See the Market Analysis section of this report for details.

- The Neighborhood subdivision, developed by Pawnee Meadows, LLC, consists of 30 single-family residential lots, and two commercial lots. Of the total, 15 are deed restricted for 30 years for households earning 100% AMI or less. The remaining 15 lots are restricted for households earning 120% AMI or less but do not have a deed restriction. The Estes Park Housing Authority provides income qualification for potential buyers. All units are single-family homes manufactured off site then placed on foundations with a crawl space or unfinished basements. The units each have three bedrooms in 1,305 square feet but several of the buyers have opted to remove one wall eliminating a bedroom and enlarging the living room.

- The Pines at Estes Park was a low-income senior rental housing subsidized by USDA's Rural Development Office until its purchase and rehabilitation by the Estes Park Housing Authority. Of the original 48 units, 23 were extensively renovated and placed on the free market in 2007 for $147,900 to $149,900. All of the units are small (625 square feet) and have one bedroom. Despite the absence of income limits or deed restrictions, only one of the units has sold. The buyer purchased it for a second home. More details are in the Market Analysis section of this report.

Section 8 Vouchers

Section 8 provides direct monthly payment to property owners to cover a portion of rent. The Estes Park Housing Authority administers vouchers from the Loveland Housing Authority. Currently there are a total of 50 vouchers, with a waitlist of 44 families. The majority of the families on the waitlist (84%) applied in the last two years.

Employer-Assisted Housing

Employers in the Estes Valley contribute significantly to the provision of workforce housing. Compared to many other Colorado resort communities, employers subsidize or provide on-site housing for a very large percentage of their employees. According to the 2007 Employer Survey, 26% of employers provide some type of housing assistance. They house approximately 30% of their employees based on summer peak season job numbers in a total of 285 units, 250 of which are at the YMCA of the Rockies. These estimates do not include Rocky Mountain National Park (see below). Rent subsidies, security deposits and providing units on site were the most common forms of assistance provided by employers. None provide mortgage subsidies or guarantees.

Housing Assistance Provided by Employers

	2007 Estimate
% of Employers Providing Assistance	26%
# of Units Assisted	285
# of Employees Assisted	636
Total Employees – Summer Peak	2,143
% of Employees Assisted	29.7%

Source: 2007 Employer Survey

Rocky Mountain National Park currently provides housing for about 40% of its' employees (145 housing units). The units are provided through a bid system. Lower graded employees receive more points. Most units are apartments or duplexes, but they also have some single-family homes. The park plans to increase its seasonal employment by about 27 people. They will be receiving more money in 2016 and may develop or acquire an additional 10 units. Additionally, employees get a cost of living increase, which was 3.5% in 2007.

SECTION 3 - HOUSING MARKET CONDITIONS

This section of the report examines home prices, both current and over the past five years, sales volume and availability as represented by current listings. This section also assesses the relative health of the rental market and availability of housing choice for renters in the Estes Valley. Information referenced herein was provided by the Estes Park Board of Realtors, the household survey, the Estes Park Housing Authority and property managers.

Home Ownership Market

Home Prices

In 2006, the median price for residential units sold in the Estes Valley approached $300,000 for the first time. This figure includes single-family homes, condominiums, townhomes and modular units on fee simple lots. The average price was even higher at over $350,000, an indication of some very high prices at the upper end of the market. The median is more representative of the middle of the market and is therefore used in the remainder of this analysis on sale prices.

Average and Median Sales Prices, 2003 – 2007

	Mean	Median	Change in Median
2003	$270,746	$249,700	N/A
2004	$320,570	$269,500	7.93%
2005	$298,552	$265,000	-1.67%
2006	$350,836	$297,000	12.08%
2007	$350,179	$297,500	0.2%
Increase	$79,433	$47,800	19.1%

Source: MLS; Rees/RRC calculations

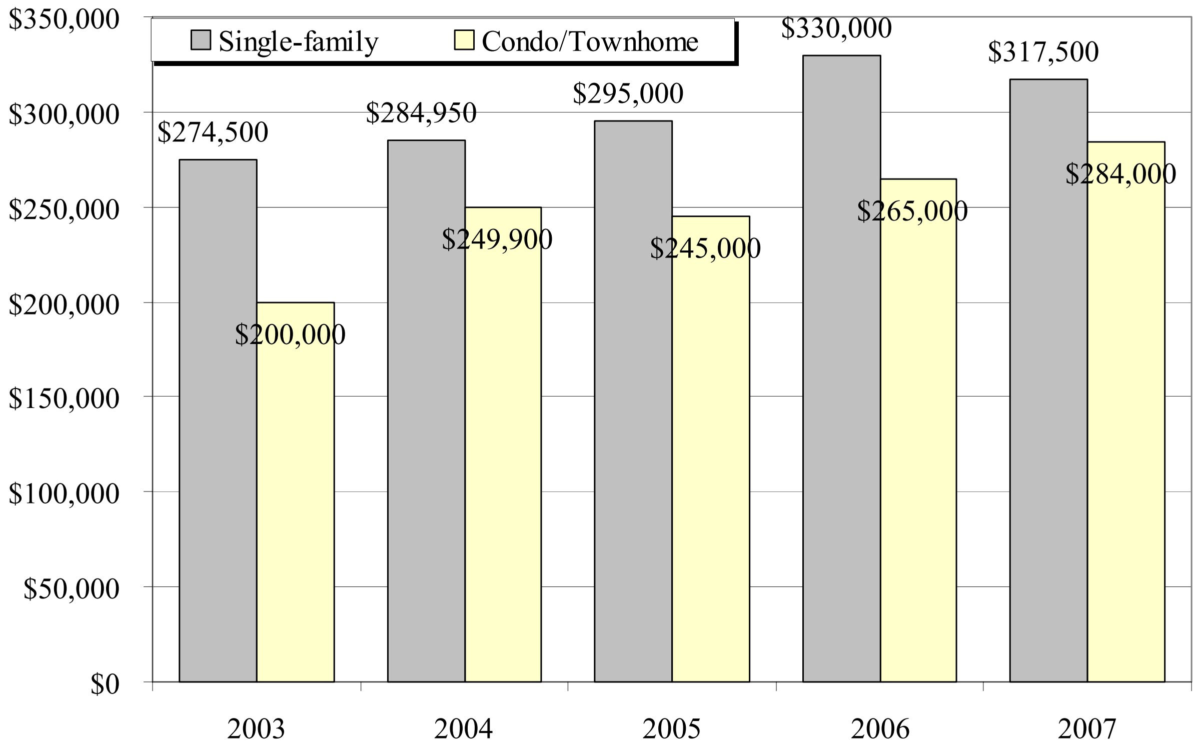
In the past five years, the median price for all units sold in the Estes Valley increased about 19%. This rate of change represents a relatively flat market. Prices rose from 2003 through 2006 then flattened with an increase of only $500 in the median between 2006 and 2007. Prices this decade have been much more stable than in the 1990's. According to the 1999 Housing Needs Assessment, median prices increased 110% for single-family homes and 123% for condominiums between 1990 and 1998. The five-year increase of 19% in the median price of homes sold is relatively flat compared with other mountain resort markets in Colorado.

The price of homes has increased 19% in the past five years.

Condominiums and townhomes have risen in price much faster than single-family homes. Between 2003 and 2007 the price of condominiums and townhomes rose 42% compared with a gain of 16% for single-family homes.

Condominiums and townhomes have averaged about 80% of the median price of single-family homes. If recent trends continue, the price difference between single-family homes and detached product will diminish.

Median Sales Price by Unit Type 2003-2007



Source: MLS

Prices per Square Foot

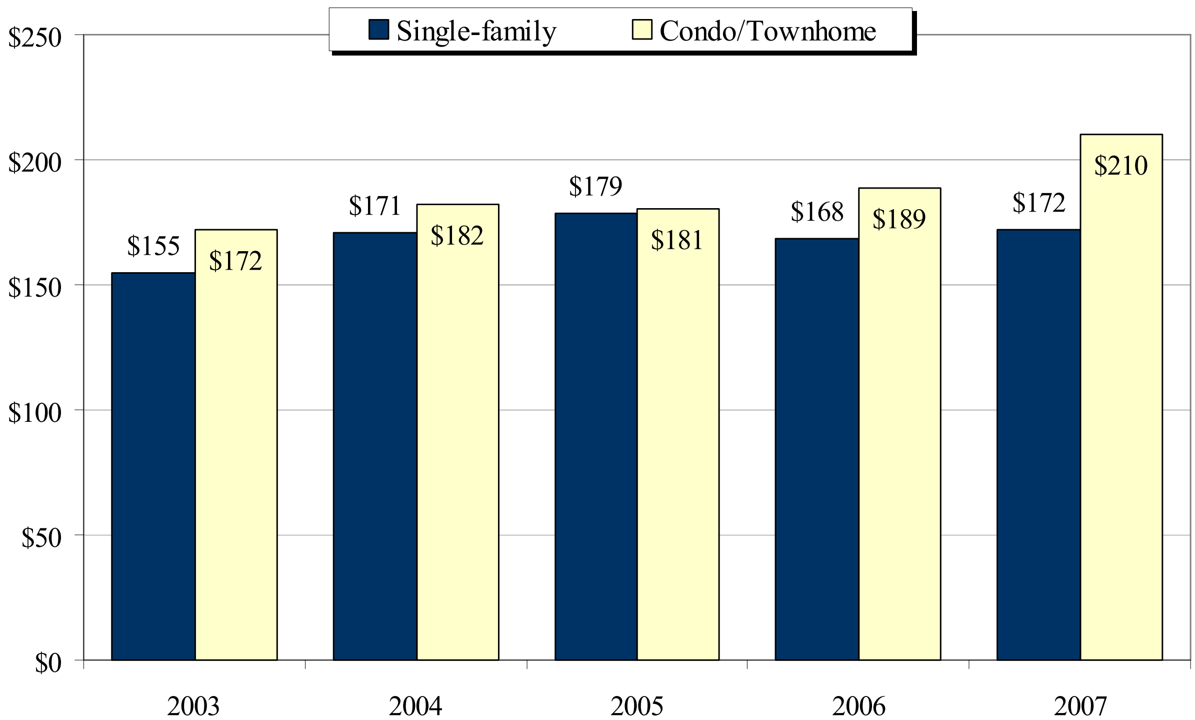
Prices in 2007 were running about $198 per square foot. Prices increased 10% between 2003 and 2004, remained level through 2006 then jumped by $20 in 2007, while median prices remained relatively flat. The overall median price per square foot increased in 2007 while the per-unit median remained level due to an increase in the price of condominiums fueled by demand from retirees and an increase in the quality of condominiums that were built.

Median Price per Square Foot, 2003 - 2007

Year	Average Price/SF	Median Price/SF	# of Sales
2003	$173	$160	358
2004	$208	$176	390
2005	$191	$179	398
2006	$197	$178	344
2007	$215	$198	369

Source: MLS

Median Sales Price per Square Foot by Unit Type 2003-2007



Source: MLS

The distribution of home prices has shifted upward although not sharply. In 2003, the $200,000 to $250,000 price category had the highest number of sales. Since then, more sales have been in the $250,000 to $300,000 range. The market is providing relatively fewer housing opportunities that are affordable for the workforce. The percentage of units priced at less than $200,000 decreased from 31% in 2002 to 18% by 2007.

Only 18% of housing units sold in 2007 were priced under $200,000 compared with 31% in 2003.

While most of the seven realtors who were interviewed as part of this study reported a slow down in sales, they concurred that there are not enough homes on the market for entry-level buyers, mostly couples in their 30's. They were not in full agreement on what the pricing needed but generally thought that homes under $250,000 to $350,000 are the most needed at this time.

Sales by Price Range, 2003 – 2007

Shading denotes price range with highest number of sales.

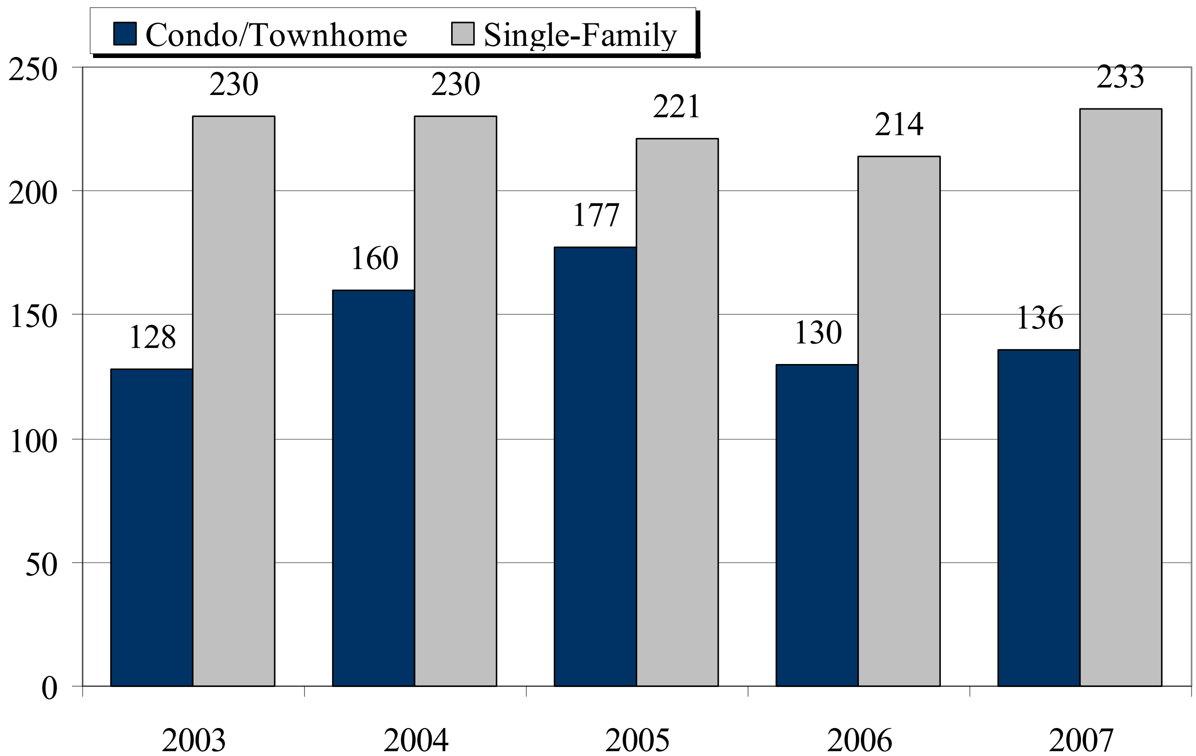
	2003	2004	2005	2006	2007
Less than $100,000	3.9%	1.5%	2.0%	1.2%	1.4%
$100-149,999	9.2%	5.1%	6.8%	2.3%	4.6%
$150-199,999	17.9%	14.6%	13.8%	9.9%	11.7%
$200-249,999	20.4%	20.3%	18.8%	15.1%	15.4%
$250-299,999	16.5%	20.5%	21.4%	21.8%	18.2%
$300-349,999	11.7%	12.1%	12.6%	14.5%	13.3%
$350-399,999	7.3%	6.9%	8.0%	11.3%	10.3%
$400-449,999	5.3%	3.8%	3.5%	6.1%	4.3%
$450-499,999	2.5%	4.6%	4.5%	4.4%	6.2%
$500,000+	5.3%	10.5%	8.5%	13.4%	14.6%
Total	100%	100%	100%	100%	100%

Source:MLS; Rees/RRC calculations

Sales Volume

From 2003 through 2007, the number of sales averaged 372 per year in the Estes Valley. Sales volume peaked in 2005 but has since declined, numerical evidence of the slow down in the market acknowledged by most realtors. Prices peaked in 2006, the year following the peak in the number of units sold. The number of single-family sales has remained fairly constant since 2003, ranging between 233 and 214. Condo/townhome sales have fluctuated more significantly, between 128 and 177.

Number of Sales by Unit Type 2003-2007



Source: MLS

Locals have been purchasing about 170 units per year.

As reported in the Housing Inventory section of this report, local residents purchased half (49.7%) of all residential units sold in 2006. This means that the local's market is much smaller than the total sales volume represents. In 2006, Estes Valley residents purchased 170 units. This is the reference point that should be used when analyzing the size, scale and market penetration of proposed homeownership projects with local occupancy restrictions.

The influx of retirees into the valley has implications for the workforce since they compete with employees for homes while simultaneously generating jobs and demand for additional workforce housing.

Although impossible to quantify given available data, almost all realtors reported an increase in retirees moving into the valley and purchasing homes. This trend has implications for the availability and affordability of workforce housing. Unlike second-home buyers, retirees tend to compete with employees for housing. They are on fixed budgets and cost conscious. They want modest-size units. They want and need a high level of services (medical, financial, commercial and social) so thus generate jobs and corresponding demand for workforce housing.

Availability

As of mid December, 311 residential units were listed for sale in the Estes Valley. This equates to an 11-month inventory based on the average of 28.7 sales per month in 2006. This should be considered an over-supplied buyers market even though realtors report that three-bedroom homes for less than roughly $300,000 in price are in short supply.

Market conditions are competitive with a large inventory and flat prices.

The overall median price for single-family homes listed for sale was $475,000. To afford to buy this home, a household would need an income equivalent to approximately 260% AMI, assuming they could only afford a 5% down payment. The median price for condominiums and townhomes was about 60% of the price for single-family homes. To be affordable, an income of 150% AMI would be needed.

An income of nearly 260% AMI is needed to afford a median-priced home in the Estes Valley.

Median Prices of Current Listings and Incomes Required

	Overall
Condo/Townhouse	$279,450
Income Needed	$84,208
AMI Needed	152%
Single-family	$475,000
Income Needed	$142,932
AMI Needed	258%

Income needed based on assumptions: 5% down payment, 20% of payment covering taxes/insurance/HOA fees with a 30-year fixed rate mortgage at 6.5%.
AMI based on two-person household.

As of October, nearly one quarter of all listings were priced at or above $500,000. Only 38 units were listed for sale at prices below $200,000, which equates to about 12% of all listings.

For-Sale Listings by Price Range and Type

	Condos/ TH's	Single Family	Total	% of Total
$100-149,999	17	3	20	6.4%
$150-199,999	17	1	18	5.8%
$200-249,999	13	8	21	6.8%
$250-299,999	43	10	53	17.0%
$300-349,999	30	23	53	17.0%
$350-399,999	14	19	33	10.6%
$400-449,999	7	7	14	4.5%
$450-499,999	5	18	23	7.4%
$500,000+	4	72	76	24.4%
Total	150	161	311	100%

Source: MLS; Trulia; Rees/RRC calculations.

Units that can only be purchased by households with low or moderate incomes are available for purchase in two developments:

The Neighborhood – This unsubsidized development provides the lowest priced new single-family homes in the area. Of the 30-unit total, nine homes have been sold, three are under contract with closings planned for this spring and several more are reserved. Of the initial nine sales, five were of affordable units (≤ 100% AMI with resale price caps) and four were attainable (≤ 120% AMI with unrestricted appreciation). 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.

The developer expects it to take approximately two more years to sell the remaining 15 units. The homes are not listed with realtors but rather marketed directly by the developer. Marketing started in 2005 but initial closings were delayed by completion of infrastructure work. The rate of sales has equaled four to five units per year. Homes are now listed for sale at prices ranging from around $220,000 to $240,000.

Vista Ridge – This 59-condominium project provides both free-market and income-restricted units and thus is a good indication of the marketability of a mixed-income development. Of the 30 affordable units (≤ 80% AMI with sellers allowed 50% of appreciation), all but five have been sold. Marketing started in early 2003, which equates to a sales rate of 6.25 units per year. The free-market units have sold at about the same rate – 23 out of the 29 units have been purchased with six still listed for sale.

The deed-restricted units were initially priced as low as $200,000, and were made affordable for low-income households through a combination of soft second and third mortgages. Construction prices have risen sharply since construction on the first phase commenced. Even with additional assistance provided by the Colorado Division of Housing, sales prices were forced upward. On the five units listed for sale, prices range from $220,000 to $241,000 depending upon the number of bedrooms, floor plan and inclusion of fireplaces. Incomes have not increased for the past three years meaning that the segment of the market that the project can serve has narrowed. At the same time, publicity about the "housing crisis" and "mortgage meltdown" has softened the market, particularly among skeptical first-time buyers, even though job growth is strong in Larimer County.

Very few homes (43 or 14% of the total) are affordable for households with incomes at or below 120% AMI.

The free-market units at Vista Ridge are listed for sale at prices ranging from $264,500 (3 units) to $325,000. The fact that the deed restricted units sold at about the same rate as the market rate for price differentials of roughly $45,000 is another indication of the acceptability of deed restrictions.

Affordability by AMI

A more detailed examination of the affordability of units listed for sale shows that the free market provides few housing opportunities for households with incomes below 120% AMI. List prices were compared to the maximum amount affordable for each income category starting at 80% AMI. Only 43 units listed for sale were potentially affordable for households with incomes of 120% AMI or less. This number is likely overstated, however, since it does not take into account HOA fees. Availability increases for households with incomes in from 120% to 160% AMI range but choices in terms of location and unit type are limited except for households with incomes greater than 160% AMI.

For Sale Listings by AMI

	Total #	Total %	% of Population
≤80% AMI	11	3.5%	37.5%
100% AMI	16	5.1%	13.1%
120% AMI	16	5.1%	11.2%
140% AMI	23	7.4%	5.7%
160% AMI	39	12.5%	6.5%
>160% AMI	206	66.2%	26.0%
Total	311	100%	100%

Source: MLS; Rees/RRC calculations.

Home prices now average about $225 per square foot.

Prices for homes now listed for sale are around $225 per square foot. Approximately 72% of units listed for sale are priced between $100 and $300 per square foot but 27% are priced over $300/SF. Condominiums and townhomes are priced about 30% more per square foot than single-family homes, which is an unusually high price difference. This could be due to several factors including the age and condition of homes. The demand generated by retirees for lower-priced and lower-maintenance product could also be why condominiums are priced so high on a per-square-foot basis compared to single-family homes.

Price per Square Foot by Unit Type

	Condos/ Townhomes	Single-family	Total
Under $100/sqft	2.0%	0.6%	1.3%
$100 - 199/sqft	28.0%	52.8%	40.8%
$200 - 299/sqft	32.7%	29.8%	31.2%
$300 - 399/sqft	33.3%	11.2%	21.9%
$400 - 499/sqft	4.0%	2.5%	3.2%
$500+/sqft	0.0%	3.1%	1.6%
Total	100%	100%	100%
Median Price/sqft	$260	$198	$225

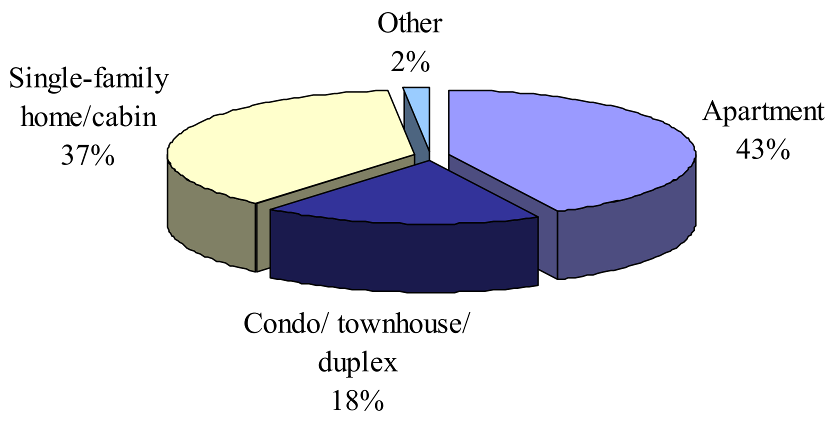
Source: MLS

Rental Market Conditions

Rental Supply

The percentage of renter households in the Estes Valley has decreased slightly since the 2000 Census, from approximately 33% to 31% in 2007. Results from the 2007 survey show a decrease since 2000 in single-family rentals and an increase in the percentage of renter-occupied units that are condominiums and apartments. Renters living outside the city limits are more likely to rent a single-family home than an apartment. Of all property types rented, about 77% are one or two-bedroom units.

Rentals by Type of Unit: 2007



Source: 2007 Household Survey

Market Rents

The median rent has increased by about 31% since 2000.

Results from the 2007 Household survey show that the median market rent in the Estes Valley is $650/month (average $720/month), which is an increase of about 31% since 2000 (median $549/month). Rents vary by type of unit, where overall condominium/townhouse/duplex units have the highest median rent and apartments are the most affordable. Per bedroom, two- and three-bedroom single-family homes rent at similar rates to condo/townhouse/duplex units.

2007 Median Rent, Estes Valley

Bedrooms	Apartment	Single-Family	Condo/ Townhouse/ Duplex	Median Rent (all types 2007)	AMI required to afford Median Rent
1	$454	$567	$825	$550	2-person HH 50% AMI
2	$575	$800	$800	$727	3-person HH 50% AMI
3	$550	$1,100	$1,200	$1,000	4-person HH 60% AMI
4 +	-	$1,158	-	$1,158	5+ person HH 60% AMI
Overall*	$550	$800	$813	$650	-

Source: 2007 Household Survey
*For purposes of comparison, 4+ bedroom single-family units were excluded from the overall single-family calculation.

Fair Market Rents, as defined by the Department of Housing and Urban Development for the Ft. Collins-Loveland MSA (encompasses Larimer County), are calculated as gross rent (including utilities). As shown below, rents in the Estes Valley are relatively similar to the 2007 Fair Market rents in Larimer County.

Market Rents vs. Fair Market Rents

Bedrooms	Estes Valley Market Rents (gross rent estimates)	Fair Market Rents
1	$575	$662
2	$825	$802
3	$1,150	$1,168
4	$1,353	$1,361

Source: 2007 Household Survey; Department of Housing and Urban Development

Income Restricted Rents

There are a total of 5 rent adjusted family properties in Estes, 4 of which are managed by the Housing Authority. There are a total of 155 units combined. A Section 8 rental assistance program is also offered, with 50 units currently located in the Estes Valley. There are currently 44 families on the waitlist for these properties. As of the end of August there were no vacancies in the income restricted apartment properties and all have waitlists.

Rent Adjusted Family Apartment Properties

Apartment Complex	Units	1-bedroom	2-bedroom	3-bedroom	Vacancies	Waitlist	Income Limits
Park Ridge Apartments	32	30% of income	30% of income	30% of income	0	4	
South St. Vrain Quarters	12						60% and below
Lone Tree Village	57	$456-$585	$459-$690	$786-$885	0	3	55% and below
Talons Pointe	44		$537-$750	$606-$925	0	15	40, 50 and 60%
Cleave Street Apartments	10	1 studio $365 8 - $590	1 - $650	Include utilities	0	0*	30, 50 and 60%
Average Adjusted Rent	-	$525	$605	$766	-	-	
Average Market Rent	-	$550	$727	$1,000	-	-	
% Difference	-	4.8%	20.2%	30.5%	-	-	

Source: Interviews

* The Housing Authority has found it impractical to maintain a wait list for the Cleave Street apartments.

Vacancy Rates

Property managers indicate that vacancy rates are currently 5%, which is very low for December.

The rental market softened in 2003 when Talons Point came on line but since then recovered. Property managers indicate that rental vacancies are low, especially for the winter season, near 5%. The recent trends in the mortgage market have caused owners to fall back into rentals, and prevented renters from becoming first time homebuyers. This has caused a surge in the rental market which most likely will continue through the next few years. Generally though, market rental prices have not been increasing. Rental prices are kept low, however, because of low wages.

Most renters are looking for units that are clean, with a garage, gas heat, with easy winter access, storage and at least 1.5 bathrooms. Many of the current rental properties are owned by individuals who either intend to retire in Estes Park or are investors.

SECTION 4 - HOUSING PROBLEMS

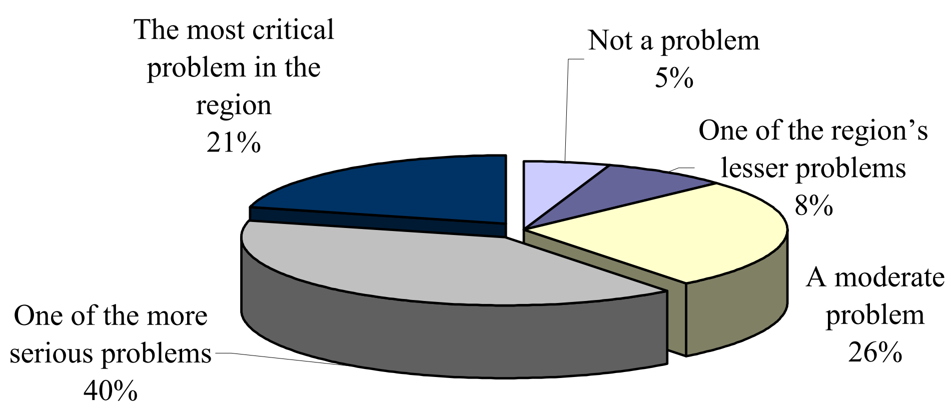
This section of the report examines various types of housing problems, starting with an examination of employer perceptions about housing and identification of the difficulties they are experiencing directly related to the availability and cost of workforce housing followed by:

- satisfaction levels;
- the condition of homes;
- affordability;
- overcrowding;
- living other then where desired; and
- foreclosures.

Employer Perceptions about Housing

The majority of employers believe that the availability of affordable housing for the workforce in Estes Park is a problem. Approximately 60% feel it is the most critical or one of the more serious problems in the county. Only 5% feel it is not a problem.

Extent to Which Housing is Problem - Employers



Source: 2007 Employer Survey

Employer Problems Related to Housing

Nearly half (47%) of the employers surveyed report that their ability to recruit and retain qualified employees has gotten harder in the past three years. Very few felt that their ability to find and keep employees has gotten easier, about one-third felt that it stayed about the same.

Ability to Recruit and Retain Qualified Employees

Improved/gotten easier	5.3%
Stayed about the same	34.2%
Declined/gotten harder	47.4%
Don't know/not applicable	13.2%
Total	100%

Source: 2007 Employer Survey

Most employers feel that the availability of workforce housing is a problem, and that recruiting and retaining employees has gotten harder.

The employers who were surveyed reported a total of 2,143 jobs in the summer and 38 unfilled positions, which equates to 1.7% of the total. The inability to fill jobs reduces both the quality/quantity of the product or service provided and profitability. Applying the percentage of unfilled jobs to average employment in the Estes Valley results in an estimate of 97 total unfilled jobs (5,587 jobs; 1.74% unfilled).

Unfilled Jobs – Employers Surveyed

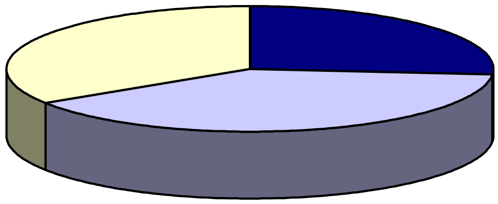
	Total Summer
Number of Employees	2,143
Unfilled Jobs	38
Percent Unfilled Jobs	1.74%

Source: 2007 Household Survey

While many employers feel that it has become more difficult to hire and retain employees, fewer are reporting unfilled jobs than in 1999. According to the 1999 Housing Needs Assessment, roughly 7% of the total positions (filled and unfilled) were unfilled compared with 1.7% reported during late summer/fall 2007. In 1999, a substantial minority of employers (38%) reported that they had at least one unfilled position, which has decreased slightly to 37% in 2007.

Nearly one-fourth of vacant jobs were unfilled because of a lack of applicants, which suggest a moderate labor shortage.

Reasons for Unfilled Jobs



Source: 2007 Employer Survey

If left unaddressed, unfilled jobs negatively impact the operations of businesses and essential service providers (schools, medical facilities, emergency service providers, local and federal government, etc.). Finding applicants to fill vacant positions will require an in migration of workers given how low the unemployment rate has been recently (an average of 2.9% in Larimer County for 2007 through October). It is likely the ability to hire and retain qualified employees will worsen if the trend in unemployment rates continues downward.

The employers surveyed also reported that 285 persons were not hired or left their employment last year. This is equal to 16% of their average employment (total summer and winter seasons averaged). The primary reason was that the cost of living in the Estes Valley, of which housing is usually the largest component, was too high. The second most frequent reason was a lack of housing. The lack of parking, transportation and day care were also factors but to a much smaller degree than housing.

The employers surveyed alone reported that nearly 300 employees left or did not accept jobs mostly due to housing.

Reasons for Not Accepting or Leaving Employment
Employers Surveyed

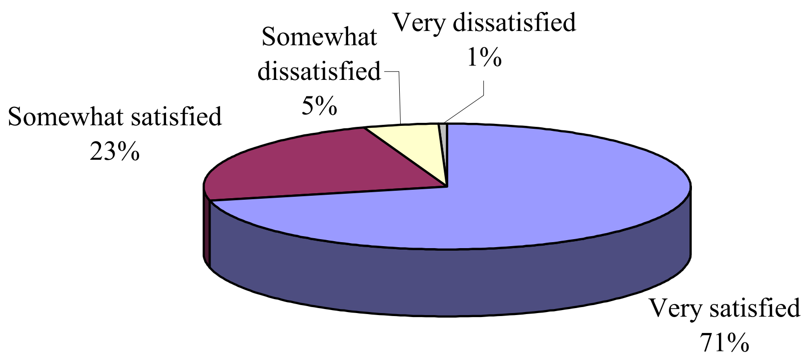
Primary Reason	# Employees	% Employees
Lacked housing	74	26.0%
Lacked transportation	30	10.5%
Lacked day care	31	10.9%
Lacked Parking	2	0.7%
Found cost of living in the Estes Valley was too high	148	51.9%
TOTAL	285	100.0%

Source: 2007 Employer Survey

Satisfaction with Housing

In the Estes Valley, satisfaction levels are high. The large majority of residents (94%) are satisfied with the housing in which they reside; 71% are very satisfied and 23% are somewhat satisfied.

Satisfaction with Current Residence



Source: 2007 Household Survey

The large majority of households are satisfied with their housing, however roughly 350 are not.

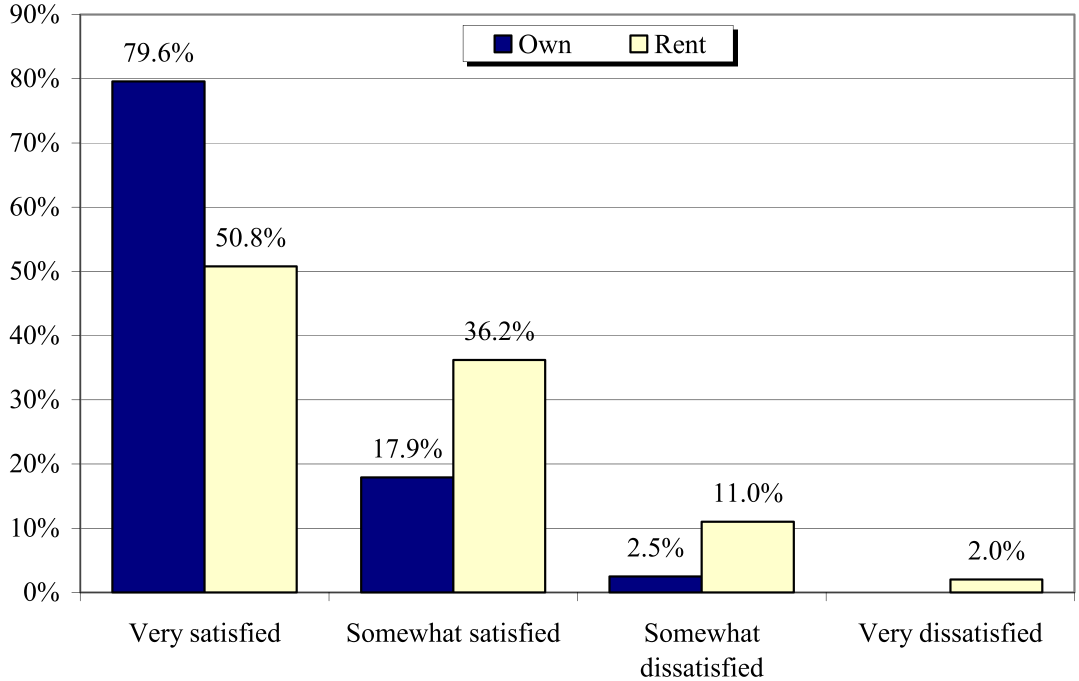
More residents are dissatisfied with their housing now (6%) than was the case in 1999 (2%) although the percentage that is very satisfied increased from 67% to 71%.

Approximately 350 households are now dissatisfied. Of the 105 specific reasons named for dissatisfaction, most had to do with various community issues of which housing was a relatively minor one. Most comments pertained to:

- characteristics of the population – not family oriented;
- poor quality of shopping and high prices of goods and services;
- poor quality and management of rental units; and
- neighborhood issues – noise, conflicts with neighbors, traffic, too far from services.

Homeowners tend to be more satisfied than renters, which is typically the situation in most market areas. Even among renters, however, satisfaction is high with only 13% indicating they were either somewhat or very dissatisfied.

Satisfaction with Current Residence by Own Rent



Source: 2007 Household Survey

There is a correlation between satisfaction levels and length of residency. Generally, the longer that residents have lived in the Estes Valley, the more satisfied they are with their housing.

Satisfaction by Length of Residency in the Region

	< 6 months	6 mos - 1 year	1 to 2 year	2 to 3 year	3 to 5 year	5 to 10 year	10+ years
Very satisfied	45.5%	63.2%	76.6%	75.6%	70.4%	67.5%	71.6%
Somewhat satisfied	48.5%	21.1%	21.3%	20.0%	24.7%	28.6%	21.9%
Somewhat dissatisfied	0.0%	15.8%	2.1%	4.4%	2.5%	4.0%	6.4%
Very dissatisfied	6.1%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%
Total	100%	100%	100%	100%	100%	100%	100%

Source: 2007 Household Survey

There is also a correlation between satisfaction with current residence and the length of time living in that residence. If households are dissatisfied for very long with their housing, they tend to move.

Satisfaction by Length in Residence

	< 6 months	6 mos - 1 year	1 to 2 year	2 to 3 year	3 to 5 year	5 to 10 year	10+ years
Very satisfied	61.5%	62.0%	71.2%	70.0%	66.7%	73.6%	77.2%
Somewhat satisfied	30.8%	32.0%	20.5%	27.5%	32.5%	18.2%	18.7%
Somewhat dissatisfied	4.6%	6.0%	8.2%	2.5%	0.9%	8.2%	4.1%
Very dissatisfied	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100%	100%	100%	100%	100%	100%	100%

Source: 2007 Household Survey

It is important to note that the survey did not cover seasonal workers or many residents who have just moved into the region and are likely less satisfied than long-term residents.

Upper-income households are the most satisfied and extremely low-income households are the least satisfied.

There is a relationship between income and satisfaction levels, though it differs from what might be expected. Households with extremely low-incomes (≤ 30% AMI) are more dissatisfied with their housing than any other income group. Households in the upper-income category (140% AMI or greater) tend to be the most satisfied.

Satisfaction Levels by AMI

	≤30% AMI	30.1% - 50% AMI	50.1% - 80% AMI	80.1 - 100% AMI	180.1 - 120% AMI	120.1 - 140% AMI	140%+ AMI
Very satisfied	58.8%	51.9%	63.8%	57.3%	65.8%	84.2%	85.3%
Somewhat satisfied	27.5%	40.7%	27.5%	31.5%	31.6%	10.5%	13.3%
Somewhat dissatisfied	13.7%	7.4%	7.4%	11.2%	2.6%	5.3%	0.5%
Very dissatisfied			1.3%				0.9%
Total	100%	100%	100%	100%	100%	100%	100%

Source: 2007 Household Survey

A frequent source of dissatisfaction with housing is the inability of renters to move into ownership. When employees become committed to a community, they usually want to buy because of cost stability, control over their homes, quality of housing, security that they can not be forced to move or treated unfairly by a landlord, tax advantages, return on investment and other reasons. If they are unable to buy and are forced to rent they often relocate to communities where they can own. According to the household survey, 40% of renters in the Estes Valley would like to buy a home within the next three years. This equates to nearly 500 households that would like to move into ownership but are unable to do so.

Total cost is the most frequently cited factor that has kept renters from purchasing, followed the down payment requirements. Relatively few renters found that a lack of choice in housing type or lack of availability where they want to live were impediments to ownership.

Reasons Why Have Not Purchased

	Rent
I have not wanted to purchase	24%
Total cost	61%
High down payment required	40%
Lack of housing type choice	14%
Can't qualify for a loan	24%
Other	10%
Housing not available where I want to live	5%
Total	179%

Source: 2007 Household Survey
*Note: multiple response questions, total does not add up to 100%

Condition of Housing

Residents also seem to be generally pleased with the physical aspects of where they now live. On a scale where 1 = poor, 3 = good and 5 = excellent, all conditions received overall ratings of near or over 4.0. The quality of neighborhoods received the highest overall rating while yard/lot size received the lowest. Across the board, owners rated the condition of their homes higher than did renters.

Physical Conditions by Own/Rent

	Overall	Owners	Renters
Quality of neighborhood	4.27	4.43	3.90
Safety/security	4.26	4.42	3.87
Adequacy of heating	4.22	4.37	3.86
Condition of the home	4.16	4.34	3.74
Exterior appearance	4.11	4.31	3.63
Yard/lot size	3.96	4.20	3.39

Source: 2007 Household Survey

Households with incomes equal to or less than 100% AMI tended to rate the condition/quality of their homes lower than households with incomes greater than 100% AMI.

Average Ratings of Condition by AMI

	≤30% AMI	30.1% - 50% AMI	50.1% - 80% AMI	80.1 - 100% AMI	100.1 - 120% AMI	120.1 - 140% AMI	140%+ AMI
Quality of neighborhood	3.9	3.8	4.1	4.1	4.3	4.6	4.5
Safety/security	4.0	3.8	3.9	4.3	4.4	4.7	4.5
Adequacy of heating	4.0	3.7	4.0	4.1	4.2	4.4	4.5
Condition of the home	3.9	3.7	3.9	3.8	4.2	4.4	4.5
Exterior appearance	4.0	3.6	3.7	3.8	4.2	4.3	4.5
Yard/lot size	3.4	3.4	3.7	3.5	3.9	4.1	4.4

Source: 2007 Household Survey

The overall condition of homes is the most direct indication of the need for repair, rehabilitation or replacement. Overall, 4% of residents surveyed indicated their homes are in poor or fair condition (ratings of 1 or 2). This equates to 230 households living in homes that are not in good condition. This estimate is low, however, since few transient renters and Spanish speaking employees completed the survey, yet tend to live in some of the worst housing in the valley.

230 households live in homes that they indicate are not in good condition.

Affordability

Approximately 1,535 households occupy housing that is not affordable.

About three-fourths of the households in the Estes Valley live in homes that are affordable given their incomes. Just over 26% or an estimated 1,535 households, however, spend more than 30% of their gross household income on their rent or mortgage payment and are therefore considered to be cost burdened. When households are cost burdened by their housing payment, they have difficulty affording groceries, health care, transportation, clothing and other necessities.

Percentage of Income Spent on Housing by Own/Rent

	Overall	Owners	Renters
Under 20%	41.4%	39.9%	43.4%
21-30%	32.3%	33.7%	30.3%
31-35%	6.8%	6.9%	6.6%
36-40%	4.4%	3.6%	5.6%
41-50%	5.3%	5.1%	5.6%
Over 50%	9.9%	10.9%	8.6%
Total	100.0%	100.0%	100.0%
Total Cost Burdened	26.4%	26.5%	26.4%

Source: 2007 Household Survey

Rents in Estes Park tend to be more affordable for the workforce than often found in the Colorado mountains due at least in part to the sizable inventory of apartments restricted for low-income households. While just over 26% of the county's renter households are cost burdened, the percentage is typically closer to 50% in other high-amenity mountain communities. The trend is heading in the wrong direction, however. Relatively more households now live in housing that is not affordable compared to 1999. The 1999 Housing Needs Assessment found that only 15% of homeowners and 23% of renters lived in housing that cost more than 30% of gross income.

The percentage of households living in housing that is not affordable increased between 1999 and 2007.

Overcrowding

Overcrowding is not a widespread problem among the population surveyed. By comparing the number of household members to the number of bedrooms, an estimate of 180 overcrowded housing units is derived. Large households are much more likely to be overcrowded than households with fewer than four members.

Approximately 180 units are overcrowded.

Number of Bedrooms and Number of Residents Compared

Shading denotes overcrowded units

	Persons in Household					
Bedrooms	One	Two	Three	Four	Five	Six
1	34.2%	6.3%	1.6%	4.9%	0.0%	0.0%
2	39.7%	29.0%	13.1%	23.0%	29.4%	25.0%
3	21.9%	43.2%	49.2%	41.0%	11.8%	25.0%
4	3.8%	17.5%	27.9%	19.7%	58.8%	25.0%
5	0.4%	3.1%	6.6%	8.2%	0.0%	12.5%
6+	0.0%	0.8%	1.6%	3.2%	0.0%	12.5%
Total	100%	100%	100%	100%	100%	100%

Source: 2007 Household Survey

Note: the overcrowding estimate does not take into account many large Hispanic households or transient seasonal workers that often crowd into units to keep their rent as low as possible.

Unable to Live Where Desired

A frequent complaint in high-cost mountain counties is that employees cannot live where they want to live and are forced to commute between their homes and their jobs, which has numerous social, economic and environmental consequences. According to research published by

Colorado Housing, a statewide non profit, for every dollar a family saves by moving to a house that's more affordable but farther from work, they pay an additional 77 cents to cover transportation costs (car payments, maintenance, gas, insurance, parking).

For the most part, however, residents now living in the Estes Valley reside where they most want to live. For example, 69.5% of the households living within the town of Estes Park consider it their first choice. About 15% of those living in town would like to move outside to a more rural area of the valley, while 19% of those living in the valley but outside of town would like to move to a home in town.

1st Choice Where Want to Live by Where Now Live

	Where Now Live	
Where Want to Live	**Town of Estes Park**	**Estes Valley**
Estes Park Town	69.5%	18.5%
Estes Valley/Outside Town Limits	14.9%	58.2%
Boulder	3.5%	3.0%
Loveland	3.1%	6.5%
Ft. Collins	1.5%	3.9%
Glen Haven	1.3%	1.3%
Lyons	0.9%	0.9%
Longmont	0.9%	2.2%
Allenspark	0.6%	0.9%
Other	4.0%	4.7%
Total	100%	100%

Source: 2007 Household Survey

Some of the valley's residents would most like to live elsewhere. Approximately 16% of those living in town and 23% of those residing in unincorporated areas of the Estes Valley indicated somewhere other than the valley as their first choice of where to live.

Foreclosures

Based on preliminary data, the foreclosure rate appears to be increasing dramatically in the Estes Park area as owners face high debt to income ratios, balloon payments, adjustable rates and the inability to refinance with the current mortgage crisis.

The Larimer County Public Trustee's office reports that foreclosures in Larimer County are on the rise and appear to have jumped sharply in the Estes Valley. In 2006, there were approximately 1,200 foreclosures county wide; it appears that nearly 1,600 will be processed in 2007. In 2006, 19 homes with Estes Park addresses were foreclosed upon. In 2007, the number increased to 42 even before all records were processed. This equates to approximately 1.2% of all owner-occupied units (42 foreclosures out of 3,480 units).

SECTION 5 - SPECIAL NEEDS

This section of the report examines the housing-related needs of specific population groups in the Estes Valley, including seniors, Spanish-speaking employees, migrant workers, victims of domestic violence, homeless persons and very low-income households.

Seniors

Persons age 65 and older comprised about 18.4% of the Estes Valley's population in 2000. It is estimated that the percentage has now increased to 19%, will grow to 22% by 2012 and will continue to increase reaching 24% by 2015. Results from the 2007 Household survey indicate that the median age in the Estes Valley is 56, up from 35 in 1990 and 40 in 1999. With baby boomers growing older and the average life span increasing, the senior population in the Estes Valley will continue to grow in both absolute numbers and in relative terms (as a percentage of the population) through at least 2030.

Senior Population Estimates, Estes Valley

	2000	2007	2012	2015
Total Population	11,348	12,890	14,084	14,854
Population Age 65+	2,091	2,504	3,023	3,509
% Pop Age 65+	18.4%	19.4%	21.5%	23.6%

Source: 2000 Census; DOLA Demography Section; RRC/Rees Calculations

Senior households are smaller than other family and non-family households, with an average household size of 1.76, compared to a 2.06 average for all households in the valley. While the majority of Estes Valley seniors live with their spouse, over one-third live alone.

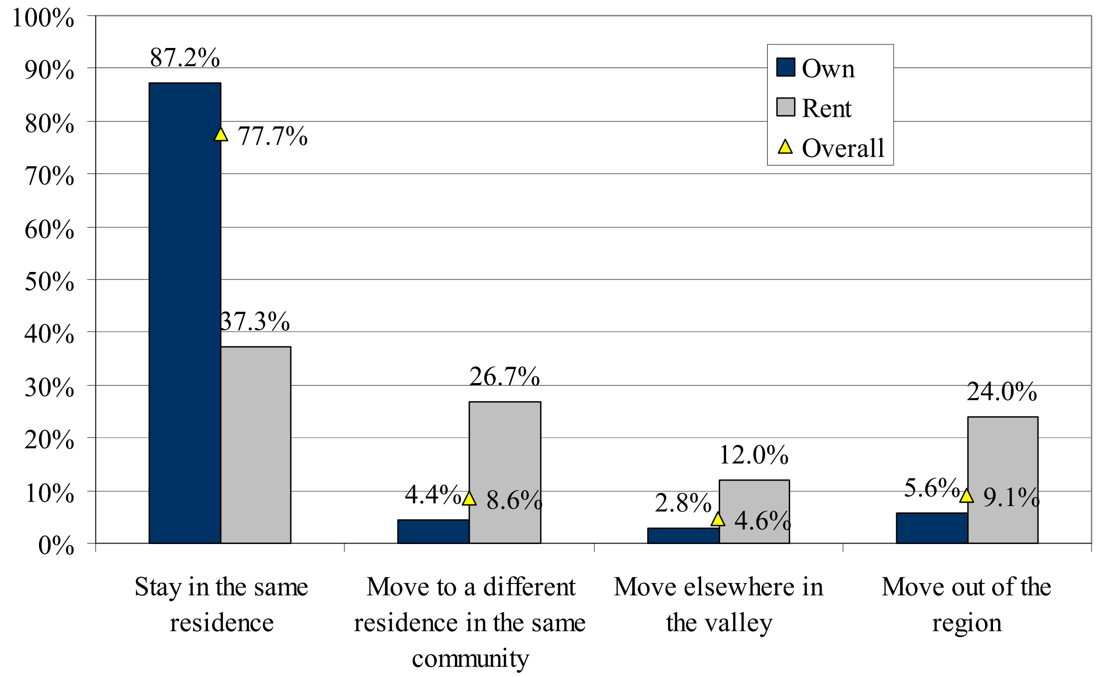
Senior Households by Type and Size

	% of Senior Households
Couple, no child(ren)	55.5
Adults living alone	34.0
Immediate and extended family members	3.7
Other	6.8
TOTAL	100%

Source: 2007 Household Survey

Most of the seniors now living in the Estes Valley are staying in their homes upon retirement. While 9% plan to leave the region, nearly 78% plan to stay in their same residence. There is some interest in moving into other homes in the same community, but since most seniors will stay in their homes, their housing will not become available for employees needed to fill jobs vacated by retiring employees. This means that even with no new job growth, the net demand for employee housing will increase as more housing units are occupied by retired seniors.

Where Will Live Upon Retirement



Source: 2007 Household Survey

The vast majority of seniors now living in the Estes Valley are satisfied with their current housing. Less than 1% are somewhat dissatisfied and none are very dissatisfied.

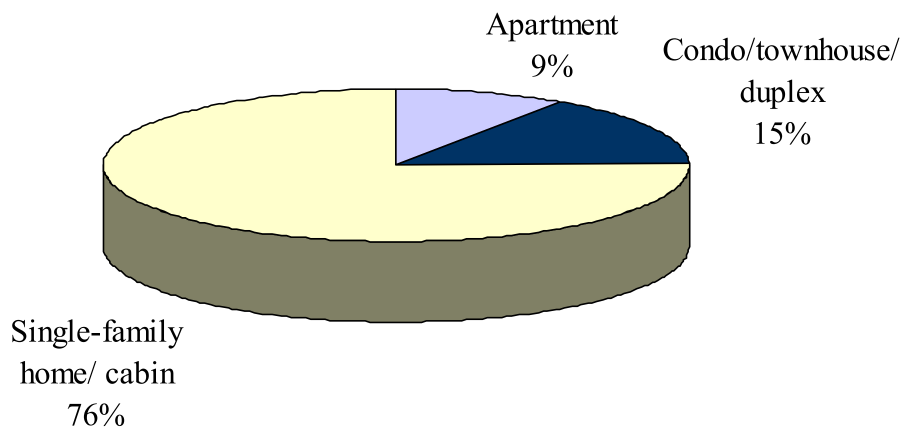
Satisfaction with Current Housing
Senior Households

Satisfaction Level	% Senior Households
Very satisfied	86.9
Somewhat satisfied	12.4
Somewhat dissatisfied	0.6
Very dissatisfied	0.0
TOTAL	100%

Source: 2007 Household Survey

Most seniors live in single-family homes but nearly 15% reside in condominiums, which tend to be popular among retirees who prefer to downsize into lower-maintenance housing. The majority of senior headed households are year round local residents, with about 19% indicating that they are second homeowners in the area.

Types of Units Occupied by Senior Households



Source: 2007 Household Survey

The Estes Park Housing Authority recently purchased and renovated the Pines of Estes Park. They offer 24 senior apartments and 24 market rate condominiums which are currently for sale. The Good Samaritan Village is a relatively new development, offering 42 twinhomes, 34 senior apartments, and a 24 apartment assisted living center. Trail Ridge apartments offer 24 1-bedroom units restricted to seniors. Finally, the Prospect Park Living Center has 60 skilled nursing beds.

Senior Apartments and Assisted Living

Name	# Units
The Pines of Estes Park	24
Good Samaritan Village	58
Trail Ridge Apartments	24
Prospect Park Living Center (skilled nursing beds)	60
TOTAL	166

Source: Estes Park Housing Authority; Interviews

Most seniors live in housing that is affordable given their incomes. Over 30%, however, spend more than 30% of their income on housing and are considered to be cost burdened. Senior households show a higher rate of cost burden than households overall (26%).

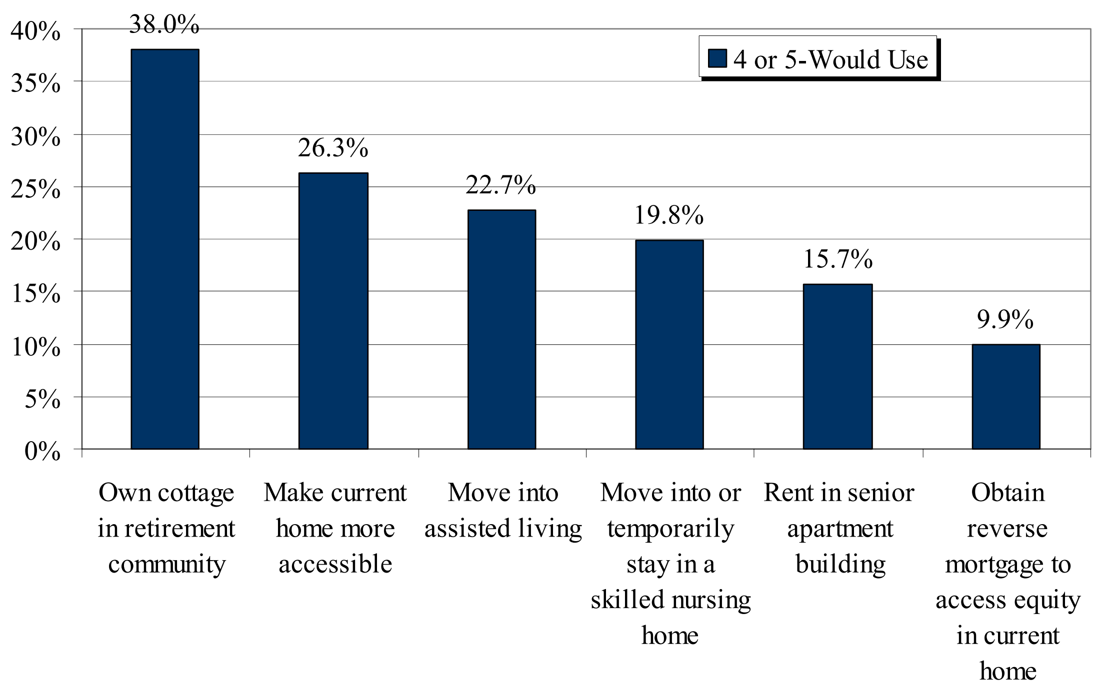
Affordability of Housing, Senior Households
Shading Denotes Cost Burden

	% Senior Households
Under 20%	40.2
20-30%	28.5
30-35%	6.5
35-40%	5.5
40-50%	8.4
Over 50%	10.9
Total	100%
Total Cost Burdened	31.3%

Source: 2007 Household Survey

Households with at least one member age 65 or older were asked to indicate how likely they would be to move into senior housing or use senior housing services. Of the six options tested, interest is lowest in reverse mortgages and renting in a senior apartment building. Owning a cottage in a retirement community received the highest rating.

Interest in Senior Housing Options



Source: 2007 Household Survey

Spanish-Speaking Population

In 2000, approximately 2.4% of Estes Valley households had at least one Hispanic/Latino householder. As has been the case in similar Colorado mountain counties, the growth in the past few years in low-wage services and in the labor-intensive construction industry has spurred an influx of Spanish-speaking employees. Some are US residents or have work visas but others are undocumented. The total number, and the number in each legal category, is unknown. Of employers surveyed, 26% reported that they have Spanish-speaking employees. Approximately 9% of their total employees during the summer season speak Spanish as their primary language.

The housing needs of Spanish-speaking employees are not well understood and are extremely difficult to quantify. Social service agencies are very limited in what they can offer if the applicants are not documented. Even if private non-profit agencies were not restricted by their funding sources, their ability to serve this special population is impacted by fears of deportation.

While about 3% of the households surveyed indicated Spanish or some language other than English is spoken at home, this percentage understates the situation since surveys are usually only completed by employees who are documented and highly skilled in English.

Language Spoken by Own/Rent

	Overall	Owners	Renters
Yes - Spanish	1.0	0.3	2.8
Yes - other	2.0	1.8	2.4
No	97.0	97.8	94.9
	100%	100%	100%

Source: 2007 Household Survey

Property managers report an increase in the number of Spanish-speaking employees who are looking for places to rent. Because of their larger household size, it is more difficult to place them in rental units without overcrowding.

Average Household Size by Ethnicity

	Avg. # Persons per Household
All households	2.19
Hispanic/Latino households	3.04
White, not Hispanic/Latino	2.17

Source: 2000 Census

Victims of Domestic Violence and Sexual Abuse

Estes Valley Victim Advocates provides short-term emergency shelter for victims of domestic violence, serving the entire Estes Valley, including Glen Haven, Allenspark and Drake. Through their crisis intervention efforts, stays of up to three nights are provided, after which victims are referred to other facilities if needed. Additionally, Advocates has a safehouse, which can house two families for up to 6 weeks.

Estes Valley Victim Advocates provides advocacy, prevention, education for the community, free individual counseling and support groups to victims of crime (domestic violence, sexual assault, stalking, burglary) and trauma (accidents, suicide survivors, unattended deaths). Estes Valley Victim Advocates respond to calls from the Estes Park Police Department, the Larimer County Sheriff's Department, Estes Park Medical Center, Rocky Mountain National Park and other organizations that request our services.

Advocates receives approximately 200 calls per year. Victims are from all demographic groups, income levels and areas within the valley. The number of calls and the need to provide emergency shelter has varied over the past few years, with no specific time of year standing out.

Advocates works with the Estes Park Housing Authority to provide transitional housing to victims. They also work with Alternatives for Battered Women out of Loveland, as well as organizations in Boulder, Fort Collins and Longmont. They are currently able to adequately house victims of crime.

Homelessness

In Estes Park, Police identify a "transient" as a single individual without children, sleeping on the streets, in the woods or in a tent. Currently, no shelter exists in the Town of Estes Park, but the Estes Park Police Department has a partnership with the Boulder Homeless Shelter, where they transport local transients to give them assistance with employment, alcohol and medical rehabilitation. Additionally, the Estes Park Police Department currently works with the Salvation Army to provide temporary shelter for local transients, offering hotel vouchers for up to two nights.

The Crossroads Ministry provides some assistance to transients in the form of food or gas vouchers. Most of the individuals are males, arriving in the summer, who live in their cars while looking for work. Crossroads does not consider homelessness in the Estes Valley to be a significant problem, usually during the summer they will have between 10-12 such cases.

Very Low-income Needs

Households with incomes no greater than 30% AMI are particularly stressed by the high cost of housing in the Estes Valley. As shown on the AMI Profile in the appendix to this report, 76% are cost burdened by a housing payment that exceeds 30% of their income. Most are adults living alone. Many of the persons in this income category are seniors who are retired or will retire in the next five years. Additional Section 8 vouchers could be utilized by this population to subsidize market rents.

Transportation is a major problem for very low-income households. Commuting between home and work is not the only transportation issue. The Crossroads ministry provides gas vouchers to very-low income households. They also provide rental assistance, food, clothing, medicine, laundry services and some dental. Because of Estes Park's location, they can have very long cold winters and many low-income households cannot pay the high utility bills. Crossroads estimates they provide utility assistance to about 100 households in the Estes Valley, totaling $15,000.

SECTION 6 - HOUSING GAPS AND ESTIMATED NEED

This section of the report estimates the total number of housing units needed by employees in the Estes Valley both to fill existing gaps in the market and to accommodate future needs based on population and employment growth projections through 2015. The need for additional employee housing is estimated using a combination of factors – unfilled jobs, overcrowding, in-commuting, replacement of retiring employees and growth in new jobs.

Catch-up is a measurement of current needs; Keep-up quantifies future needs.

Estimates are provided on the number of housing units that are needed to support job growth and sustain employers. Two categories of need are quantified:

- *Catch-Up Needs* -- the number of housing units needed to address current deficiencies in housing calculated by considering overcrowding, unfilled jobs and in-commuting employees who want to live in the Estes Valley; and,

- *Keep-Up Needs* -- the number of units needed to keep-up with future demand for housing based on projected employment and population growth and the requirement to replace retiring employees.

The quantitative estimates in this section of the report represent the number of additional housing units needed. The development of these additional units will not, however, address all existing housing problems, such as lack of affordability. In theory, if the balance between demand/need and supply is brought into greater balance, housing affordability and other problems will improve. If the development of additional units for employees continues to lag behind job growth, other non-development measures for addressing problems will be needed.

This section concludes with an analysis of the “gaps” in housing and compares total needs to units provided by the market to better understand at what price points housing is needed to meet resident and local worker needs.

It is important to note that the estimates of need contained herein represent components of demand, but not total demand. This section does not quantify demand from households that are adequately and affordably housed but who would like to buy a new or different home.

Needs in 1999

The 1999 Housing Needs Assessment utilized methodology for estimating the total number of households in need of assistance and new units needed to meet the demand for additional workers which admittedly resulted in figures that were “probably on the high side of actual needs”. Since by aiding one group, other groups are likely to be helped, it is not necessary to address all needs with the construction of additional units. For example, entry-level ownership opportunities are provided for renters who want to own, their former units become available to meet the needs of cost-burdened renter households and new employees moving into the region.

Summary of Quantified Housing Needs -- 1999

Group Needing Assistance	Households or Units
Existing households in the region:	
Cost-burdened renter households, 1999	332
Moderate income renters who are interested in purchasing a home, 1999	140
Unmet demand for housing:	
Housing units to accommodate workers for unfilled jobs, 1999	210
New growth anticipated by local employers next summer (or alternatively, growth expected based on long-term average growth rates)	127 – 350
Total	809 – 1,032

The methodology used in this report to estimate the number of additional units needed assumes that problems such as affordability (housing payments that exceed 30% of household income) will be addressed if availability or supply is brought in line with the demand. It is a different measurement than used in 1999, which quantified households with housing problems/needs. It is a more accurate representation of the need to build additional units. As a result the numbers that now represent additional units needed are much lower.

Catch-Up Needs

Demand from Unfilled Jobs in 2007

The number of units needed to attract employees to fill vacant positions is part of the equation for the total catch-up demand for additional employee housing units in 2007. Approximately 12 additional housing units are needed to enable additional employees to move into Estes Valley to fill jobs that were vacant this August. This estimate was based on a combination of assumptions concerning the number of unfilled jobs and the number of employees now living in the Estes Valley and available for work. As covered in the Housing Problems section of this report, employers who were surveyed indicated that 1.7% of jobs were vacant late summer/fall. This translates into an estimate of about 97 jobs unfilled during the peak summer employment period. Approximately one-third of the vacant positions were seasonal and 40% has just become available but 26% (25 positions) were unfilled due to a lack of applicants.

The Colorado Department of Labor reports that Larimer County's unemployment rate averaged 2.9% for the first 10 months of 2007, below the levels that is generally considered to be full employment. Labor shortages are occurring because unemployment levels are so low -- there are fewer residents looking for jobs than there are open positions. As such, it will be assumed that in-migration will be required to fill the 25 vacant positions for which there has been a lack of applicants. To fill the remaining jobs, 12 additional workforce housing units are needed.

Estimate of Housing Needed to Fill Vacant Jobs

	Estes Valley
Unfilled Jobs – lack of applicants	25
Jobs per employee	1.28
Total employees needed	20
Employees/Working Household	1.61
Housing Demand Generated	12

Sources: 2007 Employer and Household Surveys, RRC/Rees calculations.

Seasonal Worker Housing (Catch-Up)

It is important to note that the estimate of additional units needed to fill vacant positions does not include units for seasonal workers during the peak summer months. As has been the case in the Estes Valley, housing for seasonal workers is typically the responsibility of 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. Employers have in-depth knowledge of the number of workers they plan to hire, their demographic characteristics and their housing needs. As such, the total number of units that are now occupied by, and may be needed in the future for seasonal workers has not been quantified.

When the peak employment period occurs during the warm summer months, employers are able to meet needs through relatively low-cost options like un-weatherized cabins and temporary structures. Many summer seasonal workers camp although the appropriateness is questionable, with concerns about sanitation and impacts on the forest.

In-Commuters (Catch-Up)

Demand from in-commuters represents a catch-up housing need for 149 additional units. As reported in the Economic and Demographic Framework section, roughly 480 employees commute into the Estes Valley for work. Based on those who were surveyed, 50% would prefer to live in the Estes Valley if housing becomes available that is affordable given their incomes and desirable given their preferences. While the sample size is small, this percentage is reasonable and in line with information on housing demand generated by in-commuters in other Colorado communities.

Catch-Up Housing Needs Generated by In-Commuting Employees

	Estes Valley
In-commuters	480
# that would move into the Estes Valley (50%)	240
Employees per household	1.61
Total housing units needed	149

Sources: DOLA, 2007 In-commuter survey and RRC/Rees calculations.

Typically, most in-commuters would like to own and are not interested in moving closer to their jobs if they have to rent. If affordable and desirable ownership units are not available in the Estes Valley, in-commuters will likely remain living where they now reside and may change jobs to eliminate commuting since employment opportunities throughout Larimer County and the northern Front Range are increasing.

Units Needed to Address Overcrowding

While some of the housing problems now existing in the Estes Valley can be addressed through non-construction methods like monthly subsidies for cost-burdened renters, overcrowding can only be addressed by building additional units. As reported in the Housing Problems section of this report, 180 units are overcrowded in the Estes Valley. Typically, an increase in the supply of workforce housing equal to about one-third of the number of overcrowded units will largely address overcrowding to the extent practical, given cost consciousness and cultural preferences. This assumption results in an estimate of 60 additional units needed to address currently overcrowded housing conditions.

Units Needed to Address Overcrowding

	Units
# Overcrowded Units	180
% Needed to Address Overcrowding	30%
Housing units needed	60

Source: 2007 Household survey and RRC/Rees calculations.

Keep-up Needs

Housing Demand from Job Growth

It is estimated the Estes Valley will have a net gain of between 868 and 1,285 jobs by the year 2015. Job growth will be the result of expansion by existing employers, new residential development and new commercial/industrial development. Of employers surveyed, 34% indicated they plan a net increase in employees in the next three years.

Projected job growth through 2015 will generate demand for between 421 and 624 additional housing units to accommodate the workforce. This assumes the multiple job holding ratio of 1.28 and the average number of employees per unit of 1.61 remain constant.

Estimate of Housing Needed to Fill New Jobs, 2007 – 2015

	2007	2015 (slower growth than County)	2015 (same rate of growth as County)
Total Projected Jobs	5,587	6,455	6,872
Increase in Jobs over 2007	-	868	1,285
Jobs per Employee	1.2	1.28	1.28
New Employees Needed		678	1,004
Employees/Housing Unit	1.61	1.61	1.61
Housing Demand Generated	-	421	624

Sources: DOLA, 2007 Household Survey and Rees/RRC calculations.

Demand from Replacement of Retirees

Many mountain counties anticipate a surge in the number of employees reaching retirement age as their population matures and the first wave of baby boomers reach 65. This is also the case in the Estes Valley. Only 29% of employers surveyed indicate they now employ someone who will be retiring within the next three years. Combined, they indicate 74 employees will retire, which equates to 7% of their year-round workforce. This translates into a total estimate of 252 employees who will retire during the next three years (7% of 3,587 employees (5,587 avg minus 2000 summer seasonal employees)). The new employees who are needed to fill the positions vacated by the retiring employees will generate demand for additional housing units. Since the homes the retirees now own are largely free-market units, few if any will be affordable for the employees who must move in to fill vacated positions.

Employees needed to replace retirees will generate demand for approximately 114 additional units by 2010.

Estimate of Housing Needed to Fill Jobs Vacated by Retirees, 2007 - 2010

	Estes Valley
Total Jobs	5,587
Summer Seasonal Employees	2,000
Total Year Round Employees	3,357
Jobs per Employee	1.28
Total Year Round Employees, 2007	2,623
% Employees Retiring by 2010	7%
Replacement Employees Needed	184
Employees/Housing Unit	1.61
Housing Demand Generated	114

Source: 2007 Household Survey, Rees/RRC calculations.

Total Need for Additional Housing

At present, there is catch-up demand for approximately 220 housing units needed to:

- attract employees to fill vacant positions (12 units);
- accommodate in-commuters who want to move into the Estes Valley (149 units); and,
- address overcrowding (60 units).

By 2015, keep-up demand for 738 units will be generated including:

- 421 to 624 additional units to accommodate growth in the labor force through in-migration to sustain business expansion and start ups, and
- 114 units for employees needed to fill positions that will be vacated by retiring workers.

In total, nearly 960 units of housing will be needed to address catch-up and keep-up needs by 2015. These estimates represent all housing needed at all income levels and price ranges, not just affordable housing for low- and moderate-income households.

Summary of Housing Needs

Source of Demand	Units Needed
Catch-Up Needs	
Unfilled Jobs, 2007	12
In-commuters	149
Address Overcrowding	60
Total Catch-Up Needs	221
Keep-Up Needs	
New Jobs, 2007 - 2015	421 to 624
Replacement of Retirees, 2007 - 2010	114
Total Keep-Up Needs	535 to 738
Total Need for Additional Units by 2015	**756 to 959**

It should be noted that the above estimates do not include the need for additional retirement/senior housing. Given that senior apartments in the Estes Valley are fully occupied with wait lists, retiring employees who need to down size and/or cash out of homes they own to support their expenses will generate demand for additional rental units.

Needs by Own/Rent

Multiple considerations determine how the need for additional units is allocated between ownership and rental housing. Both owners and renters now living in the Estes Valley have unmet needs, the percentage cost burdened by high housing payments is similar. Of the employees who will move into the valley in the future, some will buy while others will rent. Therefore, both catch-up and keep-up needs include both ownership and rental housing components.

In practice, the ideal mix between ownership and rental housing is as much a matter of policy as it is of need. Municipal and county officials base policies not only on the extent of problems but on the vision they have for their community's future. To some extent, the adage "build it and they will come" is true. If homeownership opportunities are created that are responsive to needs (price and location being the key factors followed by unit type and size) many employees will buy. If they are not, proportionately more rental units are needed. Statewide, rising homeownership rates have been the trend; however, with tightening credit standards and higher interest rates, proportionately more employees will be renting.

In this study, the need is allocated according to the mix that now exists – 69% owner occupancy and 31% renter occupancy. If changes in the county's demographic and economic characteristics are desired, these numbers could shift. Maintaining the owner/renter mix for workforce housing at 69% owner/31% renter would help maintain characteristics as the county grows.

Housing Needs by Own/Rent

	Owner 69%	**Renter 31%**	**Total 100%**
Catch-up – Current Needs	152	69	221
Keep-up – Future Needs	369 to 509	166 to 229	535 to 738
Total	522 to 661	234 to 298	756 to 959

While the homeownership rate has increased slightly since 2000, this trend will be difficult to continue. In the next five years, homeownership will likely be more difficult to attain than in the first half of this decade because of tightening credit and dwindling funds for down payment assistance. If shifts in the owner/renter mix occur, changes in other demographics and physical characteristics should be expected as well.

Currently, 60 additional rent units and nearly 150 for-sale units are needed to adequately house the workforce.

Homeownership Needs by AMI

At present, approximately 150 units designed for homeownership are needed to address existing needs and an additional 370 to 500 will be needed by 2015.

While nearly 26% should be priced for households with incomes over 140%, roughly three-fourths need to be priced well below median prevailing prices in the Estes Valley. The AMI distribution is based on the incomes of households identified as renters who want to buy and homeowners who want to buy a different home.

Homeownership Housing Needs by AMI

AMI Range	Affordable Price - Max.**	% of Need	Units Needed Now	Units Needed by 2015
50% AMI or less	$92,000	16.0	24	59 to 81
51 - 80% AMI	$147,500	25.8	39	95 to 131
81 - 100% AMI	$184,500	20.9	32	77 to 106
101 - 120% AMI	$221,500	9.2	14	34 to 47
121 - 140% AMI	$258,500	2.5	4	9 to 12
Over 140% AMI	>$258,500	25.8	39	95 to 131
Total	-	100%	152	359 to 509

Source: CHAS; Rees/RRC calculations.

* Varies by household size; figures shown are for 2-person households

** Based on 5% down, a 30-year fixed rate mortgage at 6.5%, the total payment equals 30% of income, and 20% of payment covers taxes, insurance and HOA fees, rounded to the nearest $500.

50 units are needed for sale to households with incomes ranging from 80% to 140% AMI. Low-income households would also like to purchase but satisfying the demand and qualifying the households will be very difficult.

Demand generated by 63 households with incomes ranging from extremely low (≤30% AMI) to 80% AMI are included in the total even though it is difficult to provide homeownership for these households. The experience at Vista Ridge is evidence that extensive subsidies are needed and that, for the most part, only those households with incomes at the upper end of the range can qualify. Even if the purchase price could be subsidized to the extent that the monthly payments would be affordable for a wider share of the market, poor or inadequate credit, instability in employment, high debt to income ratios, and insufficient funds for the down payment and closing costs are all factors making it very difficult to provide homeownership opportunities for households with incomes less than 80% AMI.

Rental Needs by AMI

Approximately 70 rental units are now needed at all price points.

Approximately 40 additional rental units are now needed for low-income households (≤80% AMI). This estimate was derived by applying the income distribution from renters now living in the Estes Valley to the total estimate of current need. It is appropriate to assume that the income of the region's households will be similar in the foreseeable future to the current distribution by AMI since no significant shifts in the composition of the region's economy are anticipated.

Rental Housing Needs by AMI

AMI Range	Max Income*	Affordable Rent – Max.*	% of Need	# Units Needed Now	Units Needed by 2015
≤ 30%	$15,800	$395	13.5	9	22 to 31
31 – 50%	$31,620	$790	17.8	12	30 to 41
51 - 80%	$42,150	$1,054	28.8	20	48 to 66
81% or more	>$42,150	>$1,054	39.9	28	66 to 91
Total			100%	69	166 to 229

* Varies by household size; figures shown are for two-person households.
** Varies by unit size; rents shown are for two-bedrooms.

The methodology used makes it appear that almost 40% of new rental units needed should be priced for higher than $1,054 per month. This is really not the case, however. The rents would be higher than prevailing rates and not competitive. Renters in the Estes Valley tend to spend less on rent as a percentage of than income than renters in other Colorado mountain communities; relatively few are cost burdened by their rent (26%). Renters earning in excess of 80% AMI could be candidates for homeownership if priced at levels they could afford, which is far below market. If homeownership opportunities are created for households with incomes in the 80% to 140% AMI range, the demand for moderate- and middle-income rentals will decrease. Otherwise, mixed-income rental projects should be developed with units that are not restricted for low-income households.

Gaps

The gap is the difference between the number of units needed and the number of units that are available at specific price and income ranges. It has been calculated separately for ownership and rental housing.

Homeownership Gap

There is a clear gap in homeownership opportunities in the 80% to 140% AMI range.

As described in Section 3, Market Analysis, the median price for all residential properties listed for sale in the Estes Valley was $340,000 as of December 2007. Very few housing units are available for purchase in the Estes Valley by households with low, moderate and even middle incomes, and availability is declining. As of December, only 27 residential units were listed for sale through the MLS for prices that were potentially affordable for households with incomes equal to or less than 100% AMI. The number that was truly affordable was likely lower, however, due to high HOA dues that reduce the amount that households can afford to pay.

There is clearly a mismatch between prices that are affordable for potential homebuyers and the free-market pricing of available homes. Nearly 79% of homes are priced for sale at amounts that are affordable only for households with incomes greater than 140% AMI yet only 30% of the households who will need to buy have incomes that high. Approximately 42% of need falls within the 80% to 120% AMI range (the income group most often targeted by homeownership subsidies in Colorado mountain counties) yet only 10% of units are priced to be affordable for this range. These figures are dynamic; the number of units on the market at any given time will fluctuate.

Homeownership Gap Analysis

AMI Range	Max. Affordable Price*	% of Need	% Current Listings	# Units Needed	# Units Listed	Gap
≤50% AMI	$64,700	16.0	0%	24	0	(24)
51 - 80% AMI	$114,000	25.8	8.0%	39	26**	(13)
81 - 100% AMI	$163,200	20.9	4.9%	32	16	(16)
101 -120% AMI	$212,450	9.2	4.9%	14	16	2
121 - 140% AMI	$278,950	2.5	7.1%	4	23	19
Over 140% AMI	>$278,950	25.8	75.2%	39	245	206
Total		100%	100%	152	321	

Sources: MLS, Rees/RRC calculations.
*Varies by unit size; amounts shown are for two-bedroom units.
**Note: 15 units for sale at The Neighborhood have been added (not listed in the MLS)

Rental Gap

While employees face problems with the availability and condition of rental units, rents are generally affordable given incomes of renter households in the area. Rental vacancies are very low, however, particularly at income-restricted apartment properties. Units leased through property management companies have higher vacancies but are still low given that the research was conducted, the time of year when they are at their highest levels.

Rental Gap Analysis

AMI Range	Affordable Rent – Max.*	# Units Needed	% of Need	% Rents from Survey	% Units Available
≤ 30%	$395	9	13.5	16.3%	0%
31 – 50%	$790	12	17.8	51.9%	36.4%
51 - 80%	$1,054	20	28.8	29.3%	54.5%
81% or more	>$1,054	28	39.9	2.4%	9.1%
Total	-	69	100.0%	100.0%	100.0%

* Varies by unit size; rents shown are for two-bedrooms.
** Based on a very small sample size.

Rental availability is more of a problem than rental rates.

About 36% of the few vacant rental units identified were priced to be affordable for households with incomes less than 50% AMI.

SECTION 7 - CONCLUSIONS

Demographic and Economic Framework

Estes Park's highly seasonal economy makes it especially difficult to address workforce housing needs. During the summer months, just over ½ of the workforce are seasonal. Unlike other mountain resorts in Colorado where high levels of employment during the winter ski season have been increasingly balanced by summer tourism and construction jobs, the Estes Valley has only one peak season. This contributes to a highly transitory population, for which only rental housing is viable – many employees cannot pay a mortgage when their peak earning period lasts for only a few months. Yet, the availability of rental housing is limited, with vacancy rates near zero.

The Valley's ten largest employers account for one-third of the Valley's jobs during the summer peak season. The significant employment concentration at large employers is important, to the extent that it only takes action by a few such employers to have a large impact on housing issues in the region. Average wages in the Estes Valley in 2006 were substantially below the average monthly wages paid in Larimer County ($2,391 vs. $3,084), in large part because much of its' jobs are in comparatively lower paid tourism sectors.

Overall, unemployment in Larimer County is so low as to represent full employment. Generally an employment rate below 3% is considered full employment. Results from the 2007 employer survey indicate that at the end of the 2007 summer season, unemployment in the Estes Valley was at about 1.8%, which is extremely low and an indication of labor shortages. Employers confirm that they have unfilled jobs due primarily to housing and the ability to recruit and retain employees has gotten more difficult in the past three years.

Other key measurements used frequently in this report include:

Estes Valley Key Statistics

	2007
Households	5,815
Average Household Size	2.06
Tenure	
Owner	69.4%
Renter	30.6%
Area Median Income	$69,200
Total Jobs	5,587
Jobs per employee	1.28
Total employees	4,365
Employees per working household	1.61
Total employee households	2,711

Housing Inventory

Currently, 66% of the residential units in the Estes Valley function as housing; most of the others are vacation accommodations that generate demand for workforce housing through the purchase of goods and services by their part-time occupants. It is important to note that the relationship between primary homes and vacation accommodations is shifting – between 2000 and 2007 the number of homes occupied by local residents decreased 3 percentage points, from 69% to 66%. This has significant implications for workforce housing. If this trend continues with housing demand being stimulated by vacation home buyers while the supply is declining, more jobs will go unfilled and more employees will be forced to commute.

The Estes Valley has a high home ownership rate relative to other mountain resort communities (69%) but the rate will not continue to increase as in the recent past due to tightening mortgage standards, extensive publicity about the housing crisis in many parts of the nation, and signs of an economic downtown.

Compared to other resort communities in the Colorado mountains where private land suitable for development is limited, the Estes Valley has relatively little high-density, multi-family product.

Housing Market Conditions

Homeownership Market

Home prices in the Estes Valley have increased an average of 19% since 2003. This compares with an increase of 5% in the AMI for Larimer County.

Home prices in the Estes Valley are relatively flat especially in comparison to other Colorado mountain communities where prices have been shooting upward during the past five years. In other areas, prices have risen sharply ever since a brief market adjustment concurring with the economic slow down in 2001 and 2002 and 9/11. This has not been the case in the Estes Valley due to a combination of factors including a high proportion of Front Range buyers who are cost conscious and purchase inexpensive units. Additionally, seniors buying in who have fixed incomes compete with employees for housing and do not drive the upper end upward.

The number of units sold peaked in 2005 but has since declined, evidence of the slow down in the market acknowledged by most realtors. Local residents have been purchasing about 170 units per year.

The market is providing relatively fewer housing opportunities that are affordable for the workforce. The percentage of units priced at less than $200,000 decreased from 31% in 2002 to 19% by 2007.

Market conditions are competitive with a large inventory and flat prices. The inventory of units listed for sale equals nearly a one-year supply based on recent trends in sales. Despite the large inventory, flattening prices and decline in the number of sales, sellers have not adjusted their prices they are now asking to reflect softening market conditions. As of December 2007, the overall median price for single-family homes listed for sale was $475,000. This compares with a median of $297,500 for units sold in 2007. Since there are no indications that recent trends are going to reverse soon, list prices should decline. This could potentially provide conditions appropriate for acquiring free-market units and subsidizing their resale as permanently affordable units.

Rental Market

The median rent in the county is $650 per month, which is an increase of about 31% since 2000. Rents are generally affordable for households with incomes in the 50% to 60% AMI range, and have been kept low due to low wages. Property managers indicate that rental vacancies are low, especially for the winter season, near 5%. The recent trends in the mortgage market have caused owners to fall back into rentals, and prevented renters from becoming first time homebuyers. This has caused a surge in the rental market, which most likely will continue through the next few years.

Housing Problems

Most employers feel that the availability of workforce housing is a problem, and that recruiting and retaining employees has gotten harder. While many feel it has become more difficult to hire and retain employees, fewer are reporting unfilled jobs than in 1999.

The number of foreclosures in the Estes Valley has jumped sharply (19 in 2006 to at least 42 in 2007) but still represent only a small percentage of total owner-occupied units (1.2%). While foreclosures could result in a loss of employees, they provide an opportunity to acquire free-market units for conversion into affordable housing.

A frequent source of dissatisfaction with housing is the inability of renters to move into homeownership. If they are unable to buy and are forced to rent they often relocate to communities where they can own. According to the household survey, 40% of renters in the Estes Valley would like to buy a home within the next three years. The total cost is the most frequently cited factor that has kept renters from purchasing.

The percent of household living in housing that is not affordable increased between 1999 and 2007, to approximately 1,535 households.

Special Needs

The senior population is growing faster than the population as a whole. By 2015, over 24% of households will be occupied by seniors, up from about 19% today. Results from the 2007 Household Survey indicate that the median age in the Estes Valley is 56, up from 35 in 1990 and 40 in 1999. The influx of retirees into the valley has implications for the workforce since they compete with employees for homes while simultaneously generating jobs and demand for additional workforce housing. Most of the seniors now living in the Estes Valley are staying in their homes upon retirement. There is some interest in moving into other homes in the same community, but since most seniors will stay in their homes, their housing will not become available for employees needed to fill jobs vacated by retiring employees.

About other special-needs populations:

- In 2000, approximately 2.4% of Estes Valley household had at least one Hispanic/Latino householder. According to employers, about 26% of their employees are now Spanish speaking.

- Estes Valley Victim Advocates works with the Estes Park Housing Authority to provide transitional housing to victims of domestic violence and sexual abuse. They also work with Alternatives for Battered Women out of Loveland, as well as organizations in Boulder. They are currently able to adequately house victims of crime.

- Very low-income households have a particularly difficult time finding places to live; 76% of households in the Estes Valley with incomes less than 30% AMI do not have affordable housing.

Housing Needs and Gaps

The number of housing units that are needed to support job growth and sustain employers is expressed in two categories:

- *Catch-Up Needs* -- the number of housing units needed to address current deficiencies in housing calculated by considering overcrowding, unfilled jobs and in-commuting employees who want to live in the Estes Valley -- 221 additional housing units are now needed to provide a sufficient labor force to sustain these employers and address overcrowding.

- *Keep-Up Needs* -- the number of units needed to keep-up with future demand for housing based on projected employment and population growth and the requirement to replace retiring employees. Growth is expected to continue for at least the next five years, adding between 868 and 1,285more jobs by 2015. These jobs coupled with the need to replace retiring employees who will stay in their homes generate the need for between 535 and 738 more workforce housing units by 2015.

The following table summarizes the units required to catch-up with current needs and keep-up with future needs.

Summary of Housing Needs

Source of Demand	Units Needed
Catch-Up Needs	
Unfilled Jobs, 2007	12
In-commuters	149
Address Overcrowding	60
Total Catch-Up Needs	221
Keep-Up Needs	
New Jobs, 2007 - 2015	421 to 624
Replacement of Retirees, 2007 - 2010	114
Total Keep-Up Needs	535 to 738
Total Need for Additional Units by 2015	**756 to 959**

The allocation of needs between ownership and rental housing is as much a matter of policy as it is of need. Municipal and county officials base policies not only on the extent of problems but on the vision they have for their community's future. Based on the assumption that the Estes Valley would like to maintain its character as it grows, the owner/renter mix was used to allocate current catch-up needs between owners and renters. This methodology results in an estimate of 69 rental units and 152 for-sale units for a total of 221 units now needed to adequately house the workforce. Job growth will likely increase the need to near 1,000 units in the next five years.

There is a clear gap in homeownership opportunities in the 80% to 100% AMI range. Nearly 113 units are needed for households with incomes equal to or less than 140% AMI to purchase.

Approximately 40 additional rental units are now needed for low-income households (≤80% AMI).

SECTION 8 - COMMUNITY RESOURCES AND FINANCIAL TOOLS

This section of the report examines the availability of resources in the Estes Valley that are being or could be used to address housing problems and needs identified in this study. This examination specifically looks at home mortgage availability, down payment assistance, homebuyer education programs, local programs and policies and the availability of land for housing.

Mortgage Availability

Countrywide is the most active lender in the Estes Valley. While their offices are in Loveland, they have maintained a presence in the Valley for years with a focus on serving local residents, particularly those who are buying deed-restricted units.

The mortgage meltdown has not made it significantly more difficult to obtain financing for affordable housing in the Estes Valley.

Credit is tightening nation-wide with increases in foreclosures and several of the county's largest mortgage lenders facing financial disaster. Interest-only loans, high debt to income ratios, 100% financing and other high-risk, sub-prime lending is mostly a thing of the past, at least in the near-term future.

Changes in the sub-prime mortgage market, however, have not significantly impacted the ability to place low-income buyers into deed-restricted homes. The single largest impediment to homeownership in the valley is the lack of homes listed at prices that low-income employees can afford. The cost of construction, the prices of deed-restricted homes and interest rates have been rising but incomes have not. The segment of the market that qualifies for affordable units is very narrow. If incomes are under the maximums allowed, they are often too low for applicants to meet qualifying ratios.

Lenders still have a variety of loan products and are able to assist the majority of the applicants. Non-conforming condominium projects are generally not a problem in the Estes Valley. With a streamlined process for condo approvals, conventional mortgages can be offered on most of the properties in the area. Countrywide submits projects and deed restrictions to FHA and Fannie Mae for approvals free of charge, and works with one title company that is familiar with deed restrictions, the shared equity investment and down payment assistance.

Concerning specific impediments to mortgage availability:

- Down payments – generally not a problem since down payment assistance has been readily available through the Loveland Housing Authority with CHFA's program as an alternative.
- Poor credit – generally not a problem for low-income applicants.
- Other debt – one of the most common problems especially with other debt, like a car payment. Most borrowers can improve their ratios and qualify over time.

- Employment patterns – seasonality in employment is rarely a basis for disqualification; if the applicant has a history holding multiple jobs and demonstrated the ability to maintain good credit, irregular or seasonal employment patterns are not a problem.
- Appraisals – prices are relatively stable so appraisals have not been a problem

Down Payment Assistance

Down payment assistance has been and is currently still available through the Loveland Housing Authority. The Larimer Homeownership Program (LHOP) provides up to $10,000 in down payment assistance in the form of second mortgages with an interest rate of 2% for 10 years. The first mortgage must conform to FHA limits ($237,500). The assistance is only available for households with income no greater than 80% AMI. Because of high real estate prices in the Estes Valley, the program is mostly used to assist low-income households purchase subsidized units. In the future, opportunities to help buyers acquire free market homes will be very limited.

The Estes Park Housing Authority uses a shared equity approach for subsidizing the purchase of homes in Vista Ridge. A $50,000 investment is made in the form of a non-serviceable second mortgage. At the time of resale, sellers are allowed 50% of market appreciation with the other half staying with the unit so that it remains priced below market. A grant from the Colorado Division of Housing and subsidies from the Town of Estes Park were part of the financing for Vista Ridge.

Counseling Programs

No one provides homebuyer education classes in the Estes Valley. Buyers receiving down payment assistance or purchasing a deed-restricted unit must attend classes accredited through the Colorado Housing and Finance Authority in Loveland, Fort Collins or Boulder. The eight-hour course is offered over two days or three nights making it inconvenient for Estes Valley residents to attend.

As with most homeownership programs that serve up to a maximum of 80% AMI, it has been difficult to qualify buyers for Vista Ridge. Households with incomes at or near the maximum allowed have been able to obtain mortgages but qualifying households with incomes in the 50% to 75% AMI has been hard. A longer-term case management approach for qualifying lower-income buyers could be beneficial, especially if provided through an office in Estes Park.

Housing Rehabilitation

The Loveland Housing Authority provides housing rehabilitation loans in the Estes Valley through its Larimer Home Improvement Program. Loans of up to $25,000 with an interest rate of zero to 5% are provided to homeowners with incomes at or less than 80% AMI. The program has been utilized very little in the Estes Valley with no loans in recent years. Several of the program's criteria are responsible, at least in part, to the lack of utilization. Loans can only be made for improvements to units that have a value no greater than the FHA maximum yet most of the homes in the Estes Valley are more expensive, even if in poor condition. The homeowners must also have equity in their homes at least equivalent to the amount of the loan. This makes it difficult if not impossible to buy a “fixer-upper” and rehabilitate it without living there for several years first. Borrowers must have incomes equal to or less than 80% AMI. Seniors are the most likely to take advantage of this program. As now structured, its contribution to the improvement of workforce housing in the Estes Valley will continue to be very limited.

Other Local Programs and Policies

The Town of Estes Park has waived fees for building permits, water taps and half of the sewer taps for affordable housing developments in the past and will likely consider future requests to reduce the development costs for affordable housing projects.

The Town has been negotiating with developers to include deed-restricted units in new subdivisions. Negotiations that are currently underway could result in the private development approximately 35 deed-restricted units in the next two years.

While self sufficiency is the goal, the Town of Estes Park has financially supported the Estes Park Housing Authority for the past six years. At its peak, the Town provided $250,000 annually. For 2007, the Town allocated $175,000 to the Housing Authority, of which $100,000 supported pre development and $75,000 funded general administration. The Authority’s goal is to reduce the Town’s support 10% per year until income from properties is sufficient to operate the organization. The Town also supports the Authority by providing office space and phone service.

Public policies in Larimer County and the Estes Valley support the development of affordable housing. Adopted plans and development codes recognize the need for housing and seek to create an environment in which it can be built.

- The Town of Estes Park/Larimer County Estes Valley Plan, adopted in 1996, identifies affordable housing as a key quality of life issue as well as a competitive economic issue for the region.

- The Estes Valley Plan includes a series of policies, development guidelines, and recommended actions pertaining to maintaining and increasing the supply of affordable housing in the region.

- The Estes Valley Development Code, adopted in November 1999, provides for density bonuses for residential developments which provide affordable housing for low-income households, enforceable through deed restrictions, for a period of at least 20 years. The Development Code also allows for employee housing as an accessory use in non-residential zoning districts.

Land

One site is owned by the Estes Park Housing Authority and reserved for future development of workforce housing. A site in the north end of Estes Park known as Lot 4 is approximately four acres in size can accommodate approximately 48 units. These are no immediate plans to develop the site.

SECTION 9 – ANALYST'S RECOMMENDATIONS FOR AN ACTION PLAN

This section of the report consists of three parts:

- Employer Input, which examines what employers feel should be done about housing in the Estes Valley and what they would be willing to support.

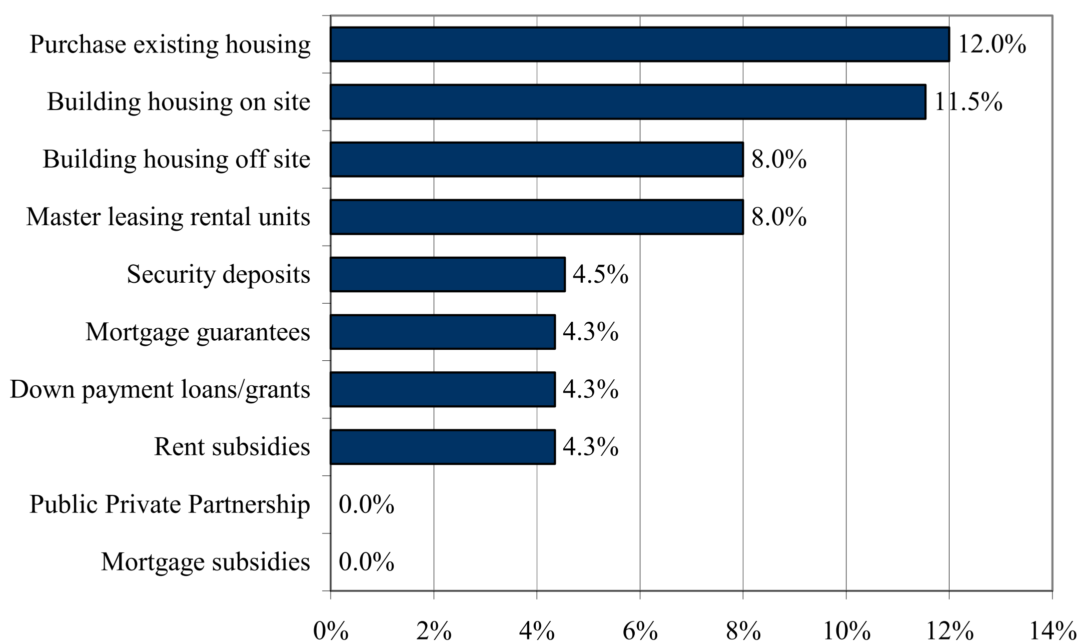
- Design and Development, which provides information for use in the planning, design and development of housing in the Estes Valley. It considers the type, size and price of units that should be built in order to respond to the market. It also examines location-related issues and neighborhood considerations to support the selection and planning of sites for housing development.

- Recommended Next Steps, which cover actions that the Housing Authority could embark upon and potential uses for State assistance.

Part 1 - Employer Input

While most employers feel that the availability of affordable housing for the workforce in the Estes Valley is a problem (see Housing Problems section of this report), most seem unwilling to directly take action themselves to address it. Although only 12% of employers surveyed indicated willingness, purchasing existing units and building housing on site are their top preferences.

Affordable Housing Tools
Willing to Use in the Future



Source: 2007 Employer Survey

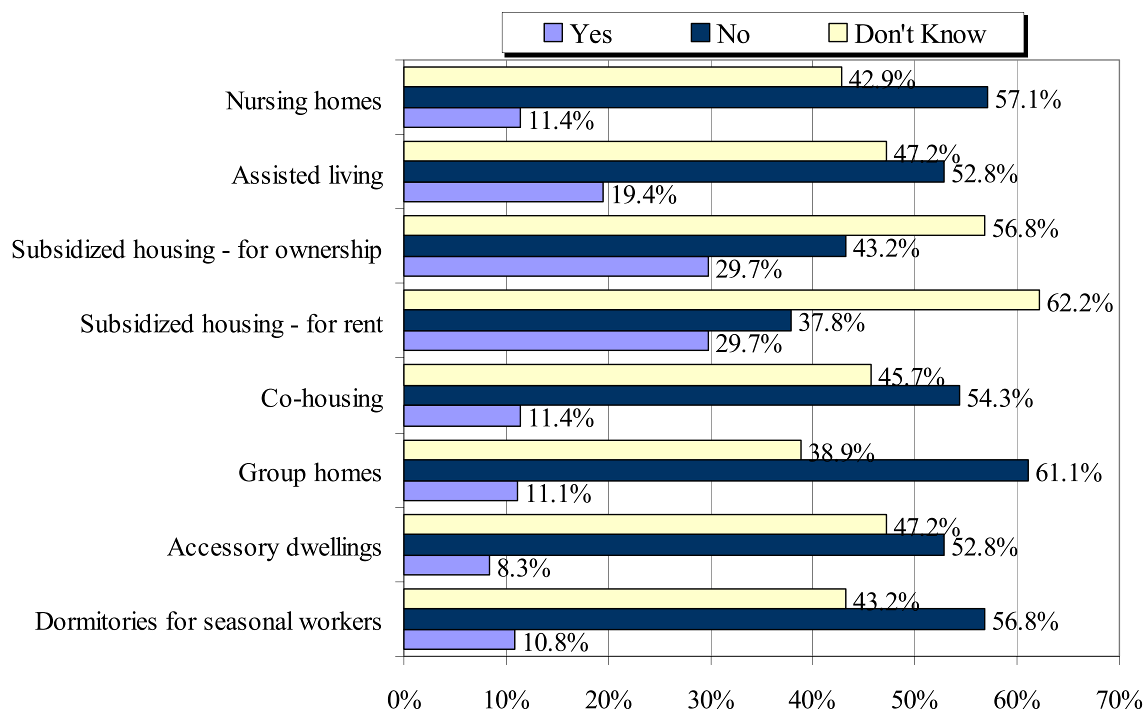
It is clear, however, that employers have a high degree of uncertainty about the methods they could use to assist in the provision of workforce housing. The majority indicated they "don't know" about their willingness to use any of the options surveyed. This suggests that education of employers about what they could do for workforce housing would be appropriate.

Willingness to Use Affordable Housing Tools in the Future

	Yes	No	Don't Know	Total
Purchase existing housing	12.0%	34.2%	53.8%	100%
Building housing on site	11.5%	31.6%	56.9%	100%
Master leasing rental units	8.0%	34.2%	57.8%	100%
Building housing off site	8.0%	34.2%	57.8%	100%
Security deposits	4.5%	42.1%	53.3%	100%
Rent subsidies	4.3%	39.5%	56.2%	100%
Down payment loans/grants	4.3%	39.5%	56.2%	100%
Mortgage guarantees	4.3%	39.5%	56.2%	100%
Mortgage subsidies	0.0%	39.5%	60.5%	100%
Public Private Partnership	0.0%	39.5%	60.5%	100%

Source: 2007 Employer Survey

Employer Support for Types of Workforce Housing



Source: 2007 Employer Survey

Employers were also asked if they would support RV parking in selected locations during the summer months to provide additional housing. Employers were divided with a slim majority (58%) indicating they are not in favor of using recreational vehicles as temporary housing.

Part 2 - Design and Development

Location Preferences

Overall, just over half of residents want to live within the town of Estes Park while another 28% want to live outside of town but in the Estes Valley. Renters are more likely to prefer living in-town than homeowners. Approximately 20% would like to live elsewhere; Loveland ranks highest of non-valley locations most preferred by existing residents.

While the majority of renters want to live in town, about 1/3 of owners prefer living in the Estes Valley outside of town.

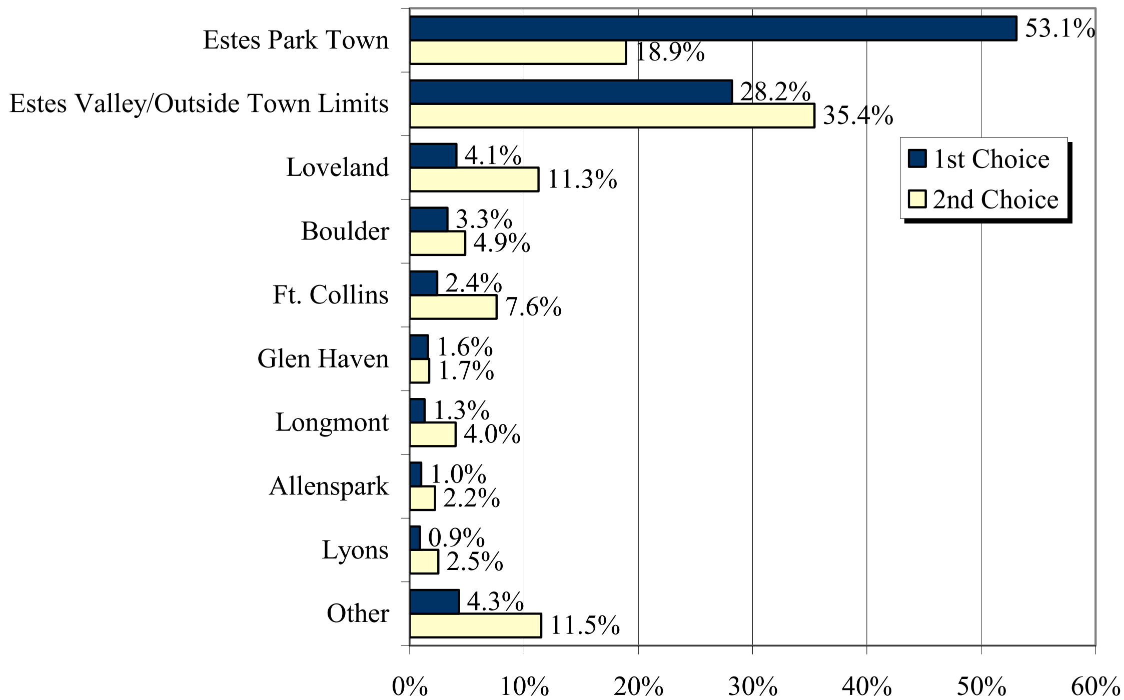
Where Residents Most Want to Live

	Overall	Owners	Renters
Estes Park Town	53.1%	46.4%	69.2%
Estes Valley/Outside Town Limits	28.2%	31.5%	20.1%
Loveland	4.1%	5.1%	1.7%
Boulder	3.3%	4.4%	0.4%
Ft. Collins	2.4%	2.8%	1.3%
Glen Haven	1.6%	1.4%	2.1%
Longmont	1.3%	1.4%	0.9%
Allenspark	1.0%	1.1%	0.9%
Lyons	0.9%	0.9%	0.9%
Other	4.3%	5.0%	2.6%
Total	100%	100%	100%

Source: 2007 Household Survey

A comparison of first and second choice responses reveals that many of the residents who would most like to live within the town of Estes Park would leave the valley rather than live in rural areas outside of town.

Where Residents Want to Live, 1st and 2nd Choices Compared



Source: 2007 Household Survey

Survey participants were asked if they would move to or live in a community other than their first choice if this allowed them to buy a new or different residence. Responses indicate that location preferences are strong in Estes Park; only 27% would live other than where they want to live in order to buy. There is also a high degree of uncertainty; the willingness to live in communities other than where they most prefer in order to buy would depend to a high degree on the type and price of housing options available.

Typically, homeownership opportunities built for the workforce through subsidies are primarily entry level and target renters rather than owners who want to own a different home. As such, it is important to note that 44% of renters would be willing to live somewhere other than their first choice in order to own. This indicates there is some degree of flexibility when selecting sites for homeownership workforce housing.

Would Live in Other Community in Order to Buy New/Different Home

	Overall	Owners	Renters
Yes	27.1%	20.0%	44.1%
No	42.0%	49.6%	24.1%
Uncertain	30.8%	30.4%	31.8%
	100.0%	100.0%	100.0%

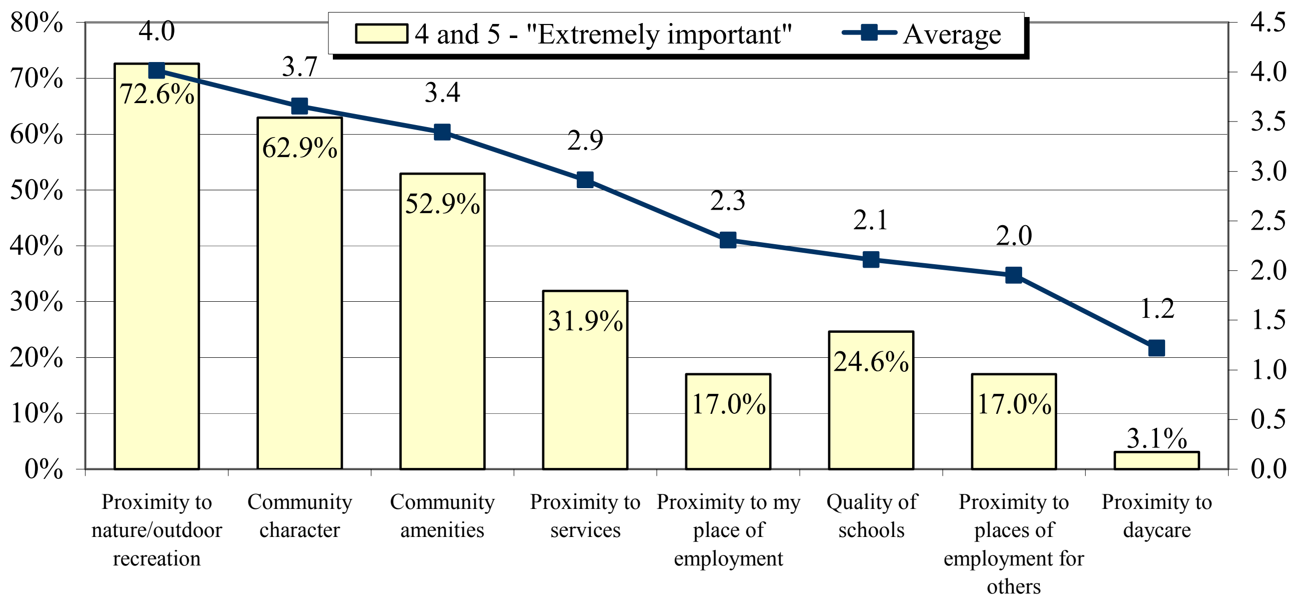
Source: 2007 Household Survey

Location Considerations

Proximity to nature and outdoor recreation is the most important location consideration. Community character and community amenities are also very important.

Survey participants were asked to rate the importance when looking for a place to live of nine location-related variables on a scale where 1 = not at all important and 5 = extremely important. Proximity to nature and outdoor recreation received the highest overall rating followed by community character, which was defined as family oriented, neighborhood appeal, etc. Community amenities, which were defined as schools, parks, libraries, etc., rated third overall.

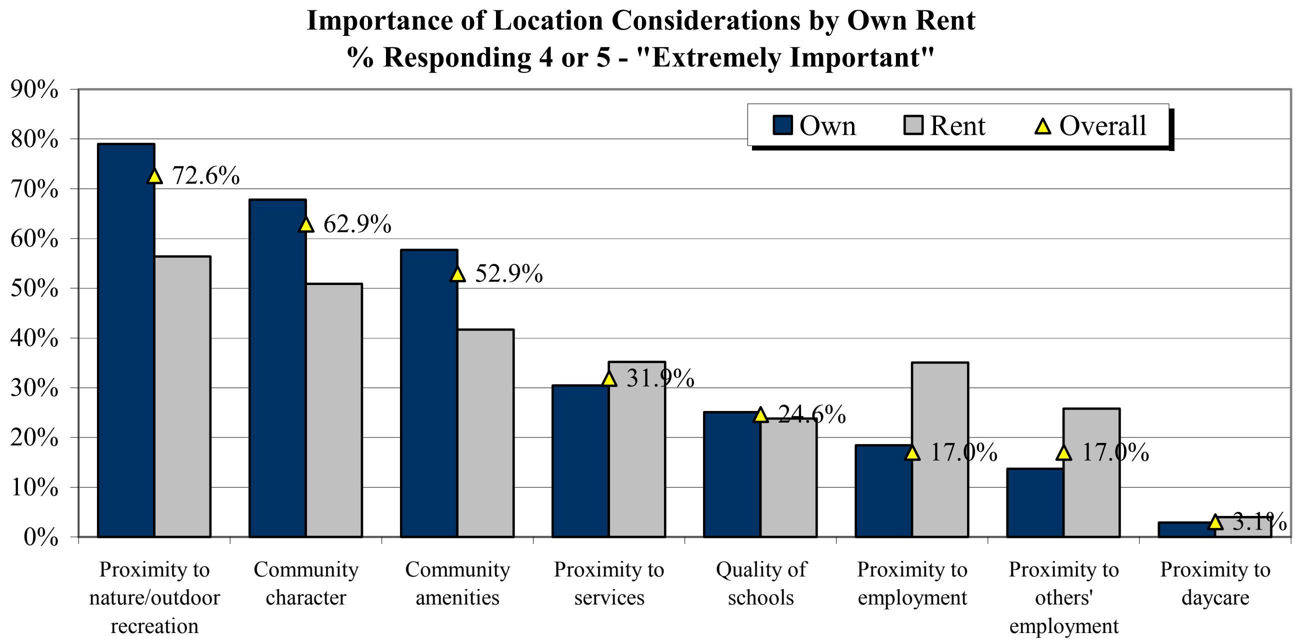
Importance of Location Considerations



Source: 2007 Household Survey

Proximity to place of employment ranked sixth and seventh out of the eight location factors surveyed. This indicates that residents of the Estes Valley based decisions on where they live primarily on factors other than their jobs. It is unique for proximity to employment to rate so low, which is perhaps a reflection of relatively short commuting distances and the ease of the drive (no major mountain passes, no urban traffic jams, no high speed/high stress interstate driving).

Homeowners and renters regard location differently. Owners place greater importance on proximity to recreation and community character while renters tend to more highly value proximity to the necessities – living close to employment, services and daycare. Generally, renters are not willing to or cannot afford to commute the distances that homeowners find acceptable.



Source: 2007 Household Survey

Proximity to day care was ranked the lowest by both renters and owners of the nine issues presented, with an average rating of only 1.2 out of 5. Quality of schools ranked significantly higher but still received only a moderate rating of 2.1. Regarding day care, households without young children do not look upon it as a community asset important to have nearby; 89% of residents consider proximity to day care to be not at all important. Quality of schools is important in varying degrees to a much larger segment of the population; only 61% considered quality of schools to be unimportant when looking for a place to live.

Detailed Ratings of Daycare and Schools

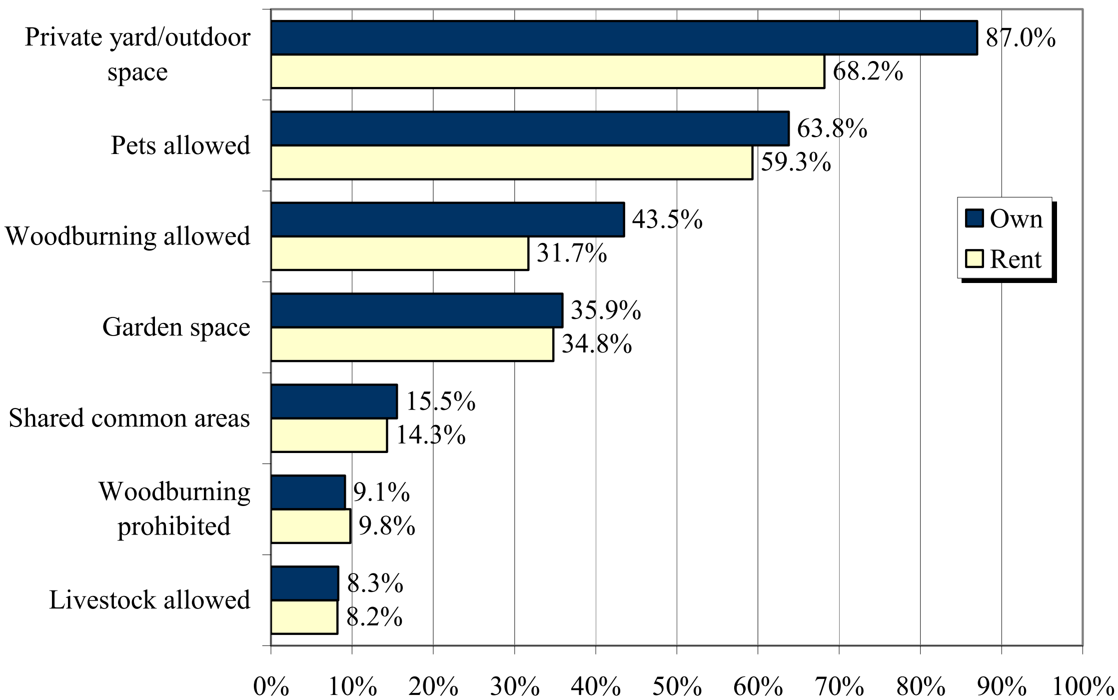
Proximity to Daycare	Overall	Owners	Renters
1 - Not at all important	89.20%	89.60%	88.10%
2	3.70%	3.30%	5.00%
3	3.90%	4.20%	3.00%
4	1.90%	2.10%	1.50%
5 - Extremely important	1.20%	0.80%	2.50%
	100%	100%	100%
Average Rating	1.22	1.21	1.25
Quality of Schools			
1 - Not at all important	60.70%	58.70%	65.80%
2	5.00%	6.00%	2.50%
3	9.60%	10.30%	7.90%
4	11.70%	11.80%	11.40%
5 - Extremely important	13.00%	13.30%	12.40%
	100%	100%	100%
Average Rating	2.11	2.15	2.02

Source: 2007 Household Survey

Neighborhood Features

Estes Valley residents highly value being outdoors. Private yards or other type of outdoor space is the item that they rate as the most important feature in their neighborhoods. Owners and renters are in agreement on this issue. Pets are also very important as is common in rural areas. Property management policies prohibiting pets would likely increase both initial absorption time and long-term turnover. Renters and owners generally agree in terms of the importance they place on amenities.

Importance of Neighborhood Options



Source: 2007 Household Survey

Unit Type

Potential homebuyers, both owners looking to buy a new or different home and renters who would like to buy, were given three choices for type of unit, each with number of bedrooms and price specified. The choices were intended to be the base designs or "shells" from which potential buyers would design their homes choosing additional bathrooms and amenities taking into consideration the price for each additional option.

Everyone does not want a house as is often said, but most do. Just over 80% of renters who want to buy and owners who want to buy a different home would like to purchase a single-family house. About one-third would like a house with three bedrooms while 20% want two bedrooms and an equal percentage want four bedrooms.

Unit Type, Size and Cost Preferences

Type/Bedrooms/Base Price	Overall	Owners	Renters
CONDOMINIUM - Single Story			
1 bedroom - $100,000	0.6%	0.0%	1.2%
2 bedrooms - $125,000	6.0%	3.6%	8.3%
3 bedrooms - $150,000	7.2%	7.2%	7.1%
Sub-total	13.8%	10.8%	16.6%
TOWNHOME - Two Story			
1 bedroom - $150,000	0.6%	0.0%	1.2%
2 bedrooms - $175,000	4.8%	3.6%	6.0%
3 bedrooms - $200,000	0.6%	1.2%	0.0%
4 bedrooms - $225,000	0.0%	0.0%	0.0%
Sub-total	5.4%	4.8%	6.0%
SINGLE-FAMILY HOUSE			
1 bedroom - $200,000	5.4%	0.0%	10.7%
2 bedroom - $225,000	20.4%	20.5%	20.2%
3 bedroom - $250,000	34.1%	36.1%	32.1%
4 bedroom - $275,000	20.4%	27.7%	13.1%
Sub-total	80.3%	84.3%	76.1%
TOTAL	100%	100%	100%

Source: 2007 Household Survey

Single-story condominiums were the second most popular option (14%) with only 5% preferring a condominium. This is unusual; in other mountain communities where similar surveys were conducted, the percentage of potential buyers who prefer townhomes has been nearly double the percentage desiring condominiums.

Most of the potential buyers in the Estes Valley who most want a condominium desire two or three bedrooms. Only 0.6% of potential buyers indicated a one-bedroom condominium is their top preference. This at least partially accounts for the difficulty the Housing Authority has experienced trying to sell the one-bedroom units at The Pines at Estes Park.

The responses from owners and renters were similar although renters were more interested in purchasing townhomes and condominiums than were respondents who already own a home. Nearly 23% of renters who want to buy indicated a condominium or townhome would be their first choice.

Pricing

Most potential buyers added options that increased the purchase price above the base amounts. Overall, prices ranged widely but were clustered in the $275,000 to $400,000 range. Potential buyers who indicated that a condominium was their first choice were the most cost conscious with about half adding no more than $50,000 to the base purchase price. If the respondent indicated they would be willing to pay more for not having a deed restriction, $100,000 was included in the total cost.

Price Range of Designed Units

Price Range		Condominium	Townhome	House	Overall
$100,000 - $124,999		4.30%			0.60%
$125,000 - $149,999		8.70%			1.20%
$150,000 - $174,999		21.70%	9.10%		3.60%
$175,000 - $199,999		13.00%	54.50%		5.40%
$200,000 - $224,999		17.40%		3.70%	5.40%
$225,000 - $249,999		13.00%		7.50%	7.70%
$250,000 - $274,999		13.00%	18.20%	7.50%	8.90%
$275,000 - $299,999		8.70%	9.10%	14.20%	13.10%
$300,000 - $324,999			9.10%	13.40%	11.30%
$325,000 - $349,999				11.90%	9.50%
$350,000 - $374,999				12.70%	10.10%
$375,000 - $399,999				12.70%	10.10%
$400,000 - $424,999				7.50%	6.00%
$425,000 - $449,999				4.50%	3.60%
$450,000 - $474,999				3.70%	3.00%
$500,000 - $524,999				0.70%	0.60%
		100%	100%	100%	100%
	Average	$195,878	$190,000	$330,010	$310,799
	Median	$201,987	$213,383	$334,975	$310,015

Source: 2007 Household Survey
Note: Sample size for condominiums and townhomes is small.

Most households with incomes below 140% AMI want to buy selected units with options that they can not afford.

The incomes of potential buyers were compared to the prices of the homes they desired to determine if they would be affordable. As shown on the following table, most designed homes with price tags that they cannot afford. Households with incomes greater than 140% AMI were the only ones who chose homes that they could likely qualify to purchase. In many cases, the homes desired by potential buyers were far more expensive that they can afford. For example, of households with incomes in the 80% to 100% AMI range, 58% would like to buy homes that would take an income greater than 140% to buy.

Purchase Price by AMI
Shading denotes affordable purchase prices.

	Income by AMI					
Purchase Price by AMI	**50.1% - 80%**	**80.1 to 100%**	**100.1 to 120%**	**120.1% - 140%**	**> 140%**	**Total**
80% AMI or less						0.7%
100% AMI	13.2%	6.5%			5.7%	6.9%
120% AMI	21.1%	9.7%			2.9%	9.0%
140% AMI	10.5%	25.8%	20.0%	25.0%	2.9%	15.9%
Over 140% AMI	55.3%	58.1%	80.0%	75.0%	88.6%	67.6%
	100%	100%	100%	100%	100%	100%

Source: 2007 Household Survey

Deed Restrictions

Potential buyers were asked if they would pay $50,000 extra to buy a home without a deed restriction. Overall, deed restrictions appear to be acceptable; 55% of potential buyers would rather have a deed restriction with a resale price cap that limits appreciation in order to preserve permanent affordability than pay an additional $55,000 for the homes they desire. Renters who want to become homeowners are more willing to accept deed restrictions than are owners who want to buy a different home.

Would Pay More for Home without Deed Restriction

	Overall	**Owners**	**Renters**
Yes - add $50,000 to price	45%	61%	30%
No - keep the same price	55%	39%	70%
Total	100%	100%	100%

Source: 2007 Household Survey

There is also a correlation with income. Lower-income households are more likely to accept deed restrictions than are middle- and upper-income households.

Would Pay More for Home without Deed Restriction by AMI

	Yes -- add $50,000 to price	**No -- keep the same price**
<30% AMI	1.60%	9.10%
30-50% AMI	6.60%	13.00%
50-80% AMI	21.30%	29.90%
80-100% AMI	21.30%	23.40%
100-120% AMI	9.80%	9.10%
120-140%	3.30%	1.30%
Over 140% AMI	36.10%	14.30%
	100.00%	100.00%

Source: 2007 Household Survey

Trade Offs

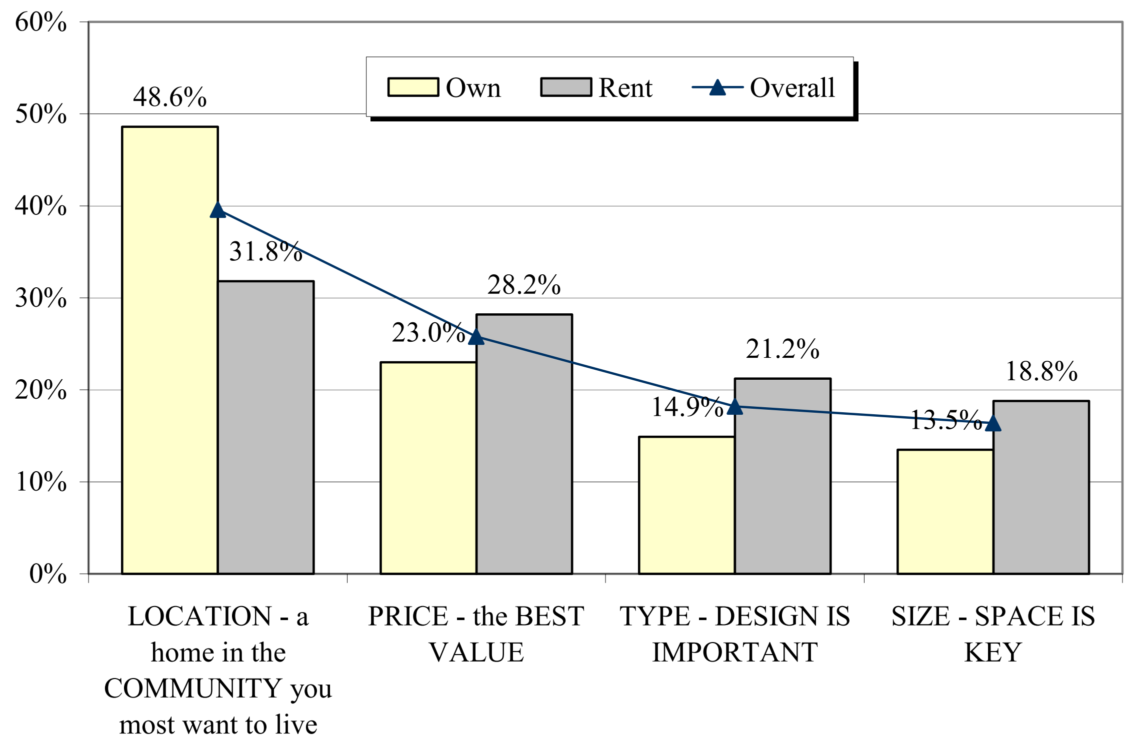
Location followed by price are the most important considerations when buying a home.

Potential homebuyers were asked to rank the importance of four considerations when purchasing a home – price, location, type and size, in light of the need for trade offs due to expensive land, limited sites and high construction costs in the Estes Park area.

Location is the single most important variable among both renters who want to buy and owners who want to buy a different home. Price is the second most important consideration when buying a home. Size ranked third while unit type ranked fourth with only 16% of respondents indicating it is their top consideration. This is a key finding since it suggests that there is flexibility in terms of the type of units that could be developed in response to demand. If priced appropriately and located where desired, condominiums and townhomes should be acceptable to many who prefer to buy a single-family house. If housing can not be developed where buyers want to live or prices are not considered to be a good value, it will be more important to provide the type of units that buyers most want to own.

Townhomes and condominiums can successfully be marketed to local buyers if well located and priced affordably.

Most Important Consideration



Source: 2007 Household Survey

Bathrooms

Each of the basic housing options presented included one bathroom. Potential buyers were asked to indicate how many additional bathrooms they desired given the cost of $10,000 for a half bath and $20,000 for a full bathroom. Nearly 60% would like an additional half bath and three-fourths would like one additional full bathroom.

Number of Additional Bathrooms Desired by Own/Rent

Half Baths	Overall	Owners	Renters
0	41.6%	39.7%	43.7%
1	55.7%	55.1%	56.3%
2	2.7%	5.1%	
	100%	100%	100%
Full Bathrooms	**Overall**	**Owners**	**Renters**
0	27.5%	16.7%	39.4%
1	55.0%	61.5%	47.9%
2	15.4%	17.9%	12.7%
3	1.3%	2.6%	
4	0.7%	1.3%	
	100%	100%	100%

Source: 2007 Household Survey

Options and Amenities

Potential buyers were given options they could add, each with the price specified. Most (70%) chose a private yard at $10,000. The next most popular option was a balcony or deck for $3,000. Nearly half selected a two-garage garage for $18,000. Green building/energy efficiency with a price tag of $10,000, which would enhance the long-term affordability of homes, ranked fifth out of the 10 options offered. This is lower than rated recently in both Summit and Grand counties.

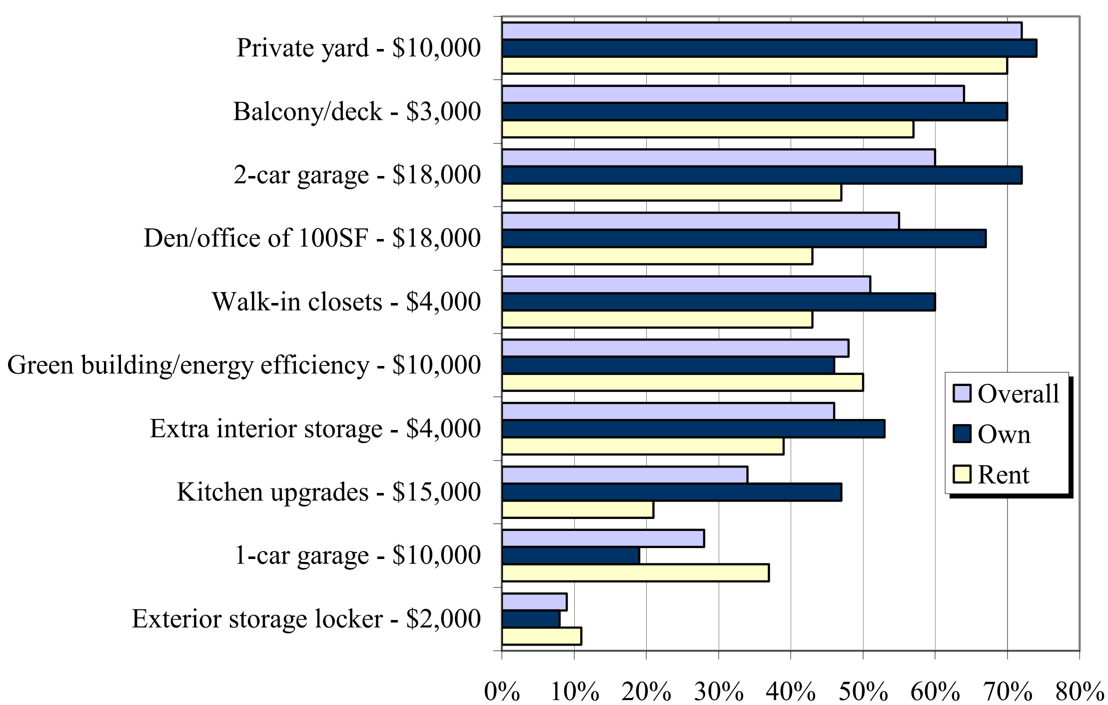
Options Selected

	Overall	Owners	Renters
Private yard - $10,000	72%	74%	70%
Balcony/deck - $3,000	64%	70%	57%
2-car garage - $18,000	60%	72%	47%
Den/office of 100SF - $18,000	55%	67%	43%
Walk-in closets - $4,000	51%	60%	43%
Green building/energy efficiency - $10,000	48%	46%	50%
Extra interior storage - $4,000	46%	53%	39%
Kitchen upgrades - $15,000	34%	47%	21%
1-car garage - $10,000	28%	19%	37%
Exterior storage locker - $2,000	9%	8%	11%
Total	466%	514%	419%

Source: 2007 Household Survey
Note: Multiple response question; totals exceed 100%.

Generally, owners and renters responses were similar in terms of relative desires although owners who would like to buy a different house selected more optional upgrades. Renters were more likely than owners however to select green building/energy efficiency, a one-car garage and an exterior storage locker.

Options Selected by Own Rent



Source: 2007 Household Survey

All survey participants (not just potential homebuyers) were asked to rate the importance of various amenities. Overall, sunlight is the most desired amenity in the Estes Valley although in-unit washers and dryers, energy efficiency and extra storage were almost as important.

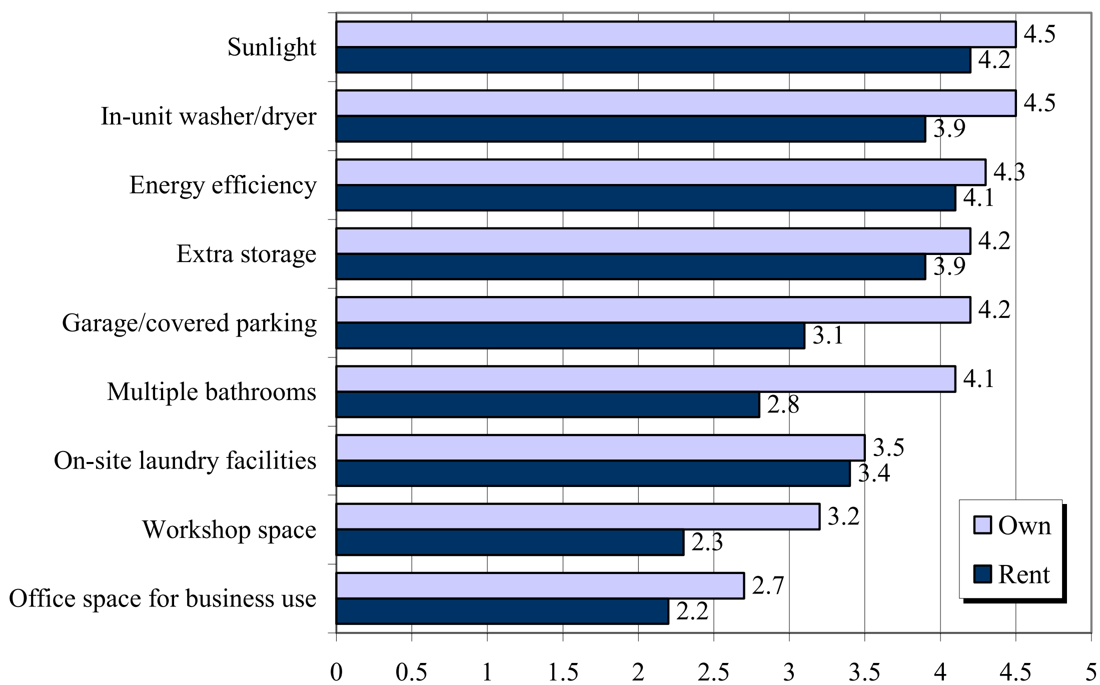
Sunlight is the most important amenity.

Overall Rating of Amenities
1 = not at all important; 5 = extremely important

	Avg. Rating
Sunlight	4.4
In-unit washer/dryer	4.3
Energy efficiency	4.2
Extra storage	4.1
Garage/covered parking	3.9
Multiple bathrooms	3.8
On-site laundry facilities	3.5
Workshop space	2.9
Office space for business use	2.6

Source: 2007 Household Survey

Average Rating: Importance of Amenities by Own Rent
1 = not at all important; 5 = extremely important



Source: 2007 Household Survey

Rental Housing

Renters would like to pay about what they're paying now but would like to rent a larger unit with more bedrooms. While nearly 40% now rent one-bedroom units, only 19% want to; nearly half prefer two-bedroom units.

Renters Who Would Like to Rent a Different Residence

	Currently Rent	Median Rent Current	Would like to rent	Median Rent Would like to pay
1-bedroom	39.9%	$600	19.1%	$550
2-bedroom	32.0%	$800	48.6%	$800
3-bedroom	28.2%	$1,006	32.3%	$1,000
Total	100%		100%	

Source: 2007 Household Survey

Part 3 - Recommended Next Steps

Develop a 5-Year Work Plan

1. Set policies, goals and quantitative objectives for housing that are specific enough to estimate the cost, identify the most appropriate tools and assess the potential effectiveness of optional methods.

2. Gain public support for the plan through education of elected and appointed officials, employers and the general public about the extent of the problem and potential solutions.

Consider Alternatives for The Pines at Estes Park

The lack of interest in the units by potential buyers appears to be primarily due to their small size, design and the possible lack of compatibility between young, first-time buyers and seniors who are renting half of the units. Reprogramming the units to serve residents who are either seniors or members of the workforce seems more beneficial than selling the units at discounted prices for vacation accommodations. Some potential options include:

- converting to free-market senior rentals;
- adding services and programming, a step towards congregate care; and
- investing more funds to make design modifications – adding balconies or patios, updating the exterior appearance, possibly combining some of the units to make larger condominiums.

Create a Local Revenue Source

Identify the most effective and appropriate mechanism for generating a local revenue stream for housing. A voluntary contribution similar to a real estate transfer tax through which charitable contributions are made to a non-profit foundation is one method under consideration. In Teton County, voluntary contributions have raised about $100,000. Others methods should also be explored, such as linkage fees on commercial development.

Increase Affordable Housing within New Subdivisions

Formalize and strengthen housing requirements for annexations and new subdivisions. Consider inclusionary zoning since it has been very successful in other Colorado communities is becoming more widespread and is legally defensible. As a complimentary incentive or alternative, developers could voluntarily place a transfer assessment on market-rate units through which revenue is generated every time the units sells. This is a new technique now being considered by a few communities. Most transfer assessments are or will be in the range of .5% to 1.5% of the purchase price.

Acquire Existing Units

With the recent softening of the market and a relatively large inventory of units listed for sale, it could be a good time to acquire existing free-market units and make them permanently affordable. Of 10 options offered by the survey, employers chose purchasing existing units as the way they would be most likely to help employees with housing in the future. An acquisition effort would most ideally be complemented by down payment and rehabilitation assistance with eligibility criteria that is appropriate given housing prices and incomes in the Estes Valley.

Land Bank

With only one parcel available for future affordable housing development, acquisition of additional sites as they become available is recommended. Programming of these sites should not be an immediate priority, however.

Plan for Development of Rental Units

With low rental vacancy rates and an increase in rental demand spurred by tightening mortgage standards and an increase in foreclosures, it is time to start planning for development of another rental property. At present, there appears to be demand for 40 low-income rental units. Market conditions could shift in the near term, however, given recent indications of a possible economic recession making it prudent to monitor occupancy levels among existing projects before proceeding with construction.

Suggestions for State Resources

Moderate- and Middle-Income Assistance -- Provide financial support for projects that benefit households with incomes higher than 80% AMI. Colorado has many high-cost areas where the free market does not provide housing opportunities for moderate- and even middle-income residents. For many areas like the Estes Valley, programs should be available to assist households with incomes at least as high as 120% AMI. Limiting assistance as done under Federal programs to only low-income households (≤80% AMI) has undesired consequences. When moderate- and middle-income families can not find housing and are forced out, communities suffer from a that lack diversity, stability, volunteers and the employees needed to hold many essential positions.