



2023 COMMUNITY IMPACT FORUMS

STATE OF HOUSING



Friday, August 18, 2023

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“The local talent pool in Arvada is getting weaker and more challenging due to housing affordability. **As a small business, we see firsthand that no matter how competitive we are with our salaries and hourly rate, today’s workforce with student debt, inflation, and housing affordability will choose to live elsewhere than in Arvada.** Over five years ago, most of our staff lived within walking distance from The Arvada Tavern or with a short commute. Now we noticed most of our team lives in communities such as Northglenn and Thornton or even further. So affordable housing plays a significant role in decision-making as today’s generation sees that the dollars they make aren’t going as far as they have for previous generations, and that is why we are facing challenges finding local talent in the already competitive industry in Arvada.”



Lenka Juchelkova, The Arvada Tavern



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Welcome:
Christine Jensen
Fairway Independent Mortgage

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**Welcome
Elected Officials**

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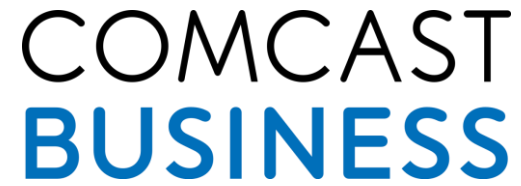
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2023 COMMUNITY IMPACT FORUMS

STATE OF HOUSING



Keynote
Andrew Knudtsen

Managing Principal,
Economic & Planning Systems

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THE HOUSING LANDSCAPE

Demand Drivers, Supply Factors,
and the Need for Action



Economic & Planning Systems, Inc.
The Economics of Land Use

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HOUSING POLICY

PUBLIC PRIVATE PARTNERSHIPS (P3)

PARKS & OPEN SPACE ECONOMICS



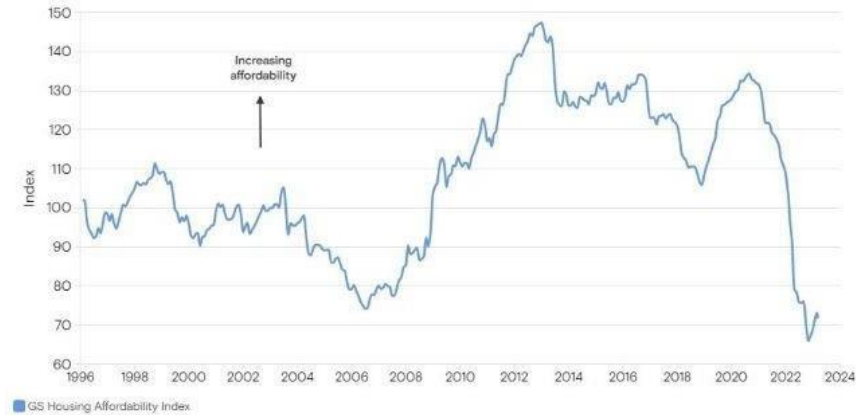
THE AFFORDABLE HOUSING LANDSCAPE

- Demand Drivers
 - Employment generation
 - Household formation
 - Sector growth
 - Cycle considerations
- Supply Factors
 - Rate of production
 - Absorption rates
 - Type of housing
 - Location of new housing
 - Price points
- Jefferson County Considerations

SETTING THE CONTEXT...

US housing affordability at lowest levels in history

Goldman Sachs Housing Affordability Index



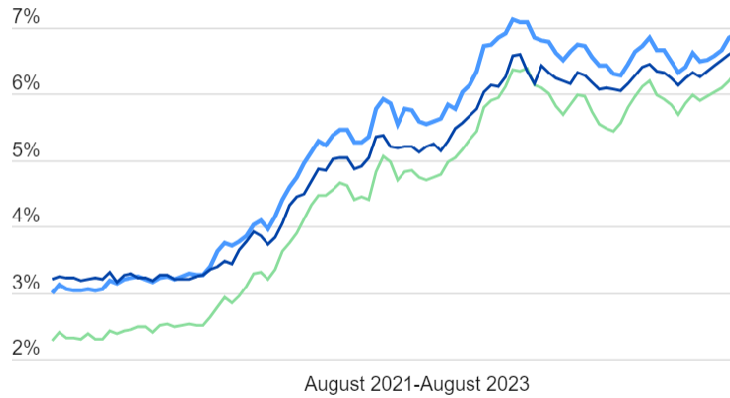
GS Housing Affordability Index

Source: Goldman Sachs Research (data as of March 8, 2023)

Affordability index near all time low over past 27 years.

Mortgage rates

The national average for 30-year mortgages was 7.31 percent as of Aug. 16.



● 30-year mortgage ● 15-year mortgage ● Jumbo mortgage

Mortgage rates have increase by nearly 400 basis points in past 24 months.

Change in average asking rent for apartments in select markets

Q4 2021 to Q4 2022

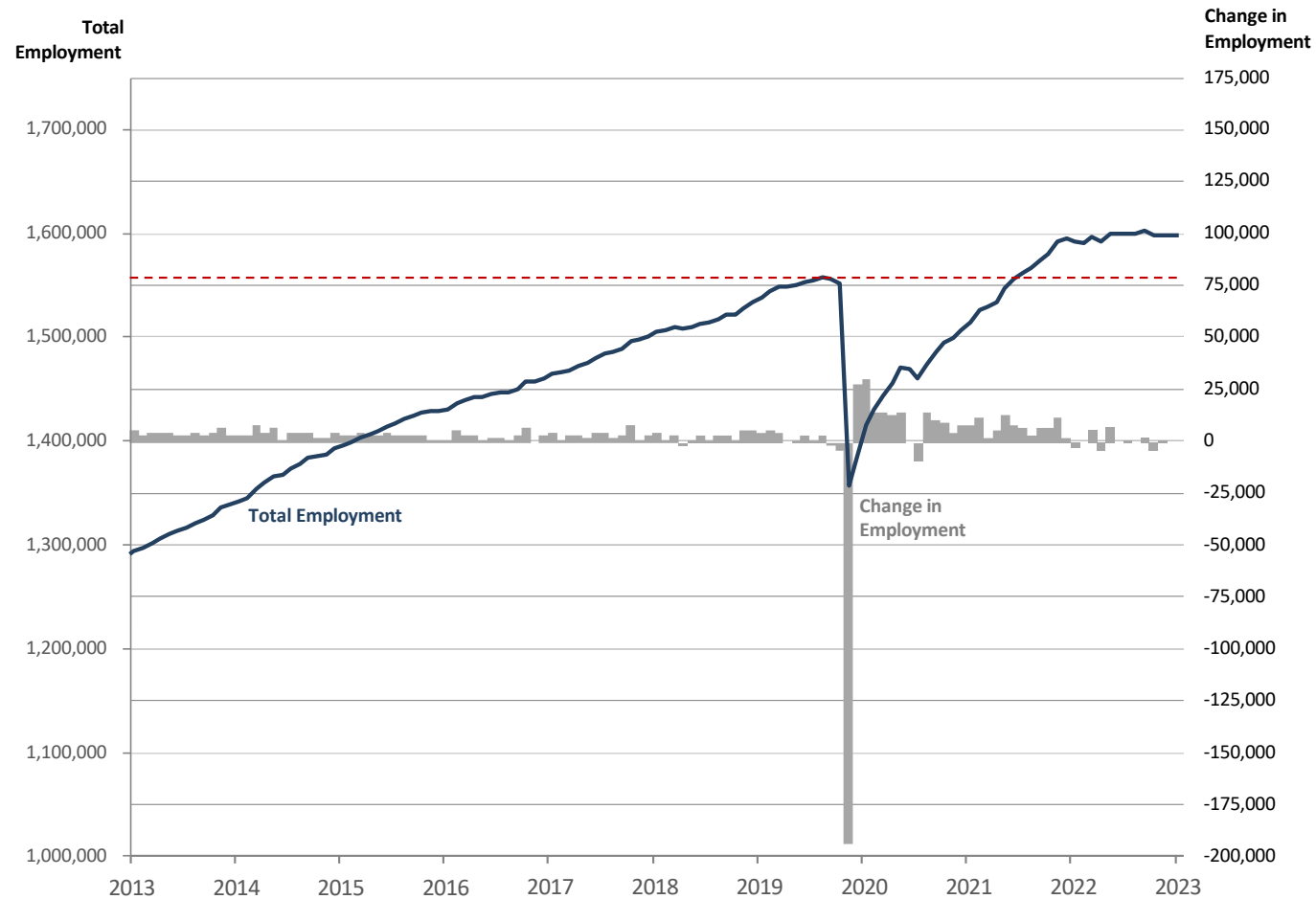
City	Rent Q4 2022	Change from Q4 2021
Seattle	\$2,295	+17.1%
Miami	\$2,141	+13.3%
Cleveland	\$1,214	+12.1%
Boston	\$2,942	+11.8%
Dallas	\$1,545	+11.5%
Philadelphia	\$1,768	+10.2%
Nashville, Tenn.	\$1,550	+9.9%
San Francisco	\$3,224	+9.5%
U.S. overall	\$1,793	+9.4%
Denver	\$1,744	+9.3%
Columbus, Ohio	\$1,135	+9.1%
Richmond, Va.	\$1,285	+8.8%
Raleigh, N.C.	\$1,494	+8.6%
Austin, Texas	\$1,585	+8.6%
Phoenix	\$1,546	+8.5%
Detroit	\$1,296	+8.4%
Chicago	\$1,830	+8.2%
Charlotte, N.C.	\$1,509	+8.0%
Houston	\$1,268	+7.6%
Salt Lake City	\$1,321	+7.5%
Tampa Bay, Fla.	\$1,640	+7.1%
Atlanta	\$1,583	+6.4%
Minneapolis	\$1,510	+5.2%
San Antonio	\$1,135	+2.8%
D.C.	\$2,031	+2.4%

Data: Moody's Analytics; Table: Kavya Beheraj/Axios

Nationally, rents are higher by 10 percent over past year, well above our economic development competitors.

ECONOMIC DRIVERS

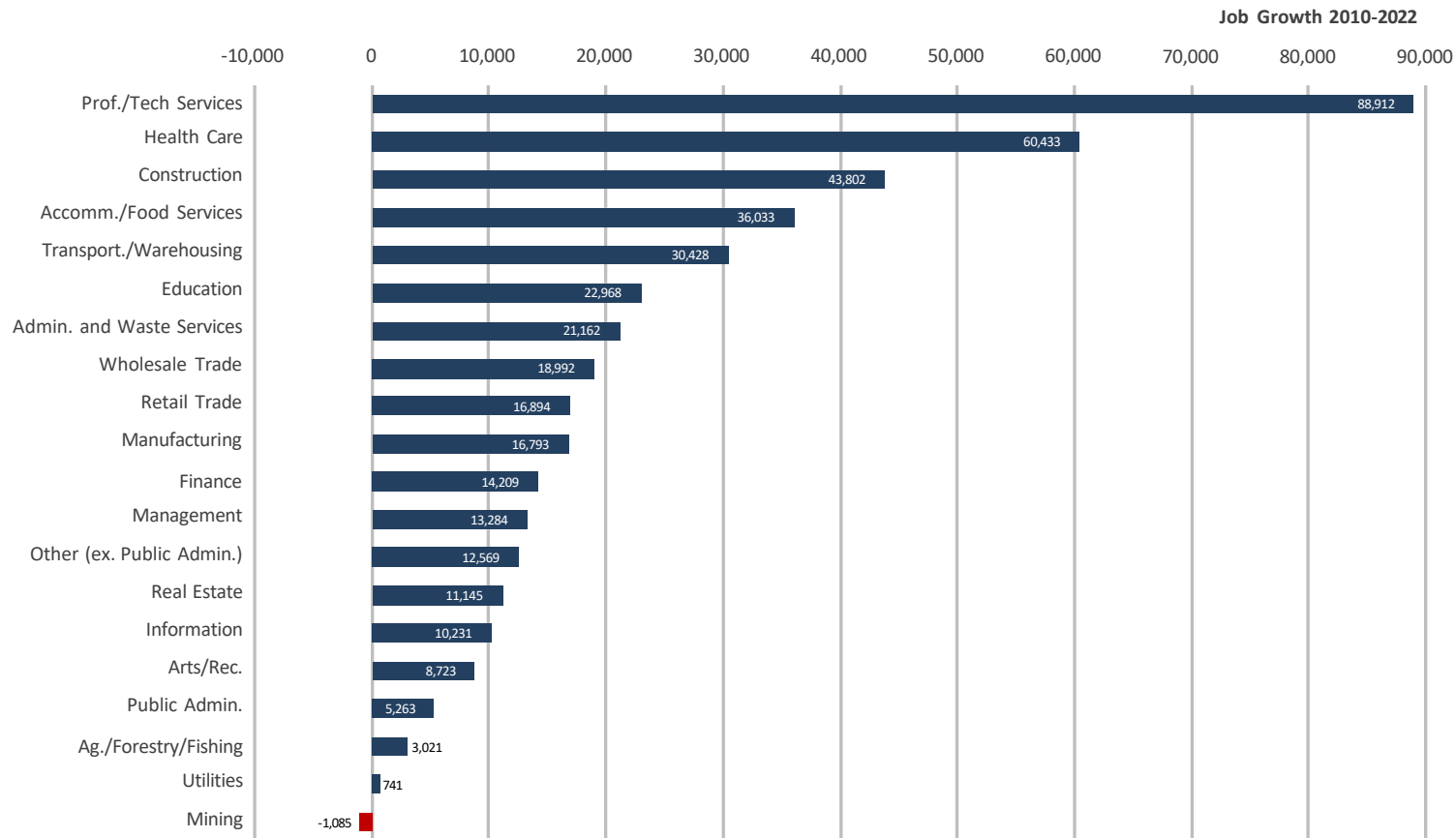
Denver Metro Annual Job Growth, 2013-2023



Source: Bureau of Labor Statistics, Economic & Planning Systems

- Full recovery from the Pandemic occurred in December 2021.
- Employment growth from 2013 to 2020 were very strong growing at 0.2% monthly or 3,380 jobs monthly.
- In past year, Denver metro job growth has averaged 0.03% per month or 508 jobs per month.

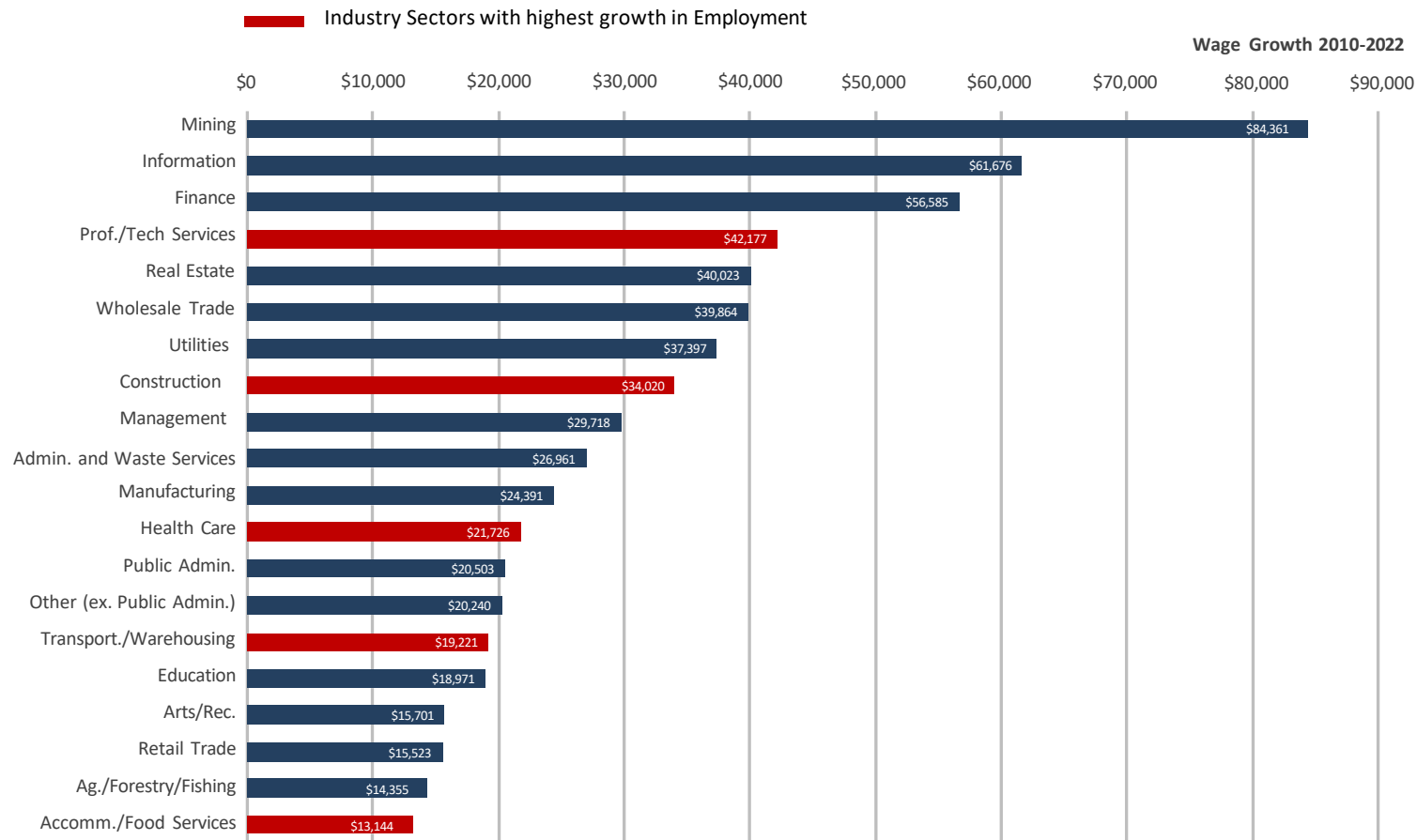
CHANGE IN EMPLOYMENT BY SECTOR



- Which sectors create the most economic benefit?
- Every sector reflects growth pressure, but...

Source: Bureau of Labor Statistics, Economic & Planning Systems

CHANGE IN WAGES BY SECTOR



- the highest growth sectors are not the highest wage sectors.
- Since 2010, wages have risen by 3.5% annually, but have not kept pace with housing costs.

Source: Bureau of Labor Statistics, Economic & Planning Systems

FUTURE CONDITIONS

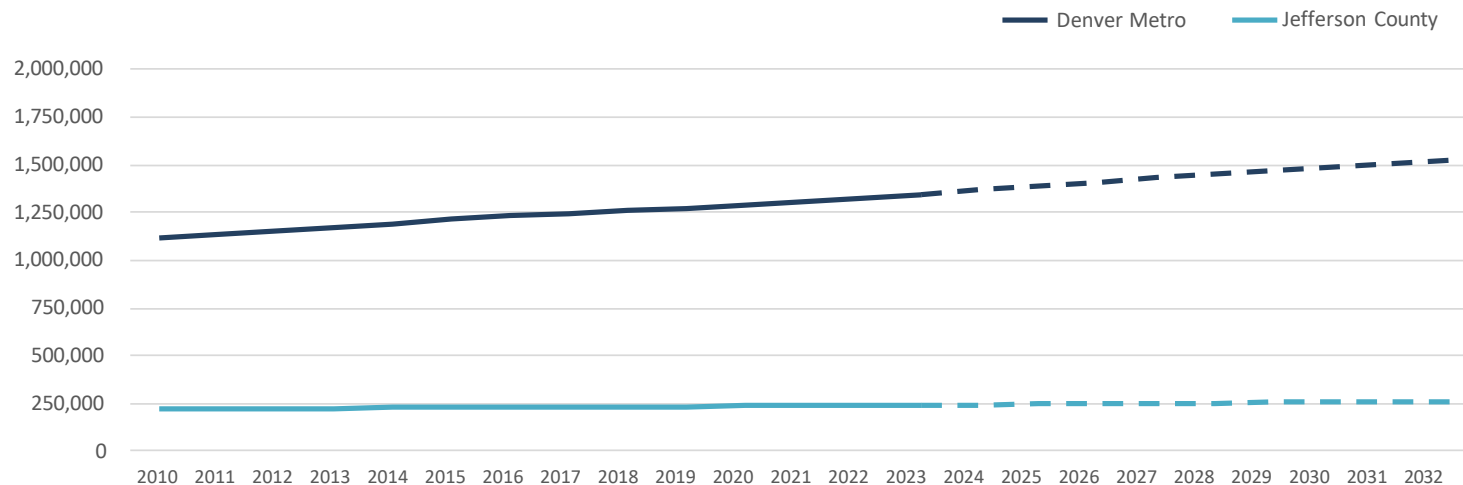
- Number of households have growing 2.1% annually between 2010 and 2023, or 25,486 households each year.
- Job growth is projected to create:
 - 2,964 jobs annually in Jefferson County in the next decade
- Household formation resulting from economic expansion will create housing need for:
 - 1,991 annually in Jefferson County
 - 20,008 annually in Denver Metro

Employment Projection

Total Employment	2022	2032	2022-2032		
	Actual	Forecast	Total	Ann. #	Ann. %
Denver - Aurora MSA	1,518,724	1,752,171	233,447	23,345	1.4%
Jefferson County	242,991	272,626	29,635	2,964	1.2%

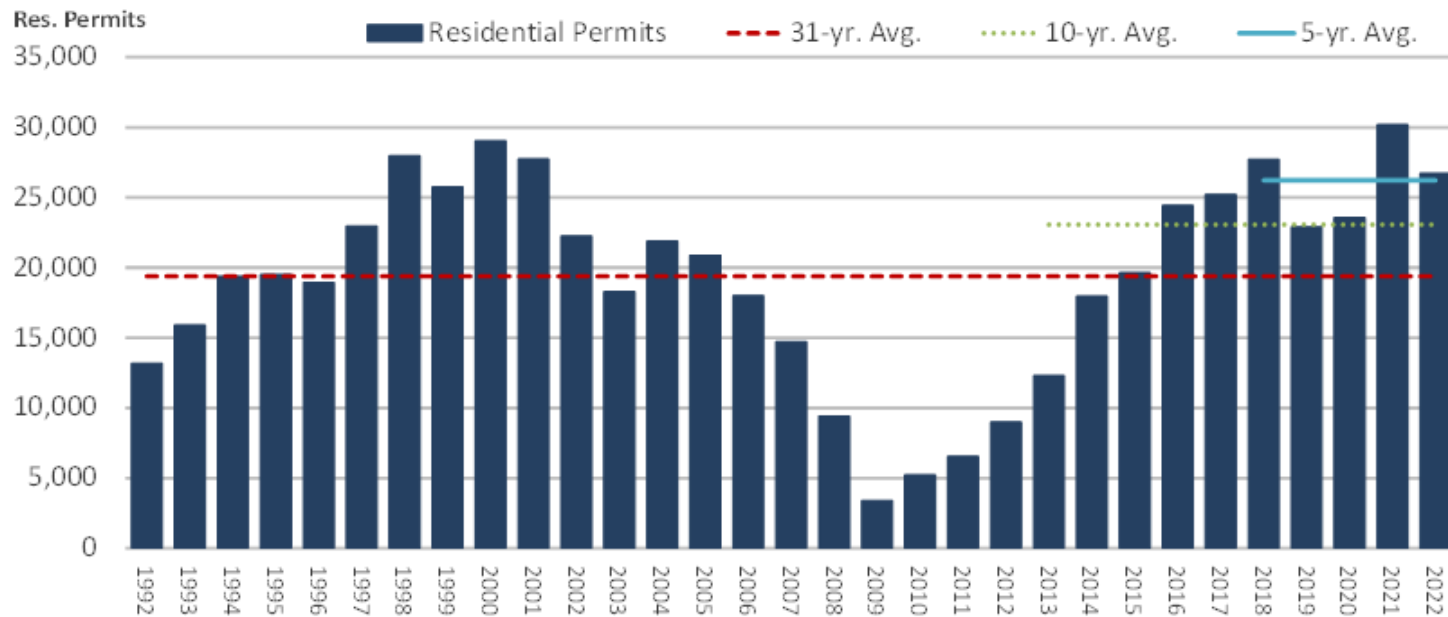
Source: CDLE Industry Projections, DOLA, Economic & Planning Systems

Household Projection for Denver Metro and Jefferson County



Source: Colorado Dept. of Local Affairs, Economic & Planning Systems

BUILDING PERMIT ACTIVITY

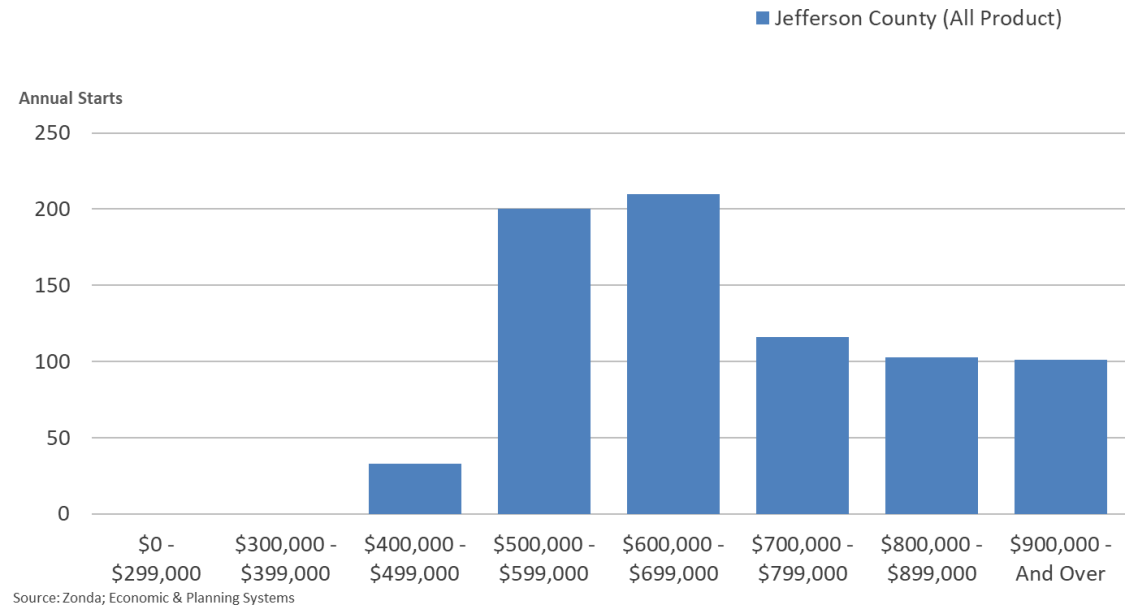
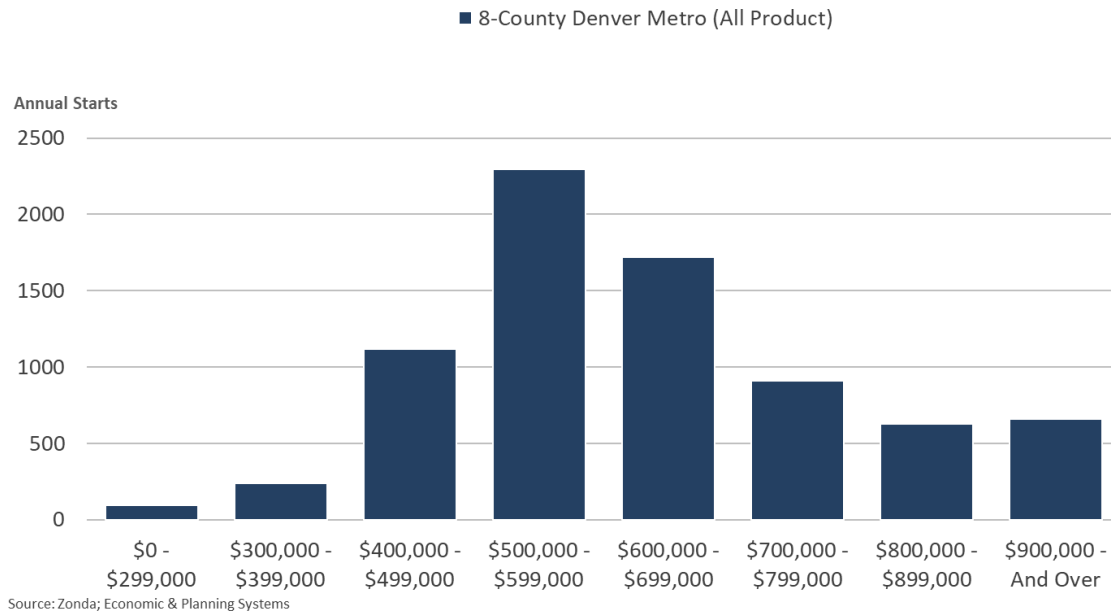


Source: HBA of Metro Denver, Economic & Planning Systems

- Since 1992, regional permit activity has averaged 19,371 units per year.
- Residential development has been especially strong over the past five years with an annual average of 26,214 units.
- Previous peak of 29,032 in 2000 has not been surpassed until 2021.
- How does this compare to demand trends?

HOUSING COSTS

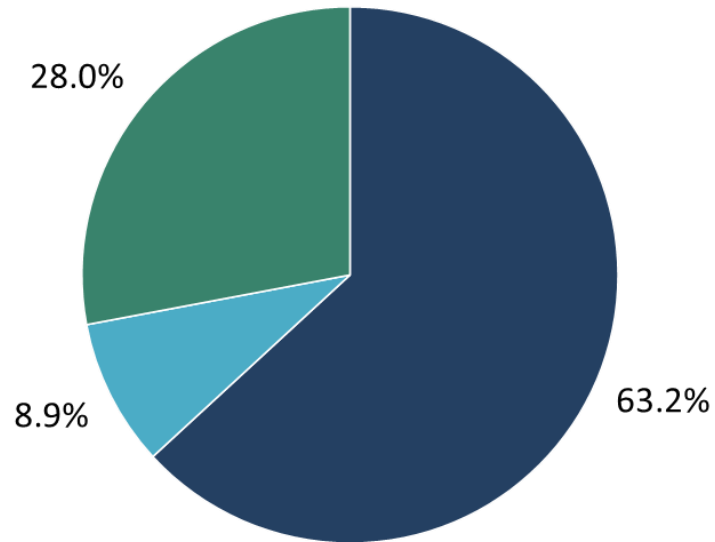
While Denver–metro reflects a bell curve distribution, Jefferson County is concentrated in higher price points.



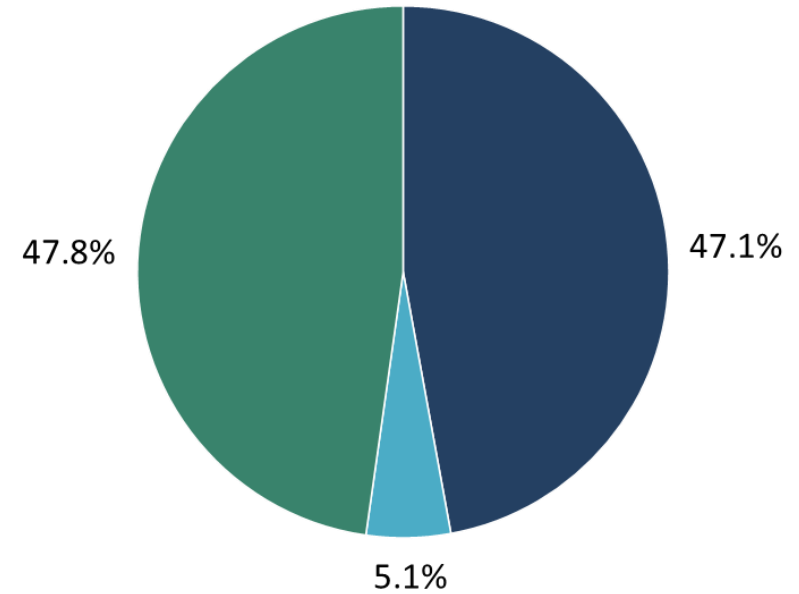
OWNERSHIP HOUSING PRODUCTION

38% of Denver–metro housing is attached, where more than half of Jefferson County housing is attached, reflecting a market shift to create efficiencies and reduce costs.

■ Single-Family Detached ■ Condominium ■ Townhome/Duplex



■ Single-Family Detached ■ Condominium ■ Townhome/Duplex

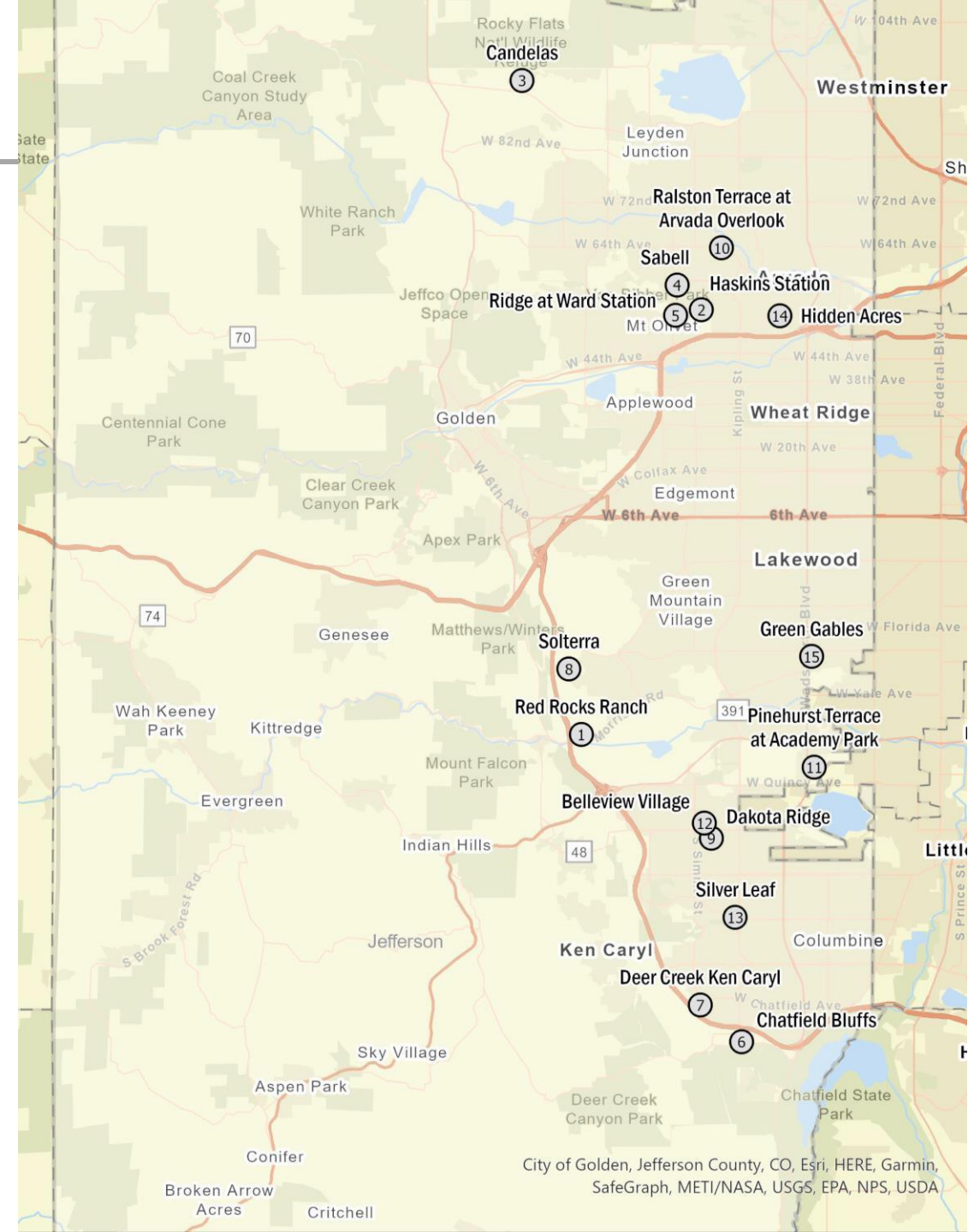


Source: Zonda; Economic & Planning Systems

JEFFERSON COUNTY

Ownership housing starts and base pricing

Ranking	Community	Annual Starts	Avg. Base Price
1	Red Rocks Ranch	154	\$878,956
2	Haskins Station	105	\$631,617
3	Candelas	63	\$601,133
4	Sabell	52	\$587,323
5	Ridge at Ward Station	46	\$568,595
6	Chatfield Bluffs	40	\$494,990
7	Deer Creek Ken Caryl	29	\$674,900
8	Solterra	29	\$674,440
9	Dakota Ridge	25	\$539,323
10	Ralston Terrace at Arvada Overlook	25	\$609,950
11	Pinehurst Terrace at Academy Park	25	\$683,283
12	Bellevue Village	23	\$623,700
13	Silver Leaf	17	\$859,333
14	Hidden Acres	16	\$725,000
15	Green Gables	15	\$611,428



HOUSING PRODUCTION BY TYPE

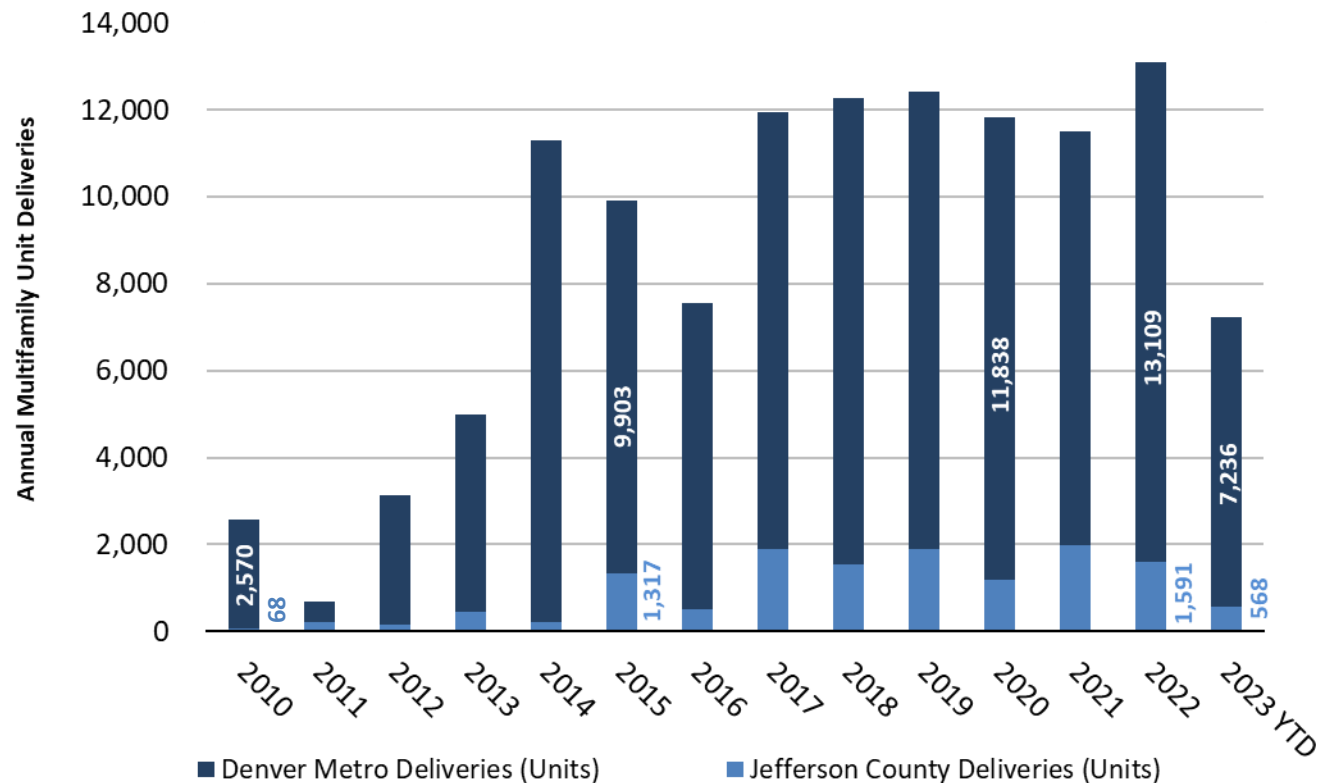
When the data reflect both ownership and rental housing products, trends indicate significant movement towards efficient housing product, with apartment permits outperforming all other unit types at 47.9% of all permits.

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023 YTD	2015-2023		
										Total	% Total	Avg.
Denver Metro												
Single Family	8,652	9,222	9,897	10,567	9,563	9,714	10,692	8,133	5,194	81,634	37.8%	9,070
Attached	1,918	2,482	2,641	2,904	2,816	2,444	3,972	3,561	2,300	25,038	11.6%	2,782
Condo	160	491	748	423	691	733	425	1,298	730	5,699	2.6%	633
Apartment	<u>8,901</u>	<u>12,227</u>	<u>11,902</u>	<u>13,828</u>	<u>9,806</u>	<u>10,669</u>	<u>15,097</u>	<u>13,733</u>	<u>7,236</u>	<u>103,399</u>	<u>47.9%</u>	<u>11,489</u>
Total	19,631	24,422	25,188	27,722	22,876	23,560	30,186	26,725	15,460	215,770	100.0%	23,974

Source: Home Builders Association of Metro Denver, Zonda, CoStar, Economic & Planning Systems

MULTIFAMILY DELIVERIES –

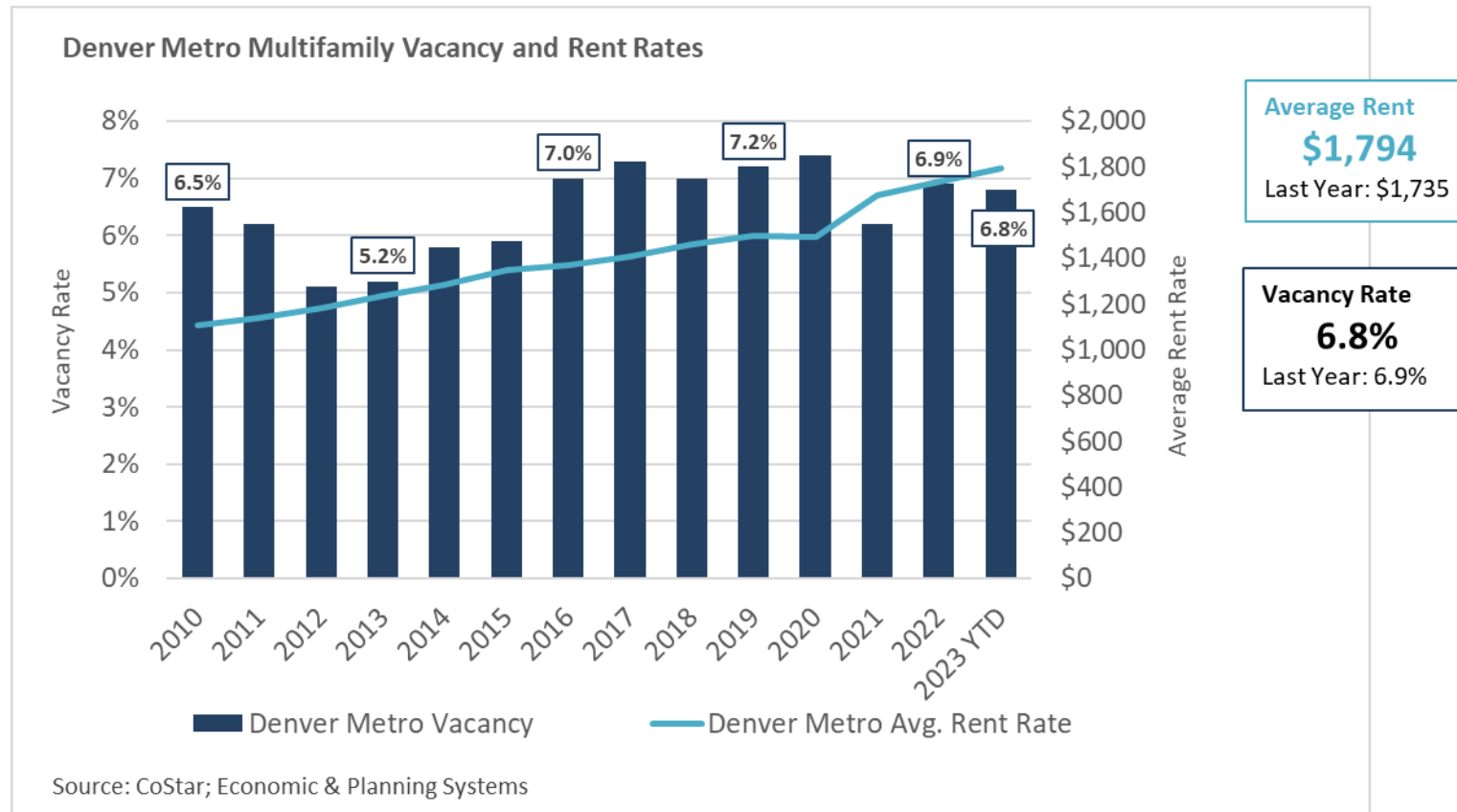
Multifamily Deliveries (Units)



Source: CoStar; Economic & Planning Systems

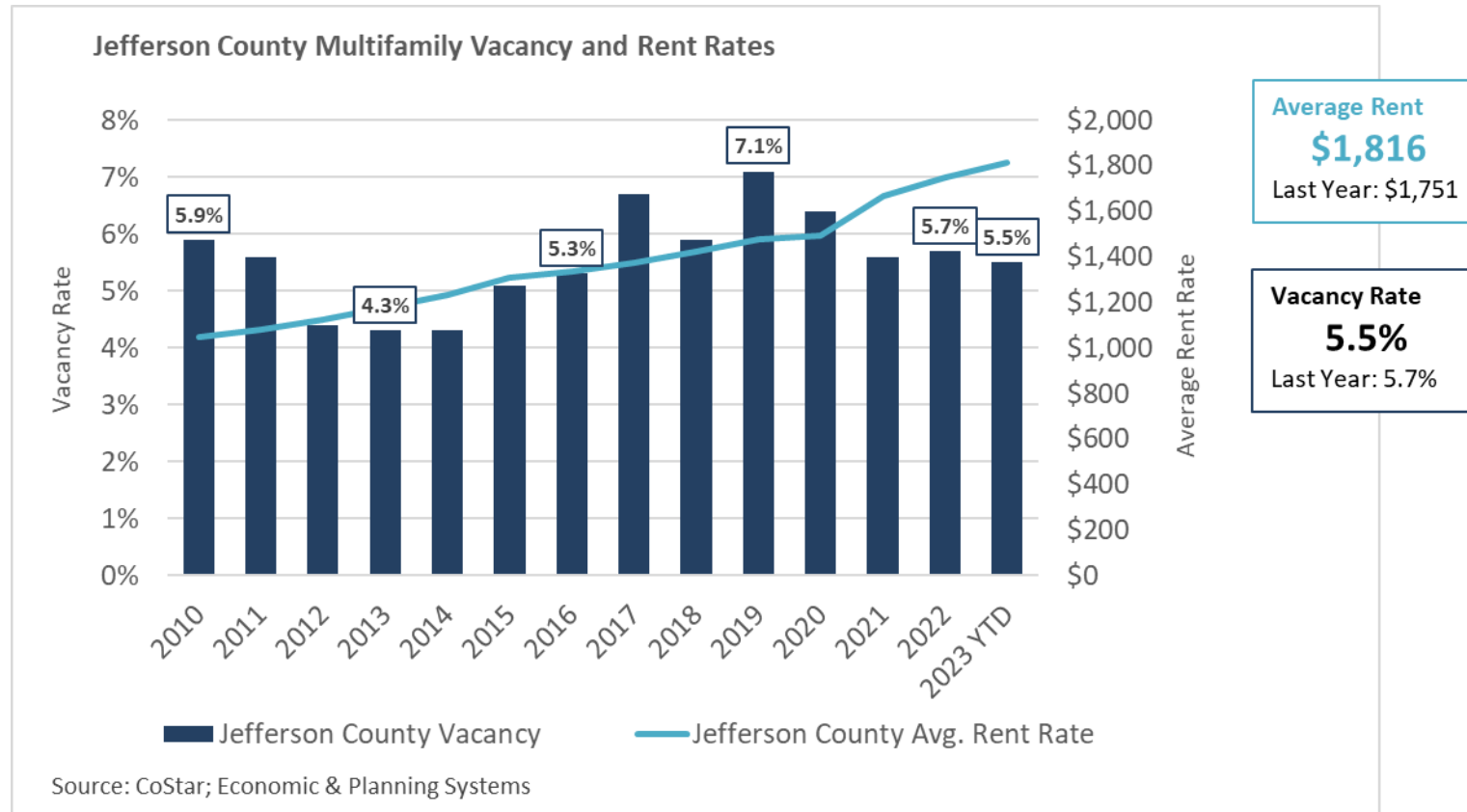
- Since 2010, the metro area has generated an average of 8,712 apartment units annually.
- Of this, Jefferson County accounts for 11.4 percent of the activity.

MULTIFAMILY VACANCY AND RENT TRENDS



- Within the metro area, rents have increased by 61.6 percent since 2010, or 3.8 percent annually.
- Notwithstanding the substantial increase in supply, vacancy rates are near equilibrium.

JEFFERSON COUNTY VACANCY AND RENT TRENDS



- Jefferson County reflects higher rents and lower vacancy rates.
- West side multifamily opportunities are limited, and data reflect the lack of supply.
- Average rents are now 3.7 percent higher than last year.

IMPLICATIONS

CHANGE IN WAGES AND HOUSING COSTS



Source: ESRI Business Analyst, Zonda, Economic & Planning Systems

Description	2010	2023	2010-2023		
			Total	Ann. #	Ann. %
Average Wage	\$59,169	\$89,431	\$30,262	\$2,328	3.2%
Average Housing Cost	\$306,551	\$683,129	\$376,578	\$28,968	6.4%

Source: ESRI Business Analyst, Zonda, Economic & Planning Systems

- Although wage growth has been strong, it cannot keep pace with the change in housing costs.
- The annual average increase in the base price of ownership housing (6.4%) is double that of wages (3.2%).
- These changes hit lower income households harder, given the differential wage growth by sector.

COMMUTING IMPLICATIONS

Description	2002	2010	2020
Jefferson County Workers			
Live in Jefferson County	76,413	65,281	69,362
In-Commuters	88,242	103,910	126,819
% Live in Jefferson County	46.4%	38.6%	35.4%
% In-Commuters	53.6%	61.4%	64.6%
Arvada Workers			
Live in Arvada	4,727	3,712	4,583
In-Commuters	16,210	16,485	22,544
% Live in Arvada	22.6%	18.4%	16.9%
% In-Commuters	77.4%	81.6%	83.1%

- Commuting patterns are increasing within Jefferson County
- Greater reliance on housing outside the county

Source: U.S. Census LEHD, Economic & Planning Systems

FINDINGS

HISTORICAL APPROACH

- Geography
 - Drive ‘til you qualify
- Age of Structure
 - Dated properties provide affordability
- Pockets of naturally occurring housing
 - Smaller structures and legacy neighborhoods

CURRENT REALITY

- Commutes are beginning to be unreasonable
- Class B and C multifamily properties have become the focus for investors
- Infill pressure

The free market has diminished its ability to generate solutions. Future success depends on joint public and private efforts, and the use of land use policy and public resources to expand the affordable housing supply.

THANK YOU



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kdunkin@coloradogivesfoundation.org



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Sam Bradley
Affordable Housing Development Specialist,
City of Arvada
sbradley@arvada.org

Prop 123 Quick Facts:

1. Arvada has Opted-In early and currently has access to Prop 123 Funds
2. Commitments: 417 affordable Units in 3 years, 90-Day Fast Track Approval Process by the end of 2026
3. Current Predevelopment Pipeline: 437 Units (NOTE: some will likely be permitted outside of the window to be counted)

Affordable Housing Strategic Plan:

- City has engaged a Root Policy Research to update the 2020 Housing Assessment and work with the City to produce a Strategic Plan before the end of 2024
- Housing Advisory Committee of Arvada residents meet quarterly to provide feedback and commentary on Plan as its being written
 - Responsibilities will shift after plan is published



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FADING WEST FACT SHEET

- **Founded 2016** – Started as the Developer of The Farm at Buena Vista, CO
- **Factory Completed Nov. 2021** – 110,000 SF, just completed our 200th home
- **Targeting attainable/affordable developments**
 - Attached and detached single family homes – 7 base floor plans with multiple bolt on options
 - Garden style apartment product – studios, one and two-bedroom units
- **Financing Strategies**
 - DOLA/DOH/OEDIT – 2021/2022 Programs
 - Prop 123 (5 sub-programs)
 - MIHA
 - SLP Structure to avoid Sales and Use and Property Tax
 - Land Trust Structures
 - Energy Rebates
 - Impact Equity and Debt Funds





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Closing:
Kami Welch
Arvada Chamber of Commerce

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Leadership Bootcamp | Sept. 13 - Dec. 6



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Arvada Community Impact Forums

SEPTEMBER 15

City Council Election Forum

OCTOBER 20

Ballots and Breakfast

NOVEMBER 17

Mayors Roundtable



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