

CITY OF CRAIG

HOUSING NEEDS

ASSESSMENT

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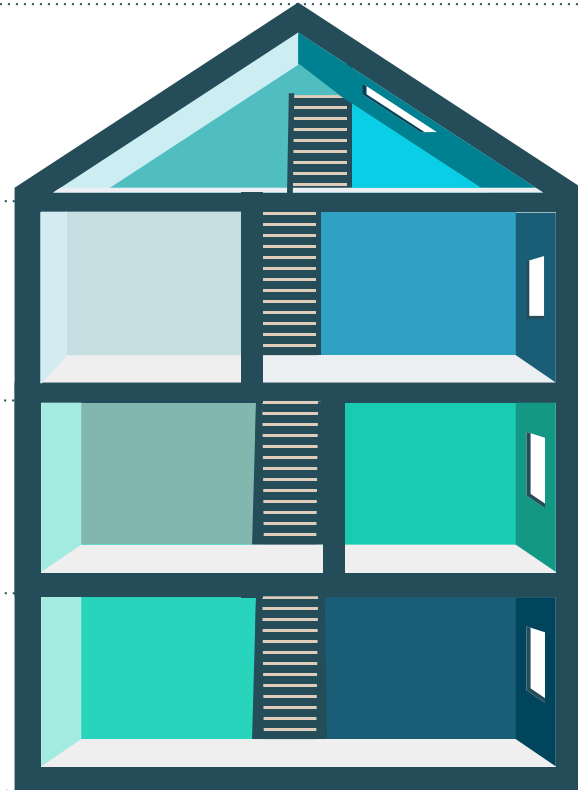
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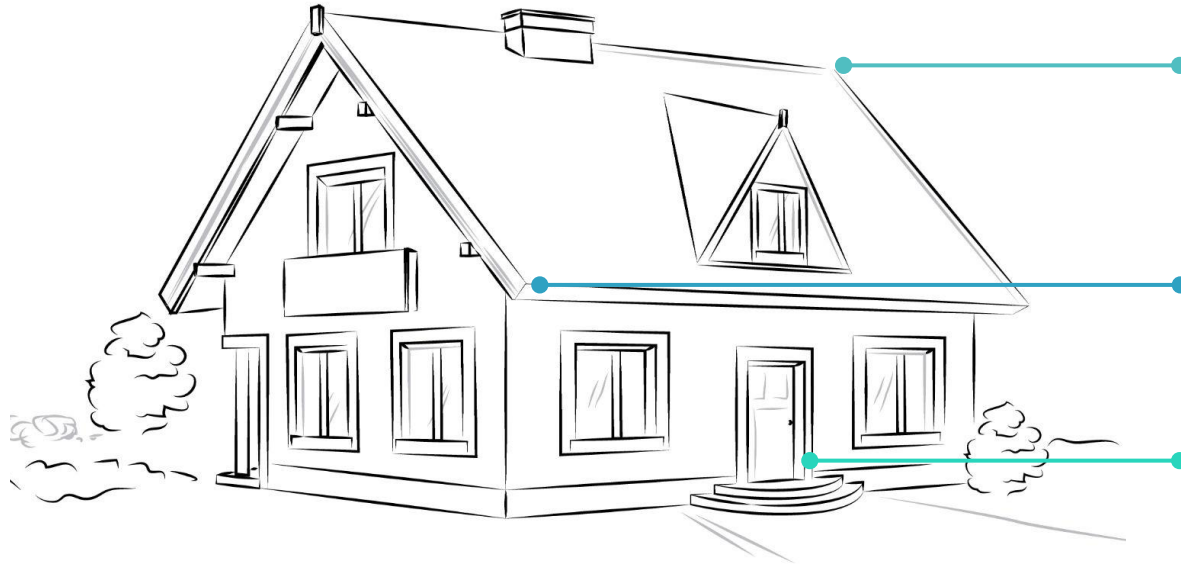


A landscape photograph featuring a path made of large, smooth, grey and reddish-brown stones leading towards a concrete platform. On the platform, there are several large, weathered wooden sculptures. One central sculpture depicts a figure with large, spread wings. To the right is a tall, vertical sculpture with intricate carvings. The background shows a valley with trees and distant mountains under a blue sky with light clouds. A solid teal vertical bar is on the right side of the image.

01

PURPOSE

Goals for the Housing Needs Assessment



1

Understand current market context, jobs, housing, commuting.

2

Identify needs and gaps in the current market and looking out over the next five years.

3

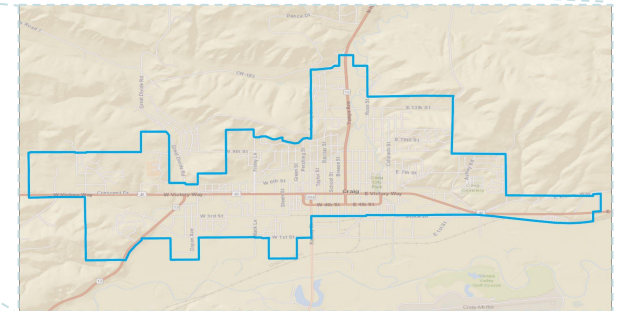
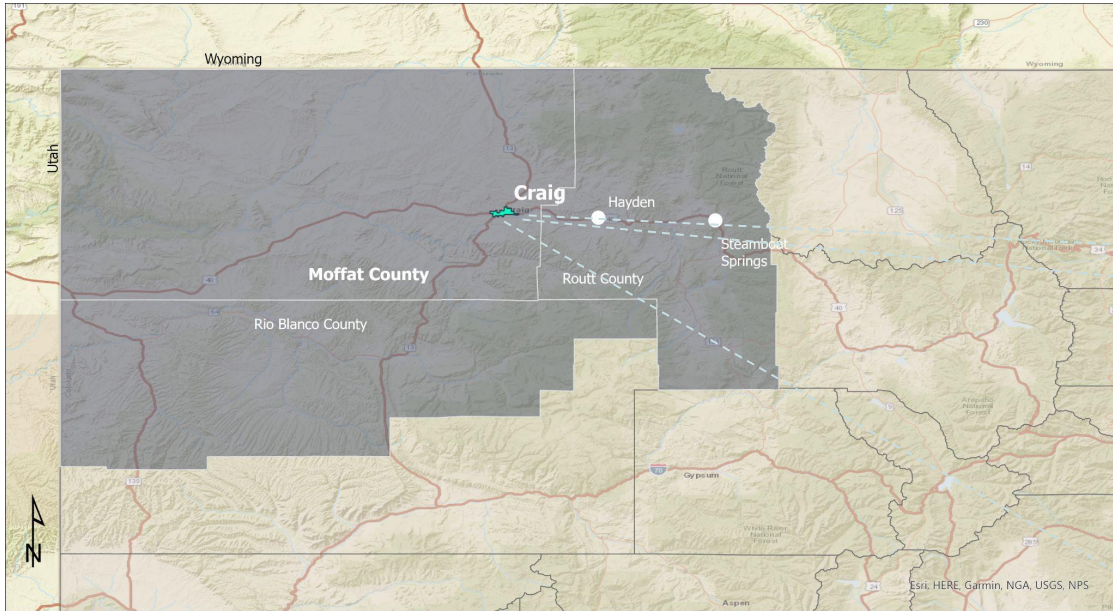
Set the stage for community action planning.

Location/Scope

This study is primarily focused on the City of Craig, Colorado located in the northwestern region of Colorado. For some factors in this analysis, we considered a broader area, looking at Moffat County

and beyond, which was especially important when looking at the workforce and commuting data.

The nearby communities of Hayden and Steamboat Springs both influence and are influenced by the housing and economic conditions in Craig and these relationships were taken into account throughout the report.



Key Concepts

This Assessment centers on the understanding of what households can afford for housing in Craig and explores where their needs are being met, and where there are gaps. It uses the definition that **housing is affordable when the monthly payment (rent or mortgage) is equal to no more than 30% of a household's gross income** (i.e., income before taxes).

This standard is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and rental leasing agents.

Home types range from emergency shelter to high-end luxury homes as shown in the figure at right and generally correspond with how much households make. A key tool for assessing what types of housing are needed is the Area Median Income or AMI. This base number is referred to as 100% AMI, which is \$58,800 for a 2-person household in Moffat County.



The Housing Bridge, above, shows the relationship between various AMI levels and housing types.

Moffat County

Percent AMI	Income (2-person household*)
30%	\$17,640
50%	\$29,400
80%	\$47,040
120%	\$70,560

Source: CHFA

*AMI levels and corresponding incomes vary by household size

A photograph of a white wooden church with a steeple and a sign that reads "CENTER OF CRAIG". The church has a gabled roof and a large window with a decorative pattern. The sky is blue with some clouds. The text "02" is overlaid on the left side of the image.

02

EXECUTIVE SUMMARY

&

RECOMMENDATIONS

Executive Summary and Recommendations

The Craig housing market has a current need for about 75 additional housing units. The primary gaps in the market are for middle and lower income renters and owners, although higher quality housing across all income ranges is also needed.

Three major demographic challenges are an increasing number of seniors, a declining school age population, and an increase in the number of people experiencing homelessness. Housing strategies will need to consider and address these dynamics.

The local economy offers a paradox: jobs are projected to decline in the next five years in large part due to closures of extractive industries. But, the employer survey reported 250 unfilled jobs in the county in fall 2021. Both rental and for-sale housing inventory is highly constrained. Over the past decade, the market has made limited progress in addressing these gaps. There is a strong need to catch up to address current market demands, but care should be taken to not exceed the

market's ability to absorb new product over the next ten years.

The most significant gaps in the housing market include:

- 1 and 2 bedroom units
- Rental housing affordable under 50% AMI (about \$735/month for two people)
- New, quality construction
- Smaller homes where people can become first time homebuyers or downsize as empty nesters

Addressing the current gaps in Craig's housing market would require more than tripling the historic rate of production. If Craig is able to address current shortfalls, keeping up with housing needs over the next five years will likely not require as big a building lift.

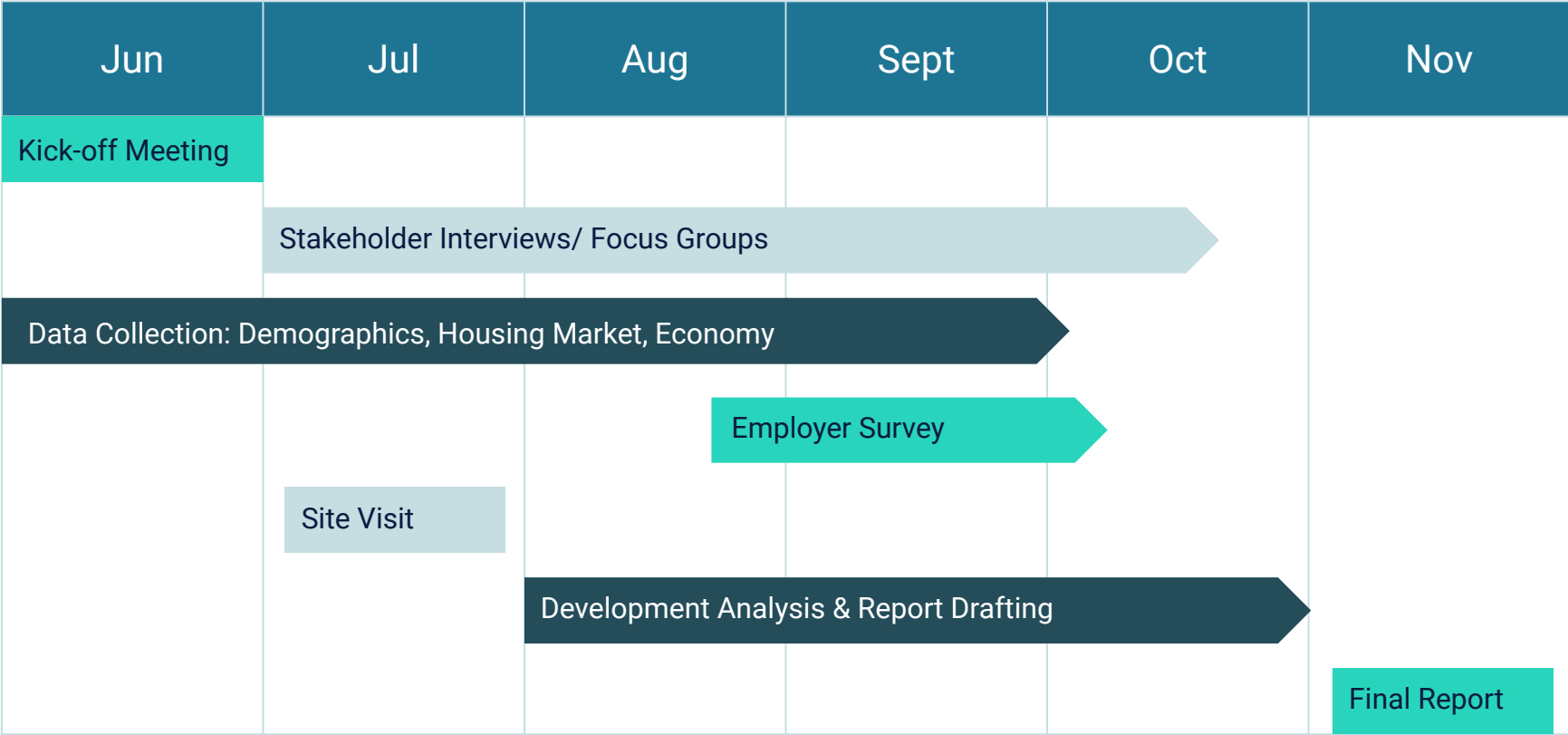
Executive Summary and Recommendations

We recommend that the City of Craig and other local stakeholders join forces and consider several steps to address these gaps.

- **Public/private partnerships are needed to overcome the high costs of construction and market risks.**
- **City owned land may be suitable to attract an experienced developer of rental housing.**
- **Current zoning is not well aligned to incentivize new housing. More zone districts that allow multifamily, duplexes, townhouses, and accessory dwelling units are needed.**
- **For sale housing for people in different life phases is needed, particularly first time homebuyer opportunities and places for seniors to comfortably downsize.**

The action plan phase, which comes after this report, will create opportunities to more fully form these strategies. Given that Craig's economy is in transition and many housing demand factors are in flux, we recommend continuing to track markets closely, monitoring unfilled jobs, job projections, rental vacancy, and functional for sale market inventory to gauge progress on housing needs and market capacity.

Housing Needs Assessment Timeline





03

DEMOGRAPHICS

Chapter Highlights: Demographics

Why this is important: Demographic trends tell us about who lives in the community, their age, and the size of households and their income levels. This information is needed to understand the mix, size and type of housing that is needed by the resident population.

20%

of households in Craig are living below the federal poverty line

60%

of households are singles or couples; the average household size has been declining since 2010

-4%

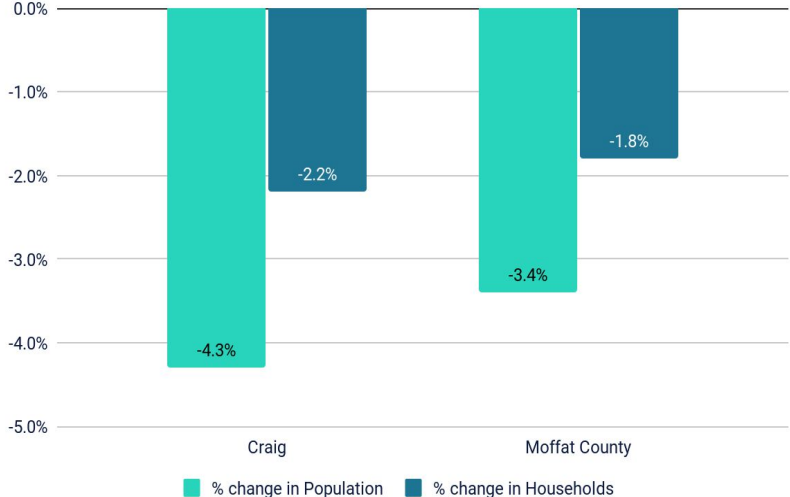
The population of Craig has decreased 4.3% since 2010

Together these trends indicate a potential need for smaller homes to support both the smaller household size and the limited budgets of households, including those below the federal poverty line. It will also be critical to monitor the population trends in the city and the surrounding areas to avoid building more housing inventory than what can be absorbed.

More details and important trends are discussed throughout this chapter.

Population & Households

The City of Craig is home to just over 9,000 residents, about 68% of all Moffat County residents. The city's population has declined by about 400 people, or 4.3%, since 2010.



Source: Census 2010, Colorado Demography Office, consultant team

Why is this important?
As the population grows, so does the need and demand for housing. Conversely, a declining resident population may result in decreased housing demand, or indicate that there is a lack of housing that residents can afford and occupy, or both.

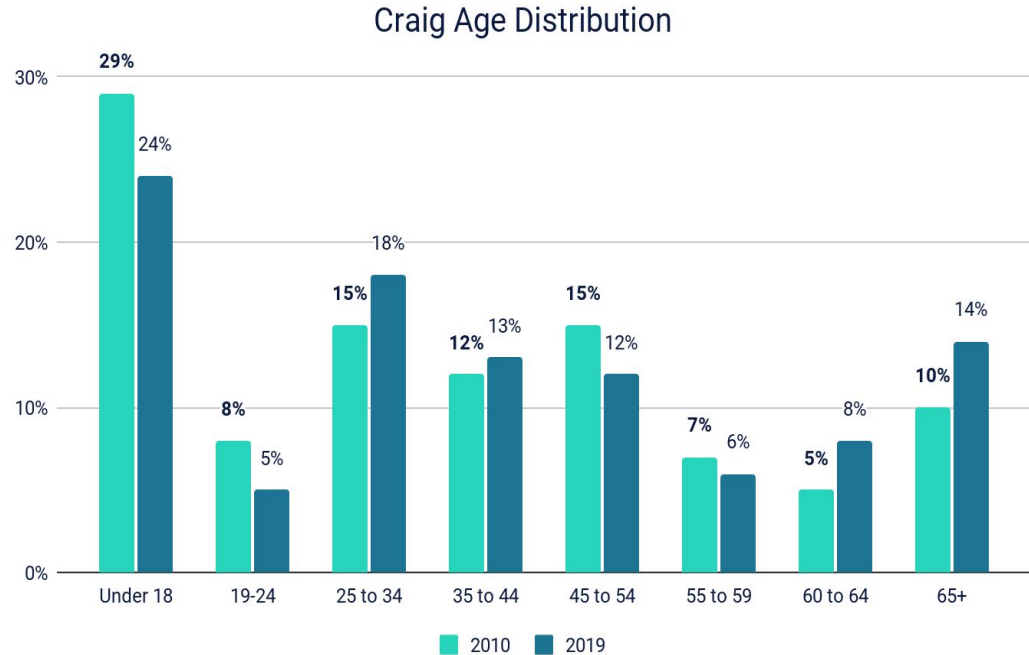
There are about 3,700 households in Craig, 85 fewer than than in 2010, a 2.2% decline.

Almost one in five residents (18.5%) of Craig identify as Hispanic or Latino, a figure that has increased slightly since 2010. About 80% of Moffat County's Hispanic population lives in the city.

Age Distribution

The median age in Craig and Moffat County has increased since 2010 to about 37, which is very similar to that of the United States (38).

More than one in ten (14%) Craig residents is a senior (age 65+) and their share of the population has increased by four points since 2010. The share of the population age 60 to 64 has also increased since 2010. At the same time, the share of the population that is under 18 and those 19 to 24 has decreased since 2010. The declining youth population has resulted in lower school enrollment, which has gone from 2,500 in 2010 to 2,000 currently.

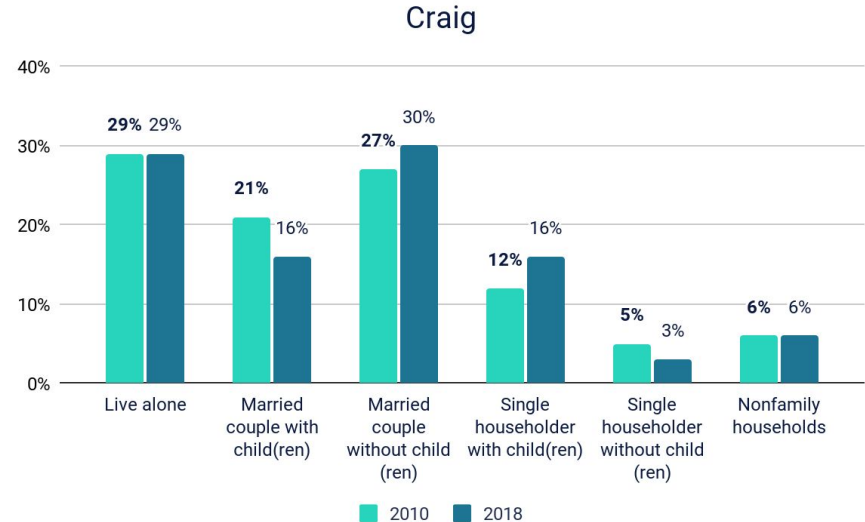


Source: Census 2010, ACS 2015-2019, consultant team

Households

The size and makeup of households in the city has changed since 2010 as follows.

- The size of households has decreased slightly to 2.3 people per household.
- The share of married couple households with kids has decreased by five points since 2010, while single householders with kids has increased by 4 points.
- About 60% of households are either a married couple without kids or those that live alone.



Source: Census 2010, ACS 2014-2018, consultant team

Moffat County, excluding Craig, has also seen a two point decline in the share of married couples with children and a three point decline in single householders with children since 2010.

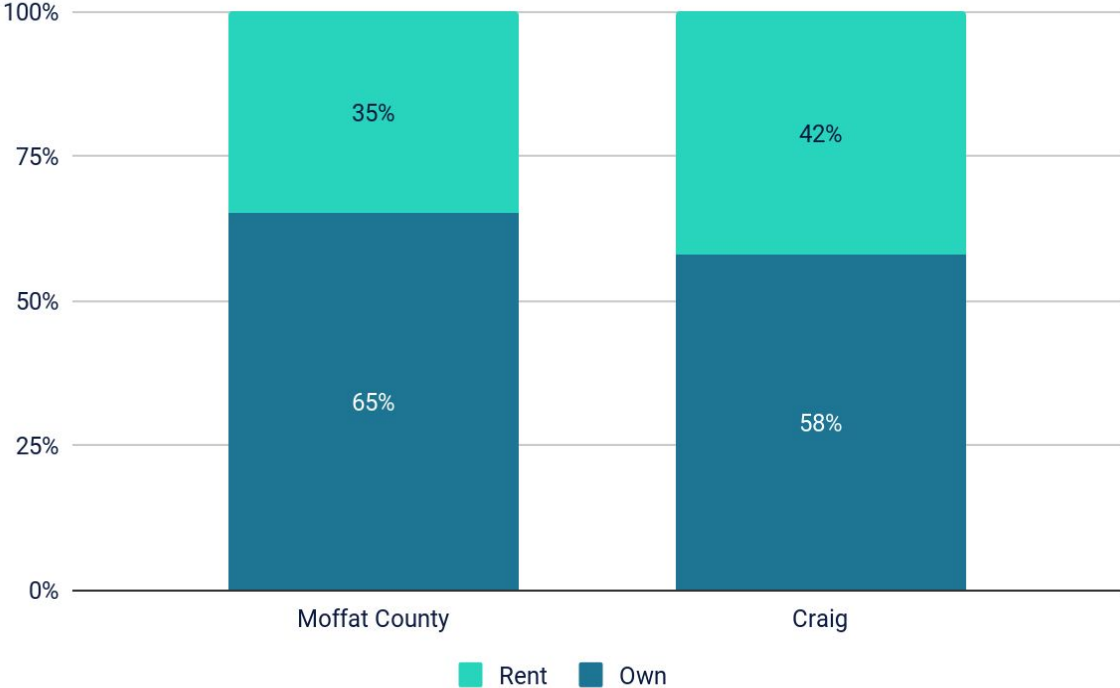
What is a household?

One or several persons who live in the same dwelling and share meals. It may consist of a family or another group of people.

Tenure (Own & Rent)

The rate of homeownership in Moffat County (65%) is similar to that of the state, which is higher than that in Craig (58%).

The percentage of owners in Craig is higher than renters, but the distribution is fairly equal compared with many communities in Colorado.



Source: ACS 2015-2019

Household Income

Although the median annual household income of all households in Craig (\$56,481) has increased over the last decade, it remains 22% below that of Colorado (\$72,331).

In addition, about one in five (20%) households in Craig live below the poverty line, which means their income is below the minimum level of income needed to secure the necessities of life. These households are typically

Why is this important?

Incomes have increased by about one percent per year on average since 2010, much more slowly than home prices and rent escalation. When housing costs increase faster than wage growth, housing cost burden increases, putting stress on local households and employers.

extremely cost burdened and at higher risk of becoming homeless.

Median Household Income:

\$56,481

Source: ACS 2015-2019

An American flag flies on a tall pole in a park-like setting. The flag is positioned in the upper left quadrant of the image. The background features a cloudy sky, several trees, and a grassy area. In the foreground, there is a decorative structure made of gravel and concrete, resembling a stylized 'V' or a similar geometric shape. The overall scene is outdoors and appears to be a public space.

04

JOB MARKET &
ECONOMY

Chapter Highlights: Job Market & Economy

Why this is important: The local job market and economy are a key driver of the local housing market. Trends in jobs and the economy inform our understanding of current and future housing demand: community growth, households buying power, and what employers need to attract and retain employees.



The number of jobs is expected to rise, fall, and rise again in coming years; **2027 is likely to mirror 2020 job numbers**



Craig has a high rate of workers coming into the city and residents commuting out; Moffat County's net outflow is estimated at 2,000/day

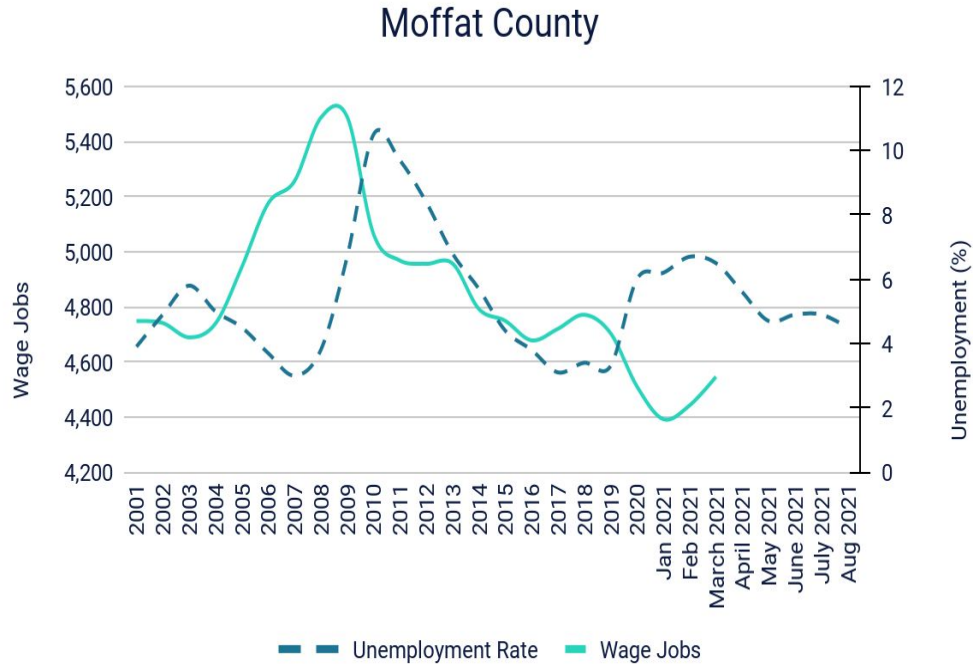


80% of local employers think housing availability and affordability is a moderate to severe problem within Craig

Understanding changes in the job market is critical to understanding short term and longer term housing needs. The projected number of jobs in 2027 mirrors the number in 2020 and therefore job change is not a primary driver of housing need in the short term.

The commuting patterns in and out of the city show that there is a mismatch between where people work and where they live. This mismatch is likely related to the survey finding that 80% of employers see housing availability as a moderate or worse problem within Craig. Employers surveyed believe that entry level for-sale and year round rental housing are the most needed housing categories.

Jobs & Unemployment



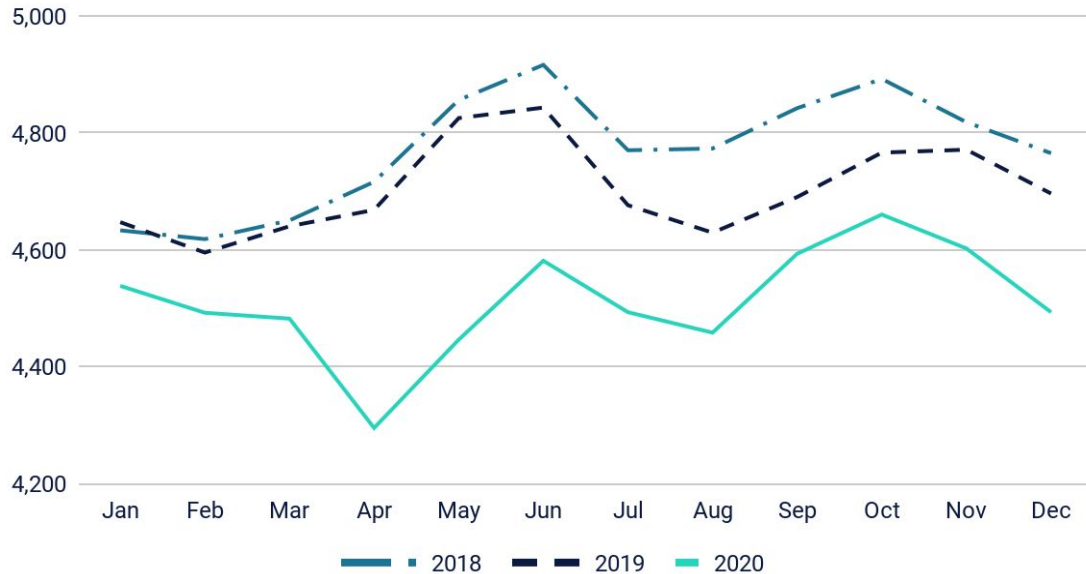
Over the past two decades, the number of wage and salary jobs in Moffat County rose sharply through 2009 (5,489 jobs) before falling by 1.8% per year on average since.

The annual jobs figure hit a two-decade low of 4,511 in 2020 and the unemployment rate spiked to over 6%. Jobs began to rebound in the first quarter of 2021 and the unemployment rate continued to fall through the summer. Yet, the unemployment rate was still above 4% in August 2021 and more than 300 people were unemployed. As the economy continues to recover, the expectation is that the unemployment rate will continue to decline and some unfilled jobs will be filled by locals.

Source: BLS QCEW, LAUS, consultant team

Job Seasonality

Moffat County Jobs



Source: BLS QCEW, 2021 employer survey

Employment in the county fluctuates seasonally each year, typically peaking in June and hitting a low in February. The change in jobs from peak to trough each year has been 7% on average since 2010. 2020 was not a typical year and jobs hit a low in April and peaked in October. Employers that filled out the survey indicated that most (83%) of their less than year round employees live in the area year round.

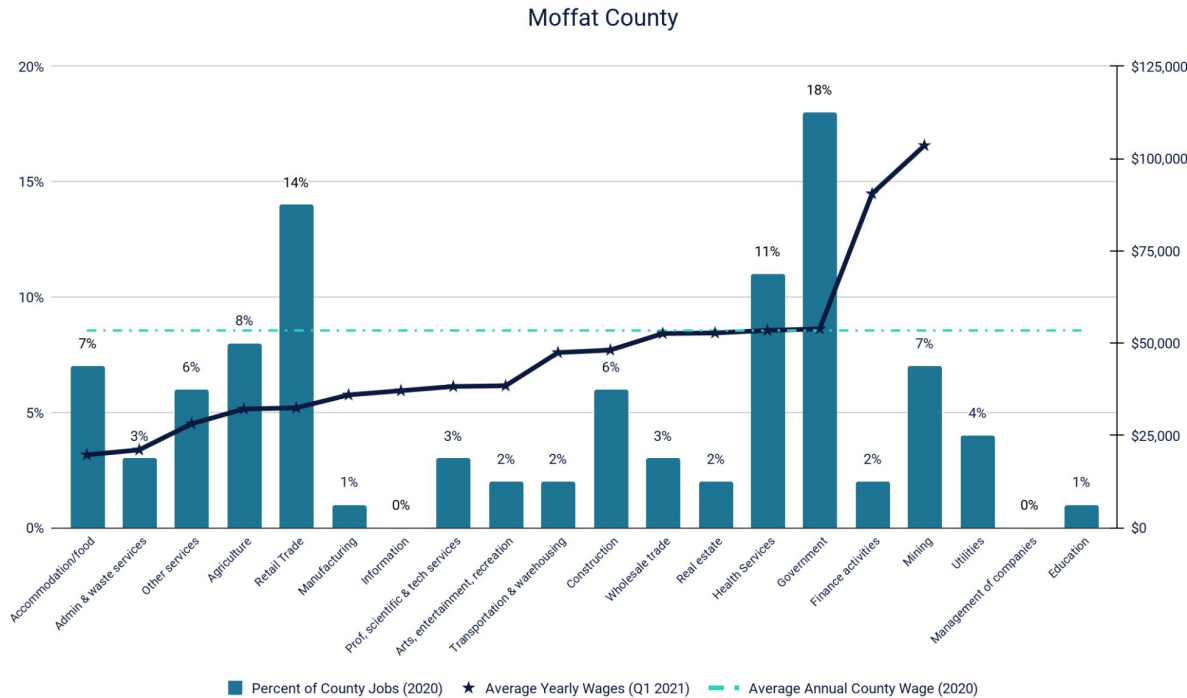
Moffat County Jobs, 2019-2027 Projections

Year	Total Jobs
2019	6,221
2020	5,780
2021	5,812
2027	5,767

Source: Colorado Demography Office

- From 2014 to 2019, total jobs in Moffat County fell by about 0.3% per year on average.
- 2020 was a particularly difficult year, falling by 7% from 2019.
- The most recent forecasts by the State released in October 2021 suggest that the number of jobs in 2027 will mirror those of 2020.
- The number of jobs is expected to increase from now through 2024, decline in 2025 (the year Unit 1 of Craig Station is slated to close) and then increase again into 2027.

Employment by Sector & Pay



About 43% of Moffat County jobs are in three sectors - government (18%), retail (14%) and health services (11%). Government and health services jobs pay about the 2020 county average wage of \$53,446 (highest in a decade), however retail jobs were paid about \$32,500 in the first quarter of 2021.

Jobs in mining have the highest annual wage for reported data. In the figure at left, wage rates in the utility sector, among others are suppressed to ensure confidentiality and not shown.

*some data suppressed to ensure confidentiality
 Note: public education jobs are reported under "Government"

Source: Colorado Demography Office, BLS QCEW

Estimated Cost of Commuting for Craig Workers

Community	Miles	Cost/ Mile	Daily Cost of commute (one way)	Cost of commute (per month)
Hayden	17	\$0.56	\$10	\$381
Steamboat Springs	42	\$0.56	\$24	\$941

*costs rounded to the nearest dollar

Source: Census LEHD, Colorado Demography Office, IRS, Google Maps, consultant team

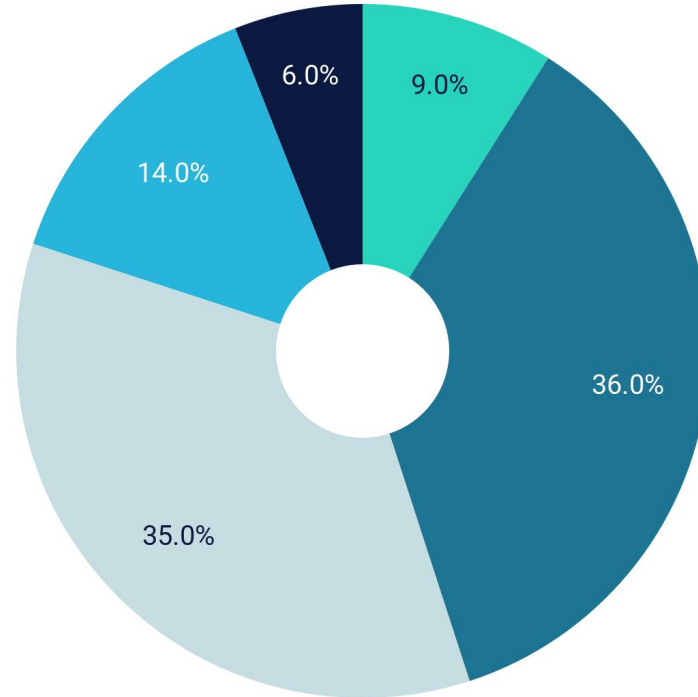
Craig is the employment center of the county and the western end of the commute shed that includes Hayden and Steamboat Springs to the east.

- Both the U.S. Census Bureau and the Colorado Demography Office estimate that there is a net outflow (in-commuters plus out-commuters) of more than 2,000 people per day commuting outside of the county.
- Of those commuting out of the county to another municipality, the largest share are going to work in Steamboat Springs. The consultant team estimates that there may be 900+ workers who live in Moffat County and drive to work in Hayden or Steamboat Springs.
- The cost of commuting is often overlooked, but impacts household’s cost of living and quality of life.

Employer Survey Insight (Housing Availability)

Do you feel that the availability of housing that is affordable for employees is:

- The most critical problem in the City
- One of the more serious problems
- A moderate problem
- One of the City's lesser problems
- Not a problem

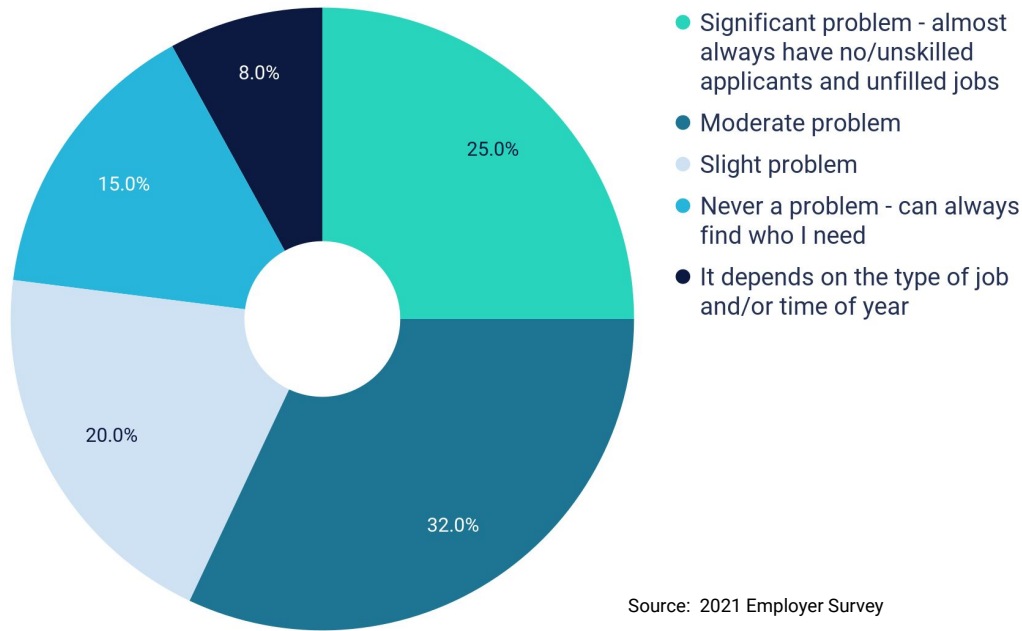


- 80% of businesses answering this question indicated that available and affordable housing for employees is a moderate problem, one of the more serious problems, or the most critical problem in Craig.
- 20% indicated that this is not a problem or one of the City's lesser problems.

Source: 2021 Employer Survey

Employer Survey Insight (Ability to Fill Jobs)

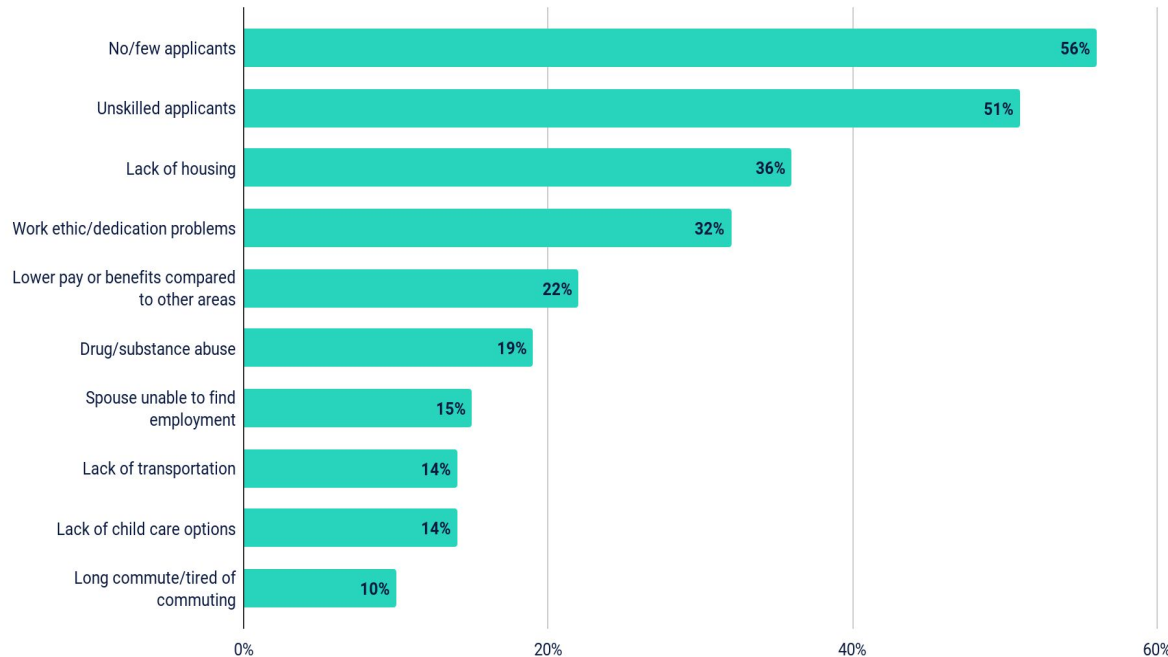
How would you rate your ability to recruit and retain qualified employees for your business or organization?



- Over half (57%) of employers indicated that recruiting and retaining qualified employees is a moderate or significant problem.
- 35% indicated it is either not a problem, or a slight problem

Employer Survey Insight (Finding/Keeping Qualified Employees)

In the past year, have you experienced any of the following issues in finding or keeping qualified employees?



Source: 2021 Employer Survey

Employers that had difficulty finding or attracting qualified employees were asked what types of problems they experienced.

- Over half indicated issues with a lack of applicants and applicant skill level.
- Over one third (36%) indicated that a lack of housing has been an issue in the past year.
- Issues related to commuting were only noted as an issue by 10% of employers.

Employer Survey Insight (Employee Housing Challenges)

What are the primary housing difficulties encountered by your employees?

	Average Rating
Lack of selection and variety of homes	3.7
Homes prices are too expensive	3.4
Homes are in poor condition or need repairs	3.4
Rents are too expensive	3.1

Source: 2021 Employer Survey

Employers responded on a scale of “1-no problem” to “5-Critical Problem/ Major Difficulty”.

A response of 3 indicated a moderate problem.

- Employers indicated that the four housing difficulties in the table at left are greater than a moderate problem, but less than a serious problem, on average.

“Lack of housing options is a significant factor. Housing is limited and what is available is aged and in poor condition. There is also a lack of contractors for updating the current housing in the area and has been a contributor to the poor condition of homes.”

- Local Employer

Employer Survey Insight (Perceived Employee Housing Needs)

In your experience, to what extent are the following types of housing for employees lacking (in short supply) in Craig?

	Average Rating	% High or Critical Need
Entry-level for-sale housing	3.9	69%
Rentals for year-round employees	3.7	61%
Move-up for-sale housing	3.3	46%
Rentals for seasonal/part-year employees	3.2	36%
Housing for retiring employees to downsize	3.1	40%

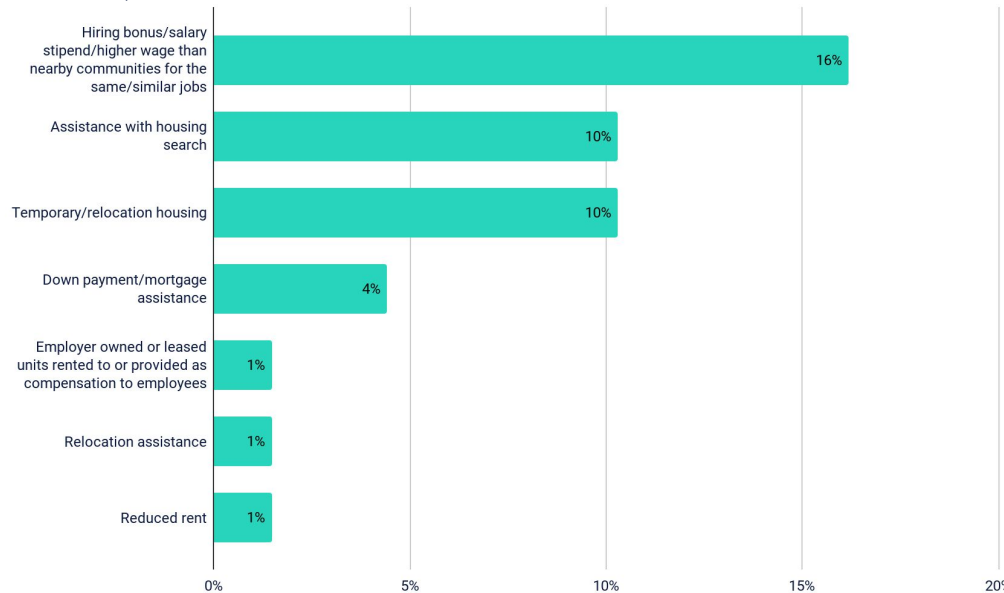
Source: 2021 Employer Survey

Employers were asked to rate the housing types in the table at left on a scale of “1-no need/sufficient supply” to “5-Critical Need”. A response of 3 indicated a moderate need.

- Employers indicated that all types of housing are at least moderately lacking in Craig.
- Entry-level for-sale housing followed by rentals for year round employees were identified as being needed the most.

Employer Housing Assistance

Do you provide any of the following types of housing or cost of living assistance for your employees? (shown as a percent of all survey responses)



Source: 2021 Employer Survey

24% of employers filling out the employer survey indicated that they provide housing or cost of living assistance.

The most common type of assistance provided is a hiring bonus, salary stipend, or higher wage than nearby communities, followed by assistance searching for housing and temporary/relocation housing.

Moreover, about 25% of employers that filled out the survey indicated that they are interested in opportunities to work with other employers or community organizations to help with housing

- For any employee (18%)
- For their employees only (7%)



05

HOUSING INVENTORY
& MARKET

Chapter Highlights: Housing Inventory & Market

Why this is important: The existing housing inventory and current market conditions tell us about the housing supply: the price points, types, and availability of homes for sale and for rent. This helps us understand how current housing is meeting the needs of the community, and where there are gaps in what the market provides.

1979

69% of the housing stock in Craig was built more than 40 years ago



The majority of households are only 1-2 people, but 89% of homes in Craig have 2 or more bedrooms

46

Housing units added in Craig over the past decade - 96% of which are single-family and manufactured dwellings

An older housing stock is a fairly reliable indicator that many homes are in need of rehabilitation. In many places people struggle to find housing generally, and when they do, the homes are in poor condition. Partnering with colleges that offer trades education is one path forward for addressing older homes.

Comparing household size and home size is a good way to understand if people are paying too much for housing because they are paying for too much house. Right sizing the housing options for the community is a good way to create affordable opportunities.

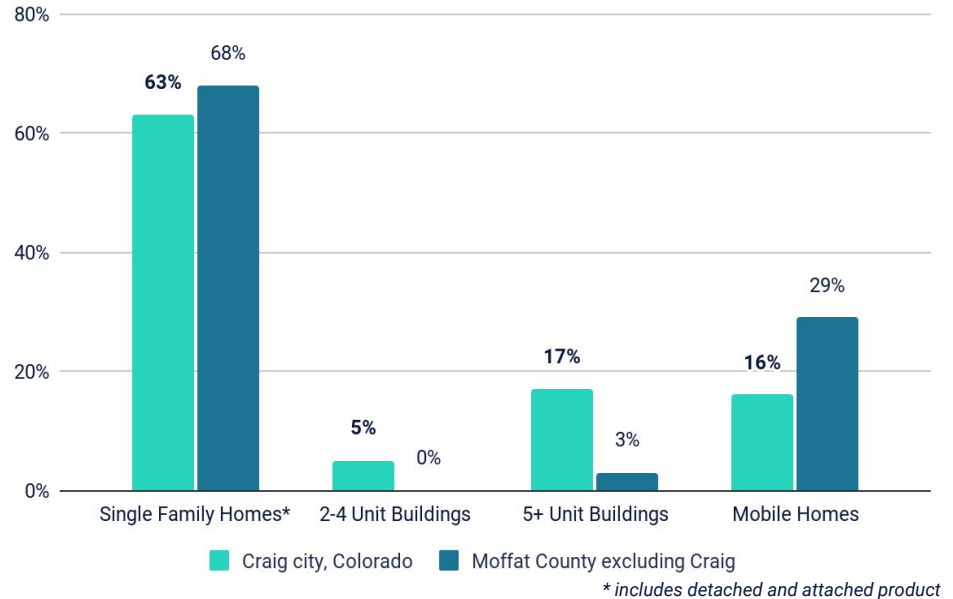
The limited and homogeneous housing units added over the last decade have resulted in a lack of housing quantity and a lack of housing variety, both essential for a functional housing market.

Number & Type of Homes

There are about 4,050 homes in Craig, which represent two thirds of all homes in Moffat County.

Although there is some diversity in the housing stock, almost 80% of homes are either single family homes or mobile homes. Just over 20% of homes are in a building with two or more units in it (e.g., duplex or greater).

Almost all (97%) homes in the county that are not in Craig are single family or mobile homes.



Source: Colorado Demography Office, ACS 2015-2019, 2020 Census, City of Craig, consultant team

Unoccupied Housing Units

Of the 4,000+ homes in Craig, the most recent estimates suggest that about 8% of homes were unoccupied, which is lower than Moffat County (12%), the State of Colorado (9%), and the United States (12%).

The table at right shows the share of unoccupied homes by unoccupied category, including those for rent or for sale but not yet occupied. The data lags real time and the number of homes in these two categories is likely lower today because the market has tightened in the last 20 months.

- Very few homes in Craig are classified as “For seasonal, recreational, or occasional use.” This figure is much higher in the county where more rural areas are sought after to locate vacation/second homes and hunting cabins.
- A relatively high percentage are classified as “Other vacant,” which do not fit into one of the other categories. An example is homes held for personal reasons of the owner.

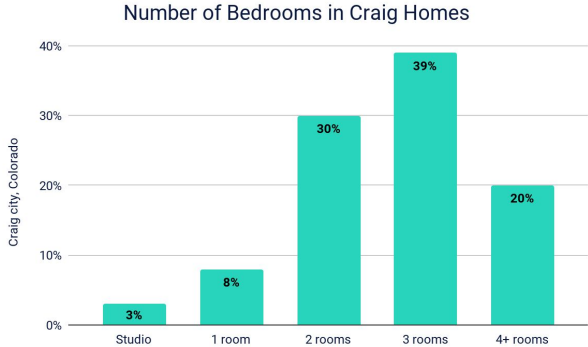
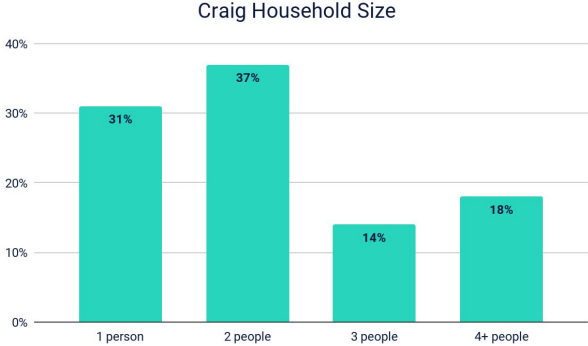
	Moffat County	Craig
For rent	14%	30%
Rented, not occupied	0%	0%
For sale only	9%	9%
Sold, not occupied	0%	0%
For seasonal, recreational, or occasional use	30%	3%
For migrant workers	4%	0%
Other vacant	42%	58%

*These figures have very high margins of error and should be interpreted with caution. Source: Colorado Demography Office, ACS 2015-2019, 2020 Census, consultant team

Number of Bedrooms vs. Household Size

Homes in Craig have a relatively high number of bedrooms and there is a sizeable mismatch between home size and household size, which points to the need for smaller units to increase housing choice.

- 59% of homes in Craig have 3 or more bedrooms, yet, only 18% of households have four or more people in them.
- 68% of households have only one or two people in them, however only 11% of the housing stock consists of studios and one bedroom units.
- The average household size of owner-occupied units is 2.5 people and renter occupied units is 2 people.

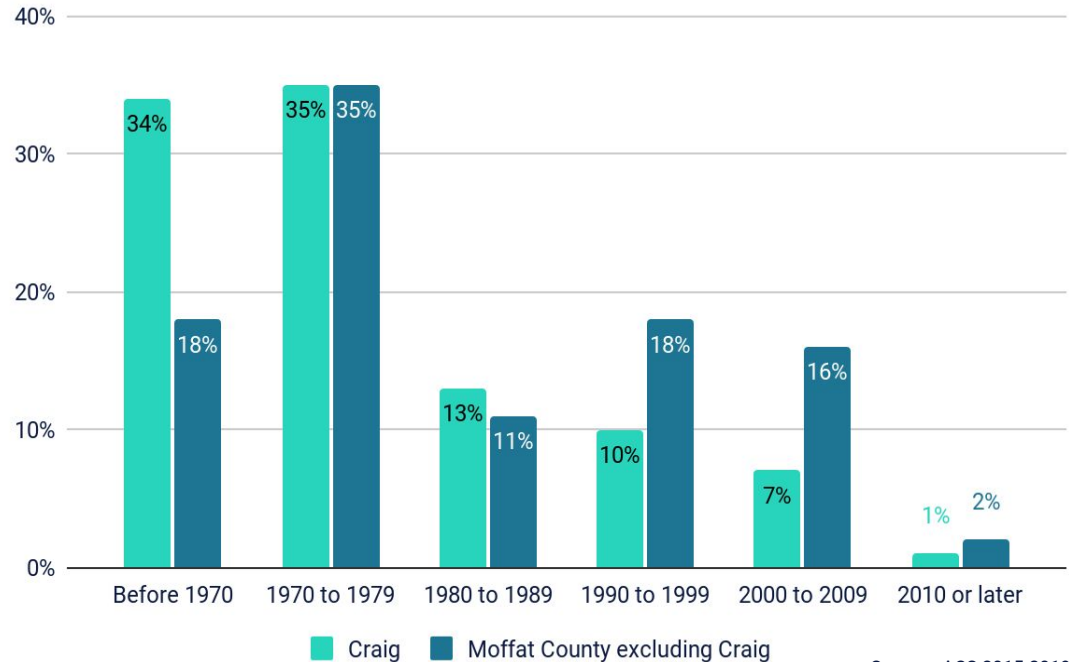


Source: ACS 2015-2019

Year Built

The housing stock in Craig is quite old.

- Almost 70% of homes in Craig are more than 40 years old.
- Very little residential development has occurred in the past decade.
- An older housing stock often correlates with poor quality, as housing improvements exceed their useful life.
- The share of homes built in the county outside of Craig has exceeded the share built in the city for the past three decades.



Source: ACS 2015-2019

New Residential Development (2011-current)

Only 46 new homes were built in Craig in the past decade, fewer than 5 per year on average. During that time, 23 housing units were demolished, mostly abandoned homes.

All new homes built have been single family or manufactured homes, with the exception of one duplex. The lack of housing variety built in the past decade has limited housing choices for Craig residents.

	Single Family	Manufactured	Duplex
City of Craig	13	31	1 (2 units)
Unincorporated Moffat County	24	16	0
Total	37	47	1

Source: City of Craig
Note: does not include seasonal cabins or homes built that replaced existing homes

Rising Home Prices: Craig

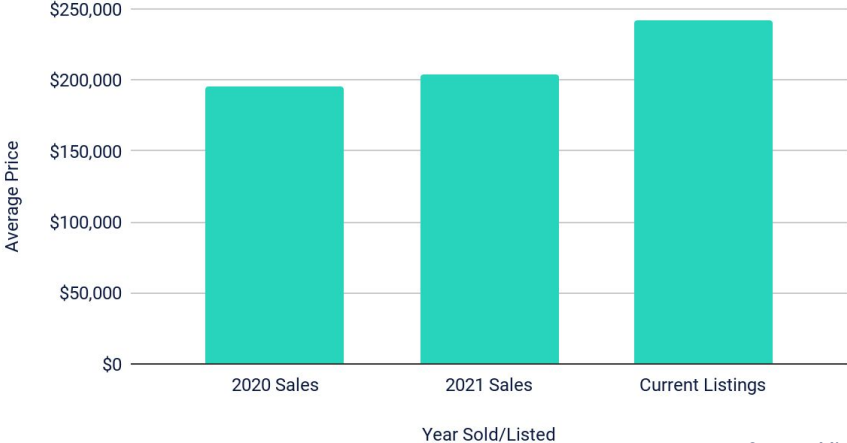
Craig is seeing rapidly increasing housing prices and limited housing inventory in recent years. The average price of a home sold in Craig in 2020 was \$195,000, homes closed through August 2021 averaged \$204,000 and current listings in 2021 average \$242,000, which is a **24% increase over last year's sales**. Historically, home prices in Craig rose steadily between 2012 and 2017 and then leveled until 2020. The average home price in May of 2012 was \$152,000 (Zillow).

Covid migration is likely the largest culprit of recent price escalation as many people are now able to work from home, allowing them to move out of cities and into more rural communities. Craig's rural character and relatively affordable housing make it attractive.

Pressure from rapid growth and very high prices in the Steamboat market is pushing many residents out. Some are moving to Craig and then making the long commute between the two communities for work. Local workers, retirees, remote and

commuting workers are increasingly competing for the same limited inventory, driving up prices.

Average Price of Homes in Craig 2020-2021



Source: MLS

Homes Sold and for Sale by Type

Homes by Type						
	2020		2021		Current Listings	
Type	# of Units	Average \$	# of Units	Average \$	# of Units	Average \$
Single Family	194	\$210,436	131	\$220,000	68	\$251,000
Condo/Townhouse/Duplex	14	\$123,231	12	\$111,000	5	\$205,000
Mobile Home	6	\$58,319	7	\$62,000	2	\$24,000
Total	214	\$195,000	150	\$204,000	75	\$242,000

Source: MLS

The majority of homes recently sold and listed are single family units (87%). Other housing types include condos, duplexes, and mobile homes. This lack of housing diversity on the market can hinder housing affordability since single family homes are much more expensive to build and maintain in comparison to attached housing options. In 2020 there was a \$87,000 difference between the sale price of single family homes and condos/duplexes/townhomes and current listings have a difference of about \$46,000.

Homes by # of Bedrooms

Distribution of Homes in Craig by # of Bedrooms									
	2020			2021			Current Listings		
# of Bedrooms	Count	% of Total	Average \$	Count	% of Total	Average \$	Count	% of Total	Average \$
1	1	<1%	\$105,000	1	1%	\$128,000	3	3%	\$93,000
2	25	12%	\$113,000	29	19%	\$118,000	9	11%	\$111,000
3	122	57%	\$183,000	77	51%	\$198,000	31	40%	\$227,000
4	50	23%	\$243,000	30	20%	\$266,000	20	28%	\$279,000
5+	16	7%	\$261,000	13	9%	\$280,000	12	18%	\$357,000
Total	214	100%	\$195,000	150	100%	\$204,000	75	100%	\$242,000

Source: MLS

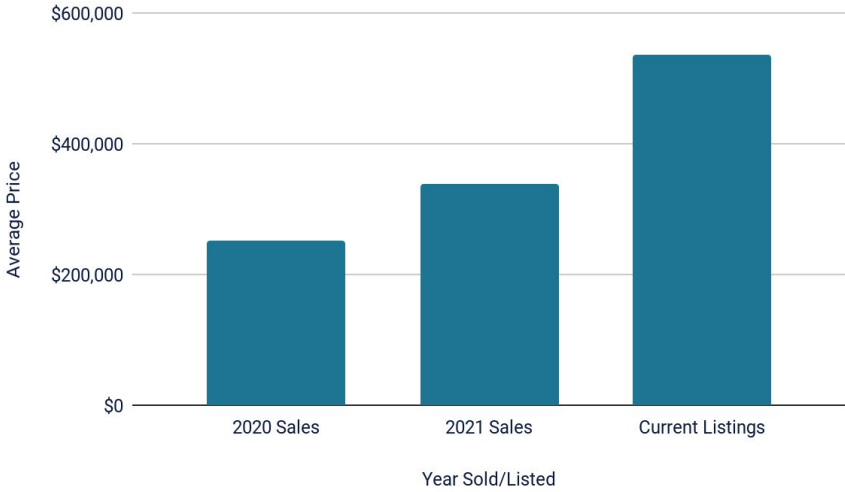
In addition to rising prices, larger homes are more available than smaller ones. The vast majority of homes sold in 2020 and 2021 had three or more bedrooms. Only two units (1% of all homes sold) sold were one-bedroom homes, both single family units. Mobile homes sold were also mostly three-bedroom units (77%). Unsurprisingly, a majority of homes are larger than 1,000 square feet (88% of homes sold). The average square footage of all homes sold in Craig is 1,854.

Rising Home Prices: Moffat County excluding Craig

Residential properties sold outside of Craig tend to be much larger in land acreage and more expensive. There is also significant upward trend in housing prices between 2020, 2021, and current listings. In 2020 the median sale price was \$247,100 and in 2021 the median rose to \$343,500. The median asking price for current listings is \$369,500.

This surge in housing prices is likely due to high demand for rural properties with land and the lack of choices within town. Residential properties outside of Craig range between 0.3 and 316 acres in size, with a median lot size of 9.11 acres. Retirees and other outsiders who are moving to Moffat County likely find rural properties attractive and more affordable than in other parts of the state.

Moffat County Home Price Over Time



Source: MLS

*Data above only represents homes sold and listed outside of Craig city limits in Moffat County

Land

There are twenty-nine plots of land for sale within a three-mile radius of Craig city limits that are zoned residential. These may be suitable for housing development. A more in depth analysis of potential parcels is provided under a separate cover.



Rental Housing Availability

Between June and August of 2021, the consultant team did an exhaustive search for rental listings. Only 26 listings were available over the course of 90 days. Overall, **the rental market is very constrained**; often, less than 10 units are available at a time. There is a high demand for rental units in Craig, which is pushing prices up. Rentals within Craig tend to be between \$600-\$15000 per month. The majority of listings are two and three-bedroom units in both multi and single family homes. There is a lack of one bedroom rentals, however, local realtors state that most renters are looking for units with two or more bedrooms. The lack of rentals is likely contributing to employer's ability to attract new employees from out of town and an increase in the number of people experiencing homelessness.

Typical Price Points for Rentals in Craig	
Unit Size	Price Per Month
One-Bedroom	\$500-\$900
Two-Bedroom	\$720-\$1500
Three-Bedroom	\$1000-\$1500

About **75%** of people seeking rentals in the area are **locals** who are moving and the other **25%** are **new employees**, according to local realtors.

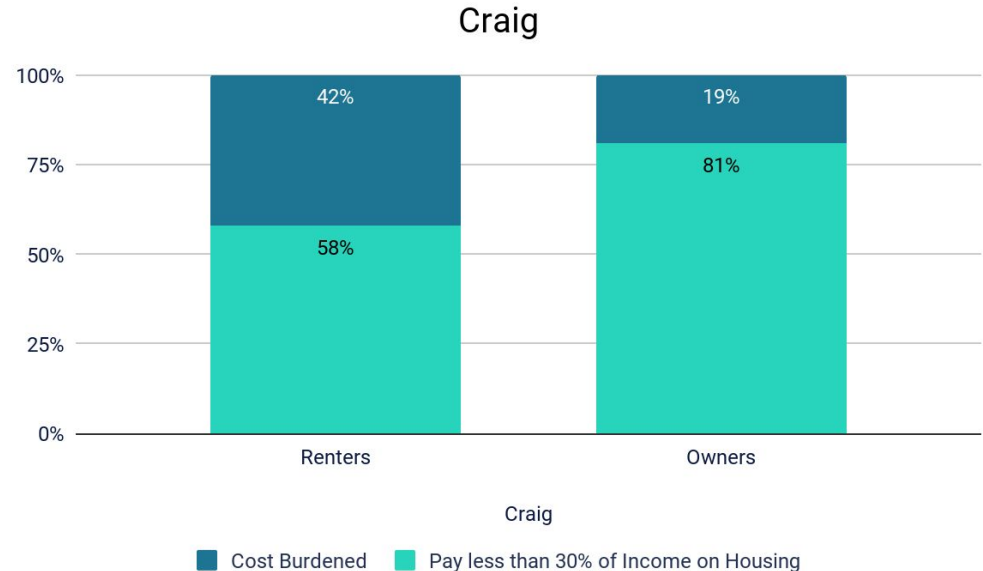
Source: Realtor/Property Manager Interviews, rental listings collected June - August 2021

Cost Burdened Households

Cost-burden indicates the extent to which housing costs exceed what Craig households can afford. Households are considered to be cost burdened if their housing payment is more than 30% of their gross income.

The most recent cost-burden data available predates the price increases of the past two years. It shows that rentals were not priced at levels affordable for 42% of renter households and 19% of households that own their home. The percentage of households that are cost burdened has likely increased from those in the figure at right.

When such a high percentage of income is devoted to housing, paying for other necessities such as food, clothing, transportation and health care become very challenging.



Source: ACS 2015-2019, consultant team

Maximum Affordable Housing Costs and Income

Household income translates to a maximum monthly rent or sale price a household can afford when 30% of income is dedicated to housing costs.

A complete chart of household incomes by size and AMI is available in the appendix.

The maximum sale price was calculated assuming a 30 year fixed rate mortgage, 5% down payment, and 5% interest rate.

AMI	Household Income Range (2-person household)	MAXIMUM Affordable Rent	MAXIMUM Affordable sale Price
< 30%	<\$17,640	\$441	\$69,200
50%	\$29,400	\$735	\$115,300
80%	\$47,040	\$1,176	\$184,500
120%	\$70,560	\$1,764	\$276,700
200%	\$117,600	\$2,940	\$461,200
> 200%	>\$117,600	Over \$2,940	Over \$461,200

Source: Consultant team

A photograph of a park scene. In the foreground, a large, weathered wooden sculpture stands on a concrete base. The sculpture is tall and textured, with a smaller, fan-like wooden structure to its right. In the background, there is a picnic shelter with a dark roof and wooden posts. Beyond the shelter, there are trees with yellow and orange autumn leaves, a white building, and a blue sky with light clouds. A red stop sign is visible on the left side of the image.

06

OTHER
CONSIDERATIONS

Chapter Highlights: Other Considerations

Why this is important: There are always additional considerations to incorporate in the analysis of local housing conditions. These vary by community, and give additional nuance to our understanding of local housing needs. For Craig, considering the current performance of subsidized housing, recent motel conversions, and housing needs of those experiencing homelessness factor into the observations and recommendations of this report.

2yr

Waitlist to get into one of Craig's two affordable rental housing properties

82

Units of rental housing coming online through four conversions of motels into long-term rentals

?

It is unclear how many people are experiencing homelessness in and around Craig

The waitlist for Craig's income restricted properties indicates the high demand for affordable housing options. This demand is likely driving the conversion of four motels into longer-term housing. These rentals propose a monthly rent price between \$600-\$1075 and range in amenities and leasing types.

While these changes may provide more housing opportunity for some Craig residents, low cost motels have been an important tool for community organizations to support people experiencing homelessness by offering temporary and transitional housing. New short term solutions to support Craig's unhoused neighbors will need to be identified.

Subsidized Housing

There are two properties in Craig where residents pay 30% of their income on rent, and the remainder is

	Columbine Apartments	Sunset Meadows
Unit Mix	24 - 1 bedroom 96 - 2 bedroom	80 - 1 bedroom
Population	Families, seniors, people with disabilities	Seniors, people with disabilities
Ownership	Private	Moffat County Housing Authority
Vacancy	11%	1%
Waitlist	Property manager reports a 3 month wait for 2BR, and a 2 year wait for a 1BR	Property manager reports 8 people on the waitlist; takes 2 months to 2 years to to move-in
Year built	1982	1978 - 1981

Source: Realtor/Property Manager Interviews, rental listings collected June - August 2021

supported through Project Based Section 8 contracts with HUD.

- Property manager at Columbine reports most residents are working - typical industries include hotels, restaurants, construction and retail.
- Property manager at Sunset Meadows reports a need for better transportation options and assisted living.
- Moffat County Housing Authority, which exists only to manage Sunset Meadows, is an underutilized asset, and could support future housing development through public private partnerships.



Motel Conversions

There are four motels undergoing conversion to long-term rentals. This is a helpful market solution for converting underutilized assets to meet rental market needs.



Whether the proposed rents can be supported by the local market will be important to monitor.

	Number of units	Proposed rent
Bear Valley Inn/Deer Valley Apartments	31 - studios and 1 BR	\$950 (less than 6-months) \$850 (greater than 6-months) All utilities included
Outlook Apartments	8 - studios	\$950 (less than 6-months) \$850 (greater than 6-months) All utilities included
Elk Run Inn	22 - studios, 1 BR, 2 BR	\$800-\$1075 Month to month and 6 month leases All utilities included
Colorado Inn	21 - rooms, studios	\$600 no kitchenette \$850 With kitchenette Month to month and 6 month leases All utilities included

Source: Realtor/Property Manager Interviews, rental listings collected June - August 2021

People Experiencing Homelessness

Similar to many places in Colorado, as housing is less available and more expensive, more people in Craig are experiencing homelessness. There is not currently good central record keeping on who is experiencing homelessness. Through stakeholder interviews, and anecdotal data from service providers we are unable to estimate the number of individuals, couples, and households with children experiencing homelessness in the community. Community buy-in for a process to accurately gather data on households experiencing homelessness and commit to strategic solutions will be a recommended topic for strategic planning.

The impacts of homelessness are costly at the individual and community level. Creating housing solutions so that periods of homelessness are brief and non-recurring supports better outcomes for people and reduces costs in local hospitals and jails.

The Housing First Alliance of Craig has partnered with Homeward Bound in Grand Junction in hopes of creating housing to specifically address homelessness

in Craig. They secured a grant, but have struggled to find a site and gain community support. With the right community support and backing from the City and County, this group could make a big difference in addressing homelessness.

Another approach to addressing homelessness is providing vouchers and supportive services at scattered sites within the community. This approach could be a good fit in Craig, as it allows people more anonymity to overcome the stigma of having experienced homelessness. Housing First Alliance or another entity would need to lead the effort.

In addition to County Social Services, the Community Budget Center, LOVE INC, Victim's Advocates for Domestic Violence and Moffat County United Way are local organizations that support people with emergency needs including emergency housing assistance.



07

NEEDS & GAPS

Chapter Highlights: Needs & Gaps

Why this is important: This chapter brings together all the prior considerations to recommend how many additional housing units are needed to address housing deficiencies for residents and support the labor force needed to sustain businesses and the economy.



The number of 1- and 2-bd units for sale within Craig are insufficient for downsizing and small households; **35 new for sale units are needed for a balanced market**



Despite increased demand for housing in town, there has been limited new construction in recent years; **55 additional rental units are needed to achieve a healthy vacancy rate**



Beyond this baseline, **25 additional rental and for-sale units** would support people who would prefer to live in the city if there was suitable housing they could afford

Very few new homes have been built in Craig in the past decade. This limited supply was met with a sizeable increase in demand over the past 20+ months from people outside the state seeking Craig's great quality of life and those forced out of the Steamboat Springs market. The result is a very low inventory of homes available to rent or purchase and rising prices, creating an acute need for new residential construction and/or renovation of existing homes. Recent motel conversions have started to address some of these gaps, and so a discount of 40 units is included.

About 75 homes are needed in the near term to address the current acute shortage of homes in Craig to support residents, local businesses and the economy.

Functional Rental Market (5% vacancy)

The rental market in Craig is not functional because vacancies are less than 5%. Vacancy rates below 5% typically result in numerous issues such as the following:

- Low incentive for landlords to repair or properly maintain rentals.
 - Homes being in poor condition or in need of repairs was a primary difficulty that employers indicated their employees face.
- Low mobility for renters seeking to move from one unit to another.
- New employees may not take a job because they cannot find suitable housing or struggle to find housing when they arrive, which negatively impacts businesses and the economy.
- Rents increase faster than wages.

Motel conversions to long term rentals will influence this number. A preliminary assumption is that 40 new units will be available from motel conversions, helping to address the rental shortfall.

Rentals Needed for a Functional Market	
Renter-occupied units (2020)	1,558
Vacancy rate (~2%)	26
Total rentals	1,584
Number of rentals if 5% vacancy rate	1,665
Difference	81
Baseline rental units needed (Difference minus existing vacant units)	55

Source: Colorado Demography Office, ACS 2015-2019, consultant team

Balanced Ownership Supply (6-month supply)

Although the number of available listings and rate of sales fluctuates throughout the year, additional for sale homes are needed to create a balanced supply. About 35 new homes are currently needed to generate a 6-month supply of for-sale housing on the MLS.

Getting to a 6-month supply creates movement in the market and more opportunities for locals to buy and own their home. Adding homes and diversifying the types and sizes of homes for sale also better accommodates the housing needs of residents at various stages of life.

- Renters to buy and own a home
- New employees to purchase a home
- Growing families to move to larger homes
- Empty-nesters and seniors to downsize, freeing up their home for others

For-sale Homes Needed for a Balanced Supply	
MLS sales (2020)	219
Average sales per month (divide by 12)	18.3
6-month supply	110
Available listings	75
New for sale homes needed	35

Source: MLS, consultant team

Other Demand Considerations

In addition to the acute need for more housing to create a functional rental market, a balanced for-sale supply of homes, and homes for those who would prefer to move to the city according to the employer survey, there are other considerations to monitor over the next five years that may increase the number of new homes needed.

Unfilled Jobs

- Responses to the employer survey indicate that as many as 7.5% of jobs are currently unfilled. The two most cited reasons for jobs being unfilled were lack of skilled applicants followed by lack of applicants; lack of housing was the third most cited reason. Some of these jobs will be filled by locals already living in Craig, but many may remain unfilled in the short term as municipalities across Colorado compete to attract and retain workers at a time when labor shortages are fairly universal.

Job Growth

- As the local economy continues to transition away

from coal extraction and associated electricity generation, major employers will continue to downsize and some are scheduled to close. Jobs are projected to decline from 2021 to 2027, although the city and other local organizations are actively working to strengthen and diversify the economy. As this retooling takes shape, it will be important to closely monitor jobs projections. Should projections indicate more jobs rather than fewer, more housing will be needed.

Retirements

- Responses to the employer survey indicate that there will be a high rate of retirement in the next five years (about 9%). A large percentage of retirees (at least two thirds) are expected to remain in Craig and in their homes. As the population retires and ages, there will increasingly be a need for housing options that meet the changing needs and desires of this demographic, namely smaller homes that are easily maintained and accessible.

Renter Income Distribution Compared to Available Rentals

There are very few units available to rent at any price point in the city. Rental asking rates tend to be around 80% AMI. More rentals affordable for residents are needed at both the lower income spectrum (<50% AMI), as well as for young professionals with higher paying jobs. Households at the higher price points often desire higher quality rentals with more amenities than currently provided. Improving options and availability of rentals can help attract and retain employees to the community.

AMI	Household Income Range (2-person household)	MAXIMUM Affordable Rent	Renter Income Distribution	Available Rentals
<50%	\$0 to \$29,400	\$735	32%	19%
80%	\$29,401 to \$47,040	\$1,176	28%	58%
120%	\$47,041 to \$70,560	\$1,764	18%	19%
200%	\$70,561 to \$117,600	\$2,940	12%	5%
>200%	>\$117,600	Over \$2,940	10%	0%
TOTAL	-	-	100%	26 Listings

Source: Realtor/Property Manager Interviews, rental listings collected June - August 2021, consultant team

Homeowner Income Distribution Compared to Home Availability

Asking prices for listings in August of 2021 were fairly well aligned with distribution of owner incomes. There is some need for homes priced below \$180,000. Housing for people below 50% AMI is usually addressed through rentals, and the listings reflected here are primarily mobile homes.

There is also a lack of high-income housing for those earning over \$117,000 a year. However, there are several listings at these higher price points outside of Craig, but within Moffat County.

AMI	Household Income Range (2-person household)	MAXIMUM Affordable Price	Owner Income Distribution	For Sale Listings Aug 2021
<50%	\$29,400	\$115,300	19%	15%
80%	\$47,040	\$184,500	18%	15%
120%	\$70,560	\$276,700	18%	36%
200%	\$117,600	\$461,200	29%	32%
>200%	>\$117,600	Over \$461,200	16%	3%
TOTAL	-	-	100%	75 Total Listings

Source: MLS, consultant team

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COLORADO

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590 YAMPA AVE.

Open

08

APPENDIX



Area Median Income Chart (Moffat County 2021)

2021 INCOME LIMITS								
Percent AMI	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
120%	\$61,800	\$70,560	\$79,440	\$88,200	\$95,280	\$102,360	\$109,440	\$116,520
100%	\$51,500	\$58,800	\$66,200	\$73,500	\$79,400	\$85,300	\$91,200	\$97,100
80%	\$41,200	\$47,040	\$52,960	\$58,800	\$63,520	\$68,240	\$72,960	\$77,680
70%	\$36,050	\$41,160	\$46,340	\$51,450	\$55,580	\$59,710	\$63,840	\$67,970
60%	\$30,900	\$35,280	\$39,720	\$44,100	\$47,640	\$51,180	\$54,720	\$58,260
55%	\$28,325	\$32,340	\$36,410	\$40,425	\$43,670	\$46,915	\$50,160	\$53,405
50%	\$25,750	\$29,400	\$33,100	\$36,750	\$39,700	\$42,650	\$45,600	\$48,550
45%	\$23,175	\$26,460	\$29,790	\$33,075	\$35,730	\$38,385	\$41,040	\$43,695
40%	\$20,600	\$23,520	\$26,480	\$29,400	\$31,760	\$34,120	\$36,480	\$38,840
30%	\$15,450	\$17,640	\$19,860	\$22,050	\$23,820	\$25,590	\$27,360	\$29,130

Source: Colorado Housing and Finance Authority, 2021 Colorado County Income and Rent Tables

Methodology: Primary Research

Site Visit/In-Person Meeting

- Primary research used to generate information not available from existing public sources and to assist in interpreting secondary data included a kick-off meeting and site visit. Members of the consultant team met with city staff and toured opportunity sites.

Employer Survey

- A brief survey was distributed to employers. The survey link was emailed to businesses by city staff and the Craig/Moffat County Chamber of Commerce.

Survey responses represent:

- 68 businesses, or about 14% of the 485 businesses in Moffat County, in most business sectors.
- More than 50% of the total jobs in Moffat County, a very high percentage.

Subject Matter Expert and Key Stakeholder Interviews

- Property managers, Realtors, and Housing Authority
- Non-profit Organization's and Service providers
- Employers



Methodology: Secondary and Local Data Sources

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

- U.S. Census Bureau: 2000 Census, 2010 Census, 2020 Census (PL94-171 only), American Community Survey data, LEHD Origin-Destination Employment Statistics
- US Bureau of Labor Statistics
- State Demography Office, Colorado Department of Local Affairs
- Ribbon Demographics, LLC
- 2021 Area Median Income from the Department of Housing and Urban Development and Colorado Housing and Finance Authority
- Current MLS listings, recent home sales and historic sale trends
- Craig Daily Press, Zillow, Craigslist, Apartments.com, social media and local property manager websites and interviews for available rental housing listings
- City of Craig building permit and demolitions records
- Existing reports, including but not limited to the Business Opportunity Toolkit (2018), Craig Master Plan (2003), Craig State of the City (2019), Craig Downtown Assessment (2013), Moffat County Comprehensive Economic Development Strategy (2016), Moffat County Vision 2025 Transition Plan (2020), and Economic Transitions in Northwest Colorado (2019).
- Zillow Home Value Index. (n.d.). *Craig Home Values*. Zillow. From <https://www.zillow.com/craig-co/home-values/>.

Glossary

Affordable Housing As used in this report, housing is affordable if the monthly rent or mortgage payment is equal to or less than 30% of gross household income (before taxes).

Area Median Income (AMI) A term that generally refers to the median incomes published annually for counties by the US Department of Housing and Urban Development (HUD). AMI is used to set income and rent limits for affordable housing programs statutorily linked to HUD income limits (e.g., low-income housing tax credit rentals). Common affordability categories used are as follows:
Extremely Low Income – At or below 30% AMI
Very Low Income – Between 31% and 50% AMI
Low Income – From 51% to 80% AMI
Moderate Income – From 81% to 100% AMI

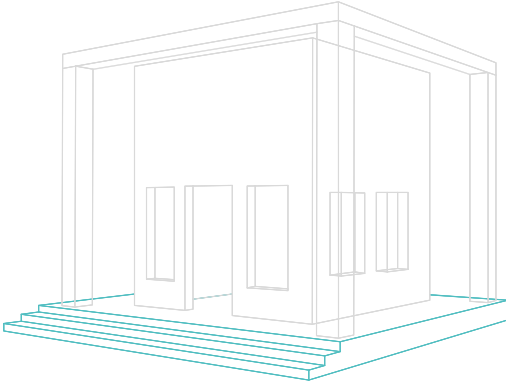
American Community Survey (ACS) The ACS is part of the Decennial Census Program of the U.S. Census. The survey was fully implemented in 2005, replacing the decennial census long form. Because it is based on a sample of responses, its use in smaller areas (under 65,000 persons) is best suited for monitoring general changes over time rather than for precise estimates due to margins of error. All ACS data used in the report is based on ACS 5-year estimates.

CHFA Colorado Housing and Finance Authority - administers housing tax credits and provides mortgage funding

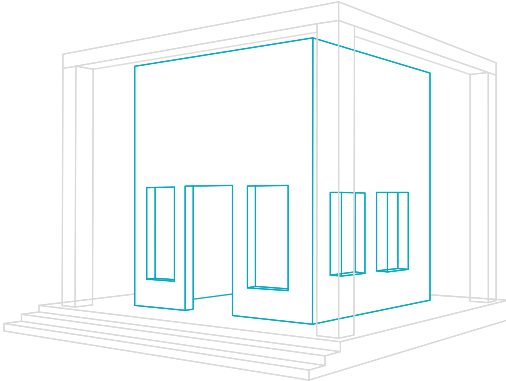
Glossary

Cost Burdened	When housing costs exceed 30% of a household's gross (pretax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation or other necessary costs depending upon its application.
COVID-19	Coronavirus disease 2019, causing 2020 global pandemic and extensive local public health precautions.
Employee (or Workforce) Housing	Housing intended for and affordable to employees and households earning local wages.
HUD	Housing and Urban Development; federal agency providing funding and regulations for low income housing.
LAUS	Local area unemployment statistics
LEHD	Longitudinal Employer-Household Dynamics
MLS	Multiple Listing Service used for purchase and sale of residential real estate
Workforce (or Employee) Housing	Housing intended for and affordable to employees and households earning local wages.

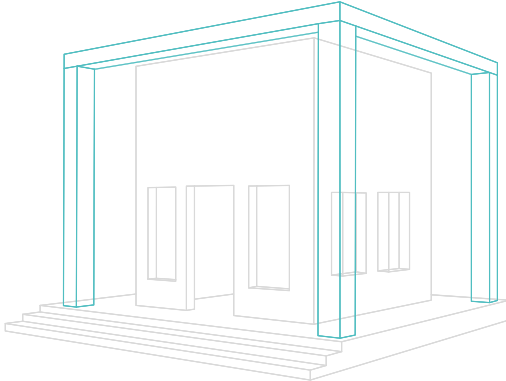
Report Prepared by:



URBANrural
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