

2018 Housing Needs Assessment for the Study Areas of Granby, Grand Lake, Kremmling, and Hot Sulphur Springs

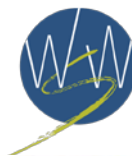
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Introduction

Purpose and Organization

The purpose of this report is to:

- 1) Provide current context on people, jobs, and housing markets in the Grand County Study Area (Study Area);
- 2) Provide estimates of workforce housing needs through the year 2023; and
- 3) Inform housing policy by providing up to date information.

This report is the first of two parts. It answers questions such as how much, what type and at which price points housing is needed to meet the needs of Study Area residents and the local workforce.

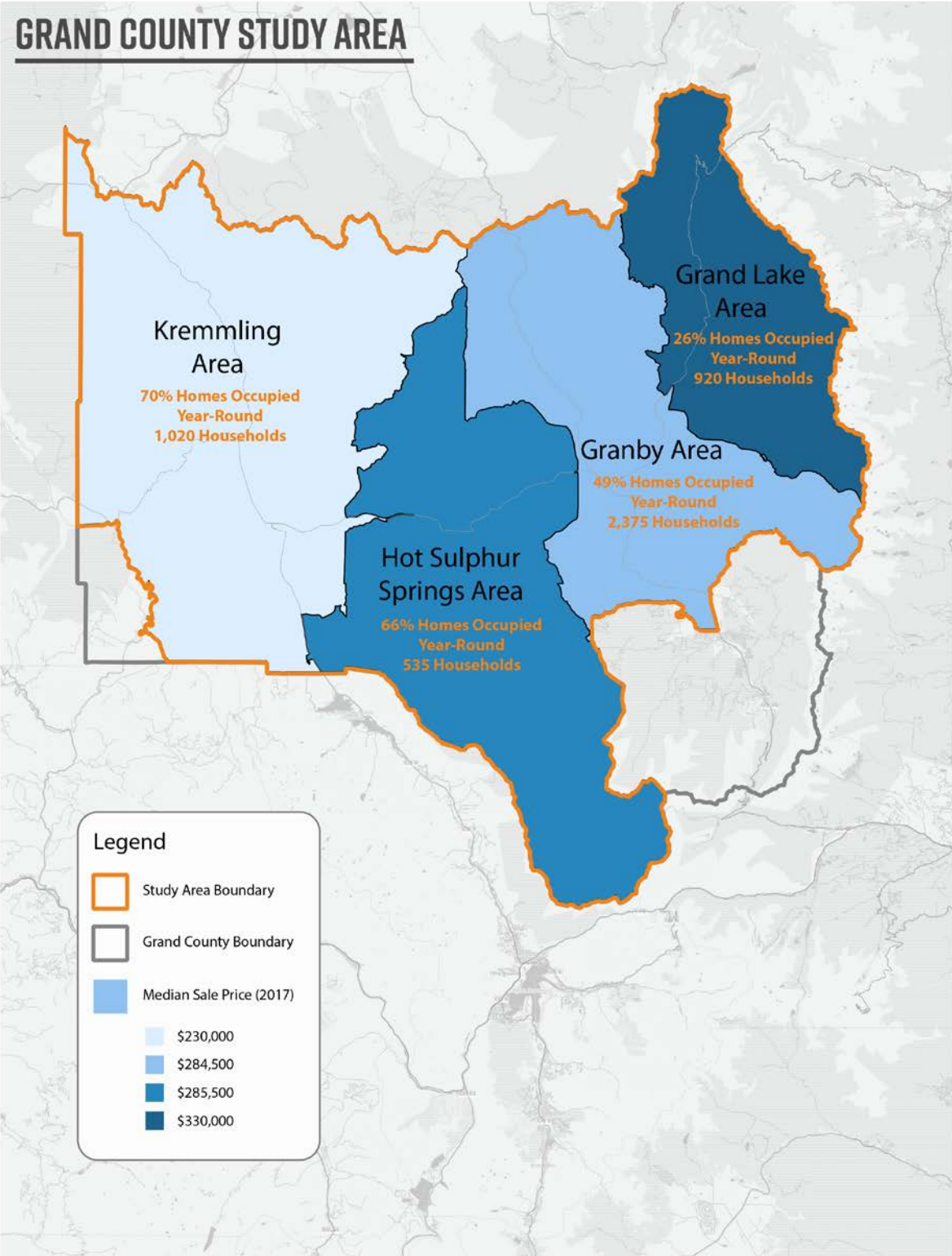
By understanding where the market is falling short of addressing local employee needs, this information will help Grand County and its communities establish local housing strategies and policies that will provide opportunities for local employees and residents to live locally and support the communities and economy. These strategies will be presented in a second document later this summer.

This report first defines the study area and what is meant by affordable housing. This is followed by the core of the report: key findings and considerations, along with an estimate of workforce housing needs and gaps. The methodology of this analysis is contained in Appendix A. Appendix B contains the supporting data analysis on demographics and market conditions that provide the foundation for the findings and housing needs analysis.

Grand County Study Area

The study area comprises most of Grand County, but excludes Winter Park and Fraser, both of which conducted Housing Needs Assessments recently.

The report references four distinct areas of the county, which are defined by U.S. Census Bureau Zip Code Tabulation Areas as shown in the map below. For ease of reference, each area has been given a name that corresponds with the primary town in each zip code area.



Source: U.S. Census Bureau, Consultant team

Study Area

U.S. Census ZCTA	Study Area	Notes
80459	Kremmling Area	
80468 & 80451	Hot Sulphur Springs Area	includes Parshall
80446 & 80478	Granby Area	includes Tabernash
80447	Grand Lake Area	

Affordable Housing Defined

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

Affordable rents and purchase prices, meeting this 30% standard, are often calculated for various income levels, expressed as a percentage of the Area Median Income (AMI). The AMI varies by household size. In Grand County, the AMI in 2018 is \$76,000 for a family of four.

Area Median Income (AMI) represents the Median Family Income of an area. This means that the AMI does not incorporate incomes from non-family single and roommate households, which make up 34% of households in the Study Area. As a result, the AMI will generally be higher than the average income of all households.

Grand County AMI's by Household Size: 2018

AMI Level	1-person	2-person	3-person	4-person
30%	\$15,960	\$18,240	\$20,520	\$22,770
50%	\$26,600	\$30,400	\$34,200	\$37,950
60%	\$31,920	\$36,480	\$41,040	\$45,540
80%	\$42,560	\$48,640	\$54,720	\$60,720
100%	\$53,200	\$60,800	\$68,400	\$75,900
120%	\$63,840	\$72,960	\$82,080	\$91,080
150%	\$79,800	\$91,200	\$102,600	\$113,850

Source: Colorado Housing and Finance Authority (CHFA)

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

Maximum Affordable Housing Costs – two-person household

AMI	Household Income	Max Rent	Max Purchase Price*
30%	\$18,240	\$455	\$71,500
50%	\$30,400	\$760	\$119,200
60%	\$36,480	\$910	\$143,100
80%	\$48,640	\$1,215	\$190,800
100%	\$60,800	\$1,520	\$238,400
120%	\$72,960	\$1,825	\$286,100
150%	\$91,200	\$2,280	\$357,700

Source: CHFA HUD, Consultant team

*Assumes 30-year mortgage at 5% with 5% down and 20% of the payment covering taxes, HOA, PMI and insurance.

Key Findings and Considerations

This section provides a summary of the key findings of this study. Citations are provided to easily reference other sections of the study that provides greater detail.

Current Conditions

Housing and Demographics

Rates of second homeownership have increased since 2000. The study area has about 10,500 housing units, but only about 4,850 (46%) house year-round residents. Single-family homes and townhomes comprise the vast majority (76%) of housing in the study area. Only about 14% of housing units in the study area are condos; there are very few apartments. Most occupied homes are owned, not rented (72%). The percentage of renter-occupied units in the study area is quite small compared to many communities. A few key points about who lives in the Study Area are as follows:

- Couples with no children and adults living alone make up a combined 64% of all households.
- A growing portion of the Study Area's population are seniors, currently 15% of the population is 65 or older.
- School enrollment has been rising since 2012 in the East Grand School District.
- Enrollment in the West Grand School District has declined recently but is anticipated to stabilize.
- Median income for renter households is approximately \$25,000/year lower than owner households.

(see App. A, Demographic Characteristics, pp. 20-23; Housing Inventory, pp. 24-27)

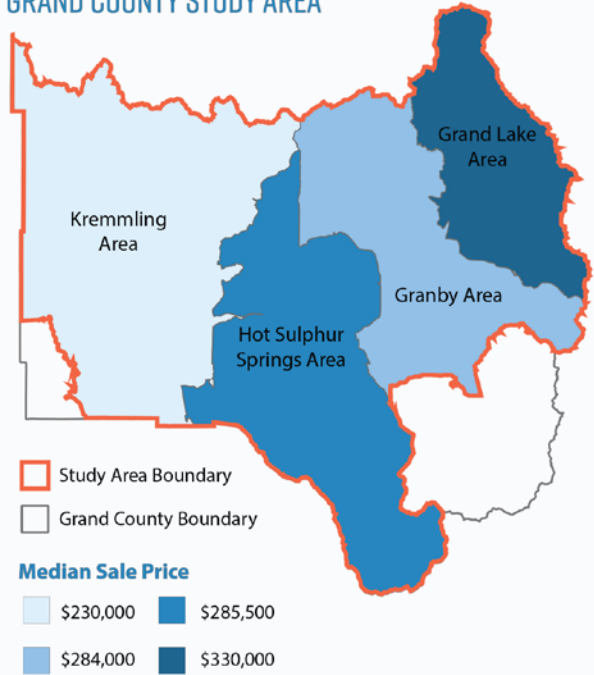
Jobs

Within the Study Area, jobs have just recovered to pre-recession levels in the past year. Unemployment is very low at around 2.4%, and employers need to recruit employees from outside Grand County to fill jobs. Employers generally report success in recruitment of seasonal workers, especially when seasonal housing is provided. Recruitment and retention of skilled staff for year-round positions has become increasingly challenging, and housing is usually cited as one of the primary hurdles.

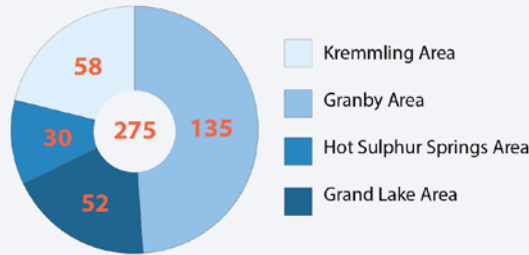
(see App. A, Job Growth and Economic Trends, pp. 28-35)

HOUSING AFFORDABILITY, LOCALS AND THE ECONOMY

GRAND COUNTY STUDY AREA



OF ADDITIONAL HOUSING UNITS NEEDED



275 Additional Housing Units Needed by 2023 to



AFFORDABILITY FOR AREA MEDIAN INCOME (AMI)

A two-person household at 100% Area Median Income (\$60,800) can afford



AVERAGE COST CURRENT MARKET

A two-person household needs to earn



*Housing is generally considered to be affordable when the monthly payment (rent or mortgage) is equal to no more than 30% of a household's gross income.

Two-Person Household Income	Maximum Affordable Sale Price	Granby Area	Grand Lake Area	Kremmling Area	Hot Sulphur Springs Area
<=60% AMI	\$143,000	Undersupplied by Market	Undersupplied by Market	Undersupplied by Market	Undersupplied by Market
60-80% AMI	\$191,000				
80-120% AMI	\$286,000				
120-150% AMI	\$358,000				
Over 150% AMI	\$358,000 +				

*based on for-sale listings in each area (April 2018).

Challenges

Housing market conditions are now at least as tight as they were prior to the recession and getting tighter:

Low wages, little new housing

- Wages and incomes are low, compared to the state. This is consistent with other resort communities where accommodation, retail, and entertainment account for a large portion of jobs. The challenge is compounded in Grand County, where proximity to the Front Range creates additional competition for employees. (pp. 28-35)
- Very little new housing inventory has been built since the recession. Jobs are back to pre-recession levels, but housing production has not kept pace. (pp. 24-27, 28-35)

Housing prices are on the rise

- Rental housing is scarce: vacancy rates are approaching zero, which creates problems including escalating rental rates, disincentive for landlords to make capital improvements, few opportunities to move into the community for work, and inability for households to move when household circumstances change. (pp. 41-42)
- For-sale housing is scarce and prices are rising: Current median listings are 36% higher than the median sale price last year. This is due to an extreme shortage of lower priced units on the market compared to demand. There is less than a three-month supply of homes for sale in the Study Area, and only 1.5 months inventory for homes priced below \$358,000 (affordable to 150% AMI). (pp. 36-40)
- The tight inventory means that rents and housing sale prices have increased much more rapidly than wages. Market rents now average over \$1,400 and home sale prices over \$490,000, which are affordable to households earning over 100% AMI and 197% AMI, respectively. (pp. 36-42)

Lack of housing hurting employees, employers

- Realtors and property managers observed that the increase in short term rentals has impacted local households by decreasing the availability of long term rentals and creating investment opportunities for more second home owners. Employers in Grand Lake were most likely to indicate that the rise in short term rentals has hurt their ability to recruit seasonal workers – it is harder for them to find homes and some have lost rentals when converted to a nightly rental. (pp. 33-35)
- Lack of affordable rental and homeownership opportunities is a common problem for employers, inhibiting them from attracting and retaining qualified staff. This is a particular problem when recruiting from out of state or from lower cost communities.

Housing choices in the Study Area often do not meet employees' expectations or needs for what they can afford. (pp. 33-35)

- Second homebuyers compete with, and often outbid locals; in the Granby and Grand Lake markets, 80-90% of buyers are now second homeowners. (pp. 33-35)
- The proximity and relative affordability of the Kremmling area as compared to Summit County attracts Summit County buyers. Wages paid in Summit County are generally higher than in Grand County, allowing many to out-compete locals for housing. (p. 40)
- The cost to build new housing has been escalating, with current estimates between \$225-\$250/square foot for standard finishes. This is a combination of rising materials and labor costs, along with land. As the cost to construct increases, this increases the subsidies needed and challenges encountered in providing more affordable housing for locals. (p. 39).
- Given the relative uniformity of housing in the Study Area, resident/employee households have little choice in housing type (p. 25).

Opportunities and Policy Considerations

The Study Area has numerous strengths and opportunities related to housing for local workers and residents.

Compared with other mountain communities, there is considerable **developable land** in the study area and adjacent to developed areas: there are numerous infill and redevelopment opportunities, platted and undeveloped subdivisions, and land eligible for annexation. Stakeholders expressed interest in opportunities for a mix of housing types, price points, and own/rent options within close proximity to retail and commercial uses, transportation, and jobs.

There are opportunities to build housing types that are less costly to construct than single family homes and would help to **diversify the housing inventory**. These include duplexes, townhomes, apartments and accessory dwelling units. Condominiums are not recommended because of current challenges for local builders due to Colorado construction defects law, and challenges for local buyers due to mortgage lending requirements.

Building new rental housing is the recommended near-term priority. Rental housing is needed to alleviate the near zero vacancy rental market and to meet the needs of employees relocating. New employees often seek to rent for a few years before purchasing.

The **greatest housing needs** are for rental units below \$1,200/month and homeownership opportunities below \$358,000. Both of these product types are challenging to build in today's construction market where cost to build is around \$225-\$250/square foot. Subsidies and public/private partnerships will likely be needed to increase the supply of these types of housing.

Given the predominance of second home and investment buyers in the Grand Lake and Granby areas and the need for subsidies to deliver housing at the price points needed by locals, **deed restrictions** are recommended to ensure housing choices are preserved for year-round households. Deed restrictions should also be considered in the Kremmling area to provide housing opportunities for local employees over out-of-county (e.g. Summit County) buyers. Given the current limited inventory of deed restrictions, communities in the study area have the opportunity to create a coordinated, one-stop-shop approach to deed restrictions.

Coordinated regional response to Housing Need - Granby is growing more quickly and has more opportunity sites for housing than the other communities in the Study Area. Granby also currently houses a mix of employees, primarily from Winter Park through Hot Sulphur Springs. This provides opportunity to fulfill some Area-wide housing needs in Granby; recognizing, however, that many employees prefer to live near work and communities benefit from having local employees. Commuting may also be less of an option for areas with longer or potentially more difficult commutes (e.g. Kremmling, Grand Lake).

Housing Needs and Gaps

Many metrics indicate there is demand for additional workforce housing in the Study Area: near-zero percent rental vacancy rates, a very small inventory of homes for sale, increasing housing costs, and employer observations regarding recruiting and retaining employees.

This section of the report estimates the total number of housing units needed to support job growth, sustain businesses and meet resident needs in the Study Area over the next five years (through 2023). The data that provides the foundation for this analysis is provided in the Appendices.

Year-round workforce housing needs are presented as follows:

- **Catch-Up Needs** – the number of housing units needed to address current deficiencies in housing, focusing on homes needed for new employees to fill unfilled jobs and the number of rental units needed to provide a functional rental market.
- **Keep-Up Needs** – the number of units needed to keep-up with future demand for housing based on projected employment. Housing shortages worsen when local job growth and the need for more workers exceeds the growth in available housing units.

These estimates are a blend of assumptions, which on the whole, make up a balanced analysis of need. They do not take into consideration retiring employees (a keep-up need) whose jobs will need to be filled by new workers, as this problem was not a consistent factor among interviewed employers. They also do not take into account further loss of long term rentals to short term rentals or year-round occupied homes to second homeowners.

This section focuses on housing needs for the primary, year-round workforce in the area, as opposed to seasonal workers. The number of units needed to accommodate seasonal workers (who typically live in the area for no more than six months) fluctuates from year to year. Because units may often sit vacant for four-or-more months per year, neither the public nor private sector can provide this housing without significant subsidies. Employers are typically best suited to, and knowledgeable about, providing housing for these workers.

Translating Jobs to Housing Units Needed

In all of the below sections, jobs are translated into housing units needed by workers filling those jobs by estimating that workers in Grand County hold about 1.2 jobs and that there are about 1.7 employees per household on average. This is consistent with findings in the 2007 Grand County Housing Needs Assessment. These figures are also in line with recent research in other mountain resort communities.

Catch-Up Needs

Unfilled Jobs

Employers have difficulty recruiting workers from outside of the area to fill vacant jobs due to the lack of housing – new employees need housing to be able to move to the area.

Based on employer interviews, about 1% of jobs are unfilled. This would equate to about 75 unfilled jobs in the Study Area. Employees filling these jobs will need about 35 housing units. This problem varied by employer and is likely conservative based on our sample of interviews.

Assumptions & Units Needed	
# unfilled jobs	75
Jobs per employee	1.2
Employees per household	1.7
Housing units needed	35

Functional Rental Market

The current rental market in the study area is not functional because vacancy is near zero. When vacancy rates are this low, there is little to no ability for the rental market to absorb new workers filling new jobs; the rental market is near capacity. The results in several issues:

- renters have difficulty moving from one unit to another as their circumstances change;
- new employees struggle to find housing when hired to support an expanding economy;
- rents increase at rates much faster than incomes; and
- landlords have little incentive to make repairs and capital investments.

A 5% vacancy level, while still low, provides some choice and availability of units for residents and new employees. To increase the vacancy rate to 5%, approximately 70 additional rental units are needed.

Assumptions & Units Needed	
Number of existing rental units - 2018	1,370
Number with 5% vacancy rate	1,440
Difference – Units Needed	70

Total Catch-Up Need

About 105 new homes are needed across the study area to catch-up with housing demand for year-round employees and residents.

Total Catch-Up Units Needed

Assumptions & Units Needed	
Unfilled Jobs	35
Functional Rental Market	70
Total Units Needed	105

Keep-Up Needs*Job Growth*

To keep up with estimated job growth over the next five years, approximately 170 additional units will be needed to house new employees; this is equivalent to 34 units per year. This estimate is based on a 1.2% annual growth in jobs, which is lower than jobs growth over the previous five years (about 2.5% per year), but appears consistent with employer interviews. This estimate should be updated with actual job changes over time.

Housing Needed to Fill New Jobs, 2018 – 2023

Assumptions & Units Needed	
Increase in Jobs between 2018 and 2023	350
Jobs per Employee	1.2
New Employees Needed	292
Employees per Housing Unit	1.7
Housing Units Needed	170

Summary of Needs

Combining catch-up and keep-up needs, approximately 275 housing units are needed by 2023. This estimate includes homes that the free market will provide and units which will require subsidies, incentives, requirements or other assistance to produce.

- About 64% of these units (175) are needed by 2020 to improve the rental market and keep up with job growth.
- The remaining 100 units would be needed from 2021 to 2023 to continue to keep pace with job growth.

Summary of Housing Needed

Units Needed	
Catch-Up (Existing Needs)	
Unfilled jobs	35
Rental market	70
Keep-Up (Future Needs)	
New jobs	170
Total Housing Units Needed through 2023	275
Market rate (no more than 36%)	100
Below-market/GAP (at least 64%)	175

Units Needed by time period	
Total Housing Units Needed through 2023	275
Housing Units Needed 2018-2020	175
Housing Units Needed 2021-2023	100

Gap

Some of the estimated 275 new housing units needed by 2023 will be provided by the market. Under current market conditions, about 36% of this need (about 100 units) is anticipated to be met by the market. The remaining units, called “the gap,” will require incentives, regulations, and/or subsidy. The gap for the study area is approximately 175 units, 65 for ownership and 110 for rent. The split between ownership and rental units can be adjusted through policy; goals will be considered in the strategic planning process.

Needs by Area

Housing units needed by area was determined by assuming that the current distribution of year-round households will stay about the same across the Study Area. Most employers indicated that, for the most part, their employees are residing within their desired communities. The mix of where existing employees live take into account their housing and community preferences and affordability considerations.

Summary of Housing Needs by Area (2018 to 2023)

	% distribution households	Units Needed (2018-2020)	Units Needed (2020-2023)	Total Units Needed by 2023
Granby Area	49%	86	49	135
Grand Lake Area	19%	33	19	52
Hot Sulphur Spgs Area	11%	19	11	30
Kremmling Area	21%	37	21	58
Total Study Area	100%	175	100	275

Needs by Tenure

There is need for both ownership and rental housing in the Study Area that is affordable for the local workforce. Overall, it is estimated that about 105 ownership and 170 rental homes are needed over the next five years.

Housing Needs by Own/Rent - 2023

Housing Units	
Need through 2023	275
Ownership	105
Rental	170

The own/rent mix through 2023 is based on the following assumptions:

- 85 catch-up units are devoted to renters to compensate for housing needed by employees filling unfilled jobs and to improve the functionality of the rental market; 20 catch up units are devoted to employees filling vacant jobs seeking to own.
- 170 keep-up units are allocated evenly to owners (85 units) and renters (85 units)

The precise ratio of ownership to rental housing is, however, dependent upon market opportunities and the desired policy direction of each town and Grand County.

Needs by AMI

To understand where the market is oversupplying and undersupplying homes for locals, current household incomes are compared to recent sales and available homes and rentals.

For ownership:

In the Study Area, the market currently oversupplies homes for locals earning over 150% AMI and undersupplies homes for locals earning less than this. The market is clearly undersupplying

homes for households earning 60-80% AMI throughout the Study Area. It is also undersupplying homes for households earning between 80-120% AMI in the Granby and Grand Lake Areas, and those earning 120-150% AMI in the Granby Area.

Attainable ownership should focus on the following price ranges for a two-person household:

- In Granby, these would be units from about \$143,000 up to about \$358,000
- In Grand Lake, these would be units from about \$143,000 up to about \$286,000
- In Kremmling and Hot Sulphur Springs, these would be units from \$143,000 to \$191,000
- These figures are similar to employer’s perceptions of needs, which indicated that ownership priced between \$180,000 up to \$230,000 would allow employees to purchase homes.

Homes affordable for households earning under 60% AMI are also undersupplied; however, producing homes at this price will not occur without substantial subsidies and/or programs such as Habitat for Humanity. These households may also have trouble qualifying for loans and meeting down payment purchase requirements.

Interest rates have a significant effect on what home prices local households can afford. Interest rates have been kept low for several years and will eventually rise. The affordable price of homes drops about 10% with every 1-point rise in interest rates.

Homeowner Income Distribution Compared to For-Sale Listings

AMI Range	Household Income – (2 -person)	Maximum Affordable Sale Price	Owner Income Distribution	May 2018 For-sale Listings
<60%	\$36,480	\$143,000	16%	2%
60.1% to 80%	\$48,640	\$191,000	10%	1%
80.1 to 120%	\$72,960	\$286,000	20%	8%
120.1 to 150%	\$91,200	\$358,000	17%	11%
Over 150%		Over \$358,000	38%	78%
Total		-	105 Needed	121 Listed
Gap			65 Needed	

*Sales and listings exclude mobile homes. Maximum prices are rounded to nearest \$1,000.

	Market undersupplies
	Market provides

Homeowner Income and Availability of Housing

Income Level	Owner Income Distribution	Granby Area	Grand Lake Area	Kremmling Area	Hot Sulphur Springs Area
<=60% AMI	16%	Market undersupplies			
60-80% AMI	10%				
80-120% AMI	20%	Supplied by market			
120-150% AMI	17%				
Over 150% AMI	38%				
Units Needed		51	20	22	12

*based on for-sale listings in each area (April 2018).

For rentals:

Rents averaged \$1,400 per month for available rentals in the study area in April 2018; this is just below the \$1,520 maximum monthly rent for a two-person household earning 100% AMI.

Average Monthly Rental Listings (April 2018)

Granby Area	\$1,417
Grand Lake Area	\$1,245
Kremmling Area	\$1,450
Hot Sulphur Springs Area	n/a
Study Area	\$1,403

The renter income distribution below shows that about 66% of renter households have incomes under 100% AMI. And although most rentals available in April 2018 were under the \$1,520 maximum rent for this income range, there are so few units available that the market is not fully meeting demand for household with incomes under 100% AMI (about \$61,000).

Therefore, new rentals should be priced to be attainable for households earning below 60% AMI as well as 60-100% AMI. This was consistent with employer interviews, who indicated that rentals priced for household earning no more than about 60% to 70% AMI would allow their employees to get established. As with for-sale product, producing rentals at this price will likely not occur without subsidies.

Maximum Affordable Rent and Renter Income Distribution

AMI Range	Household Income (2 -person)	Maximum Affordable Rent	Renter Income Distribution
<60%	\$36,480	\$910	34%
60.1% to 80%	\$48,640	\$1,215	17%
80.1 to 100%	\$60,800	\$1,520	15%
100.1 to 120%	\$72,960	\$1,825	11%
Over 120%	-	-	24%
Total Rental Units Needed		-	170 units
Gap Units Needed		-	110 units

	Market undersupplies
	Market partially provides
	Market provides

The mix of ownership and rental units will be driven by policy decisions. Based on current distribution of households, rental units could be distributed across the study area as follows.

Rental Need by Area

Granby Area	83
Grand Lake Area	32
Kremmling Area	36
Hot Sulphur Springs Area	19
Study Area	170

Countywide Need through 2020 (Study Area, Winter Park and Fraser)

Winter Park and Fraser conducted Housing Needs Assessments in 2015 and 2016, respectively. The needs projected for 2020 from those studies are combined with the needs of this study to provide a comprehensive summary of needs for the whole county.

Countywide Need – through 2020

Housing Units	
Winter Park	160
Fraser	165
Granby	86
Grand Lake	33
Hot Sulphur Springs	19
Kremmling	37
Countywide Total	500

Sources: Winter Park HNA 2015, Fraser HNA 2016

This Countywide need projections are for housing year-round residents at all income levels. These projections include housing that the market is likely to provide and housing that is part of the “gap” that will likely include public subsidy, incentive, and/or regulation to achieve.

The region is interconnected and has established commuting patterns, particularly between Winter Park/Fraser and Granby. If one market area does not address its housing need, the demand for units will be felt, and may be absorbed, in other communities.

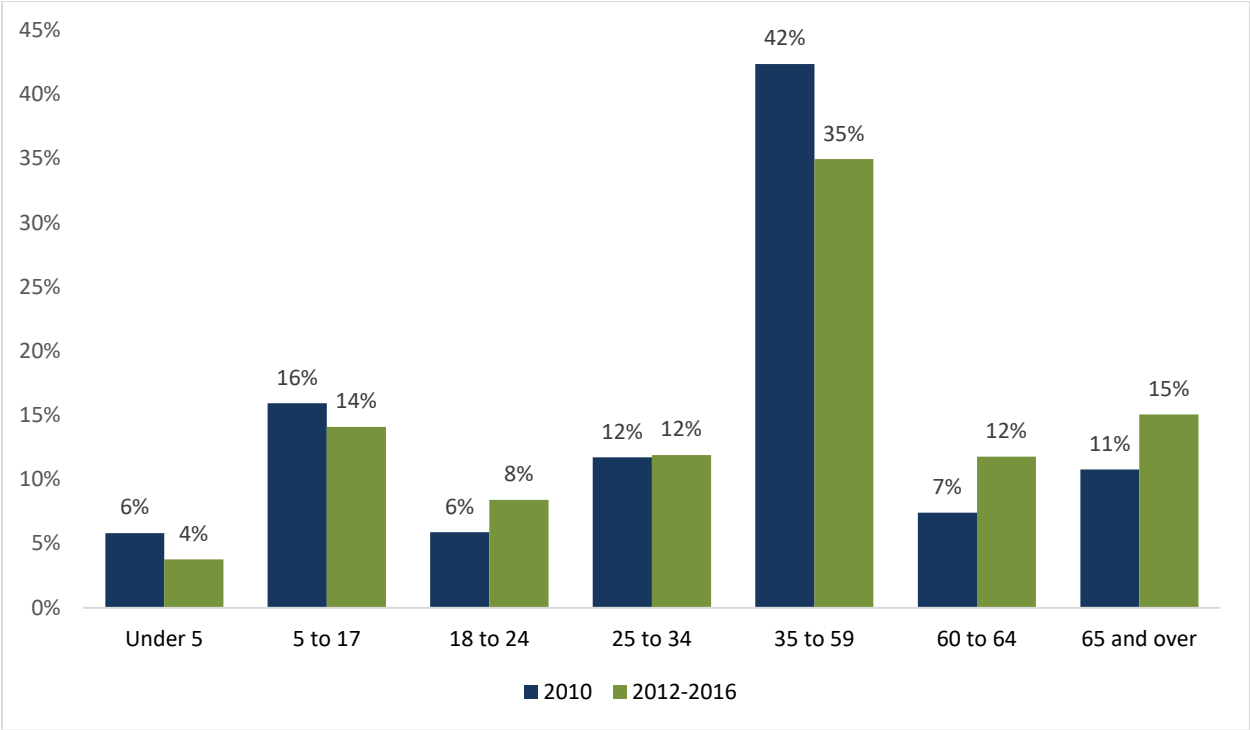
Appendix A – Supporting Data Analysis

Demographic Characteristics

In 2010, the population of the study area was just under 11,000 people, representing about 73% of Grand County's population and 72% of its households. The study area is estimated to now have a population of about 11,500, with Granby growing at a faster rate than Grand Lake, Hot Sulphur Springs, Kremmling, and the county as a whole.

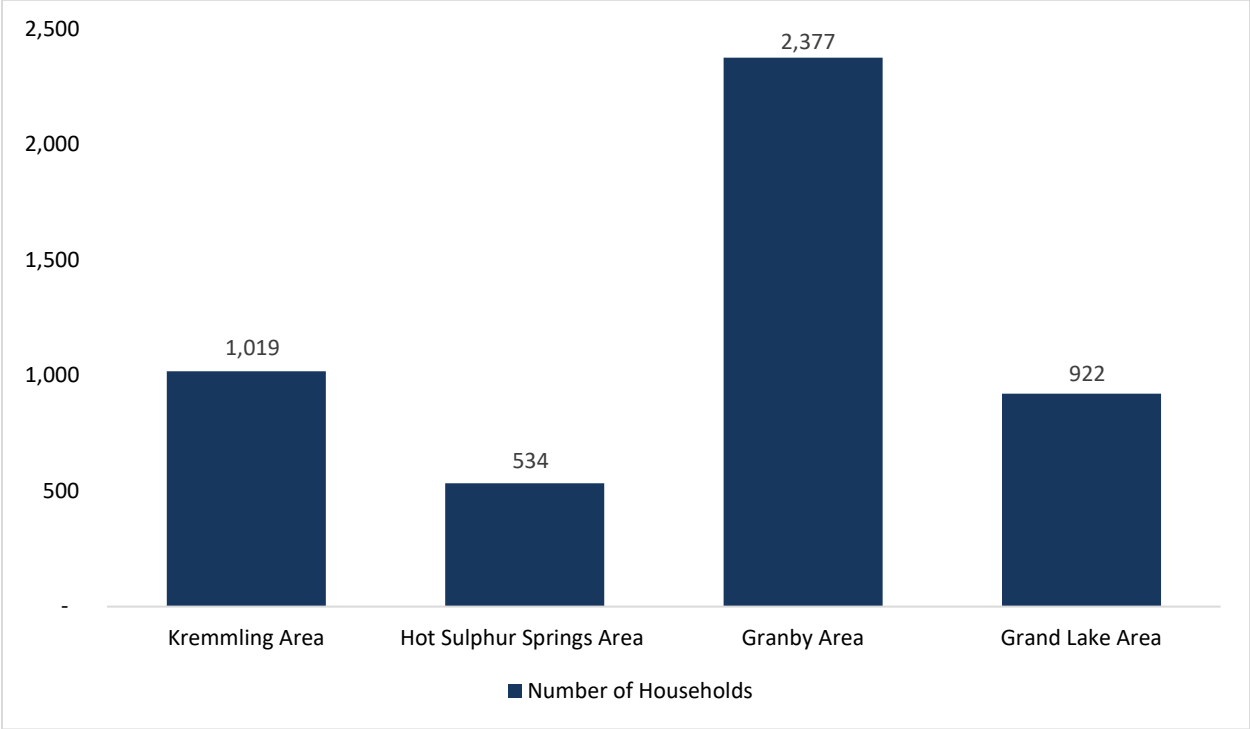
- Interviews with the school districts indicate that enrollments have been declining in the West District (Kremmling area); whereas they have been increasing in the East District. Families from Grand Lake, however, have not been returning since the recession.
- About 15% of the population is now over 65, and this percentage is projected to increase.
- Seniors tend to prefer Granby and Kremmling over other parts of the Study Area and Grand County in general, due to proximity to health care and other services.
- Non-family households (living alone and with roommates) comprise about 34% of households in the study area.
- The average household size in the Study Area (about 2.2 persons) has remained fairly consistent since 2010. Trends since 2010 indicate that the size of owner households may have declined slightly and renter households have increased slightly. This is consistent with the estimated decline in families with children for owners. As rents rise, roommate households often increase, which would be consistent with trends seen in other resort communities.
- As is typical, renter households have lower incomes than owner households. In the study area, about 51% of renters earn under 80% AMI (about \$49,000 per year) and 55% of owners earn over 120% AMI (about \$73,000 per year).

Study Area Population Distribution by Age

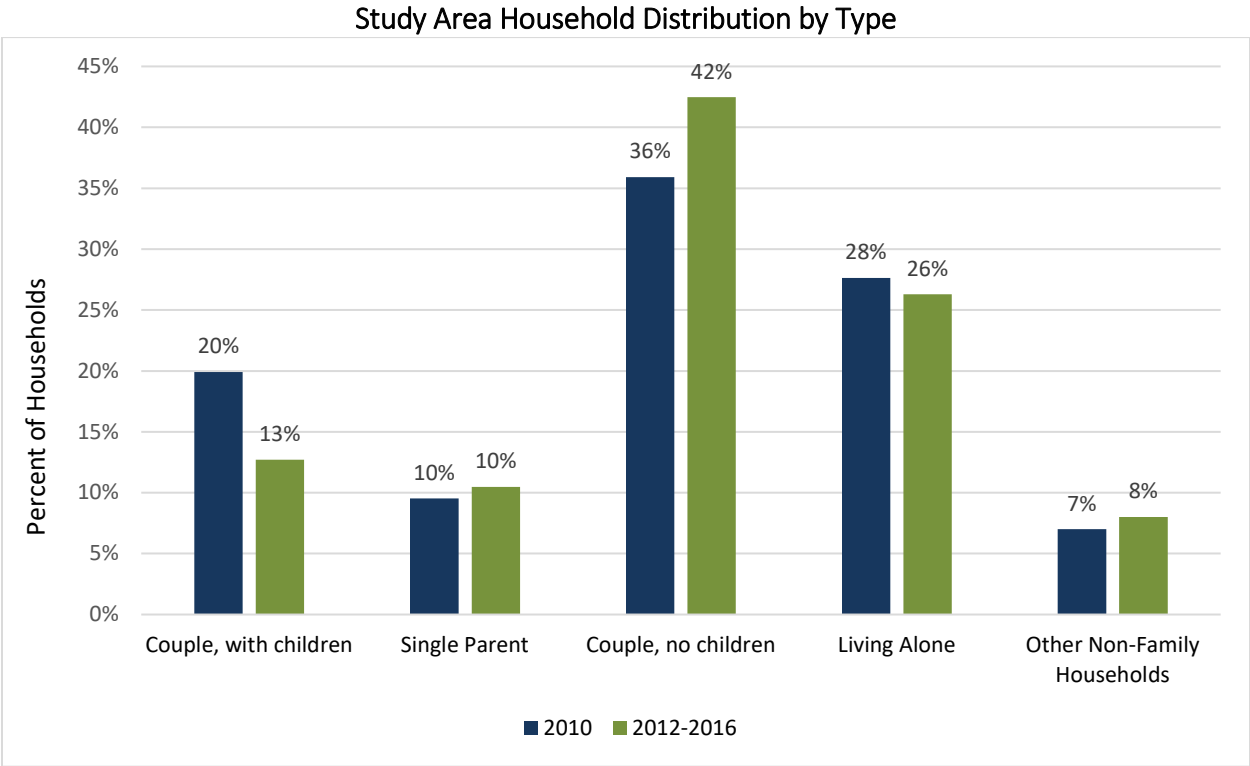


Source: U.S. Census Bureau - 2010 Census and 2012-2016 ACS 5-year estimates, Consultant team

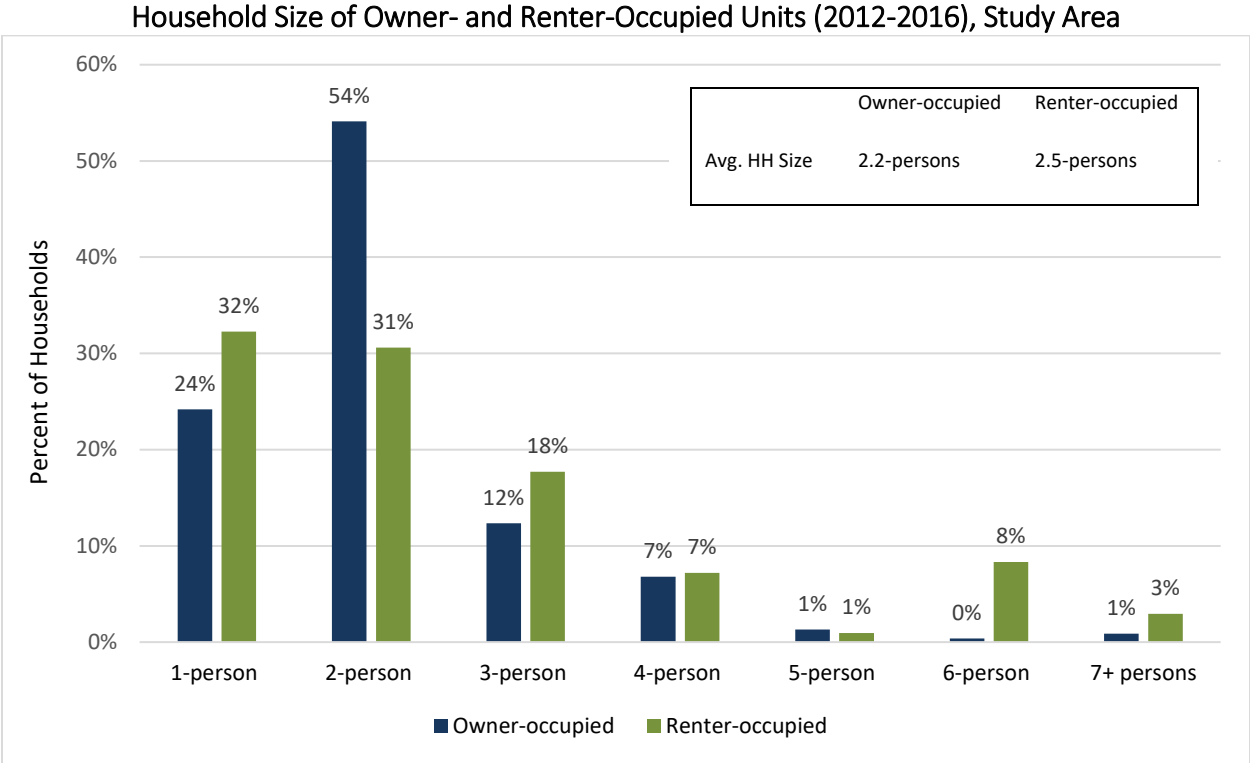
Number of Households by Study Area



Source: U.S. Census Bureau - 2012-2016 ACS 5-year estimates, HISTA, DOLA, Consultant Team



Source: U.S. Census Bureau - 2010 Census and 2012-2016 ACS 5-year estimates, Consultant team



Source: U.S. Census Bureau - 2012-2016 ACS 5-year estimates, Consultant team

Income Distribution of Households by AMI, Study Area

AMI	Renters	Owners	TOTAL
<60%	34%	16%	21%
60.1 to 80%	17%	10%	12%
80.1 to 100%	15%	11%	12%
100.1 to 120%	11%	9%	9%
120.1 to 150%	11%	17%	15%
Over 150%	13%	38%	31%
TOTAL	1,370	3,480	4,850

Housing Inventory, Occupancy, and Tenure

Current Inventory and Occupancy

There are about 10,500 housing units in the study area, 4,850 of which (46%) are occupied year-round. The Study Area accounts for about 63% of Grand County's total housing units and about 72% of Grand County's occupied housing units.

- Over half (54%) of the study area's housing units were vacant or seasonally occupied (second homes) in 2010, and ACS data suggests it may have increased slightly since. Of the four areas analyzed, second homeownership is highest in the Grand Lake Area where about 3 out of 4 units are second homes, followed by Granby where about half of units are second homes. The Hot Sulphur Springs area has the highest rate of year-round occupancy (66%).
- Of units that are occupied, more than 72% are occupied by owners. This figure has changed little since 2010.
- Of the roughly 10,500 housing units in the study area, about three-quarters of them are single-family homes and townhomes. Condominiums and mobile homes make up most of the other 25%. There are very few apartments in the study area.
- About one-half of the study area's housing inventory is less than 30 years old. Only about 16% of the inventory is 50 plus years old.

Estimated Total Housing Units and Occupancy, 2018

	Total Housing Units	Occupied Housing Units	Percent Occupied
Grand County	16,740	6,742	40%
Study Area	10,510	4,850	46%

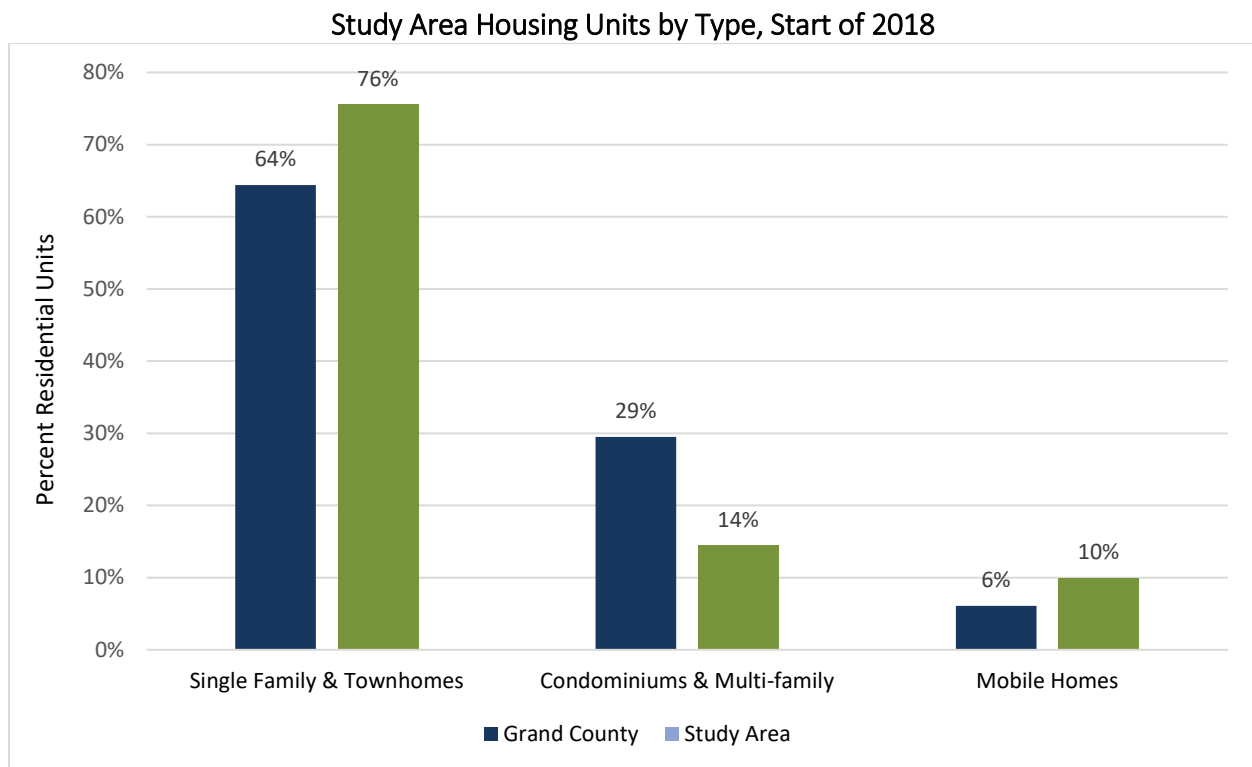
Source: Grand County Assessor, Colorado Dept. of Local Affairs, 2010 Census, Consultant team

Occupancy and Tenure, 2010

	Occupied	Vacant	Owner-Occupied	Renter-Occupied
Study Area	46%	54%	72%	28%
Kremmling Area	70%	30%	69%	31%
Hot Sulphur Springs Area	66%	34%	80%	20%
Granby Area	51%	49%	70%	30%
Grand Lake Area	26%	74%	75%	25%

Source: U.S. Census Bureau - 2010 Census, Consultant team

*2010 Census is the best available information, based on a full count rather than sample data.



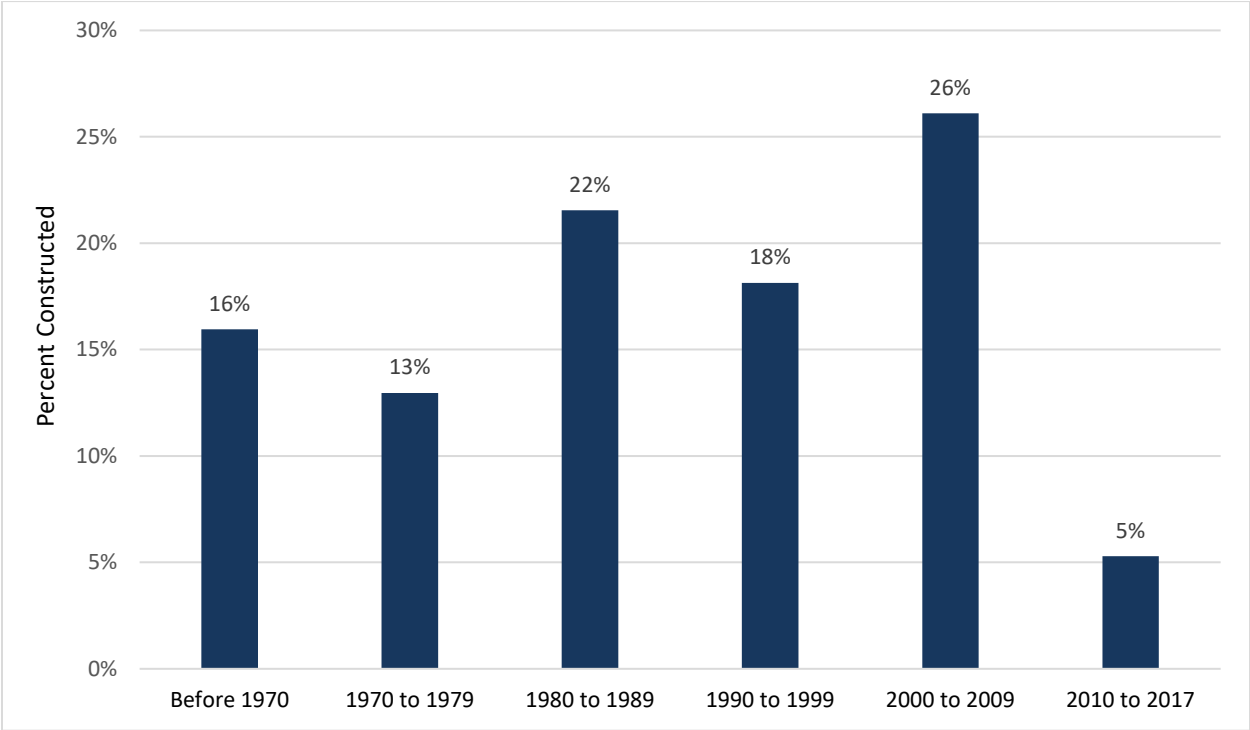
Source: Grand County Assessor, Colorado Dept. of Local Affairs, Consultant team

Residential Construction Activity

The largest percentage of development occurred in the 1980's (22%) and 2000's (26%) in the Study Area. Construction declined significantly following the great recession, with only about 5% of units constructed since 2010.

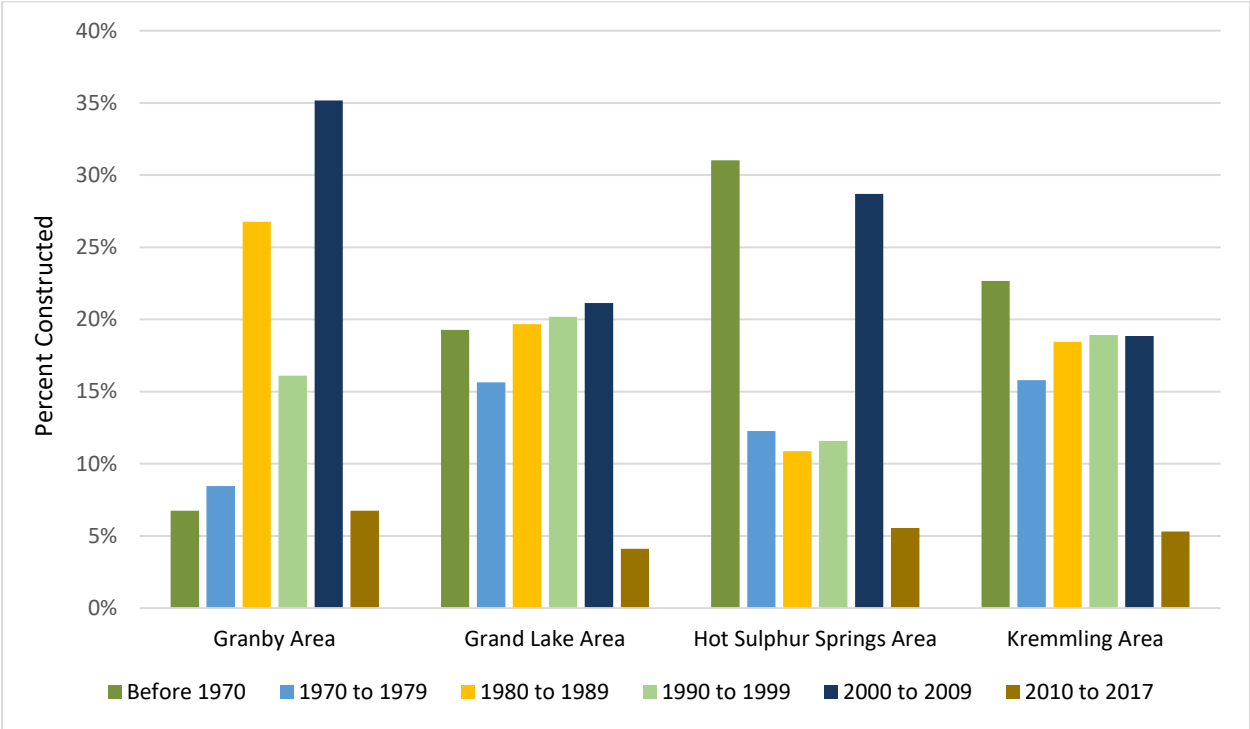
Construction activity has not been consistent in each of the four areas over time. The Granby and Hot Sulphur Springs areas saw large increases in construction activity in the 1980's and first decade of the 2000's, during which a combined 62% of the inventory in the Granby Area and 60% in the Hot Sulphur Springs area was constructed. The Kremmling and Grand Lake Areas had relatively consistent residential construction since the 1970's, with the exception of the decline after the recession.

Study Area Residential Construction Over Time



Source: Grand County Assessor, Consultant team

Residential Construction Over Time by Area



Source: Grand County Assessor, Consultant team

Pending and Planned Development

There are nearly 600 residential units that are in the preliminary planning stage or in the planning/permitting process. About 70% of these are in the Granby Area, with the only other large pending development just outside Fraser in the unincorporated area.

Some of the proposed units will include deed restrictions and/or marketing to locals, but more than half are likely to sell to second homeowners. These units have not been included in the calculation of needs and gaps. If these projects are successful in securing finance and being constructed, and they are rented or sold to locals, they can be incorporated in updated need calculations at that time.

Homes in development/permitting process – 2018

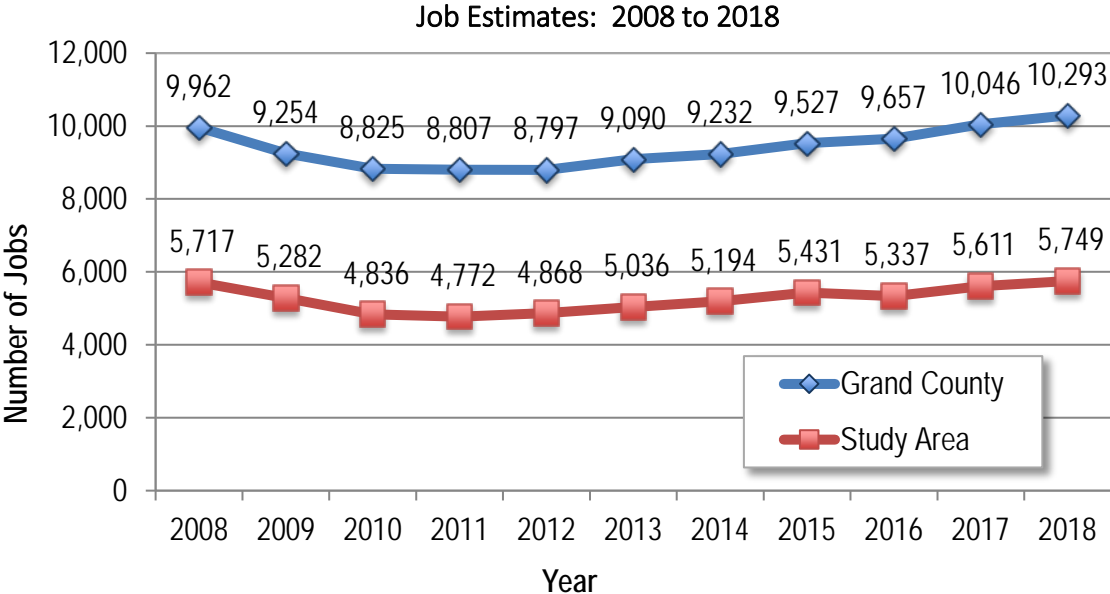
Granby	# of Homes	For Sale/Rent	Estimated Occupancy	Target Market	Deed Restricted?
Smith Creek Crossing	311	Sale + Rent	2019-2021	Employees and visitors	80% year-round
Rodeo Grounds	91	Rent	2020	Local families	Yes
Basecamp Condos	12	Sale	2018-2019	Second homeowners	No
Town Owned Lots	TBD	Sale	TBD	TBD	TBD
ADU Program	TBD	Rent	TBD	Employees	Yes
Eagle Ridge	20	Sale	2019	Second homeowners	No
Grand Lake					
Mixed Use Downtown	32	Sale	2019	Second Homeowners	No
725 Grand Ave	8	Sale	2018	Second Homeowners	No
Kremmling					
Duplex Development	4-8	Sale	2018-2019	Locals/Summit	No
Hot Sulphur Springs					
Habitat Lots	7	Sale	2018-2023	Low Income Locals	Yes
Unincorporated					
Byers Peak Ranch	87	Sale	2019	Locals and Second Homeowners	No

Job Growth and Economic Trends

Job Trends

Since 2008, between 54% and 57% of jobs in Grand County have been located in the study area, averaging about 56% over the past five years.

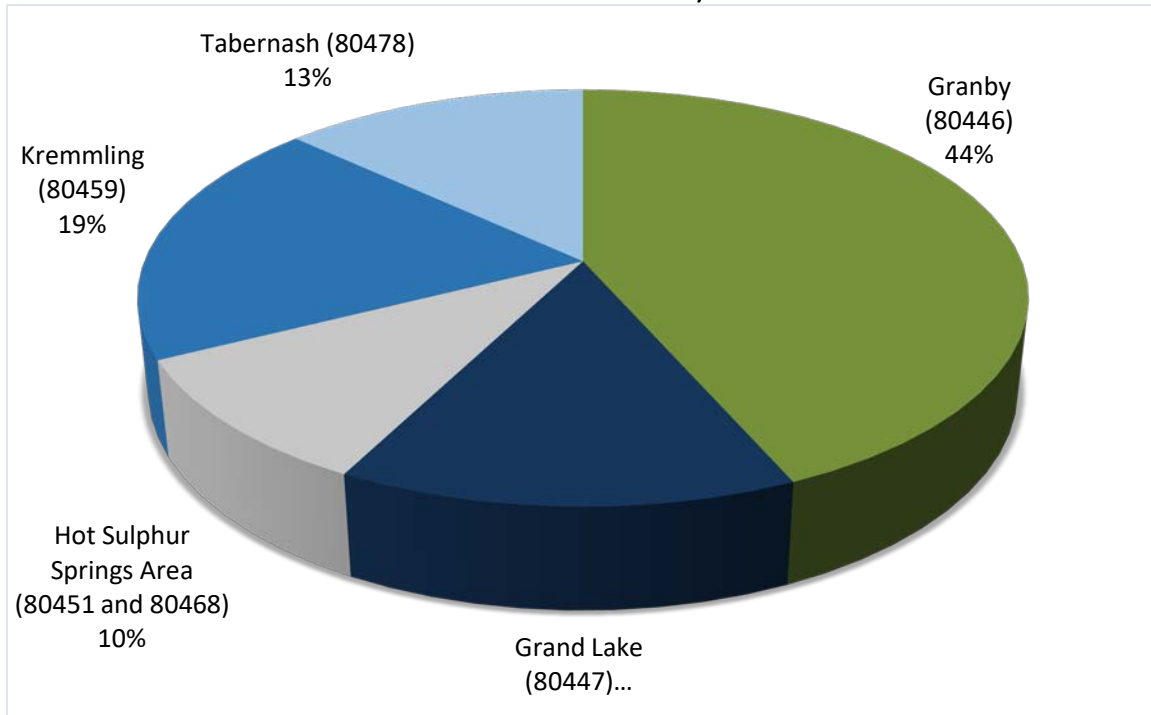
Jobs in the study area recovered from losses during the recession this year, taking longer to recover than the Winter Park/Fraser area, which recovered by 2015. Unemployment for Grand County is extremely low at 2.4%.



Source: Colorado Dept. of Local Affairs; QCEW zip code files; Consultant team

The largest percentage of jobs in the study area is located in Granby (44%), followed by Kremmling (19%). The proportion jobs within each area has been relatively consistent since 2011, with the Tabernash area showing the fastest rate of job growth.

Distribution of Jobs in the Study Area: 2016

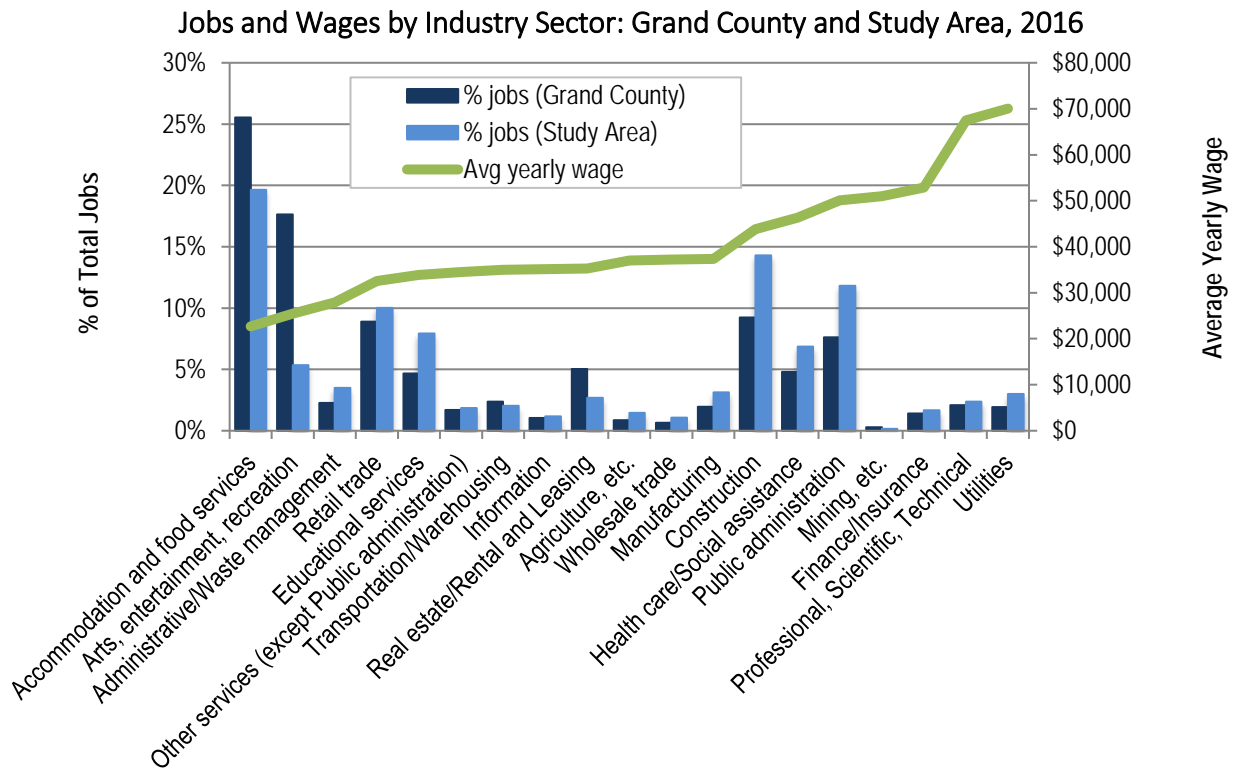


Source: QCEW zip code files, Consultant team

Wages

Wages in Grand County are lower than those for Colorado overall; average yearly wage for Grand County was about \$35,250, compared to about \$55,500 for the state. The study area has slightly higher average wage than Grand County as a whole (about \$40,000), in large part due to the mix of jobs in different sectors, as follows:

- Jobs in the lowest paying sectors of accommodation, food service, arts, and recreation account for about 25% of all jobs in the Study Area. This is a smaller percentage compared to the County.
- The Study Area has a higher percentage of middle income jobs in the education, manufacturing, construction, and public administration fields compared to the County overall.



Source: Colorado Dept. of Local Affairs, QCEW, Consultant team

Job Projections

Jobs in the County and study area are estimated to grow at a slower rate over the next five years (about 1.2% per year) than over the previous five (about 2.5% per year). This follows from employer interviews, where most employers in the study area expect to increase their employment over the next five years, but at a slower rate than in recent years.

Jobs Projections: 2018 to 2023

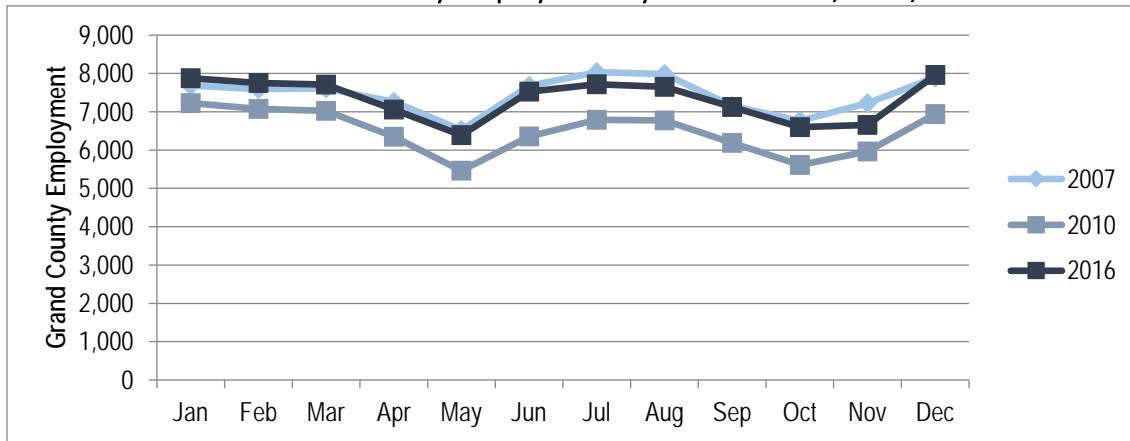
				Average Yearly % growth	
	2013	2018	2023	2010-2015	2015-2020
Grand County	9,090	10,293	10,919	2.5%	1.2%
Study area	5,036	5,749	6,099	2.7%	1.2%

Source: Colorado Dept. of Local Affairs, QCEW zip code files, Consultant team

Seasonality of Jobs

Grand County has two similar employment peaks – one in the summer and one over the winter. May and October are the lowest employment months, which occur at the changeover of the seasons. These low employment months are generally representative of the year-round employment base in the area, which totaled about 6,500 jobs in 2016.

Grand County Employment by Month: 2007, 2010, 2016



Source: QCEW

Jobs in the study area vary from the overall County trend, showing stronger spring and summer employment compared to winter. About 50% of County jobs are located in the study area in the winter months (October through March), compared to over 60% during the spring and summer months (April through September).

Employment by Quarter: Grand County and Study Area, 2018

	Average Yearly Jobs	Q1	Q2	Q3	Q4
Grand County	10,293	10,441	10,027	9,529	10,767
Study Area	5,749	5,182	6,195	5,810	5,398

Source: DOLA employment estimates, QCEW zip code files

Commuting

Grand County exports more workers than it imports, consistent with findings in 2008. The Colorado Department of Local Affairs reports that there are about 150 net out-commuting workers.

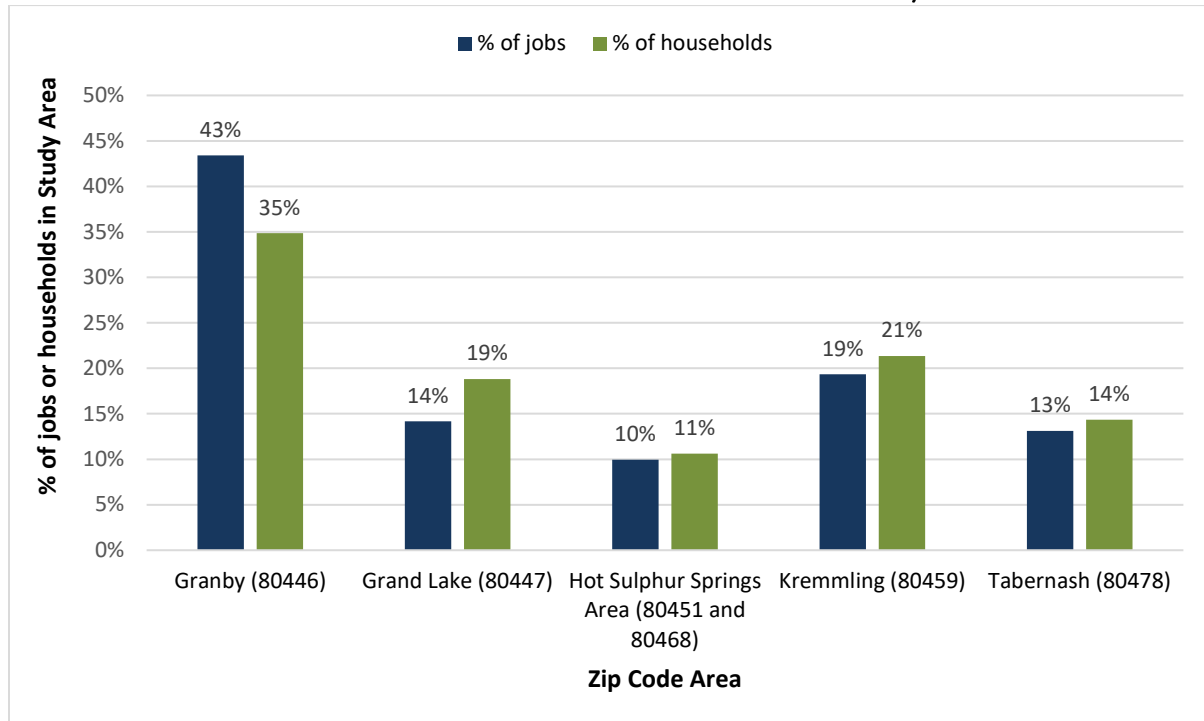
Employer interviews supported that few workers commute into the study area for employment. Of those that do, only a handful out of county in-commuters desire to move to Grand County. Most are established in their communities and/or have a spouse employed in their county of residence.

- Regarding intra-county commuting within the study area, interviewed employers report that most of their employees live in or near the community in which they work; and many that commute would not desire to move.
- Employers in Granby were the most likely to report having workers living in other communities, such as Grand Lake or Hot Sulphur Springs, with only a handful living outside the study area in the Winter Park/Fraser area.
- Of workers in the Granby to Hot Sulphur Springs area, few commute as far as Kremmling.

General live/work relationships are shown in the below chart, which compares the relative distribution of jobs and households in the study area by zip code region. This reflects input received from employers, showing that:

- Most areas are relatively balanced, with a similar percentage each of jobs and households in the study area.
- Granby shows the largest discrepancy and generally imports workers, as indicated by the higher proportion of jobs in the community compared to households.
- Grand Lake exports some workers. Some Granby employers indicated that management and senior staff in particular may have homes in Grand Lake. Some employers with winter seasonal staff needs may also house employees in Grand Lake due to availability of units (i.e., Grand Lake peak employment is in the summer, meaning units become available in the winter).

Distribution of Jobs and Households in Grand County: 2016



Source: 2010 US Census; 2016 5-yr ACS; QCEW zip code files; Consultant team

Employers, Employees and Housing

Interviews with over 10 employers in the study area, representing over 900 jobs, revealed the following:

Staff recruitment and retention

Most employers are generally fully (or near-fully) staffed; however, the majority are constantly recruiting in anticipation of job turnover or to find scarce skilled staff. Employer experiences vary based on the type of position being filled.

Seasonal jobs

- Employers that provide dorms or other housing options for recruits are typically able to fill positions. Seasonal workers are attracted by the location and the experience of living and working in the area.
- Employers with no or limited housing for seasonal workers have more difficulty. One employer recently started providing housing for their seasonal hires and were, for the first time, able to fill all of their seasonal jobs last winter and are on track to do the same this summer.
- Only employers in Grand Lake indicated that the rise in short term rentals has notably hurt their ability to recruit seasonal workers. More employees cannot find homes, or lose homes when the owner decides to rent nightly. One employer that provides

seasonal beds is able to recruit workers, but has problems with overcrowding when employees' friends lose their homes or cannot find them.

Year-round, skilled jobs

All employers have had employees decline to take jobs after researching the lack of and price of housing options in the area; and all have had professionals leave within a few years after trying to make it work.

Employers prefer to hire local when possible, but more often need to fill skilled jobs with out-of-area recruits. Retaining out-of-area employees has always been challenging in Grand County for multiple reasons, such as:

- Grand County has a large transient population – young year-round recruits have difficulty establishing stable social circles and “joining” the community;
- The remoteness/lack of amenities is attractive to a certain type of person, which limits the hiring pool.
- The lack of diversity in the economy can make it difficult for spouses to find gainful employment.

With the rising housing costs and reduced availability, however, housing has again become the primary reason employees either decline jobs or leave the area within a couple years of being hired – similar to just before the recession. This is a particular problem when employees are recruited from more affordable communities/states – the “price for what you get” turns many away, especially when what they can afford is not sufficient to house their family (e.g. one-bedroom home, fixer-upper, etc.).

The high school began offering an EMT course in recent years – this has been very successful in helping the County Emergency Medical Service department recruit workers. Jurisdictions in the study area could explore additional strategies to train and retain local workers

High competition jobs

Janitorial/housekeeping and food and beverage employees are in high demand. Even when workers are hired locally, employers suffer some loss due to competition with other employers in the area. These employees are able to shop positions.

Some County departments (road and bridge, sheriff, etc.) compete with the state and towns for employees. Grand County is not able to pay as much as these other departments – they often “train” employees to then take higher paying positions with other departments.

Construction laborers and landscaping are also hard to find. These workers have not returned since the recession and competition with the front range is significant. One employer that also

hires in Eagle County and Summit County, which have more affordable housing units and programs, indicated that finding and retaining workers in Grand County is his toughest location.

Retiring Employees

Most employers reported that filling jobs from retirees over the next five years is not of concern. Most had few retirees or had persons groomed to take retiree positions.

Grand County and the East Grand School District were exceptions. Both are concerned with upcoming retirement – much of their upper level stability has been due to 20-year or longer employees. Filling skilled positions will require out-of-area recruiting. Both see housing as a significant issue that will hurt their ability to recruit and retain employees for these positions.

Employee Housing Needed

Employers reported that for seasonal workers, beds priced \$500 per month or less are needed. More can be charged for a private room – up to \$650.

For year-round employees:

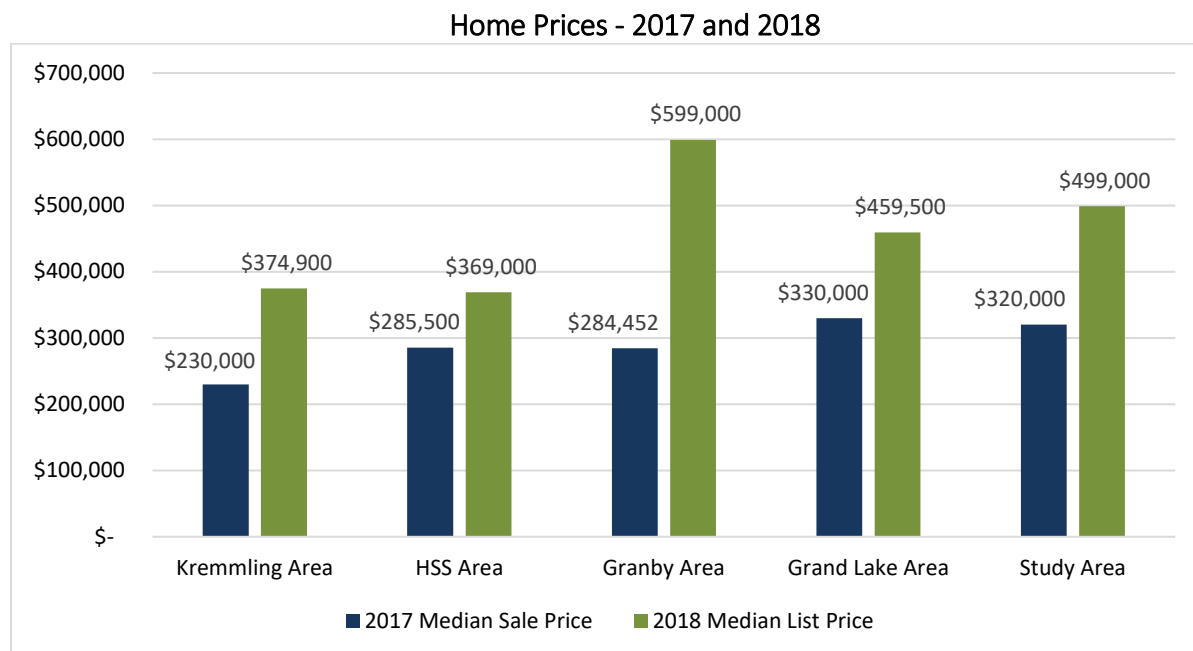
- Rentals priced up to \$850 for a one-bedroom/studio and up to \$1,200 for two-bedrooms would allow new workers to get established in housing. Some employers stated their staff would benefit from more tax credit rentals, such as Wapiti Meadows.
- Ownership priced between \$180,000 up to \$230,000 would provide entry-level purchase opportunities and allow employees to “set down roots.”

Housing Market

Residential Sales

The for-sale market has recovered since the recession. The Winter Park and Fraser area recovered most quickly, but the communities of the study area are now catching up. In 2017, median price for homes sold was similar to 2007. Median listing prices in the study area exceed 2007 levels by as much as 40%.

Foreclosures and bank-owned properties are rare, where they had been common during and after the recession. In 2017, inventory was plentiful and many transactions were taking place. As of early 2018, inventory is scarce, with less than three months of housing supply listed. Inventory at price points affordable to local employees is particularly scarce, and prices are rising.



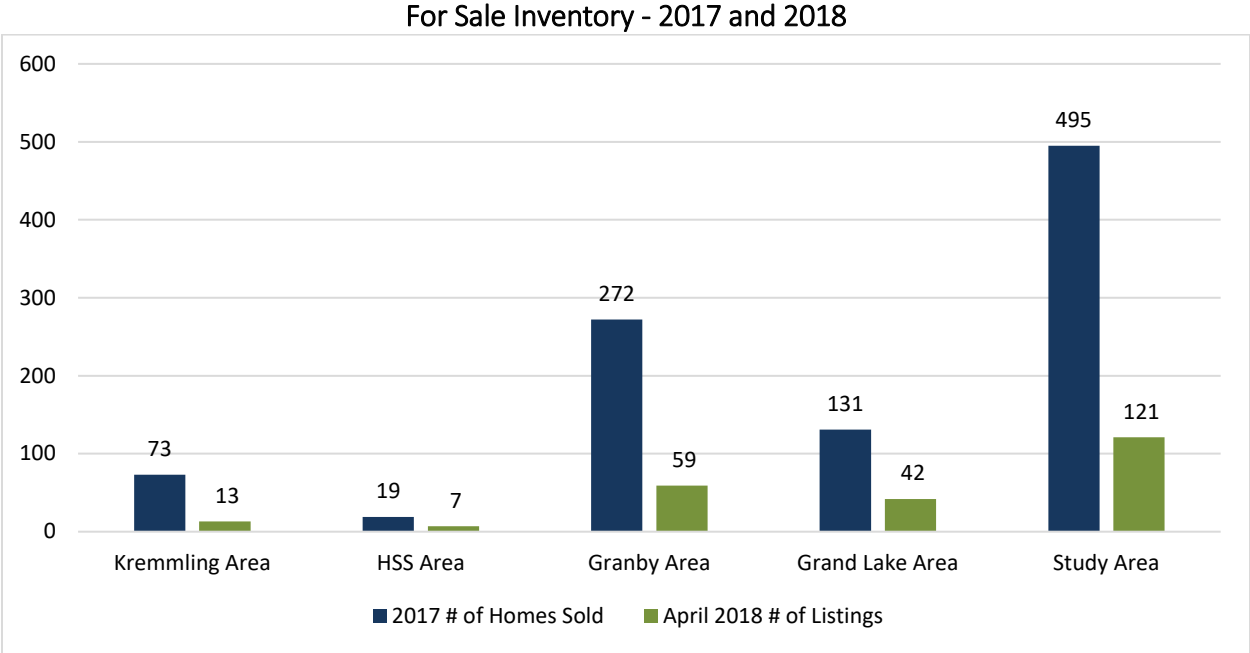
Source: MLS

Because the unincorporated portion of the 80442 zip code was not included in the 2015 Winter Park and 2016 Fraser Housing Needs Assessments, the consultant team reviewed sales in those subdivisions as well. Inventory in the unincorporated 80422 zip code is not affordable to local employees: 2017, 17 homes were sold and the median price was \$542,000. There was only one listing in this area in April 2018, with an asking price of \$558,000.

For Sale Inventory

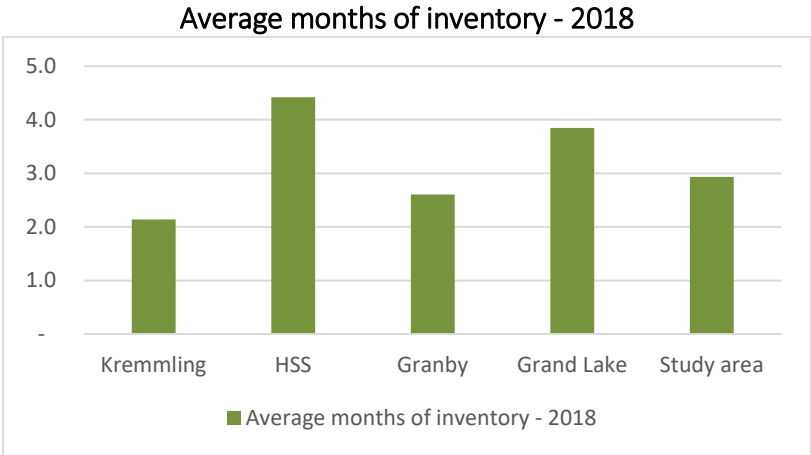
There were 495 sales in 2017 compared to only 121 units available for sale currently on the market. This equates to less than three-month inventory of homes for sale in the study area

when compared with the number of sales in 2017. When inventory drops below six months, it is typically considered a seller’s market. Inventory in the Study Area is extremely tight, driving the rise in prices.



Source: MLS

As shown below, the availability of homes for sale is low throughout the study area, ranging from two months in Kremmling up to four and one-half months in Hot Sulphur Springs. All areas currently have a strong seller’s market.



Source: MLS

Affordability of Homes For-Sale

There is a miss-match between the asking price of homes on the market and what local households can afford. Inventory affordable at or below 150% AMI (or about \$91,200 for two people) is very scarce, with only about 1.5 months inventory available this spring. While the market for higher end inventory has generally recovered, the most expensive homes are still likely to remain on the market longer. The inventory for homes over \$1 million is nearly two years.

Income and For Sale Listing by Region - 2018

Income Level	Max Purchase Price	Granby area	Grand Lake area	Kremmling area	HSS area	Total Study Area
<=60% AMI	\$ 143,100	3	-	-	-	3
60-80% AMI	\$ 190,800	-	1	-	-	1
80-120% AMI	\$ 286,100	3	3	2	2	10
120-150% AMI	\$ 357,700	1	9	2	1	13
>150% AMI		52	29	9	4	94
Total		59	42	13	7	121

Source: CHFA, MLS

Local realtors report that many locals have given up looking to purchase because of the lack of inventory in their price range.

- Unless households earn at least 150% AMI, they generally cannot afford the median priced home available on the market.
- Currently, 80-90% of buyers are second homeowners, and the majority of these buyers live in the Front Range.
- Many second home buyers inquire about the opportunity to short term rent homes they purchase.

Affordability Characteristics of Homes for Sale - 2018

	Granby area	Grand Lake area	Kremmling area	HSS area	Total Study Area
Median Price Home for Sale	\$529,000	\$469,000	\$367,000	\$369,000	\$490,500
Income Needed	\$129,494	\$114,807	\$89,838	\$90,328	\$120,070
AMI Equivalent	213%	189%	148%	149%	197%
# Homes Listed for Sale	59	42	13	7	121

Source, MLS, CHFA, Consultant team

In the following table, the median size of homes and price of homes sold last year is compared with the cost to build. The median price/square foot has exceeded the estimated cost to build of \$250/square foot in all of the market areas except for Hot Sulphur Springs. Items such as land, site work, water/sewer connections, permit and tap fees, design, and financing will increase the cost to build.

This analysis also suggests that smaller sized homes (ranging from 900 to 1,500 square feet) could be sold to local households with incomes around 100% AMI. Current median sized homes, ranging from about 1,500 to 2,400, could not be built at a price affordable to local buyers with today's construction costs.

Home Size, Price to Build and Affordability

	Granby area	Grand Lake area	Kremmling area	HSS area	Total Study Area
Median Sq Ft Home	2,050	1,822	1,490	2,388	1,945
Median Price/Sq Ft	\$258	\$257	\$246	\$155	\$252
Size of Home Affordable at 100% AMI	924	926	968	1,543	945
Typical cost to build/sq ft	\$250	\$250	\$250	\$250	\$250
Cost to build Median Sq Ft Home	\$512,500	\$455,500	\$372,500	\$597,000	\$486,250

Source, MLS, CHFA, realtor interviews, Consultant team

Vacant Land

Vacant land continues to be readily available; in spring of 2018 there were over 200 listings in the study area, representing roughly 3,800 acres. Vacant land sales have increased over the past year. More buyers are seeking to build homes as existing homes become harder to find and the cost purchase and the cost to build become increasingly similar. Realtors report that many buyers are interested in building, and the primary hurdles are infrastructure, high construction costs of \$200-250/per square foot, and shortage of available contractors and skilled laborers.

Deed Restricted For-Sale Properties

There are no for-sale properties deed restricted for local employees in the Study Area. Deed Restricted properties in the Fraser/Winter Park area, such as Millers Inn and Hideaway Junction, have been and are in demand by local buyers. Realtors report that locals would be open to deed restrictions, if they were attached to quality homes at affordable price points.

Local Buyer Preferences

Local residents comprise about 10% to 20% of buyers. Local buyers are most often seeking three-bedroom single family home, with two bathrooms and a garage in the \$200,000-\$350,000 price range. This product type and price point is nearly non-existent. Townhomes or duplexes at a similar size and price point would likely be very desirable to locals, if they were available.

Realtors observed some general location preferences by demographic within the study area:

- Seniors generally prefer to be in Granby or Kremmling for proximity to health care and other services.
- Young families prefer Granby and Hot Sulphur Springs for housing inventory and schools. Some young families also look to the unincorporated areas near Fraser.
- Younger singles and couples want to be closer to Winter Park.
- Empty nesters and summer seasonal visitors prefer Grand Lake.
- Households that commute to Summit County for work have been driving up prices in Kremmling; they are attracted by the relative affordability.

Desired Amenities

Garages, other storage, and in unit laundry were ranked as “non-negotiable” amenities. Allowing pets in condo complexes is also of high importance. Yard space is of medium importance. Energy efficiency, club house amenities, and security tend to be of low importance to buyers.

Rental Housing Market

Rents and Availability

The rental market has become increasingly tight over the past three years, with many adverse effects:

- Vacancy is approaching zero and rents are rising.
- Rental rates have reached pre-recession levels in many cases.
- Property managers report that landlords are able to be selective regarding credit, employment, and references.
- Households with pets have additional challenges finding suitable homes and apartments to rent.

During the month of April, rental housing listings were monitored weekly for the study market area. April has historically been a time when many winter employees give up their housing and there is higher vacancy, but this year only 18 homes, condos, and apartments were listed for rent. Most listings did not remain posted for more than a week or two. Listings for individual rooms and short-term rentals were excluded.

As shown below, currently listings average \$1,200 to \$1,500 per month. A two-person household needs to make at least 80 to 100% AMI (\$48,600-\$60,800) to afford these rents.

Current Rental Listings – April 2018

	Granby area	Grand Lake area	Kremmling area	HSS area	Total Study Area
Number Rentals Listed	14	2	2	0	18
Average Monthly Rent	\$1,417	\$1,245	\$1,450	n/a	\$1,403
Monthly Rent/sq ft	\$0.79	\$1.31	\$0.69	n/a	\$0.77

Source: Data collected for April 2018; sources include Zillow, Craigslist, Sky Hi News, and Facebook

Beyond rising rents and affordability, renters face additional challenges. Realtors and property managers report that:

- Second home renters also compete with locals for rental housing inventory. This mostly occurs closer to Winter Park in the winter season and in the Grand Lake area in the summer season.
- Roommates expect to pay \$600-\$900/month for a bedroom.
- Overcrowding is a problem.

Deed Restricted Rentals

There are three deed restricted rental properties in the study area, most of which are rarely vacant and have long waitlists, as follows:

- Grand Living Apartments – 24 units, in Granby. This property provides housing for very low-income seniors. Rents are subsidized by US Department of Agriculture Rural Development. There are 55 people on the waitlist, and units rarely turnover so most of those waiting will not be housed here.
- Cliffview Assisted Living Center – 24 units, in Kremmling. This property provides care for seniors who can no longer live independently. A waitlist is not currently in place.
- Silver Spruce Senior Apartments – 20 units, in Kremmling. Rents are subsidized by HUD. There are 30 people on the waitlist; the property manager estimates a two- to three-year wait.

Local Renters Preferences

One and two-bedroom units that are priced to be affordable for one or two working adults are most in demand. Employers report that market rents near \$1,500 are too high for most of their employees unless they take in roommates. After a few years, renters often become frustrated with the larger and more expensive homes and condos that require multiple roommates to be affordable.

Desired Amenities

Pet friendliness and storage are the top amenity considerations for renters. Garages and access to laundry either in-unit or nearby are of middle importance. Yard space, energy efficiency, club house amenities, and security tend to be of low importance to renters.

Appendix B – Methodology

This report is based upon a combination of primary and secondary research to inform the housing needs analysis.

Primary Research

Realtor and Property Manager Focus Group

A focus group with three realtors and a property manager was held in Granby. Information was obtained on the ownership market including current prices, recent trends, occupancy patterns, availability and what households are seeking when looking to purchase or rent a unit.

Employer Interviews

Twelve employers in the Study Area were interviewed, representing over 900 jobs. Interviews probed where employees live, unfilled jobs, retiring workers, positions of high turnover, difficulty finding and recruiting workers, changes in employment over time, to what extent employee housing is perceived to be an issue by employers and their associated level of support for housing assistance. A mix of employers were represented including government, schools, retail, bar/restaurant, lodging/resort, natural resources and water and sanitation districts.

Stakeholder Interviews

Additional interviews were conducted with town staff and elected officials from within the Study Area, as well as Grand County Housing Authority and Grand County.

Secondary Data Sources

A variety of sources of published information were used in the preparation of this report, including:

- 2000 and 2010 US Census, American Community Surveys, and Colorado Department of Local Affairs (DOLA) for demographic data and projections;
- Employment information from the Quarterly Census of Employment and Wages, the US Bureau of Economic Analysis, and DOLA;
- 2018 Area Median Income from the Colorado Housing and Finance Authority and households by income data from Ribbon Demographics, LLC; and
- County Assessor for unit inventory, Multiple Listing Service for recent sales and current residential listings, and Facebook, Craig's List, Zillow.com, and Sky Hi News for rental listings.