

WILLIFORD, LLC
land use & affordable housing.



EAGLE RIVER VALLEY

HOUSING NEEDS AND SOLUTIONS 2018



<http://www.eaglecounty.us/housing/>



EAGLE COUNTY

PREPARED BY

WILLIFORD, LLC

land use & affordable housing

Willa Williford
303-818-0096
willa@willifordhousing.com



Rees Consulting, Inc.

IN TEAM WITH





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INTRODUCTION

Purpose

The goal of this report is three-fold:

- 1) Provide current context on people, jobs, and housing markets in the Eagle River Valley;
- 2) Update the housing demand calculations and projections that have been used consistently over the past 11 years; and
- 3) Inform housing policy and implementation by providing up to date information on what local households and employers need: their housing goals and intentions, the tradeoffs they are willing to make, and solutions that are likely to be the most well received.

This report is organized in two parts:

PART I

PART ONE is the Housing Needs Update, which begins with current data on the valley's population, jobs, and the housing market. It measures the problem of workforce housing in terms of perceptions and impacts on households and provides the metrics that are the foundation for the need update. Part I concludes with the demand update calculations.

PART II

PART TWO provides guidance on moving forward with housing solutions: key considerations policy makers need to know, where to build housing, how to design it, appropriate price ranges, and what tools should be prioritized.



INTRODUCTION

Eagle River Valley Defined



The study area is the Eagle River Valley, from Vail to Dotsero. While the entire valley is socially, economically, and geographically connected, there are three distinct market areas, which are defined as:

- Up Valley, which includes the towns of Vail, Minturn, and Red Cliff.
- Mid Valley, which includes Eagle Vail, Avon, and Edwards.
- Down Valley, which includes Wolcott, Eagle, Gypsum, and Dotsero.

Burns, Bond, and McCoy are not included. Basalt and El Jebel are covered by a separate study for the Roaring Fork Valley.





WHAT IS AFFORDABLE HOUSING IN THE EAGLE RIVER VALLEY?

This report centers on an understanding of “what is affordable?” Housing affordability is a function both of the cost of housing and household income. 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.

Incomes are typically expressed as a percentage of the median, which is abbreviated in this report as AMI (Area Median Income). The following table provides the incomes for each AMI category with the corresponding affordable price for housing, each representing the maximums for each range.

Interest rates have a profound impact on housing affordability. These price points assume an interest rate of 5%. Interest rates are likely to rise going forward and a one point increase in the rate lowers the affordable purchase price for a 100% AMI household by \$30,000 to \$35,000.

MAXIMUM AFFORDABLE RENTS AND PURCHASE PRICES BY AMI EAGLE VALLEY - 2017

AMI %	60%	100%	140%	200%
Household Income – 3 persons	\$48,360	\$80,600	\$112,840	\$161,200
Max Affordable Purchase price	\$190,000	\$316,000	\$443,000	\$632,000
Max Affordable Rent	\$1,210	\$2,420	\$2,820	\$4,030

Source: CHFA, consultant team. Full calculations are provided in Appendix C.

WHAT IS THE DIFFERENCE BETWEEN HOUSING NEED AND MARKET SIZE?

Housing Need

Part I of this report calculates the need for additional housing based on a method pioneered by Rees Consulting, Inc and RRC Associates in the 1990's to address the question:

“How many additional housing units are needed to address housing problems and provide a sufficient labor force to sustain the economy?”

This measurement is a key component of Housing Needs Assessments. It quantifies needs in two categories:

“CATCH-UP”

Additional housing units needed now to address existing problems

“KEEP-UP”

Additional units needed in the future to fill jobs

Need is used for many purposes including setting of goals and objectives for housing, strategic and land use planning, allocation of resources, establishing funding sources and developing tools to comprehensively address needs.

Market Size

Part II provides a traditional method for analyzing housing markets used primarily by developers (private, non-profit and public), lenders and investors for specific ownership and rental housing developments. This measurement is a standard part of project-specific market studies. It represents the market from which a proposed housing development will draw its owners or renters. It is used to determine if projects are feasible and to gauge risk. Market size addresses the question:

“Is there a sufficient market for the proposed units to be sold or rented?”

After quantifying the total number of households that comprise the market, Part II of this report segment that market by income, household type and size, and housing and location preferences to inform decisions about location, unit type, bedroom mix, pricing and amenities.

While some lenders may allow market analysts to consider in migration and population growth in estimates, a more straightforward and conservative method, like used by CHFA, considers only existing households. It is assumed that, with growth, demographics and preferences will remain much the same. In market analysis it is not necessary to consider households that might move in unless major events, like a large tech company moving into a resort community, are planned.

KEY FINDINGS AND POLICY CONSIDERATIONS

Since the end of the recession, around 2011, jobs and population have been growing much more rapidly than housing inventory, and with that has created many challenges:

- frustration for employees seeking housing,
- employers facing unfilled positions, high turnover, higher training costs, and lost productivity,
- precipitously increase in home prices, well beyond the means of most local residents, and
- extremely low vacancy rates, resulting in limited choices and rising costs for renters.



If forecasts prove accurate, these tensions are poised to increase, with about 7,150 new jobs coming to the Eagle River Valley by 2025. Mid valley is anticipated to have the most new jobs, but up valley is not far behind. If the economy remains strong and no new housing is created, these growth pressures will translate into higher numbers of unfilled jobs and continued rapid escalation of housing prices. Another approach is to create new housing for the additional employees and their families who fill these jobs.



According to Office of State Demography projections, these new households are anticipated to live more often in mid valley and down valley markets, adding to the eastbound morning commute pattern. These assumptions align with recent growth patterns and future opportunities, and policymakers are poised to make decisions that can influence the course of future housing growth.

Housing Need

Responding to the demand demonstrated in this report is a matter of local public policy, which should be driven by local goals and objectives. Creating new housing happens through a complex set of drivers and constraints including available land, land use policy, developer interest and capacity, financial feasibility, and local subsidies and requirements. The high cost of taking no action on workforce housing has consequences for individuals and families, the economy, civic engagement, and overall community character and sense of genuine place.

When setting policy goals and direction for housing locals, communities rarely target achieving 100% of the catch-up and keep-up demand estimates, nor are resources likely available to achieve 100% of the gap. Rather, it is incumbent upon policymakers to use the data in this report to set goals that are an appropriate blend of aspirational, attainable, and respon-

sive to community values and vision. Making any progress, or just staying even, in producing housing affordable for the local workforce in a market with gaps as large as those found in the Eagle River Valley requires a consistent, incremental, multi-pronged approach. The communities of the Eagle River Valley have many significant accomplishments in the realm of workforce housing, and renewed commitment and continued work are essential moving forward.

The communities that make up the Eagle River Valley are well-positioned to work on housing goals and strategies that are tailored specifically to individual communities, as well as to collaborate on regional solutions. Both local and regional approaches are warranted and necessary to create diverse and long-lasting housing solutions for the local workforce.

KEY FINDINGS AND POLICY CONSIDERATIONS

Ownership Housing

Based on the conclusions drawn from the resident survey, policy makers should keep the following priorities and considerations in mind when shaping policy strategies around home ownership housing:

- Ownership housing in proximity to work has many tangible and intangible benefits associated with creating a sense of place and community, stability for school children and employers, year-round contributions to the economy, decreased commute times and increased volunteerism.
- Local households, both owners and renters, have an overwhelming desire to remain or become homeowners, regardless of income.
- A diversity of attached and detached housing product is needed, with a range of price points, upgrade options and amenities.
- Affordability is the key obstacle for locals seeking to buy in the Eagle River Valley. Numerous tools will be needed to overcome the affordability gap for most locations and product types.
- Affordability and location are the highest priorities for buyers. If homes are located in desirable communities and priced affordably, buyers will make tradeoffs on unit type and size. Regardless of where in the valley buyers are seeking to live, community character is the most important location attribute local households consider – underscoring the need to integrate housing efforts in comprehensive community planning and that preserves and enhances sense of place, locals or family-orientation, social opportunities, and proximity to services and entertainment.
- Given the significant gap between the market and what locals can afford, deed restrictions are a necessity for most unit types and price points. Fortunately, deed restrictions are widely accepted by consumers.
- One third of current homeowners would like to move within the valley in the next five years. If an owner buys a new/different residence and their current free market home is purchased by second home owner or inventor for short term rentals, there is no net improvement in the relationship between supply and demand for local residents.
- Moving owners into new homes could be a component of a housing strategy that would support mixed income developments and focus on building neighborhoods.
- Preserving the homes that will be sold as primary residences when providing new home opportunities could be considered, including buy downs or other incentives to place deed restrictions on homes being sold.
- Also, owners of deed restricted units could be given priority for new ownership opportunities, which would create movement in the deed-restricted inventory.
- Availability of funds for down payment is key to making sure that renters with the desire to purchase a home and stay in the Eagle River Valley are able to do so when a home affordable to them becomes available. For this reason, local communities should continue to support the Eagle County down payment assistance program, which has a strong track record in assisting local households.

“A key to addressing the housing challenge is political will.”

-2018 Survey Respondent

KEY FINDINGS AND POLICY CONSIDERATIONS

Rental Housing

While most renters in the Eagle Valley would prefer to own, rental housing is an important component of a healthy housing ecosystem. Most renters will not be able to afford ownership in the near term, and rental housing is needed for new employees recruited into the community. Building additional rental housing should continue to be part of local housing policy goals, especially in consideration of the current extreme low vacancy, escalating rental rates, and high levels of cost burden among renters.

- Up valley and mid valley should be the prioritized for new rental development, as 82% of current renters prefer those locations.
- Renters, especially those with low wages are price sensitive, and proximity to work is their most important locational attribute. Jobs within the market area and what rental price points are appropriate for households making those wages should be considered when siting new rental housing.

Housing Tools

Both local and regional approaches are warranted and necessary to create diverse and long-lasting housing solutions for the local workforce. The communities that make up the Eagle River Valley are well positioned to work on housing goals and strategies that are tailored specifically to individual communities, as well as to collaborate on regional solutions.

Part I reported on the nearly unanimous agreement among employers and residents that workforce housing is a problem in the Eagle Valley, and those sentiments carry forward in employers and resident's overall enthusiasm for tools that contribute to workforce housing solutions in Part II. When considering local and regional tools and how they could be formulated into housing strategies, policymakers would be well-advised to begin with the tools that received the most support from employers and residents:

1. Providing town/county land for workforce and local residents' housing.
2. Providing public financing through the towns, County, or housing authority.
3. Fast track processing of land use proposals that include workforce housing.
4. Towns or County taking the lead in building housing, which could be as developer or as lead on public/private partnerships.
5. Inclusionary housing, which requires new residential development to contribute to the workforce housing inventory.
6. Commercial linkage, which requires new commercial development to contribute towards workforce housing based on the need for housing for the employees of the new jobs generated.

"We need the County - Commissioners and Staff - to take a leadership role in addressing this 'perfect storm', with innovative approaches, and with commitment to seeking partnerships and solutions that will, year-by-year, bridge the gap in attainable, sustainable housing. This 'housing' must meet the needs of year-round employees and entrepreneurs in our valley - not just seasonal workers."

-2018 Survey Respondent

KEY FINDINGS AND POLICY CONSIDERATIONS

These tools represent a balanced mix of funding, partnerships, incentives, and regulations. They are some of the more aggressive tools in the affordable housing toolkit, which reflects the urgency of the issue and a good level of knowledge and acceptance of these tools by residents and employers. Of particular note is the desire for local municipalities and the County to lead housing efforts. Local government is a key player in all six of the most frequently supported strategies.

Perhaps because they experience the day to day challenges of hiring and retaining employees in the current jobs/housing environment, employers rated more strategies highly, including:

- Fee waivers for water, sewer, and other impact fees.
- Excise tax on short term rentals.
- Density bonuses for inclusion of workforce housing.

While considered slightly lower priority by residents, these tools may be appropriate components of the housing strategies for some communities.

It is clear that local communities would be wise to create some momentum and build upon successes before seeking any dedicated funding streams through a new tax (with the possible exception of short term rental excise tax). Property tax exemption, sales tax, and property tax make up three of the five least supported strategies.

The tools chapter also provides data on where among the three market areas the tools received more and less support, which should be helpful as communities consider local and valley wide housing strategies. Several themes point toward the relevancy of a valley-wide housing strategy:

- Several tools including providing town/County land and inclusionary zoning received strong support valley-wide.
- Support for housing tools was strong across households of all incomes ranges.
- Learning best practices from each other, developing regional approaches, and strengthening cooperation were consistently expressed in the open-ended questions.
- Partnerships with employers offer promising opportunities. Both small and large employers express interest in investing in workforce housing and expanding the housing opportunities they currently offer.

Communities within the valley have a long history of successful workforce housing initiatives and many have used different housing tools at different times, including public private partnerships, land trades, annexation agreements, inclusionary housing, commercial linkage fees, and leverage of local funds to match outside investments in housing. There is opportunity to build upon these successes (as well as incorporate lessons learned) to create a more consistent, unified approach going forward.





PART I

Current Conditions, Trends, and Housing Needs Update

CURRENT CONDITIONS

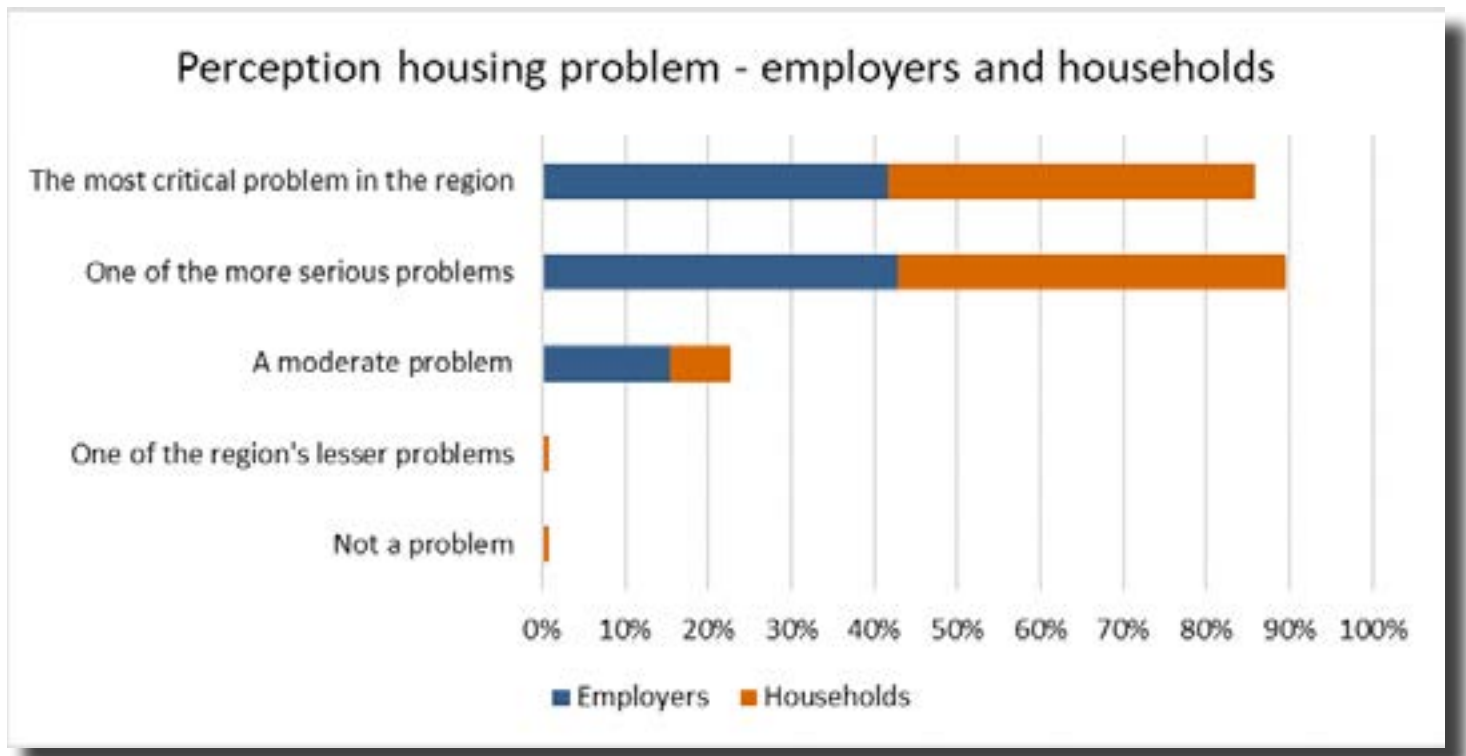
What Housing Problem?

We asked survey respondents about their perceptions of housing as a problem, by asking:

“Do you feel that the availability of housing that is affordable for the workforce in the Eagle River Valley is...”

Their response was emphatic: it’s a big problem.

- A remarkable 91% of household survey respondents felt that the lack of availability of housing that is affordable to the workforce in the Eagle River Valley is one of the most serious problems or the most critical problem in the region.
- And, 85% of employers felt that the lack of availability of housing that is affordable to the workforce in the Eagle River Valley is one of the most serious problems or the most critical problem in the region.
- No employers responded that it is “not a problem” or “a lesser problem.”

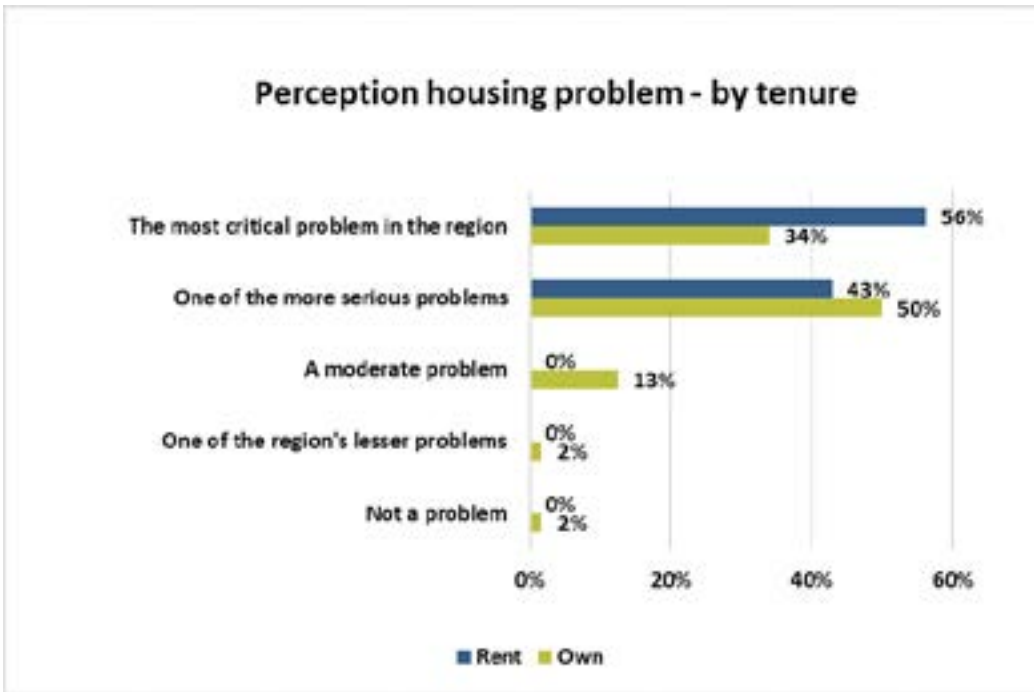


Source: 2018 employer survey, 2018 household survey.

There is strong consensus valley-wide that housing affordability is a serious or critical problem.

A full 99% of renters feel that this is one of the more serious or the most critical problem in the region, and 84% of owners feel the same way.

CURRENT CONDITIONS

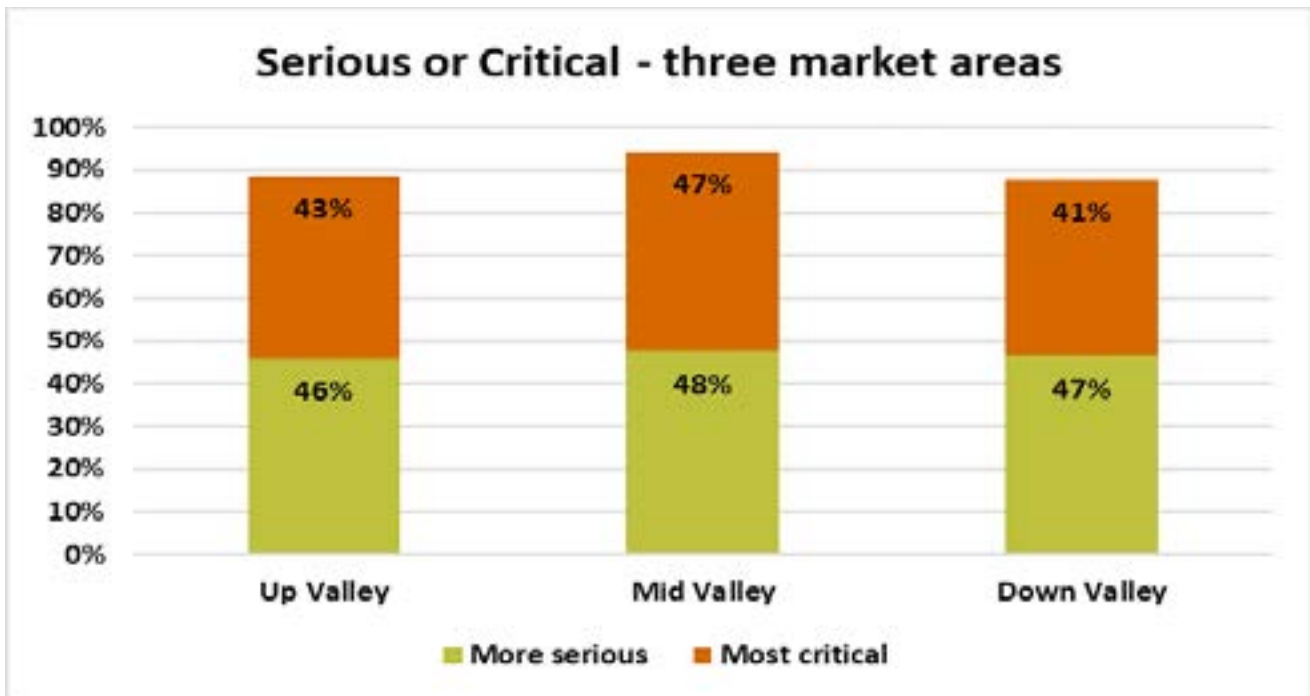


"The most common concern you hear from regular blue collar hard working adults like myself is, how bad the housing is here. It's time to make a change."

-2018 Survey Respondent

Source: 2018 household survey

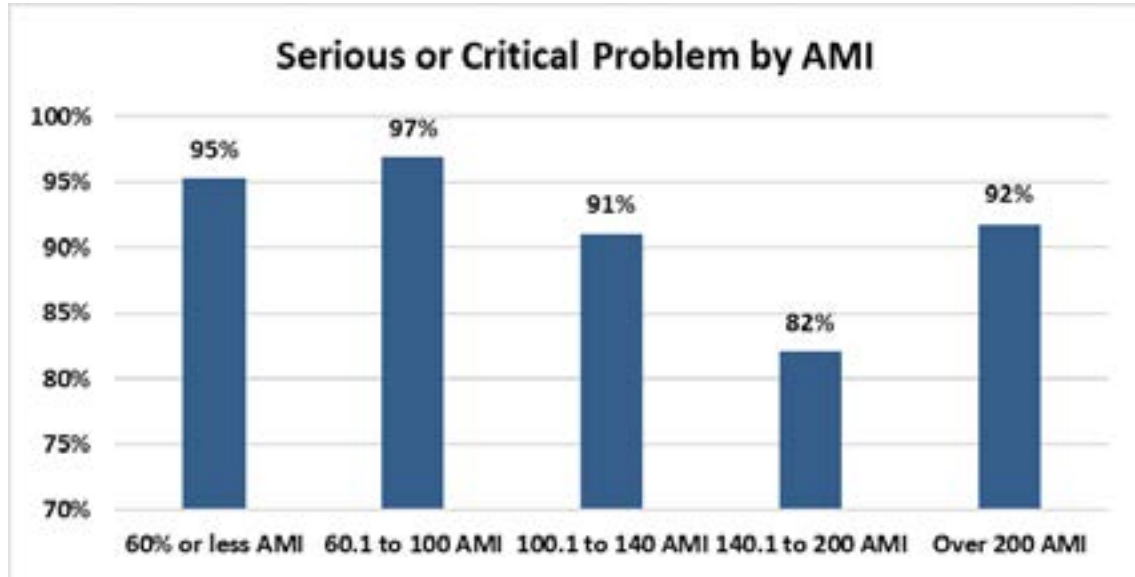
Mid valley respondents were slightly more likely to perceive the problem as “more serious” or “most critical” than their up valley and down valley neighbors; 94% compared to 89% for up valley and 88% for down valley.



Source: 2018 household survey.

CURRENT CONDITIONS

Perceptions of severity have some variation by income: combined responses for “serious” and “most critical” range from between 82% and 97%, with lower income households tending to have higher severity ratings. Interestingly, 92% of households over 200% AMI also felt it was “serious” and “most critical.”



Source: 2018 household survey



"Frustration with housing continues to grow and moved in a negative direction from 2015-16. Negative opinions about housing are higher than ever found in the history of conducting the survey. Almost three out of four businesses feel that the housing situation negatively impacts their ability to hire and retain employees and this issue was mentioned frequently when asked about additional resources that are needed."

-Vail Valley Partnership: 2017 Workforce Survey Report

WHO WE ARE AND WHERE WE LIVE

Household Characteristics

DOWN VALLEY

34% of the Valley's Year-Round Households are Located Here

90% Homes Occupied Year-Round

MID VALLEY

45% of the Valley's Year-Round Households are Located Here

61% Homes Occupied Year-Round

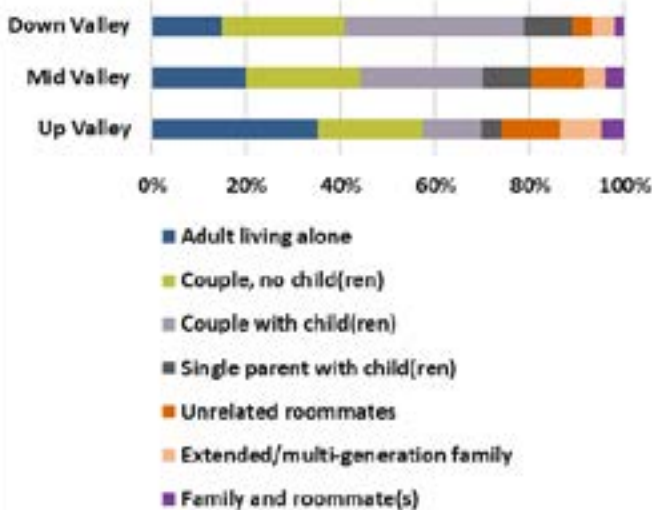
UP VALLEY

21% of the Valley's Year-Round Households are Located Here

41% Homes Occupied Year-Round

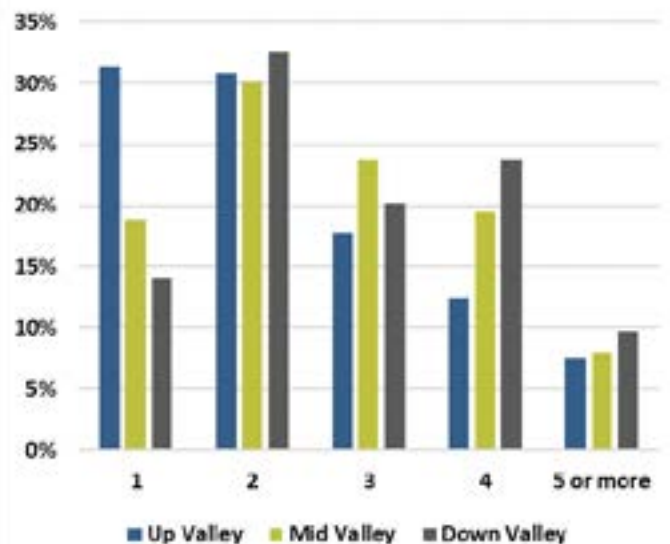


Household Types - three market areas



Source: 2018 household survey

Household Size - three market areas



Source: 2018 household survey

WHO WE ARE AND WHERE WE LIVE

Looking at the demographics of the Eagle River Valley, some of the distinctions and similarities between the three market areas begin to emerge, as well as the reasons the workforce housing shortage is being felt so acutely at this time.

Across the valley, the average household size is 2.9 people. Each household has an average of 1.8 employed persons, and each employed person has an average of 1.24 jobs. These metrics are used throughout the demand calculations.

Mid valley is home to the most year-round residents, however, down valley has been adding year-round households more rapidly since 2010. The demand for second homes and the percentage of homes occupied by full time residents is one of the defining distinctions between the three markets.

The three market areas have a number of distinctions with regard to household composition and age of residents.

- Mid and down valley are home to a higher percentage of households with children and adults in the prime working years of 30-64.
- Looking at the presence of children in the household provides a striking contrast: only 17% of households up valley have children present, while almost half (48%) of down valley households include children.
- Down valley has larger households, especially those with four or more individuals.
- Up valley is home to proportionally more adults living alone, roommates, millennials, individuals over 65 and extended/multigenerational households.
- All three market areas have similar 22-26% of couples without children.

Source: 2018 household survey



“And it doesn't matter if you are up or down valley anymore -- we would be paying the same mortgage in Eagle or Gypsum that we are currently paying in Eagle-Vail but would also be commuting our children and ourselves daily, adding to I-70 traffic and our monthly expenses.”

-2018 Survey

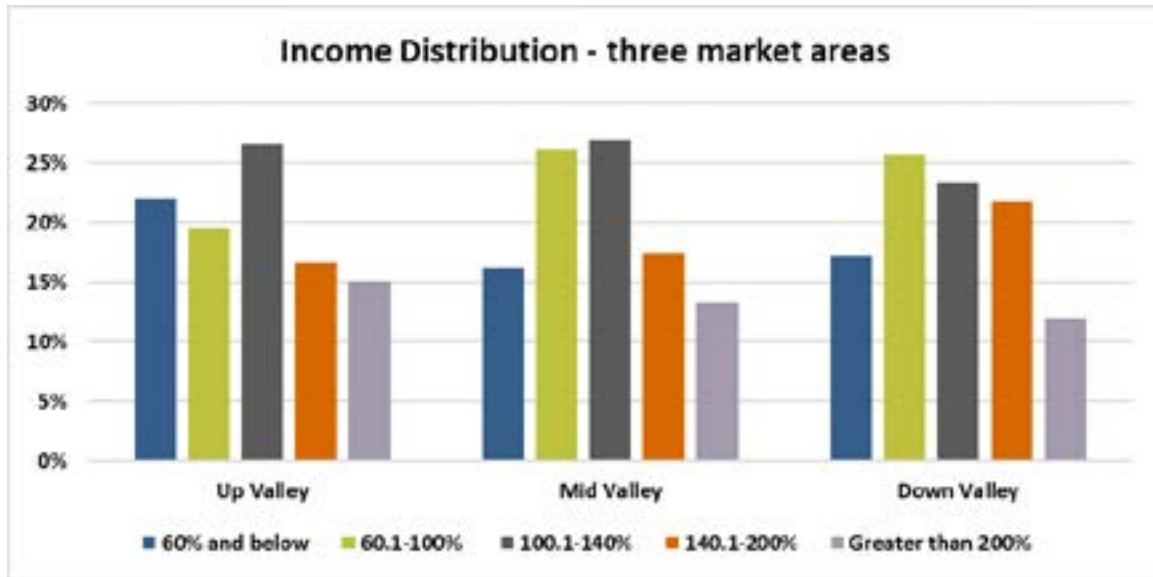
I dislike the terms "employee housing" and "workforce housing;" we are the people who choose to live here year-round and make the valley have viable communities. We are more than employees -- we are parents, teachers, business owners, service providers; we are raising families.

**-2018 Survey
Respondent**

WHO WE ARE AND WHERE WE LIVE

Incomes and Tenure

Mid and down valley have similar distribution of incomes, while up valley is home to a higher proportion of households with incomes below 60% AMI and above 200% AMI.



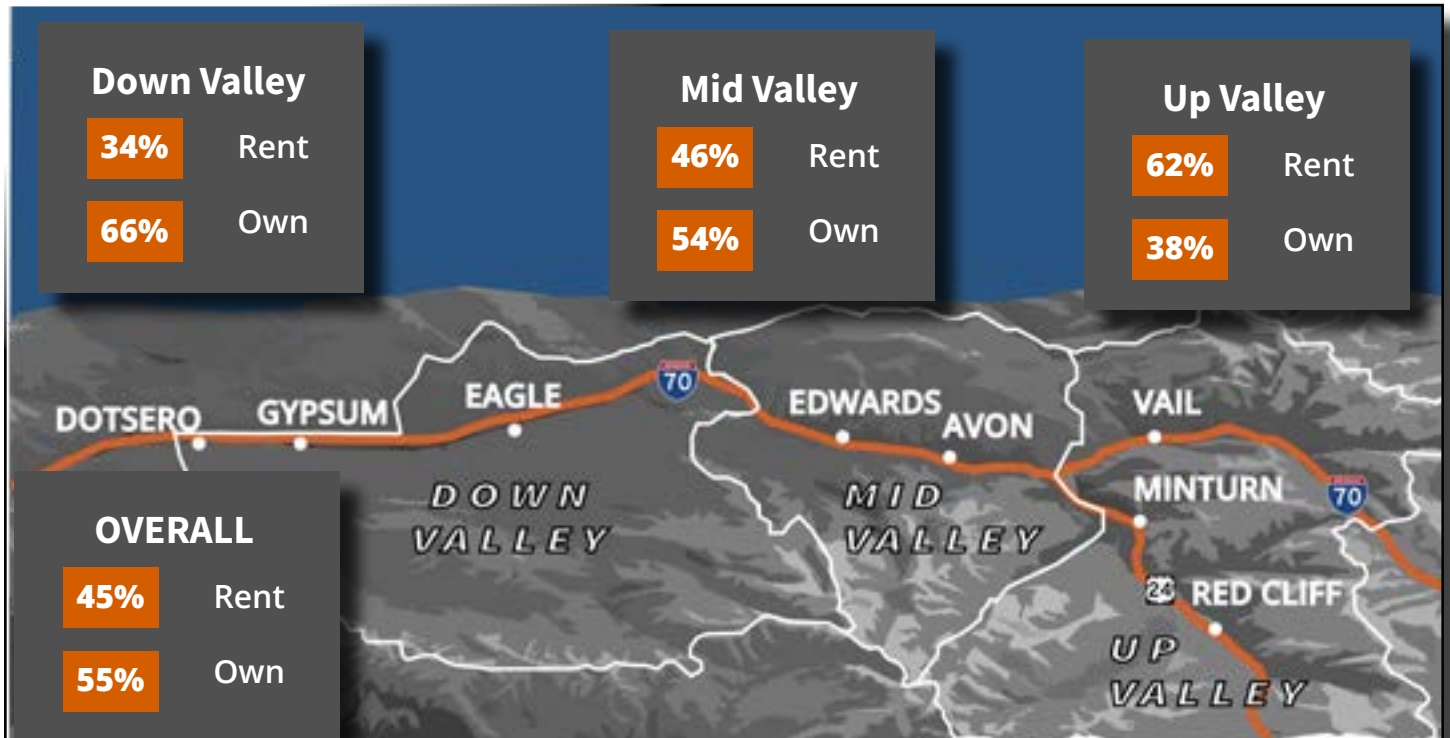
Source: 2018 household survey.

The majority of renters (58%) have incomes below the median income. As incomes increase, households become more likely to own. About 23% of renters have incomes at or above 140% AMI. These households may have formerly been considered “renters by choice,” but may be priced out of homeownership in the current market.



Source: 2018 household survey.

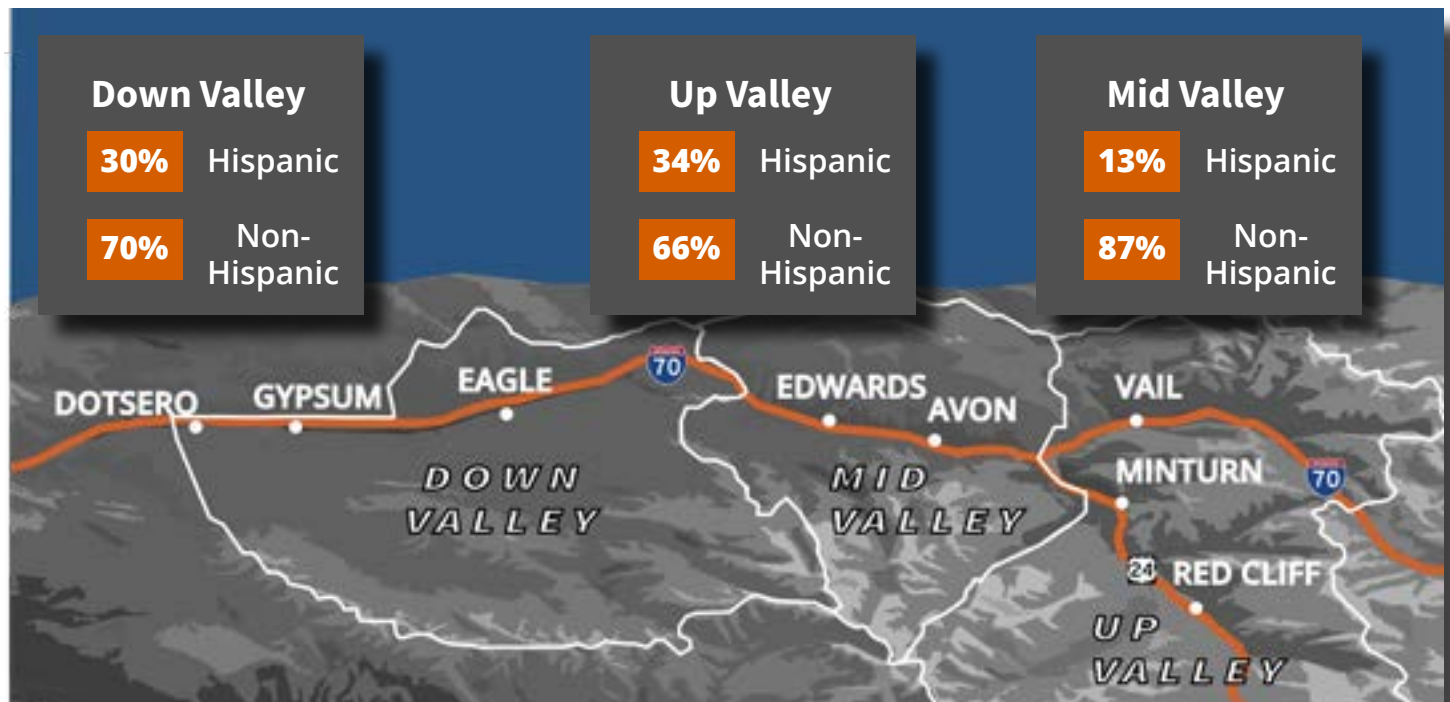
WHO WE ARE AND WHERE WE LIVE



Source: 2018 household survey.

Ethnicity

Hispanic households make up about a third of year-round residents in mid and down valley, while the percentage of Hispanic households in up valley is much smaller at only 13%.



Source: 2018 household survey.

TRENDS IN HOUSING AND JOBS MARKETS

Housing Shortage and the Economy

The housing shortage negatively impacts employers in terms of employee retention, business development and growth. In 2017, unemployment in Eagle County was 2.2%, the lowest level since 2000. This situation leaves very few employees living in the valley to fill positions. High housing costs and a predominance of low wage, tourism industry jobs exacerbate the challenge because employers have difficulty attracting and retaining employees from beyond the Valley.

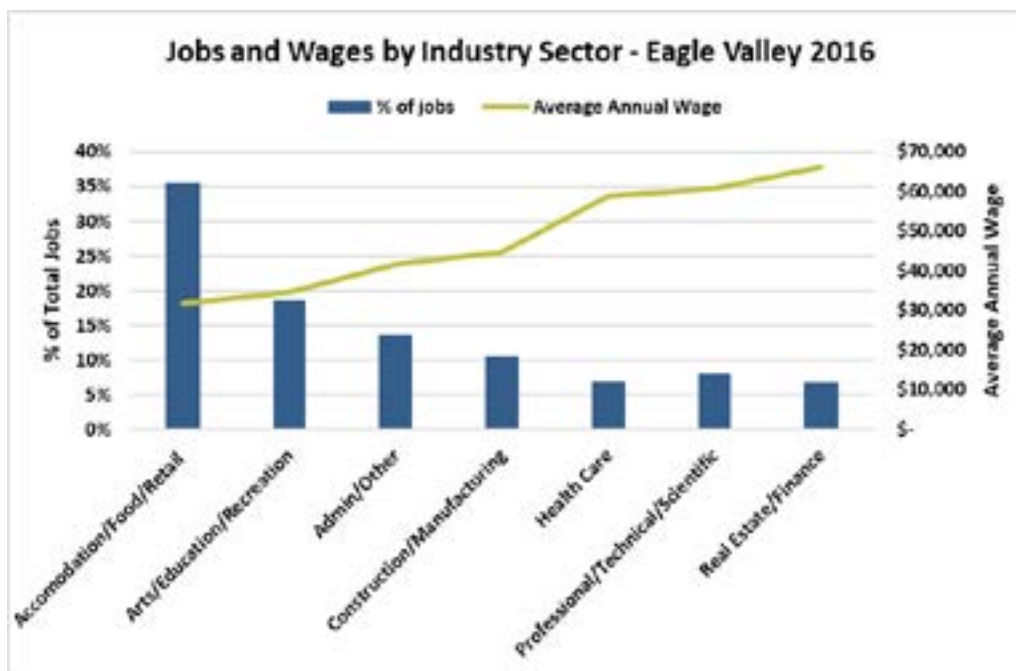
- An estimated 1,600 jobs remained unfilled, heading into the peak winter season of 2017/2018.
- Jobs are remaining unfilled for longer periods of time. Last year 43% of jobs remained open for more than a month, compared to 18% of jobs five years ago, according to the Vail Valley Partnership - 2017 Workforce Survey Report.
- As is common in resort areas, the largest employment sectors are accommodations, food, and retail.
- Eagle River Valley employees have a weekly wage \$220 lower than employees in Colorado overall.
- The fastest growing occupations will continue to be in the accommodations, food service, and retail sectors, including waiters and waitresses, retail sales clerks, food preparation, and housekeeping. These jobs typically pay wages below \$31,000/year, or about 50% AMI for a single person.

“Those of us keeping this valley operating working in retail, hospitality, and ski resort operations do not make a huge income. Yet, without us, the valley wouldn’t survive. Keep us here.”

-2018 Survey Respondent

“I came here for adventure, opportunity, and in hopes of making Vail Valley my home. In four years, I’ve been hit with the harsh reality that a single adult has no chance to truly make a home here. I have no children and work tireless hours to simply pay rent.”

-2018 Survey Respondent



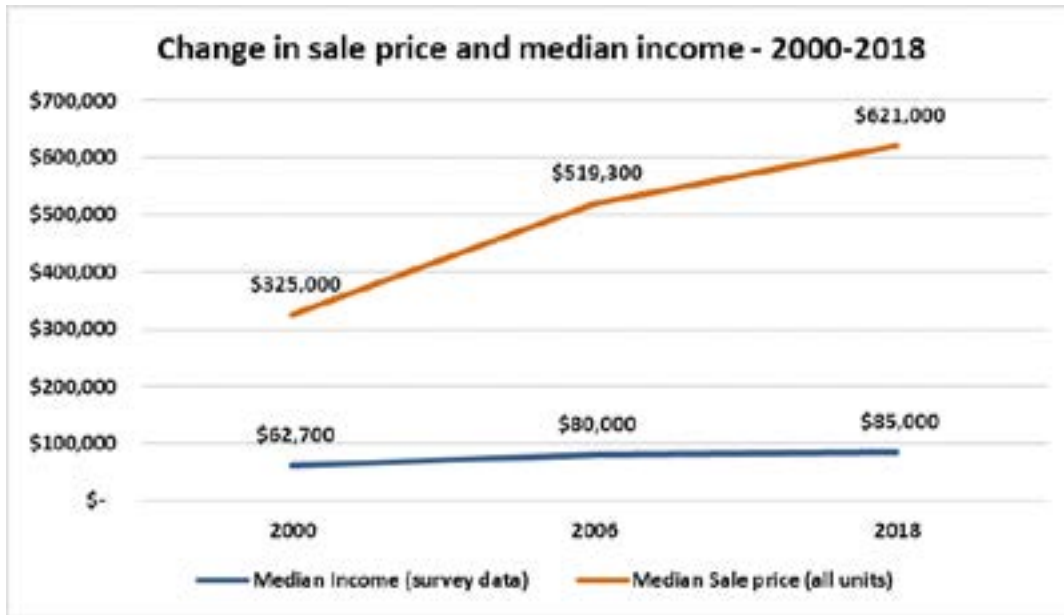
Source: QCEW 2016

TRENDS IN HOUSING AND JOBS MARKETS

An estimated 1,200 employees in the Eagle River Valley intend to retire in the next five years, and most of these retirees will stay in the valley. New employees needed to fill those jobs will struggle to find housing they can afford. Additional homes will be needed to house new employees recruited to fill these jobs as they become available.

For Sale Housing Market

The last full Housing Needs Assessment was completed in 2007. Since that time, median household income has increased 6%, while home prices increased 20%.



Source: 2007 Housing Needs Assessment, MLS

Second homeowners and short-term rental investment buyers currently compete with year-round residents for homes at all price points affordable to locals. With continued scarcity of housing throughout the valley, all three markets are likely to see continued price increases and decline in homes occupied year-round. It is very difficult to buy a home in Eagle County with an income derived in the Eagle River Valley. Based on survey data, about 5,000 local households with income below 140% AMI (\$113,000 or less for a three-person household) would like to purchase a home within the Eagle River Valley. But only 64 homes were listed for sale at prices they can afford in January of this year. The majority of these listings were condos, likely to be purchased by second home or investor buyers. There is an inventory surplus in of homes for sale over \$600,000, which serves households over 200% AMI. Buyers of these homes will predominately be from out of the area.



TRENDS IN HOUSING AND JOBS MARKETS

CURRENT MLS LISTINGS AND LOCAL HOUSEHOLDS WHO WANT TO PURCHASE

AMI Range	Max Affordable Purchase Price	# of Current MLS Listings				Households Want to Buy
		Up Valley	Mid Valley	Down Valley	Total Listings	
60% or less	\$190,000	0	0	1	1	1,440
60-100% AMI	\$316,000	1	4	7	12	2,110
100-140% AMI	\$443,000	7	13	31	51	2,120
140-200% AMI	\$632,000	12	22	43	77	1,550
Greater than 200% AMI	-	199	218	68	485	1,070
Total		219	257	150	626	8,290

Source: MLS, household survey, consultant team

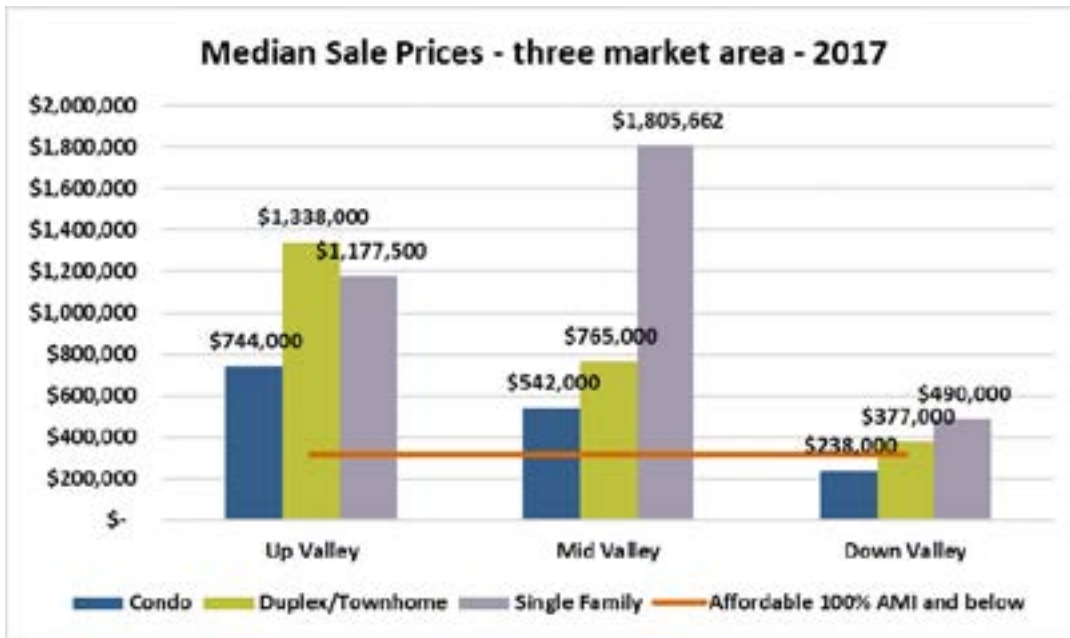
A local household would need an income of about \$152,000 (or 236% of Area Median Income) to afford the median priced home that sold in 2017.



Source: MLS, CHFA, consultant team

Last year, median sales prices exceeded what is affordable to a household with median income for all areas and home types except condos in the down valley.

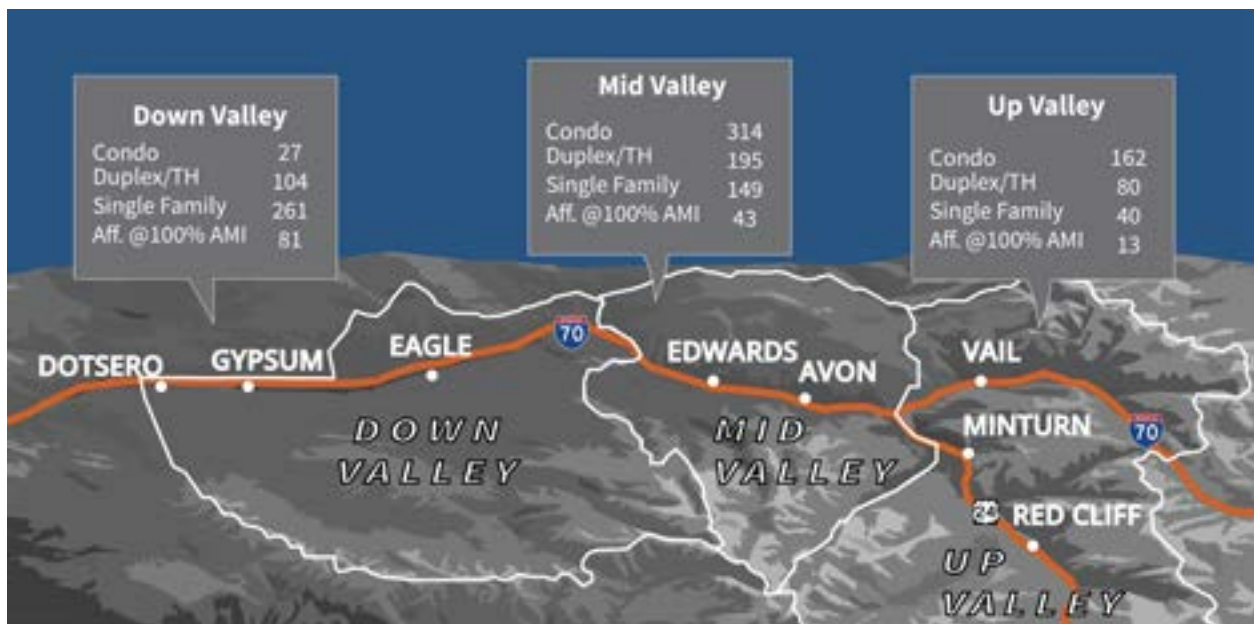
TRENDS IN HOUSING AND JOBS MARKETS



Source: MLS, consultant team

Scarcity is a significant factor in the high cost of housing. Of the 1,300 homes sold last year, only 10% sold at prices that would be affordable to a household with income of \$80,600 or lower (100% AMI). Up valley, only nine condos in Vail and four single family homes in Red Cliff were affordable for incomes of 100% AMI. Mid valley, all homes sold that would be affordable to 100% AMI or lower were condos, and single-family homes were distinctly unaffordable with a median price approaching \$2 million. Down valley there was a more balanced mix of condos, duplexes, townhomes, and single-family-homes, however, only 21% of all homes sold down valley were affordable to 100% AMI households.

Number of Homes Sold - 2017



Source: MLS

TRENDS IN HOUSING AND JOBS MARKETS

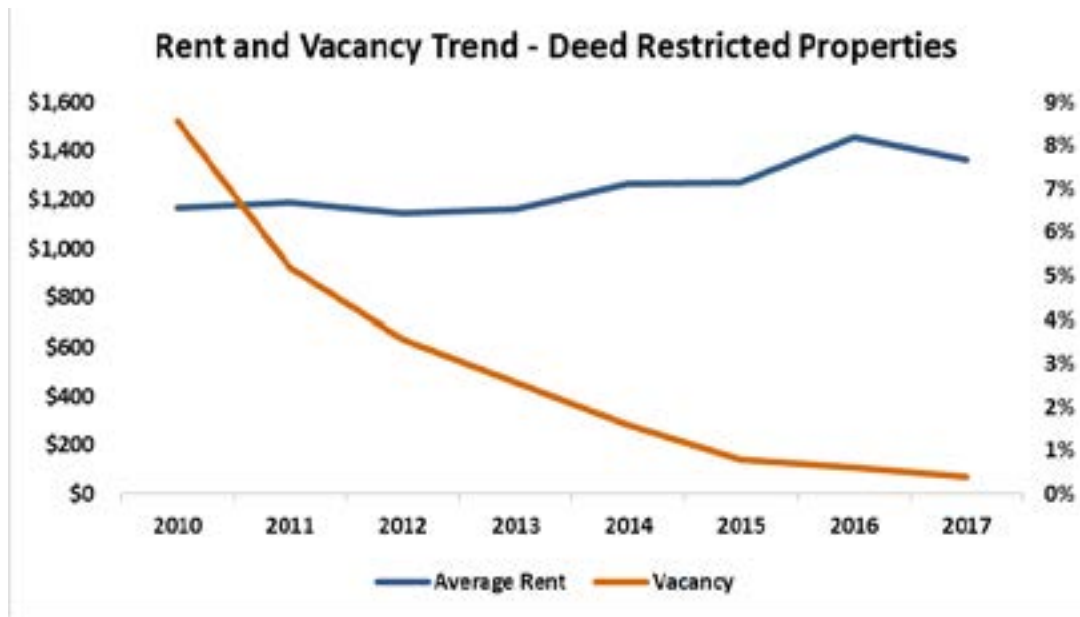
For Rent Housing Market

It is similarly difficult to rent a home. Over the past five years, vacancy rates have been dropping, and rent levels rising. With vacancy levels now approaching zero, the rental market is no longer functioning effectively. Employees who are new to the area, or people needing to move based on changes in their housing needs have great difficulty finding a home to rent. Landlords experience low turnover and have little incentive to make repairs and improvements. Such scarcity has driven prices more rapidly than wage increases.

IN 2007, AVERAGE RENT FOR ALL UNIT TYPES WAS \$1,150. CURRENTLY, AVERAGE RENT IS \$1,700, AN INCREASE OF 48%.

In 2007, average rent for all unit types was \$1,150. Currently, average rent is \$1,700, an increase of 48%. (Both figures exclude utilities, which also impact affordability.) Incomes have only increased 6% over that time period. This dynamic is driving up cost burden, especially among the lowest income renters.

Most the rental housing reported on this trend graph has deed restrictions that place a cap on rents. As the economy has improved, vacancy rates have plunged, but rents have only increased modestly, due to the deed restrictions. In free market rentals, low vacancy rates are pushing rapid price increases.

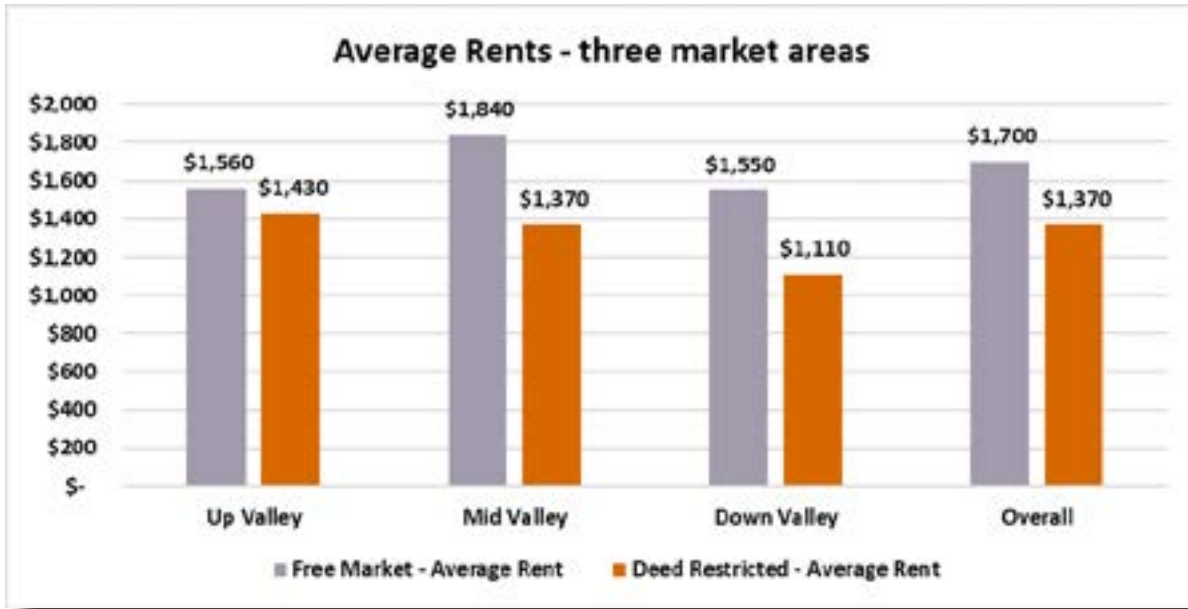


Source: Polar Star Market Reports 2010 to 2017

With rental inventory limited, renters of all incomes are competing for the same units, and the lowest income renters are only paying about 19% less than the highest income renters. Employees in a household need to work about 120 hours a week, or three full time jobs, at minimum wage for the average rent and utility payment to be considered “affordable.”

Mid valley has the highest average free market rent, likely due to a higher number of households renting larger single-family homes. Overall, the gap between free market and deed restricted in the region is about 20% or approximately \$330/month.

TRENDS IN HOUSING AND JOBS MARKETS



Source: 2018 household survey, December 2017 Polar Star Market Report

The gap between market and deed restricted is about \$350/month for two- and three-bedroom homes.



Source: 2018 household survey, December 2017 Polar Star Market Report

“The cost of rent is absurd. People are paying \$1000+ a month in some units to rent an air mattress on a floor in a closet with no windows, no parking, utilities not included, you get the picture.”

-2018 Survey Respondent

TRENDS IN HOUSING AND JOBS MARKETS

Commuting



The mismatch between where local workers live and where jobs are located requires much of the workforce to commute.

- About 9% of the workforce commutes from outside of the valley;
- Vail has a jobs/housing balance of approximately 6,000 jobs, requiring at least that number of employees to commute into Vail from other parts of the valley;
- Mid valley has a more balanced housing/jobs mix, with only about 600 more employees than jobs;
- Down valley plays a significant “bedroom community” role, housing more workers than there are jobs.



TRENDS IN HOUSING AND JOBS MARKETS

Housing Shortage and Cost Burden

The tension between high housing costs and low wages is hurting individuals and families in the community. As households stretch to find and retain housing in a tight market, the proportion of their income spent on housing increases, leaving less for food, healthcare, childcare, transportation, and retirement savings.

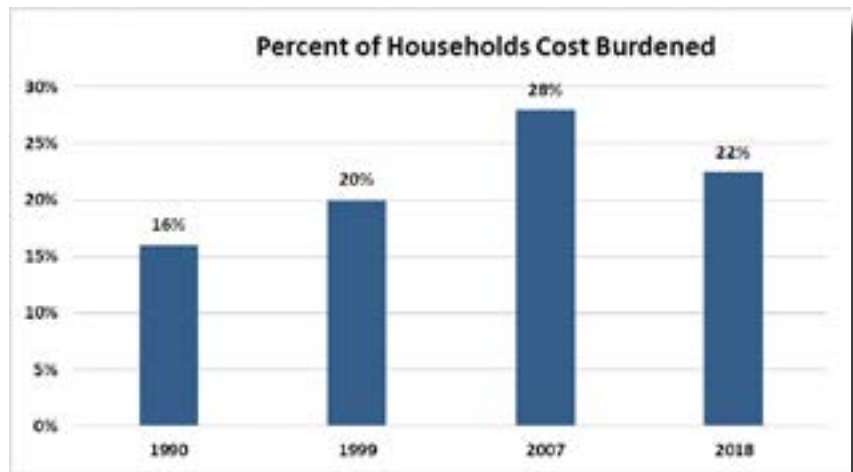
When a household spends more than 30% of income on housing, they are considered “cost burdened.” The term “severely cost burdened” is used when more than 50% of household income is devoted to housing costs.

- Approximately 3,800 households (22% of all households) in the Eagle Valley currently live under the duress of cost burden.
- The percentage of households experiencing cost burden has decreased since 2007.
- When asked about their housing plans, 13% of survey respondents reported that they intend to leave the Eagle River Valley in the next five years, which may be an indicator of the trend observed by realtors and property managers that residents who are ready to own a home, start a family, or “step up” in their career may choose to leave the community.

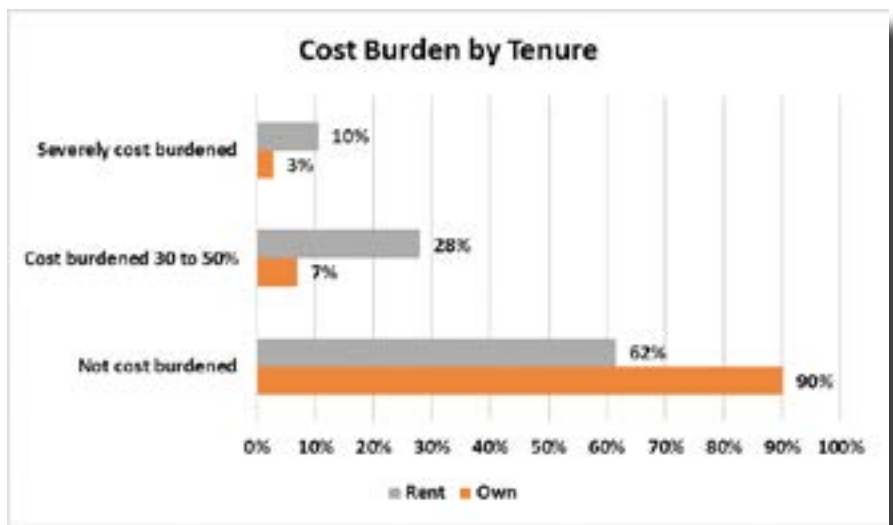
Not surprisingly, cost burden disproportionately impacts renters and lower income households. About 64% of all households under 60% AMI are cost burdened; a third are severely cost burdened. As incomes increase, the likelihood of cost burden decreases.

Of renters, 38% are cost burdened, compared to 10% of owners. Renters are also more frequently severely cost burdened; 10% compared to 3% of owner households.

The problem of cost burden exists valley wide. It is most prevalent in mid valley where about 2,000 households (about a quarter) are cost burdened. About 21% of down valley households are cost burdened and 19% of up valley households.



Source: 2007 Housing Needs Assessment, 2018 Household Survey



Source: 2018 Household Survey

HOUSING DEMAND UPDATE

Eagle County has been consistently using the “catch up/keep up” method of calculating housing demand over the past decade. In this report, the approach is refined to provide demand calculations and market gaps for the three market areas within the Eagle River Valley, as well as the valley in total.

Estimates are provided for the number of housing units that are needed to support job growth, sustain employers and employees, and stabilize housing prices.

“CATCH-UP” NEEDS

the number of housing units needed to address current deficiencies in housing calculated by considering overcrowding, unfilled jobs and in-commuting employees who want to live in Eagle County

“KEEP-UP” NEEDS

the number of units needed to keep up with future demand for housing based on projected employment and population growth and the requirement to replace retiring employees. Keep up demands are projected for 2020, 2025, and 2030. The further out these projections look, the more prone they are to change due to unforeseen conditions.

This demand update provides data by region, AMI, tenure, and for the valley as a whole. This summary table below includes homes that the free market will provide, and homes for which subsidies, incentives, and/or regulations will be required.

ESTIMATED HOUSING DEMAND - EAGLE RIVER VALLEY - 2018 THROUGH 2030

	2018	2020	2025	2030
Catch-up (Existing Needs)				
Unfilled Jobs	1,100			
Rental Market	310			
In-Commuters	560			
Overcrowding	800			
Total Catch-up	2,780	2,780	2,780	2,780
Keep Up (Existing Needs)				
New jobs		1,030	2,350	3,870
Retiring employees		200	770	1,320
Total Keep-up		1,250	3,120	5,190
Total Housing Units Needed	2,780	4,030	5,900	7,970

HOUSING DEMAND UPDATE

Own/Rent Mix

Both ownership and rental housing that is affordable for the local workforce and other residents is needed. The gap estimates below use a mix of 55% ownership and 45% rental, generally reflecting the current own/rent composition in the community. For homes that will be built to address local needs, the ownership/rental mix is not exact, but in practice largely a function of the community's desired direction, housing goals, opportunities and private market performance. While the rental market rebounded more quickly post-recession than the ownership market, both have now sufficiently recovered to warrant additional development.

Location

The total number of housing units needed are allocated by area based on owners and renters first choice for where they want to live in the Valley. This approach:

- Is most responsive to market demand and the preferences of residents;
- Recognizes the extensive cross commuting that exists – although jobs location is closely aligned with where residents most want to live (see the Housing Solutions section); and
- Improves the housing/jobs balance among new jobs and workers coming into the Valley.

While the location of jobs is one factor that influences where employees want to live, others like schools, shopping, and community and neighborhood character are key determinants of location preferences.

One weakness to this approach is that it doesn't incorporate land constraints, development opportunities, or the level of subsidies required in different market areas. Policy makers working regionally could decide to re-allocate workforce housing production goals with these considerations in mind.

Gap

The market will address a portion of both ownership and rental housing. The income levels that the market now serves vary within the Eagle River Valley as shown on the following table. By 2020, the total housing projected is 4,030 homes. We anticipate a portion of those homes will be supplied by the free market. The gap not served by the market will total around 2,450 units– about 1,220 for sale and 1,230 rental units, very close to a 50/50 split of for sale and for rent. Monitoring market conditions and making changes, if needed, to the forecasting model in the income levels served by the market would generate changes in the owner/renter mix and overall workforce housing gap moving forward.

"Housing for year round working families is so expensive, that when we retire within the next 5 years, we cannot afford to stay in the area where we have lived for the past 28 years and raised our family, who have grown and moved away due to cost of living."

--2018 Survey Respondent

HOUSING DEMAND UPDATE

For Sale Housing Gap by Region and Income - 2020

Owner Units by AMI	Max Affordable Price	Up Valley	Mid Valley	Down Valley	Total
Where Owners Want to Live		26%	39%	35%	100%
<60%	\$253,000	48	72	66	186
60.1% to 100%	\$316,000	122	180	164	466
100.1 to 140%	\$443,000	173	256	234	663
140.1 to 200%	\$632,000	135	200	183	518
Over 200%	>\$632,000	90	134	122	346
Gap - # for sale units		480	510	230	1,220

Rental Gap by Region and Income - 2020

Rental Units by AMI	Max Affordable Rent	Up Valley	Mid Valley	Down Valley	Total
Where Renters want to live		42%	40%	18%	100%
<60%	\$1,200	212	202	91	505
60.1% to 100%	\$2,020	228	217	98	543
100.1 to 140%	\$2,820	143	136	62	341
140.1 to 200%	\$4,030	95	91	41	227
Over 200%	>\$4030	73	69	31	174
Gap - # of rental units		580	560	90	1,230
Total Gap		1,060	1,070	320	2,450

*Totals are rounded to the nearest 10.

Key	
Gap - Market does not provide	100
Blend - Market partially provides	100
Market provides	100



WHAT IS BEHIND THE NUMBERS?

The estimates for housing demand are composed of a variety of assumptions, some quite conservative, others more aggressive. When considered in aggregate, they represent a balanced picture. However, the reality of these projections can change rapidly, as market conditions fluctuate. For that reason, the consultant team has provided Eagle County Housing and Development Authority with a spreadsheet to do annual updates that reflect actual job growth.

Variations in the economy will most certainly occur between now and 2030, and the projections for that timeframe should be refreshed frequently. The full census in 2020 will also provide a good opportunity to update these assumptions and projections. This section provides a brief explanation of each assumption used in the demand update. The full description of sources and methods can be found in Attachment D.

Unfilled Jobs

About 1,050 homes are needed to fill the estimated 2,470 jobs that remained unfilled during the peak winter hiring season this year.

Unfilled Jobs	Assumptions & Units Needed
Unfilled jobs (Dec/Jan 2018)	2,470
Jobs per worker	1.24
Employees per household	1.8
Housing Units Needed	1,100

Functional Rental Market

Availability of rental housing is so low that the market does not function properly:

- renters have difficulty moving from one unit to another as their circumstances change,
- rents have been increasing at rates much faster than incomes, and
- vacancy rates are less than 1%.

The lack of a functional rental market makes it very difficult for new employees to find housing when hired to support an expanding economy.

A vacancy rate of 5% is generally considered a balanced market in mountain communities. At this vacancy level, it tends to be financially feasible to own and operate rental units, and unit availability is typically adequate to provide choice for renters and stabilize rental rates. To increase the vacancy rate to 5%, approximately 310 additional rental units are needed.

Rental Market	Assumptions & Units Needed
Number of existing rental units - 2017	7,660
Number with 5% vacancy rate	7,970
Housing Units Needed	310

WHAT IS BEHIND THE NUMBERS?

In-Commuters

About 9% (2,600) of all employees are now commuting into the Eagle Valley for work. Based on employer estimates, about 39% (1,010) of employees would move to the valley if affordable housing options were available. This generates demand for an additional 560 units to accommodate employees who already work in the region.

In-commuters	Assumptions & Units Needed
Number of in-commuters	2,600
Employees who would move	1,010
Employees/household	1.8
Housing Units Needed	560

Overcrowding

An estimated 2,670 households in the Eagle River Valley are living in overcrowded conditions. Typically, an increase in the supply of workforce housing equal to about 30 percent of the number of overcrowded units will largely address overcrowding to the extent practical, given consumer choices and cultural preferences.

Overcrowded	Assumptions & Units Needed
Overcrowded units	2,670
% need to reduce overcrowding	30%
Housing Units Needed	800

New Jobs

The single largest driver of local workforce housing demand is new homes to keep up with estimated job growth. The following table includes numerous assumptions and estimates to identify the number of housing units needed over the next two, seven, and twelve years. As stated above, these can be kept up to date by the Eagle County Housing and Development Authority using the consultant team spreadsheet.

New Jobs	Assumptions & Units Needed		
	2020	2025	2030
Increase in Jobs over 2017	2,304	5,250	8,643
Jobs per Employee	1.24	1.24	1.24
New Employees	1,858	4,234	6,970
Employees/household	1.8	1.8	1.8
Housing Units Needed	1,030	2,350	3,870

WHAT IS BEHIND THE NUMBERS?

Retiring Employees

About 110 homes are needed each year to provide housing for employees who will fill the jobs vacated by approximately 240 employees anticipated to retire each year in the Eagle River Valley. Most retiring employees intend to stay in the community post retirement. For those who intend to move, it is unlikely their homes will be affordable to the employees needed to replace them.

Retiring Employees	Assumptions & Units Needed
# of employees to retiring annually	240
Jobs/employee	1.24
Employees/household	1.8
Housing Units Needed Annually	110





PART II

Housing Solutions

Part II provides information for use in the planning, design and development of housing in the Eagle Valley. It examines the type, size and price of home residents prefer as well as location preferences and neighborhood considerations to support the selection and planning of sites for housing development. It consists of three sections:

- Ownership Housing Design and Development
- Rental Housing Design and Development
- Housing Tools

These sections answer the questions:

1. Where should housing for locals be built?
2. How should it be designed?
3. What pricing is appropriate?
4. What tools are most likely to be successful?



OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Market Size

The current potential market for homeownership in the Eagle Valley consists of approximately 8,290 households. These estimates are based on residents who indicated they want to move within the Eagle River Valley within the next five years. They represent the market from which ownership projects must draw buyers, and are distinct from the estimates of housing need presented in Part I.

- About two-thirds are renters who want to move into ownership; and
- Roughly one-third are owners who want to buy a different home.

Potential Homeownership Market by Own/Rent

	Own	Rent	Overall
Total # of Households, 2017	9,350	7,650	17,000
% want to move into a different home within the Eagle River Valley in 5 years	34%	75%	53%
# want to move into a different home within the Eagle River Valley in 5 years	3,180	5,810	9,010
% want to own	99%	89%	92%
# want to own	3,150	5,170	8,290

Source: 2018 household survey

"My partner and I are both year-round public service employees. [...] Eagle County is not a place that facilitates young couples looking to build a future with its current housing issues. Unless this changes, we might have to search for employment elsewhere."

-2018 Survey Respondent

Three-fourths of renters want to move within the valley in the next five years and, of these, nearly 90% want to own. The percentage who want to move into ownership is high compared to the 65% of households that owned homes in 2007, and much higher than is realistic given affordability and down payment availability, which are examined later in this section. The extremely limited availability of rental housing and escalating rents in recent years likely contributed to the increased desire for ownership.

Most owners (66%) want to stay in their current residence although about one-third want to buy a different home. If more homeownership opportunities are provided, more choices and movement within the ownership market would be an overall positive. However, there is a challenge for the year-round resident housing supply, because homes currently occupied by local residents are likely to be sold to second homeowners, see Policy Considerations.

Decisions about the provision of homeownership opportunities – number of units, location, unit type, amenities and pricing, will depend on policy and developer decisions as to which segments of the potential market for homeownership should be the focus.



OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Tradeoffs in Location/Price/Size/Type

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

- Location - a home in the community where you most want to live
- Price - a home that is the most affordable option for the minimum size you need; the best value
- Size - space is key; you would choose a larger home that might require you to share walls, like a town home, rather than a smaller single-family home.
- Type - Type is an important consideration if you would choose to live other than where you prefer to buy a single-family house rather than a condominium or townhome

A key finding is that type of home and size of home is relatively unimportant for potential buyers compared to location and price. This suggests that there is flexibility in terms of the type of units to be developed in response to demand. If priced appropriately and located where desired, condominiums and townhomes may be acceptable to many who prefer to buy a single-family house. If housing cannot be developed where potential buyers want to live or prices are not considered to be a good value, it will be more important to provide the type of units that buyers most want.

Importance by Own/Rent

1=most important; 4=least important

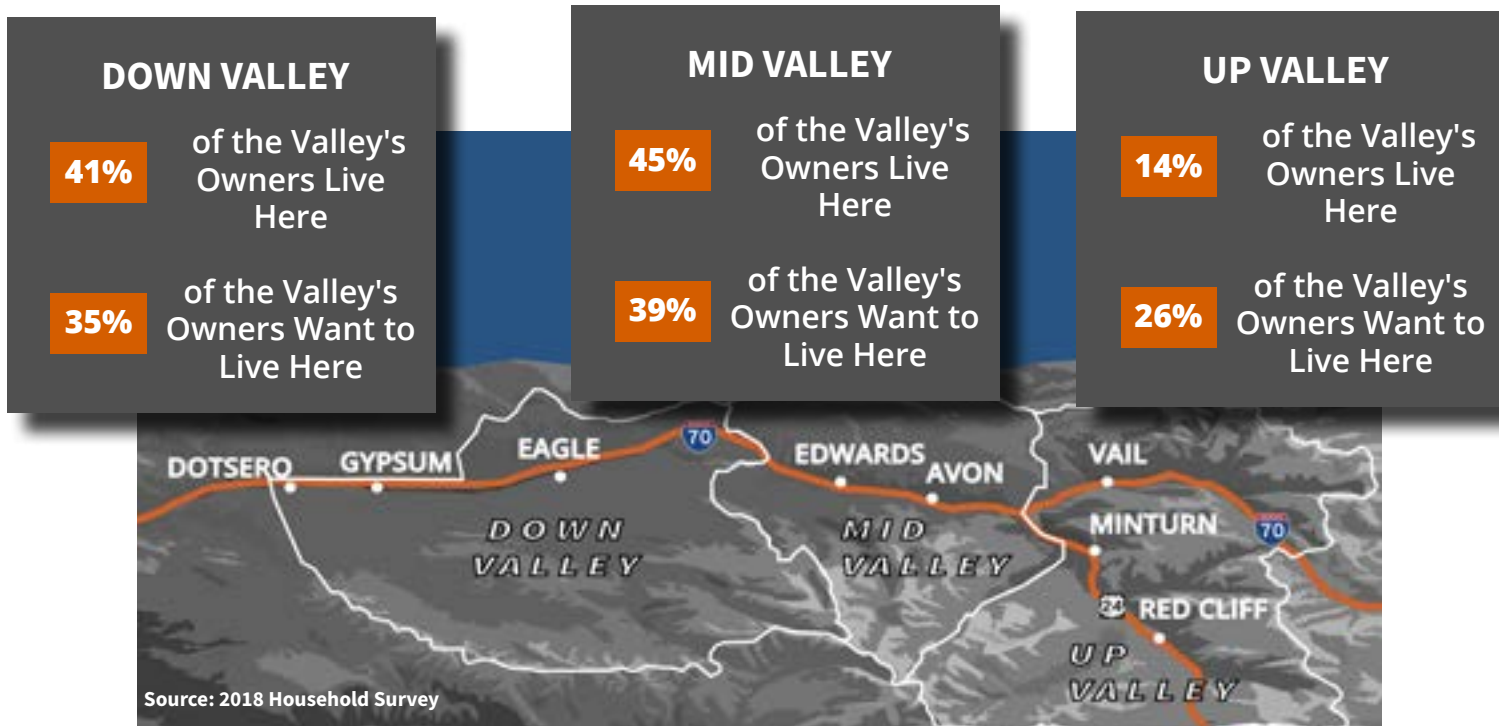
	Own	Rent
Location	1.84	1.94
Price	2.04	1.63
Size	2.95	3.08
Type	3.17	3.35

Source: 2018 household survey



OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Location – Where Owners Now Live and Want to Live



Most owners live in the area of the valley that is their first choice. This is especially true up valley where over 90% of owners are living where they most want to live. Nearly 10%, however, would prefer mid valley. Of mid valley residents who would rather live elsewhere, most prefer up valley. In contrast, more down valley owners would like to live in mid valley than up valley.

Where Owners Want to Live by Where They Now Live

Shading denote residents who live where they most want to live.

	Live Now		
Want to live (first choice)	Up Valley	Mid Valley	Down Valley
Up Valley	91%	24%	7%
Mid Valley	9%	70%	16%
Down Valley	0.0	6%	77%
Total	100%	100%	100%

Source: 2018 household survey

Individual communities show:

- Proportionately more owners want to live in Vail and Minturn;
- Slightly fewer want to live in Edwards;
- In Eagle, preferences are in line with the current condition with about one-fourth of owners wanting to and now living there.

OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Location – Where Owners Now Live and Want to Live (cont'd)

- In neighboring Gypsum, however, proportionately more owners reside there than desire.

These findings suggest location preferences are based largely on community rather than area, at least with regards to down valley.

Where Live and Want to Live by Town

Where do you now live in or near	Now Live	1st Choice	Difference
Vail	9%	19%	↑
Minturn	3%	6%	↑
Eagle Vail	8%	8%	↔
Avon	9%	7%	↓
Edwards	27%	23%	↓
Eagle	23%	24%	↔
Gypsum	13%	8%	↓

Source: 2018 household survey. Note: Redcliff, Wolcott, and Dotsero excluded due to small sample size.

Location Characteristics

Up valley appeals most to households without children – about 60% are singles living alone, couples without kids and roommate households.

Mid valley appeals to a broad mix of households.

Down valley is home to relatively more families – over 60% of owner households living there include at least one child.

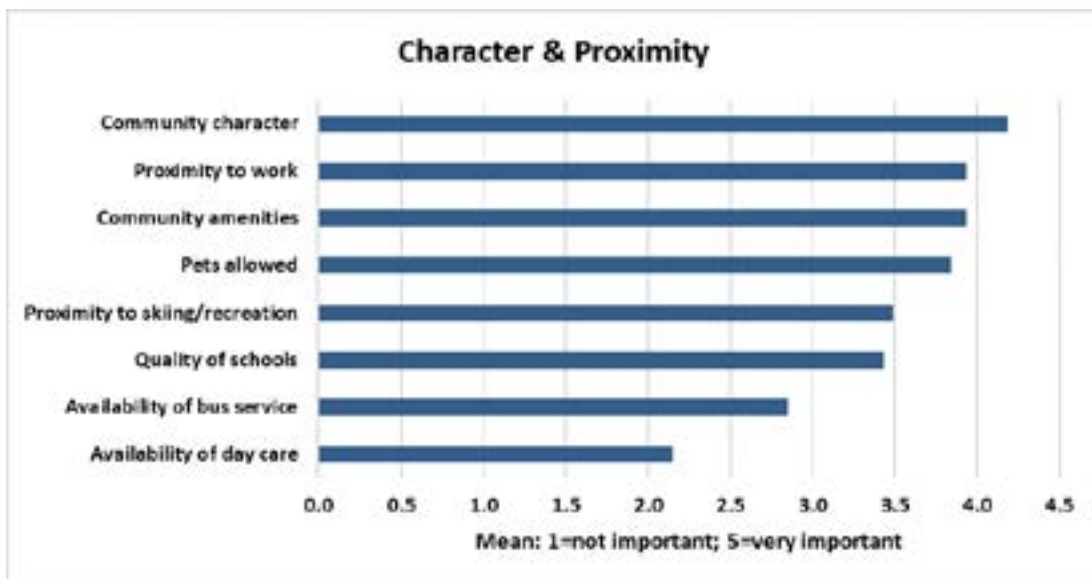


OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Location Attributes

Homeowners in the Eagle Valley rate community character, defined as “locals or family-oriented, social opportunities, entertainment, restaurants, etc.” as their top consideration when choosing where to live, higher than proximity to work, which is at the top of the list among renters.

- Proximity to work is the second highest consideration for homeowners;
- Community amenities - schools, parks, libraries, etc., amenities rate high in importance among homeowners.
- The ability to have pets is also a top consideration with two-thirds of owners rating pets as very or extremely important.



Source: 2018 household survey

OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

In addition:

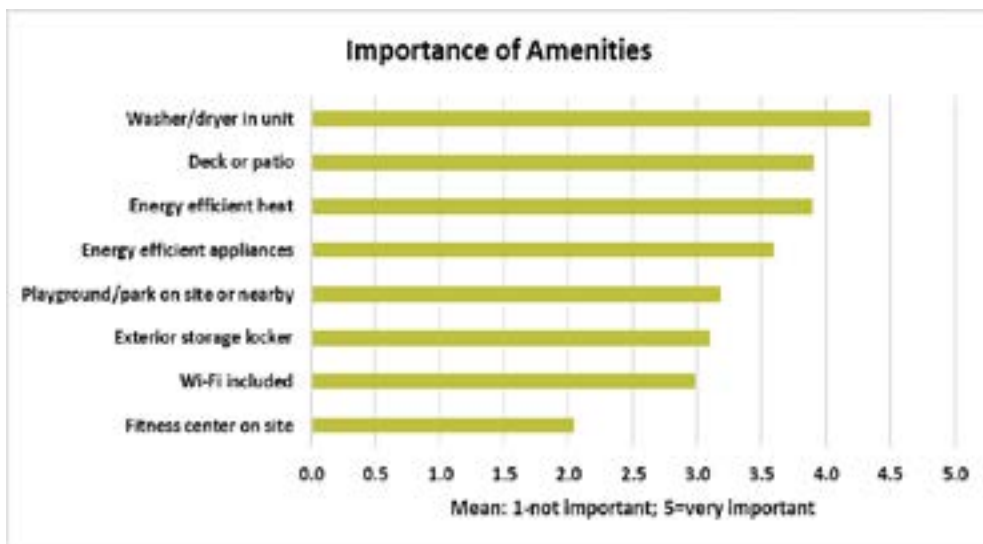
- Owners who live alone generally place less importance on character and proximity attributes but rank availability of bus service and proximity to skiing/recreation higher than other types of households.
- Couples with children generally rank location attributes higher than other households, especially availability of day care and quality of schools. They place lower than average importance on bus service and proximity to skiing/recreation.
- The importance ratings by other types of households tend to fall in between the preferences of people living alone and couples with children.
- Mid valley resident rate most location attributes slightly higher than other owners while down valley owners generally place lower importance on location attributes. A few specific distinctions
 - Mid valley residents place greater importance on proximity to work and community character.
 - Quality of schools and availability of day care is higher for mid and down valley owners.
 - Up valley owners place greater importance on availability of bus service.

Amenities

Households ranked amenities as follows:

- In-unit washers and dryers top the list of amenities, rated either very or extremely important by 85% owners.
- Decks or patios rate equally with energy efficient heat - 70% of owners rank both very/extremely important.
- Playgrounds or parks on site are also important to owners, especially households with children, and considerably more important to owners than renters.
- Fitness centers on site are generally not important, as is typically the case in mountain communities where recreation opportunities are abundant. Fewer than 9% of owners consider on-site fitness centers important.

As with location attributes, mid valley owners generally rate the importance of amenities higher than elsewhere in the valley. There are few differences in the rank order of amenities by area of the valley though down valley owners rate energy efficient appliances and heat, and exterior storage lockers noticeably lower than other owners, presumably due to its milder climate and because many down valley homes have garages.

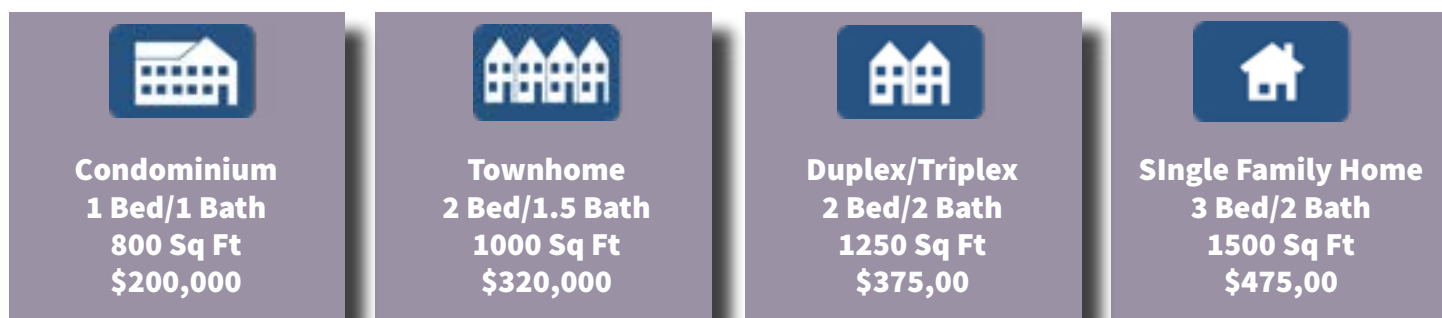


Source: 2018 household survey

OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Unit Type

Residents who want to buy within the next five years were asked to rate four housing options on a scale where 1 = not at all interested and 5 = very interested. The hypothetical home types were created to test demand and tradeoffs. The prices are based on price points affordable to local employees and recent history of deed restricted home sales.



Renters who want to buy are flexible with regards to unit type, with single family homes, duplex/triplex units and townhomes receiving similar ratings despite large price differences. Owners who want to buy a different home have strong preferences for a single-family home.

Income levels and type of units that residents are interested in buying are correlated.

- Lower income households are more interested in attached units, with townhomes rating higher than condominiums or duplexes/triplexes.
- Higher income residents have little interest in condominiums and a strong preference for single family homes, with duplexes and triplexes preferred over townhomes.







Source: 2018 household survey

OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Unit Type

Type of Home Desired by AMI

This distribution is based on very interested (ratings of 5) responses.

				
60% or less AMI	56%	30%	15%	6%
60.1 to 100 AMI	24%	24%	28%	29%
100.1 to 140 AMI	17%	29%	30%	26%
140.1 to 200 AMI	3%	8%	16%	24%
Over 200 AMI	0%	8%	11%	14%

Source: 2018 household survey

Upgrades

Survey respondents had the opportunity to rate upgrades they would seek to and believe they can afford regards to a hypothetical home. When given an array of add on features or upgrades to choose from, fewer than 10% indicated they would prefer the base models. A private yard for \$10,000 was the top choice for both renters and owners who want to buy.

There are notable differences, however, between owners who want to move into a different residence and renters who want to move into ownership.

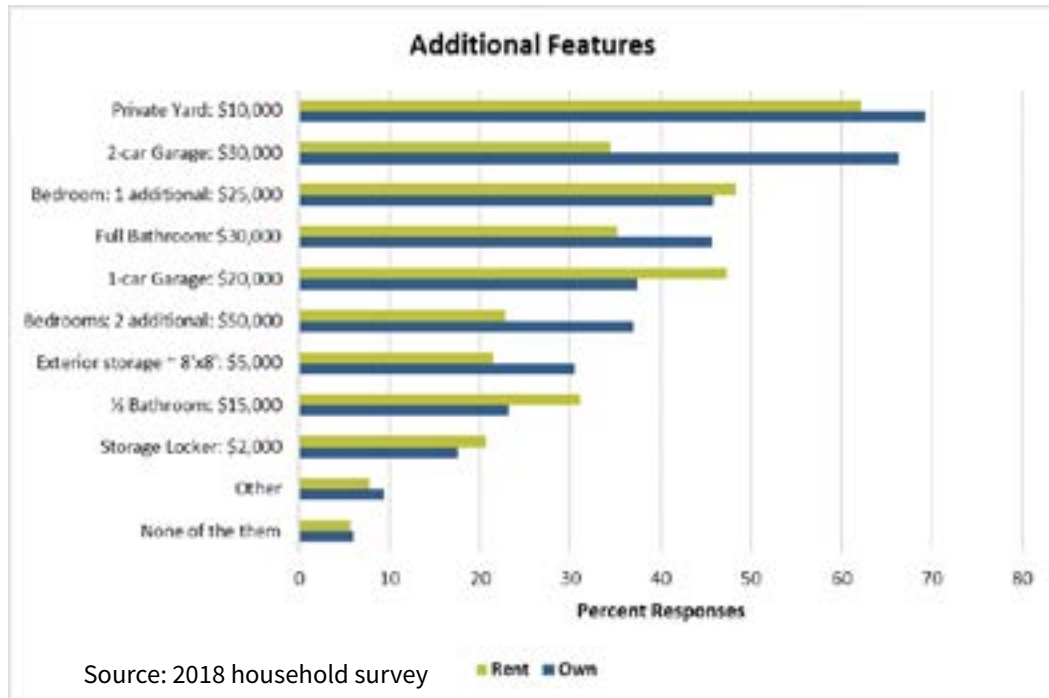
- Owners more often selected multiple upgrades with a two car-garage, additional full bathroom, two additional bedrooms and extra storage measuring 8’ by 8’.
- Renters desire fewer upgrades but rated one additional bedroom, a one-car garage, an extra half bath, and a storage locker higher than owners.

Examination by unit type reveals most potential buyers:

- Would like an additional bedroom except for those who are very interested in a 3-bedroom single family home.
- Want and think they could afford a garage.
- Want and think they could afford a garage.

OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Upgrades (continued)



Examination by unit type reveals *most* potential buyers:

- Would like an additional bedroom except for those who are very interested in a 3-bedroom single family home.
- Want and think they could afford a garage.
- Also want/could afford a private yard unless they are very interested in buying a condominium.







OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Upgrades (continued)

Upgrades by Unit Type

Shading denotes features desired by more than 50% per unit type.

				
Bedroom: 1 additional: \$25,000	57%	71%	61%	45%
Bedrooms: 2 additional: \$50,000	22%	21%	35%	32%
½ Bathroom: \$15,000	23%	51%	31%	29%
Full Bathroom: \$30,000	36%	44%	47%	45%
Storage Locker: \$2,000	32%	22%	25%	17%
Exterior storage ~ 8'x8': \$5,000	29%	20%	22%	26%
1-car Garage: \$20,000	57%	57%	52%	42%
2-car Garage: \$30,000	9%	34%	43%	64%
Private Yard: \$10,000	38%	50%	54%	76%
Other (fill in feature & price)	9%	12%	9%	11%
None of the them	0%	1%	3%	3%

Source: 2018 household survey

Potential buyers who are very interested in purchasing the single-family home option also want to purchase the most upgrades, including a two-car garage. On the other end of the spectrum, residents interested in purchasing a condominium want fewer upgrades.







OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

Financial Considerations

PRICING

The average prices that owners and renters who want to buy feel they can afford - given base prices and desired upgrades - range from \$263,500 for a condominium to \$553,250 for a single-family home.

Home Prices by Unit Type

Price of Homes with Options				
Base Price	\$200,000	\$325,000	\$375,000	\$475,000
\$200,000	4.0%			
\$200,001 to \$250,000	37.8%			
\$250,001 to \$300,000	37.1%			
\$300,001 to \$350,000	14.8%	15.4%		
\$350,001 to \$400,000	6.3%	46.2%	14.0%	
\$400,001 to \$450,000		26.5%	46.6%	
\$450,001 to \$500,000		7.6%	25.0%	12.8%
\$500,001 to \$550,000		4.3%	10.9%	40.4%
\$550,001 to \$600,000			3.5%	33.5%
\$600,001 to \$650,000				9.8%
\$650,001 or more				3.5%
Total	100.0%	100.0%	100.0%	100.0%
Mean	\$263,149	\$397,692	\$449,159	\$553,255
Median	\$255,000	\$395,000	\$445,000	\$547,000

Source: 2018 Housing Survey

Affordability is a constraint impacting the ability of renters to move into ownership and, to a lesser degree, owners who want to buy a different home. Overall, 18% of residents who want to buy a home within the next five years have incomes of 60% or less. These households are candidates for Habitat for Humanity and similar homeownership efforts that serve very low income households. Over half, however, have incomes above 100% AMI, which indicates that homeownership pricing could vary widely.

AMI Distribution of Households that Want to Buy

	Now Own	Now Rent	Overall
60% or less AMI	1%	27%	18%
60.1 to 100 AMI	27%	30%	28%
100.1 to 140 AMI	30%	20%	24%
140.1 to 200 AMI	29%	14%	19%
Over 200 AMI	13%	9%	10%

Source: 2018 Housing Survey

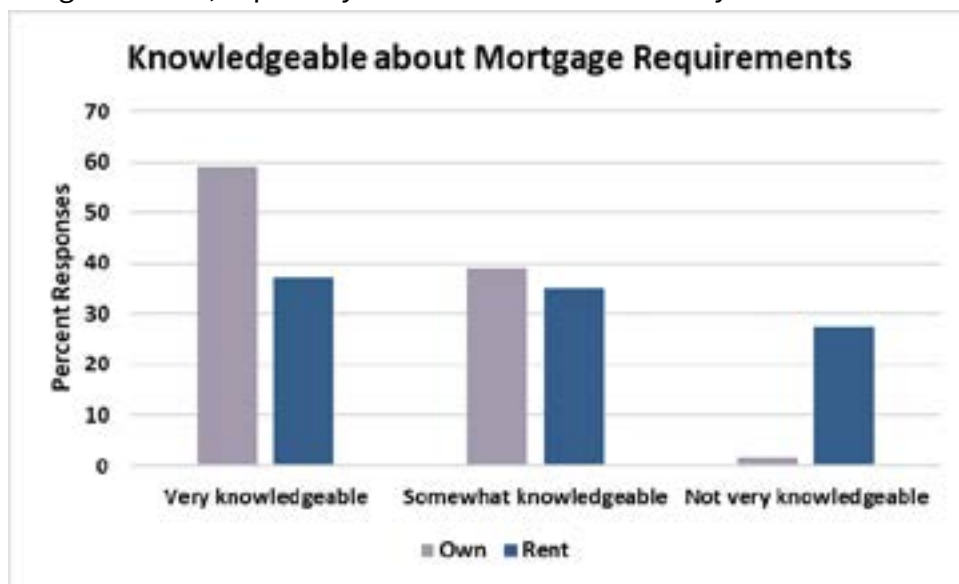
OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

DOWN PAYMENT AVAILABILITY

The availability of funds for down payments will be a factor in pricing and determine how many residents who want to own will qualify. Although there are some mortgage programs with little or no down payment required, it is appropriate to assume that down payments of 5% will be needed. With a base price of \$200,000 the minimum down payment would be \$10,000.

- Most owners who want to buy a different home would have ample down payments given home equity - about \$121,500 on average. Roughly 6%, however, indicated they would have less than \$10,000 to put down.
- Renters generally have far less available for down payments; they have approximately \$30,000 on average available. About 15% of renters have no funds available for a down payment, 12% have some funds but less than \$10,000 and another 20% have between \$10,000 and \$15,000. This leaves just over half who should have sufficient funds for down payments if homes are affordably priced given their incomes.

Residents who want to buy a home in the next five years were asked about their knowledge of mortgage requirements to determine if qualifying is likely to be an impediment to ownership. Results indicate home-ownership counseling is needed, especially for renters who want to buy.



Source: 2018 Household Survey



OWNERSHIP HOUSING – DESIGN AND DEVELOPMENT

DEED RESTRICTIONS

Deed restrictions have become the norm for workforce housing in Eagle Valley. The survey confirmed what realtors indicated – most residents will accept a deed restriction that limits price appreciation and occupancy in order to own a home. Overall, deed restrictions would be acceptable to 70% of residents who are interested in buying a home in the Eagle Valley within the next 5 years.

“How would a deed restriction that limits resale price appreciation to 3% per year and requires that homes be sold to households with at least one person who works in Eagle County impact your purchase decision?”

	Own	Rent	Overall
The deed restriction would be acceptable to me at below-market prices,	61%	76%	70%
OR			
I would pay more for a market unit that is not deed restricted -- how much more?	39%	24%	30%

Source: 2018 household survey

Some residents who want to buy would pay more for a market home, free of price/occupancy restrictions. The most often cited figure was \$50,000 more.



RENTAL HOUSING DEVELOPMENT & DESIGN

The information presented in this section can help inform policy direction and development decisions about new rental housing.

Market Size

The potential market for rental housing in the Eagle Valley consists of approximately 7,650 households, the total number residing in the Eagle River Valley. They represent the market from which rental projects must draw residents. Market size is distinct from the estimates of rental need by AMI presented in Part I. Decisions on the number of new units to build should consider need. Design/location/rent decisions should be based upon the characteristics and preferences of renters currently living in the valley who will likely lease most of the new units. Employees moving into the valley will also be a component of renter demand, but they will constitute a small proportion of the target market of new rental product, and they are likely to have similar characteristics to existing renters.

A subset are the 5,780 renter households that want to move within the Eagle River Valley within the next 5 years. As described in the Ownership section, the large majority of renters want to move into ownership; just under 11% want to continue to rent. The number who will be able to buy, however, depends upon the development and pricing of ownership opportunities. Many will likely remain renters.

Very few owners want to move into rental housing and are not a quantifiable rental market segment.

Potential Rental Market

	Renters
Total # of Renter Households, 2017	7,650
% want to move into a different home in the Eagle River Valley in 5 years	76%
# want to move into a different home in the Eagle River Valley in 5 years	5,780
% want to rent	11%
# want to rent	635

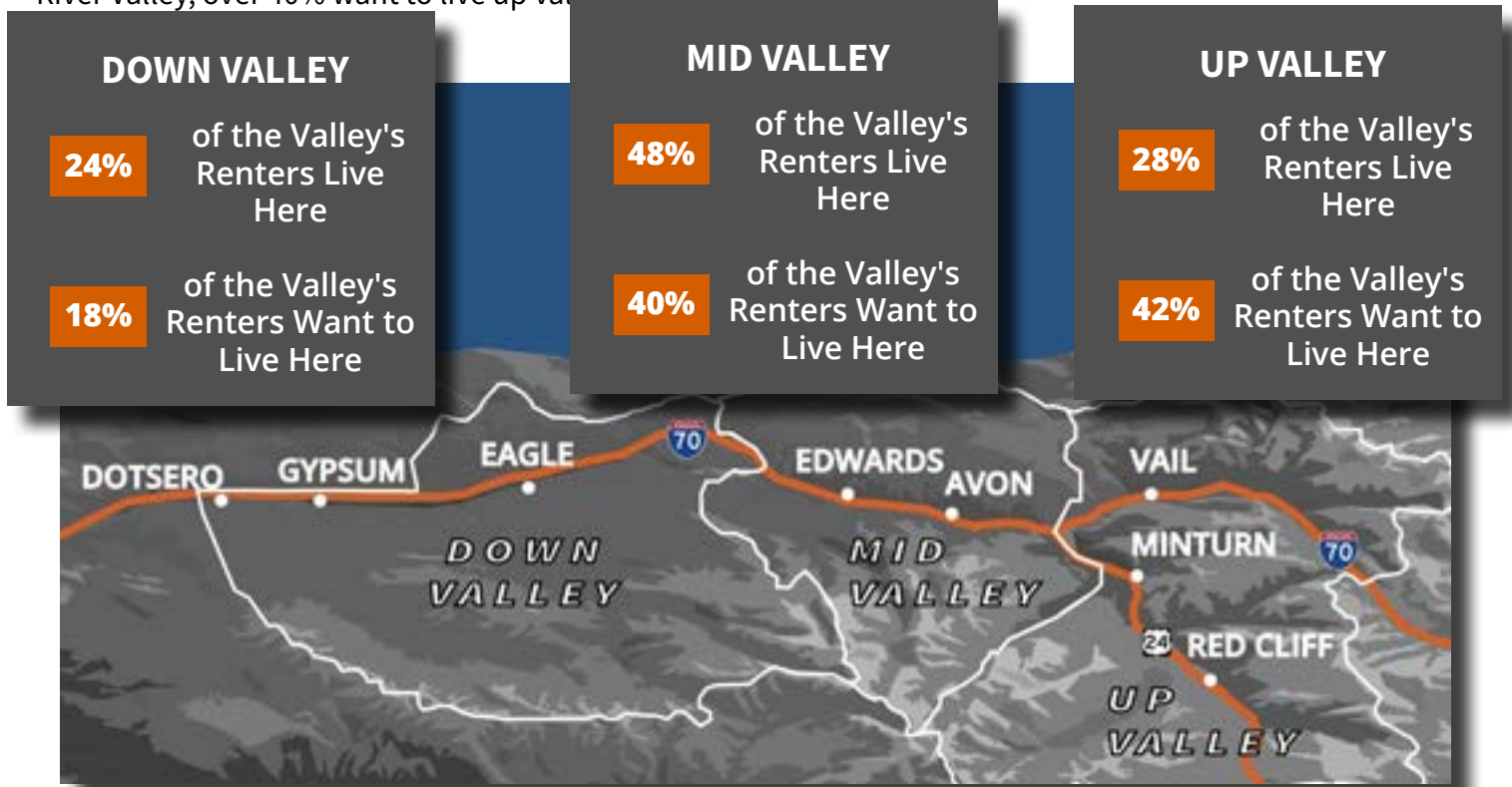
Source: 2018 household survey



RENTAL HOUSING DEVELOPMENT & DESIGN

Location

Far more renters now live mid or down valley than they desire. Of renters who want to remain in the Eagle River Valley, over 40% want to live up valley but less than 30% now do.



Source: 2018 household survey

While many renters would prefer to live up valley, most renters now live in the area of the valley that is their first choice. The desire to live elsewhere is highest among down-valley renters who would rather live up valley – nearly 60% would prefer to live mid or up valley.

Where Now Live Compared to Where Want to Live

Shading indicates residents living where they most want to live.

Want to live (first choice)	Where Live Now		
	Up Valley	Mid Valley	Down Valley
Up Valley	94	28	9
Mid Valley	5	66	30
Down Valley	1	5	61
	100%	100%	100%

Source: 2018 household survey

RENTAL HOUSING DEVELOPMENT & DESIGN

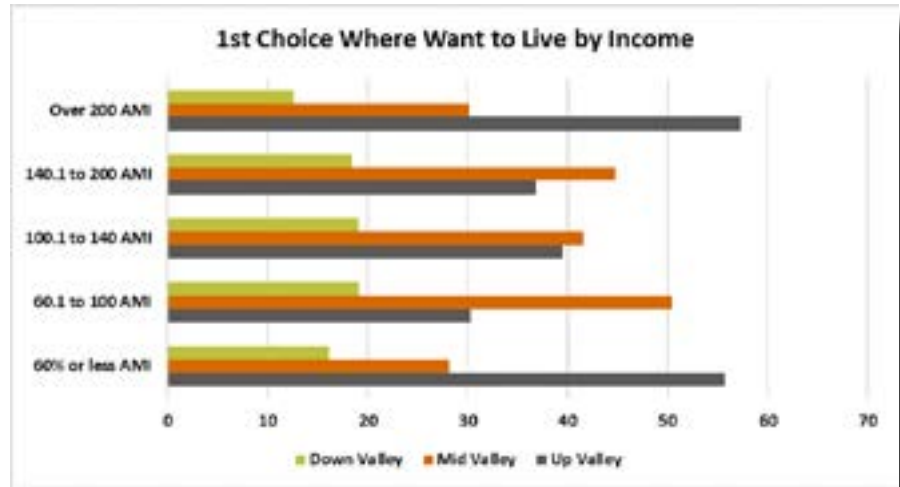
Location Preference Characteristics

Up valley appeals more to renters who live alone, couples without children and roommate households. Fewer than 20% have children in the household.

Mid valley is the first choice for a diverse mix of renter households – singles living alone, roommates, couples with and without children, and particularly single parents with children.

Down valley is more attractive to families with children although about half of the renters who indicated it is their first choice are households without children.

There are variations in 1st choice location by income. Desire to live up valley is highest among the lowest and highest income renters. Renters in the moderate and middle-income ranges are more likely to prefer mid valley.



Source: 2018 household survey

Location Preferences by Town

Examination by individual community shows proportionately more renters want to live in Vail, Minturn and Edwards than now live there. Although the sample is very small, it appears that renters who commute in from other counties want to continue to live in their current communities.

Renter Location Preferences

Where do you now live in or near	Now Live	1st Choice	Difference
Vail	18%	26%	↑
Minturn	8%	13%	↑
Eagle Vail	8%	5%	↓
Avon	22%	16%	↓
Edwards	16%	18%	↓
Eagle	15%	12%	↑
Gypsum	9%	5%	↓

Source: 2018 household survey.

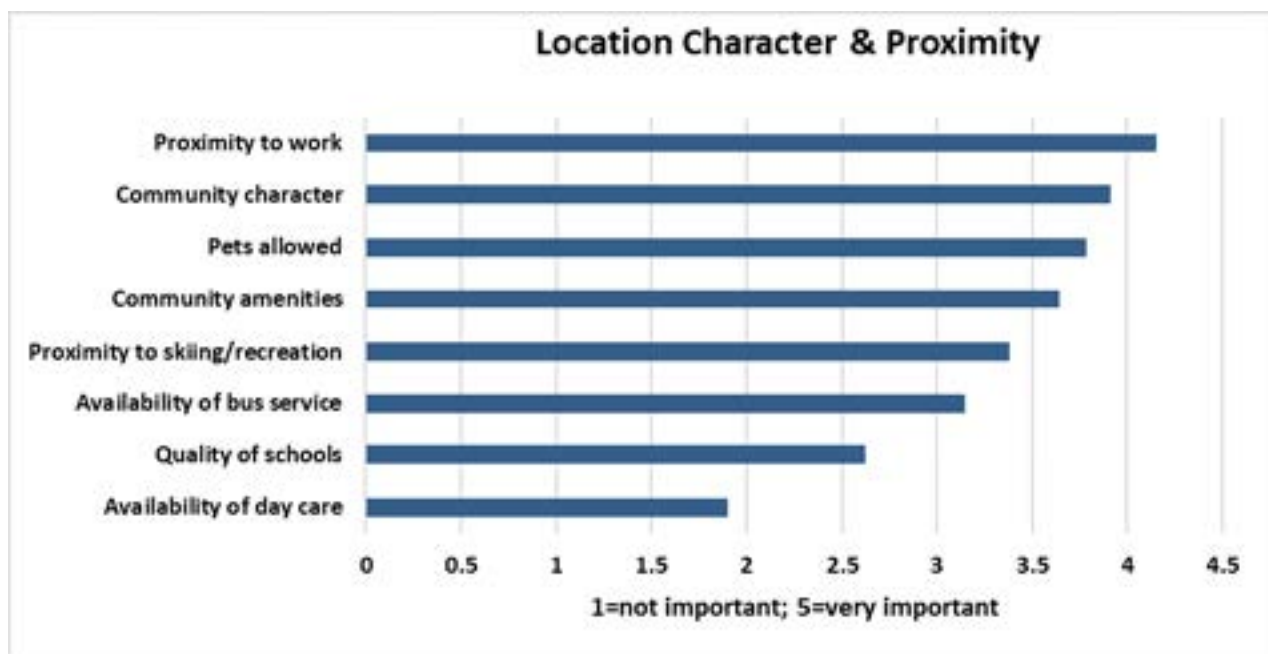
Note: Redcliff, Wolcott, and Dotsero excluded due to small sample size.

RENTAL HOUSING DEVELOPMENT & DESIGN

Location/Neighborhood Attributes

In general:

- Renters feel proximity to work is their *most important* consideration when searching for housing.
- Community character, defined as “locals or family-oriented, social opportunities, entertainment, restaurants, etc.” is very or extremely important for over 60% of renters in the valley.
- Pets allowed is third in importance; for many renters in the Eagle Valley and other mountain towns, having dogs is a priority.
- The availability of day care ranked lowest on the list overall, yet daycare and the quality of schools is very or extremely important to most families with children.



Source: 2018 household survey

Differences within the valley:

- Availability of bus service is more important to renters who live up valley than mid- or down-valley renters, which suggests that getting around Vail may be more valued than using transit to travel up and down the valley.
- Proximity to skiing is more important to up-valley renters of slight importance to mid valley renters but only moderately important to down valley renters.

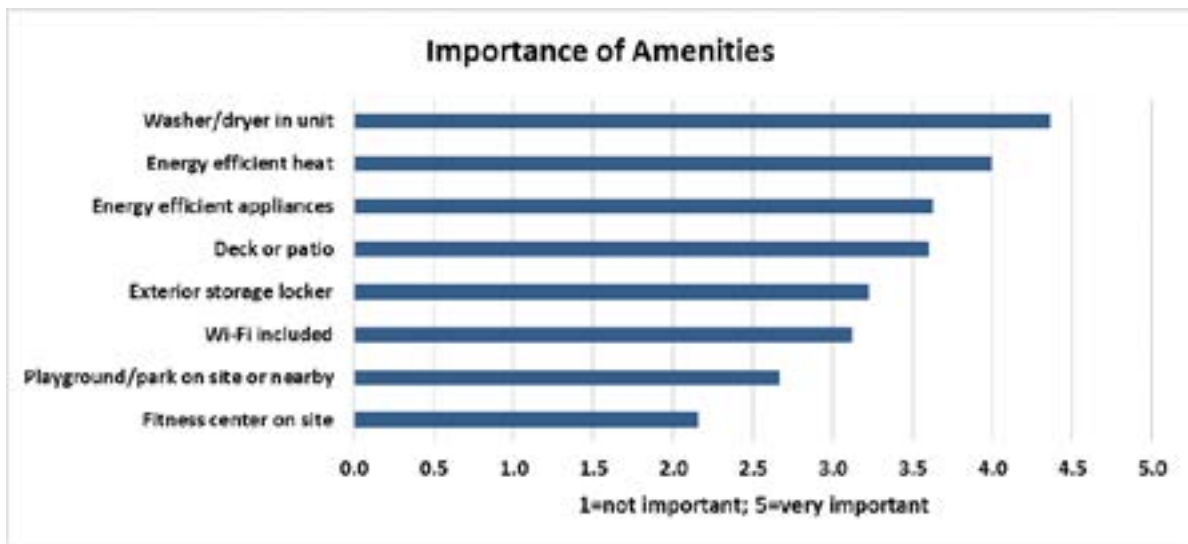
RENTAL HOUSING DEVELOPMENT & DESIGN

Amenities

Renters in the Eagle Valley generally place high importance on amenities:

- In-unit washers and dryers are extremely important to most renters (57%) and have become standard in new apartment properties.
- Most renters feel energy efficient heat is very or extremely important. While many renters indicate their utilities are included in their rent payment, utilities average \$223 per month year-round. Several large apartment complexes bill flat fees for utilities rather than requiring residents to place accounts in their names and pay deposits.
- Exterior storage lockers are of mid-range importance to renters; however, property managers report storage is of utmost importance.
- Fitness centers on site are typically of little importance to renters in mountain communities where recreation opportunities are abundant and easily accessed, and this holds true in the Eagle Valley.

There is little variation in importance ratings by household type. Exceptions are on-site playgrounds/parks, which are more important to families with children, and WI-FI included, which is more important to adult-only households. Also, while mid-valley renters rated most amenities slightly higher than renters on average through the valley, there are no significant variations in the importance of specific amenities by where they now live or most want to live.



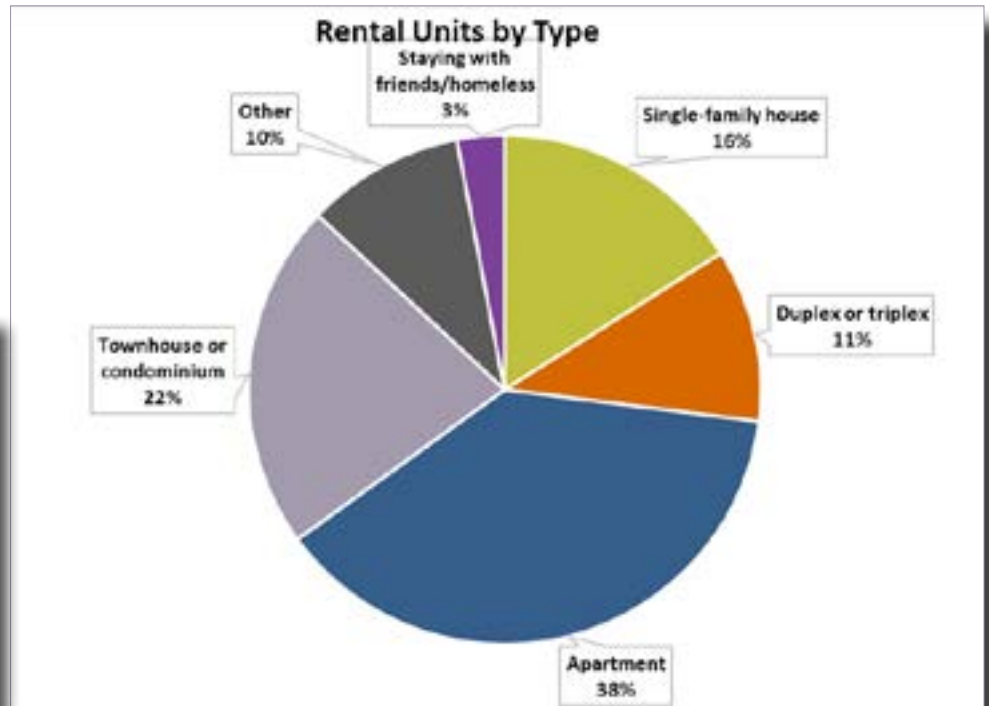
Source: 2018 Household Survey



RENTAL HOUSING DEVELOPMENT & DESIGN

Unit Type

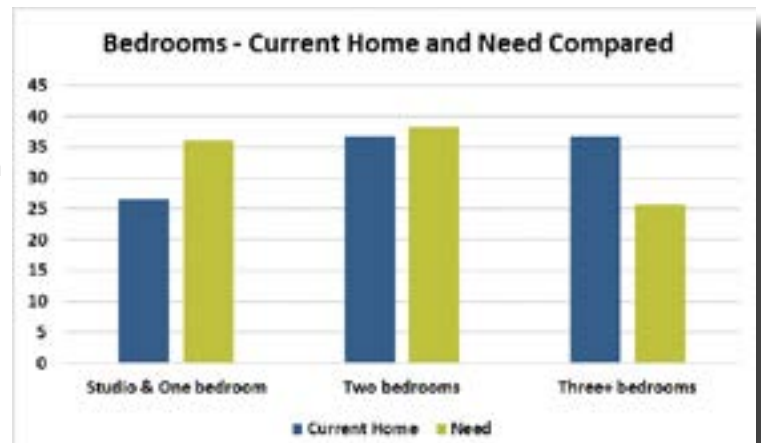
Most renters live in housing units that were designed/developed for ownership – primarily single-family homes, duplexes, townhomes and condominiums. Fewer than 40% of renters now reside in apartments.



Bedroom Mix

There are relatively too few small rental units and too many large units. Renters living in three-bedroom units outnumber renter households with one bedroom, which is not typical. While the two-bedrooms are in relative balance with need, more one-bedroom units and fewer three-bedroom rentals are needed.

Nearly 60% of renters live alone or with one other person, which is why most want one- or two-bedroom units. The percentage living alone is slightly lower than the portion of one-bedrooms needed, likely due to the ability/desire of couples to rent one-bedroom units.



Source: 2018 Household Survey

Renter Household Size

People in Household	% Renter Households
1	27%
2	30%
3	18%
4	16%
5+	9%

Source: 2018 household survey



RENTAL HOUSING DEVELOPMENT & DESIGN

Rents

The average market rent in the Eagle Valley is \$1,700 per month. Utilities average an additional \$223 per month. Rents are lowest up valley, which may seem counter intuitive, but appears to be due to variation in the type of units occupied by area. Relatively more renters live in older, smaller, multi-family units up valley as compared to larger, newer, and more single-family homes mid and down valley.

Average Market Rents by Area

	Free Market - Average Rent
Up Valley	\$ 1,560
Mid Valley	\$ 1,840
Down Valley	\$ 1,550
Overall	\$ 1,700

Source: 2018 household survey, CHFA

Nearly one-third of renters pay between \$1,500 and \$2,000 per month, the largest category.

Average rents are generally affordable for households with incomes over 60% AMI. This does not mean that, however, that all renters within each AMI category have affordable housing. There is a mismatch between incomes and rents paid, which is common when rental availability is tight and there is little opportunity for moving from one unit to another, as documented in the Cost Burden section. Rents paid in the 100% to 140% AMI range are not proportionately higher than in the 60% to 100% category. Higher income renters out compete others.



Source: 2018 household survey

Rent Paid Compared to Affordable Rent by AMI

AMI	% Renter Households	Average Rent Paid	Affordable Rent
60% or less AMI	28%	\$ 1,200	\$ 1,210
60.1 to 100 AMI	31%	\$ 1,510	\$ 2,420
100.1 to 140 AMI	19%	\$ 1,650	\$ 2,820
140.1 to 200 AMI	13%	\$ 1,970	\$ 4,030

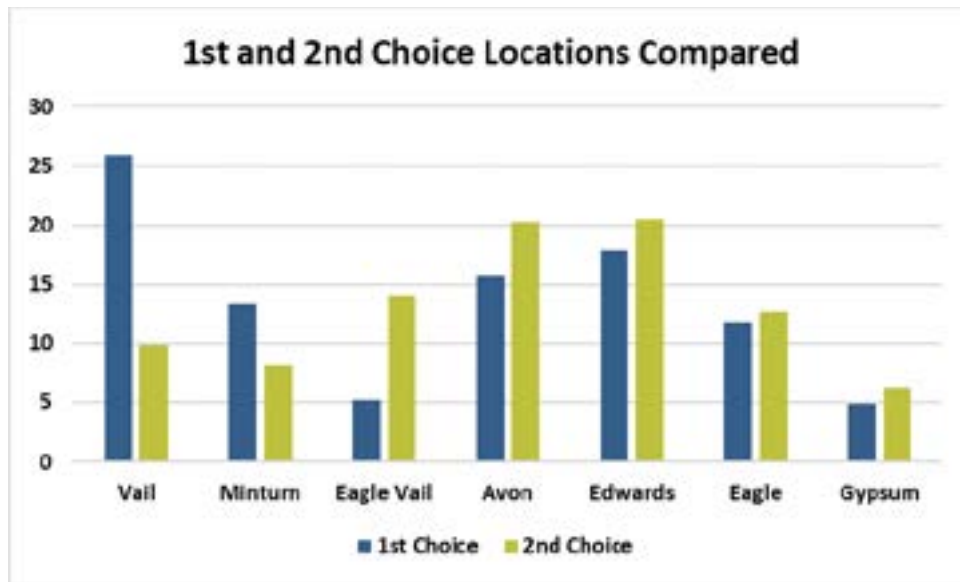
Source: 2018 household survey, CHFA

Note: Over 200% AMI excluded due to small sample; includes deed restricted and employer-provided units.

RENTAL HOUSING DEVELOPMENT & DESIGN

Tradeoffs

Since there are insufficient opportunities to provide housing up valley where half of all renters want to live (about 3,900 renter households) their second choice for where to live should be considered. Second choice responses show far higher preferences for mid valley and, to a lesser extent, down valley communities. Generally, renters who most want to live in Vail would rather live nearby in Eagle Vail than further away. The big drop in Vail between 1st and 2nd choice indicates that most renters who want to live mid or down valley would choose other nearby communities rather than seek housing up valley in Vail.



Source: Resident survey

Residents who want to rent were asked:

“How much more would you be willing and able to pay for rent where you most want to live (1st choice) compared to your second choice?”

About one-fourth are not willing to pay any additional rent to live where they most want to live, and an almost equal percentage are only willing to pay \$100 per month. Results above that amount are widespread with some renters indicating large amounts (>\$1,000/month) that they could not likely afford.

Impact of Restrictions

Residents who want to rent were asked:

“How might employment and income restrictions impact your willing to lease an apartment, if at all?”

Results show:

- A very large majority (over 90%) would provide employment verifications.
- Roughly half would like some form of pricing restriction for rents with low yearly rent increases.
- Over three-fourths would sign one-year leases.

HOUSING TOOLS

Overview

Many approaches have been used to address housing needs in the Eagle Valley for more than three decades. Towns, Eagle County, private and non-profit developers, and employers have combined a variety of tools to produce over 3,000 affordable homes for residents to date. Despite these widespread efforts and their achievements, developing affordable housing has become more challenging over time, with few opportunities and rising gaps between affordable prices and market realities.

To address the housing needs quantified in Part I of this report, new tools will be required to supplement and expand the strategies used in the past. Residents and employers were surveyed to determine which tools would have the greatest support in the Eagle Valley. The following question was posed in both surveys:



















“ Conceptually, how do you feel about the following strategies for increasing workforce housing in the Eagle River Valley and its communities? ”

The surveys tested 15 tools in these four categories:

			
INCENTIVES	PARTNERSHIPS & PUBLIC INITIATIVES	DEVELOPMENT REGULATIONS	FUNDING
Density Bonuses	Providing Town/County Land	Commercial Linkage	Excise Tax on Short-Term Rentals
Fee Waivers	Town or County Builds Housing	Residential Linkage	Property Tax
Reduced Parking	Town/County/Housing Authority Financing	Inclusionary Housing	Sales Tax
Fast-Track Processing	Property Tax Exemption		General Fund Revenues

HOUSING TOOLS

TOP RATED TOOLS

<p>PROVIDING TOWN/COUNTY LAND</p> <p>Providing County or Town land that is vacant or under-utilized</p> <p> EMPLOYERS  RESIDENTS </p>	<p>TOWN/COUNTY/HOUSING AUTHORITY FINANCING</p> <p>Town, County, or Housing Authority provides financing.</p> <p> EMPLOYERS  RESIDENTS </p>	<p>FAST-TRACK PROCESSING</p> <p>Workforce housing projects go to the front of the line for review.</p> <p> EMPLOYERS  RESIDENTS </p>
<p>TOWN OR COUNTY BUILDS HOUSING</p> <p>Town or County builds housing (like Miller Ranch or Chamonix)</p> <p> EMPLOYERS  RESIDENTS </p>	<p>INCLUSIONARY HOUSING</p> <p>A percentage of new units in subdivisions are restricted for workforce housing</p> <p> EMPLOYERS  RESIDENTS </p>	<p>COMMERCIAL LINKAGE</p> <p>Requiring new commercial development to provide housing</p> <p> EMPLOYERS  RESIDENTS </p>

OTHER TOOLS

<p>FEE WAIVERS</p> <p>Water/sewer tap fees, permit fees waived for workforce housing</p> <p> EMPLOYERS  RESIDENTS </p>	<p>EXCISE TAX ON SHORT-TERM RENTALS</p> <p>Tax on short-term rentals, for example 3-5% -(vote required)</p> <p> EMPLOYERS  RESIDENTS </p>	<p>DENSITY BONUSES</p> <p>Density bonuses when workforce housing is built</p> <p> EMPLOYERS  RESIDENTS </p>
<p>GENERAL FUND REVENUES</p> <p>Revenues from general fund (appropriation by elected officials required)</p> <p> EMPLOYERS  RESIDENTS </p>	<p>PROPERTY TAX EXEMPTION</p> <p>Exempt from property tax paid by property owners (vote required)</p> <p> EMPLOYERS  RESIDENTS </p>	<p>RESIDENTIAL LINKAGE</p> <p>A type of impact fee on new construction</p> <p> EMPLOYERS  RESIDENTS </p>
<p>SALES TAX</p> <p>Sales tax paid by consumers (vote required)</p> <p> EMPLOYERS  RESIDENTS </p>	<p>REDUCED PARKING</p> <p>Reduced parking requirements for workforce housing</p> <p> EMPLOYERS  RESIDENTS </p>	<p>PROPERTY TAX</p> <p>Property tax paid by property owners (vote required)</p> <p> EMPLOYERS  RESIDENTS </p>

Source: 2018 household survey, 2018 employer survey

HOUSING TOOLS

There is more support than opposition for all tools, except property tax and, among residents, reduced parking both of which received ratings of less than three. The top six tools include at least one from incentives, partnerships/public initiatives, and development regulations. This indicates residents and employers recognize a combination of efforts will be needed and no one “silver bullet” is going to address workforce/affordable housing needs in the Eagle River Valley.

"I think transportation needs to be a major topic of discussion. Better bus service to help get workers up-valley to help with efficiency, less cars on the roads and a lower carbon footprint."

-2018 Survey Respondent

Overall, employers more strongly support housing tools than residents, although there are many similarities in the rank order. Property tax is a notable exception with lower support among employers than residents, probably due to the much higher tax rate paid on commercial property than residential property. Employers ranked commercial linkage 7th among the 15 options, just slightly lower than the average rating given by residents, which is notable since the tool may be viewed as unfavorable to businesses.

"We need a county wide, holistic housing solution with a dedicated funding source."

-2018 Survey Respondent

In-depth examination of the survey ratings by category reveal variation in opposition/support that should be helpful when designing and obtaining approvals for individual strategies. Results are presented for residents; employer responses generally mirror those of residents.



HOUSING TOOLS



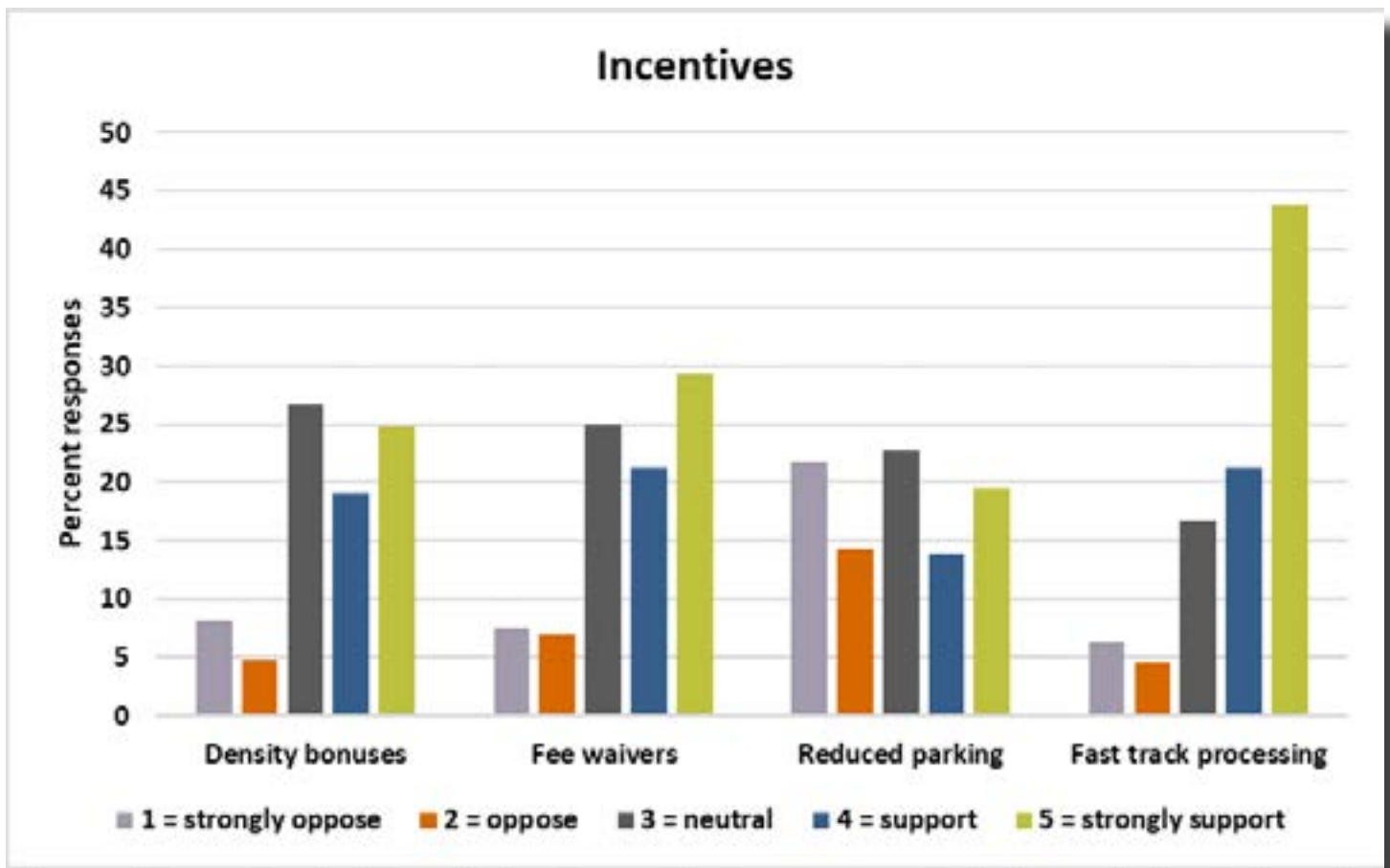
Incentives

Generally, there is strong support and relatively little opposition to incentives yet it is not consistent across the board for the four tools in this category:

- Support for fast track processing is strong with very little opposition.
- Opposition is also low for fee waivers and density bonuses with a relatively high percentage who are neutral about these incentives.
- Residents are very divided about reductions in parking requirements with the highest “strongly oppose” percentage among the 15 tools tested.
- More residents are uncertain about density bonuses than any of the other tools tested; 17% responded “don’t know.”

"Make development requirements/parking and tap fees more attainable for builders to make sense of building affordable housing. Parking requirements are too much Town of Eagle. Need downtown infill mixed use development."

-2018 Survey Respondent



Source: 2018 household survey

HOUSING TOOLS



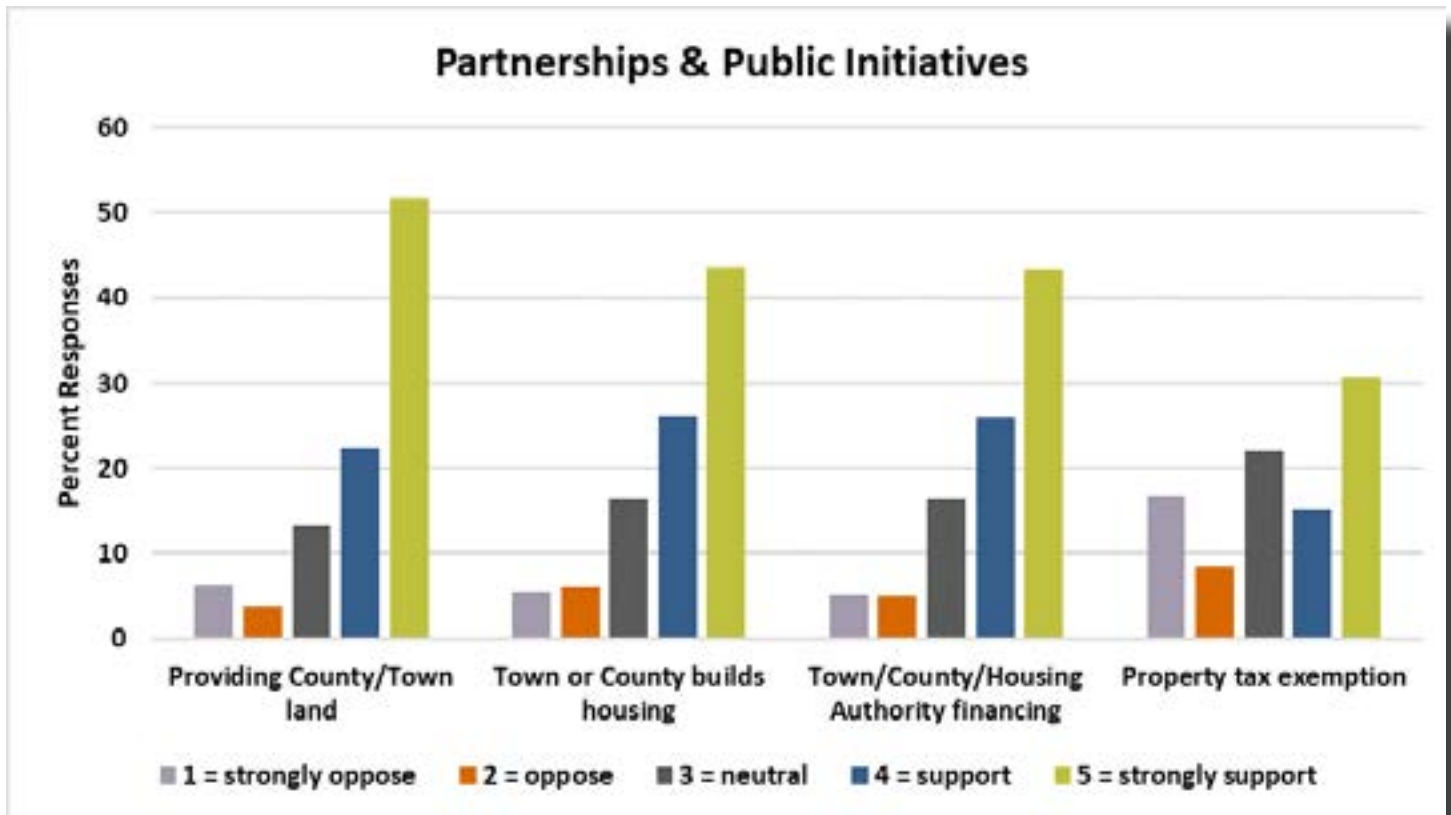
Partnerships and Public Initiatives

Support is generally strong for partnerships/initiatives though residents are divided:

- Providing Town or County-owned land rated highest overall with minimal opposition; only about 10% opposed.
- Construction and financing of housing by the towns, Eagle County or the housing authority also received strong support with little opposition.
- Residents are divided about property tax exemptions. While support is higher than opposition, over 15% of residents strongly oppose.

"[There should be] low interest loan opportunities for commercial properties or operations to build, add, create, employee housing units."

-2018 Survey Respondent



Source: 2018 household survey

HOUSING TOOLS



Development Regulations

Three tools were tested that impose requirements on new development for the provision of workforce housing. Support outweighs opposition for all three.

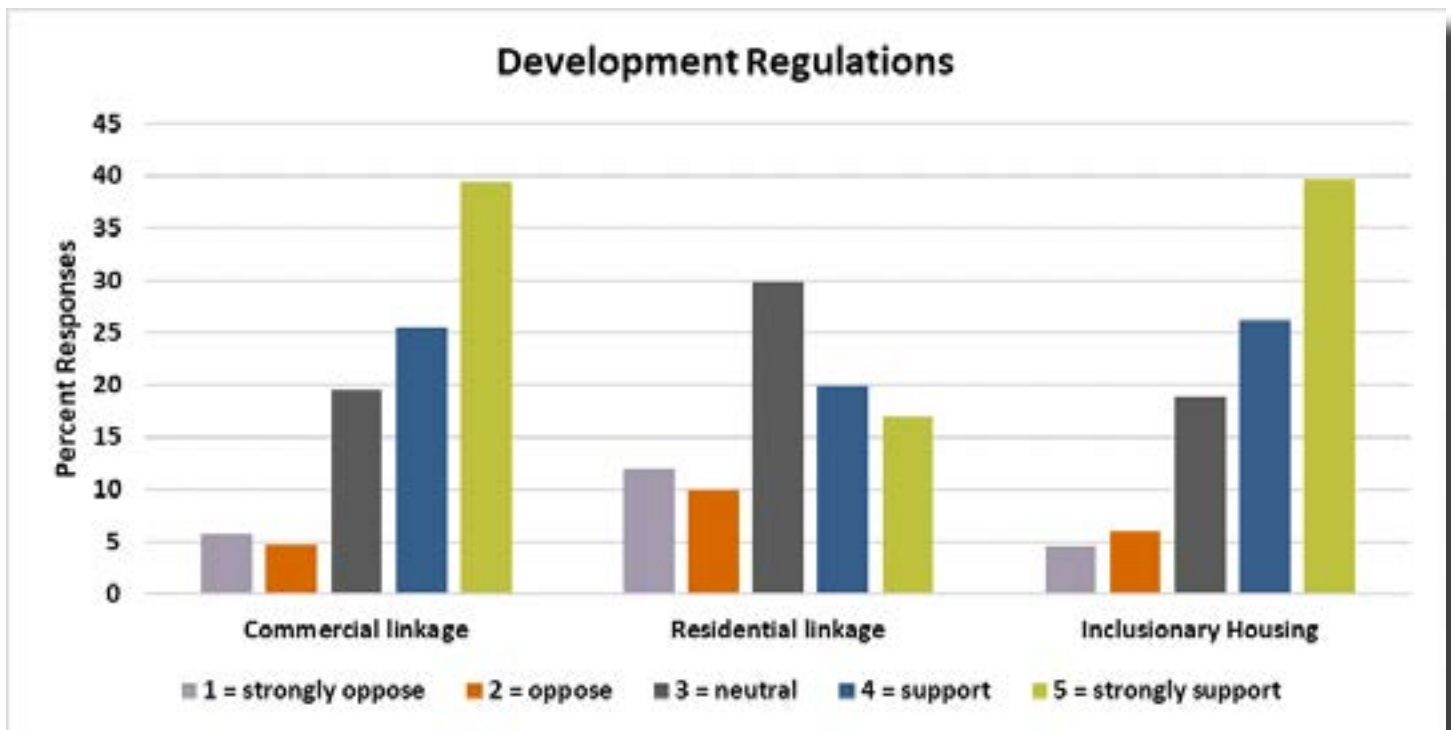
- Support for both inclusionary housing and commercial linkage is strong – about 65% support or strongly support these development regulations while only about 10% oppose.
- Residential linkage received far lower support, a relatively high level of neutral responses, and opposition from over 20% of residents. Residential linkage also had relatively high uncertainty (11% of responses).
- Residents are divided about property tax exemptions. While support is higher than opposition, over 15% of residents strongly oppose.

"Zoning changes to increase density. Plus, a better transportation plan to eliminate parking regulations/problems. We need more people, not cars."

-2018 Survey Respondent

"We can only afford to live here now because of deed-restricted employer provided housing."

-2018 Survey Respondent



Source: 2018 household survey

HOUSING TOOLS



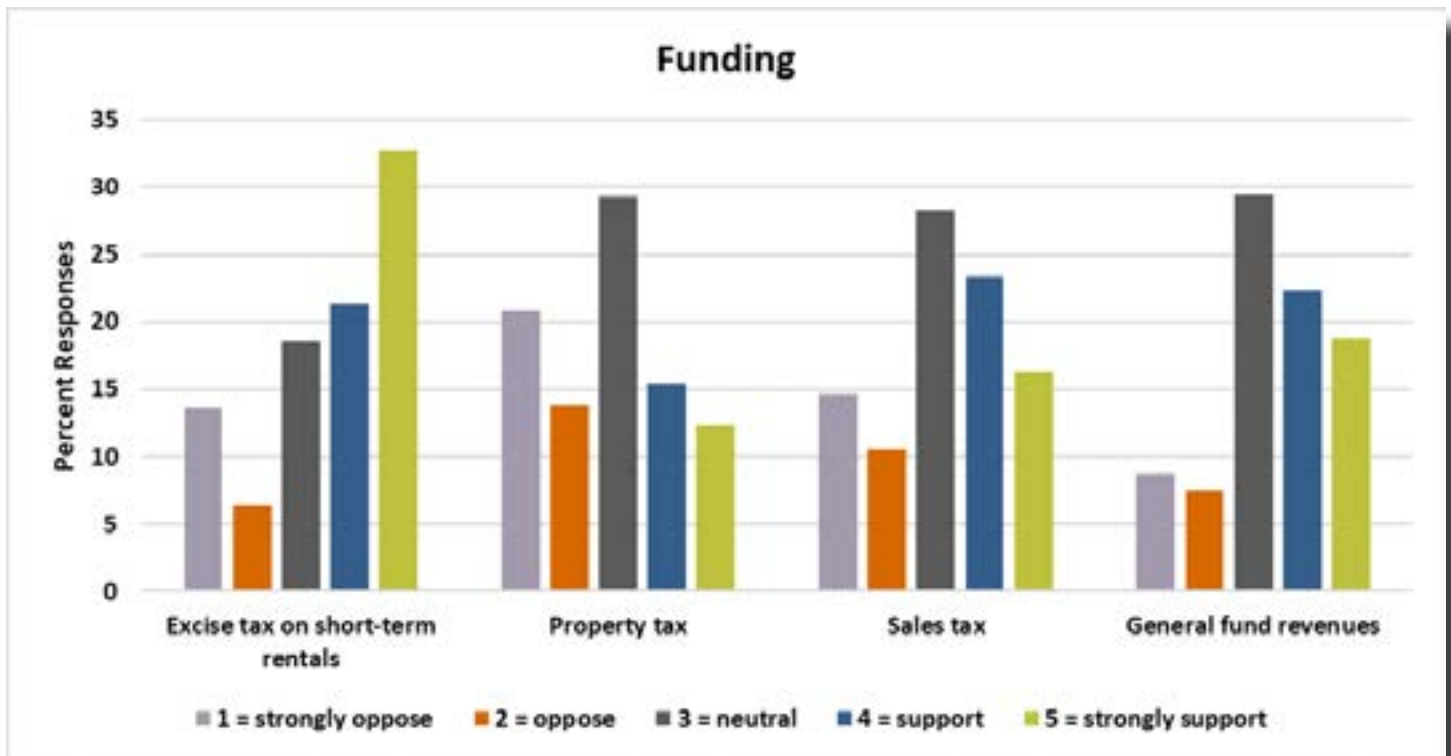
Funding

Funding alternatives garnered relatively more neutral responses than did strategies in the other three categories, but with great variation among the four funding tools in terms of support and opposition.

- Providing Town or County-owned land rated highest overall with minimal opposition; only about 10% opposed.
- Construction and financing of housing by the towns, Eagle County or the housing authority also received strong support with little opposition.
- Residents are divided about property tax exemptions. While support is higher than opposition, over 15% of residents strongly oppose.

***"Additional fees and/or taxes on houses exceeding a certain size (to be determined/voted on).
Change the fundamentals of the market, restrict short term rentals. If short term rental was not an option to offset the cost of owning a vacation home, there would be more housing stock available for primary homeowners at lower cost."***

-2018 Survey Respondent



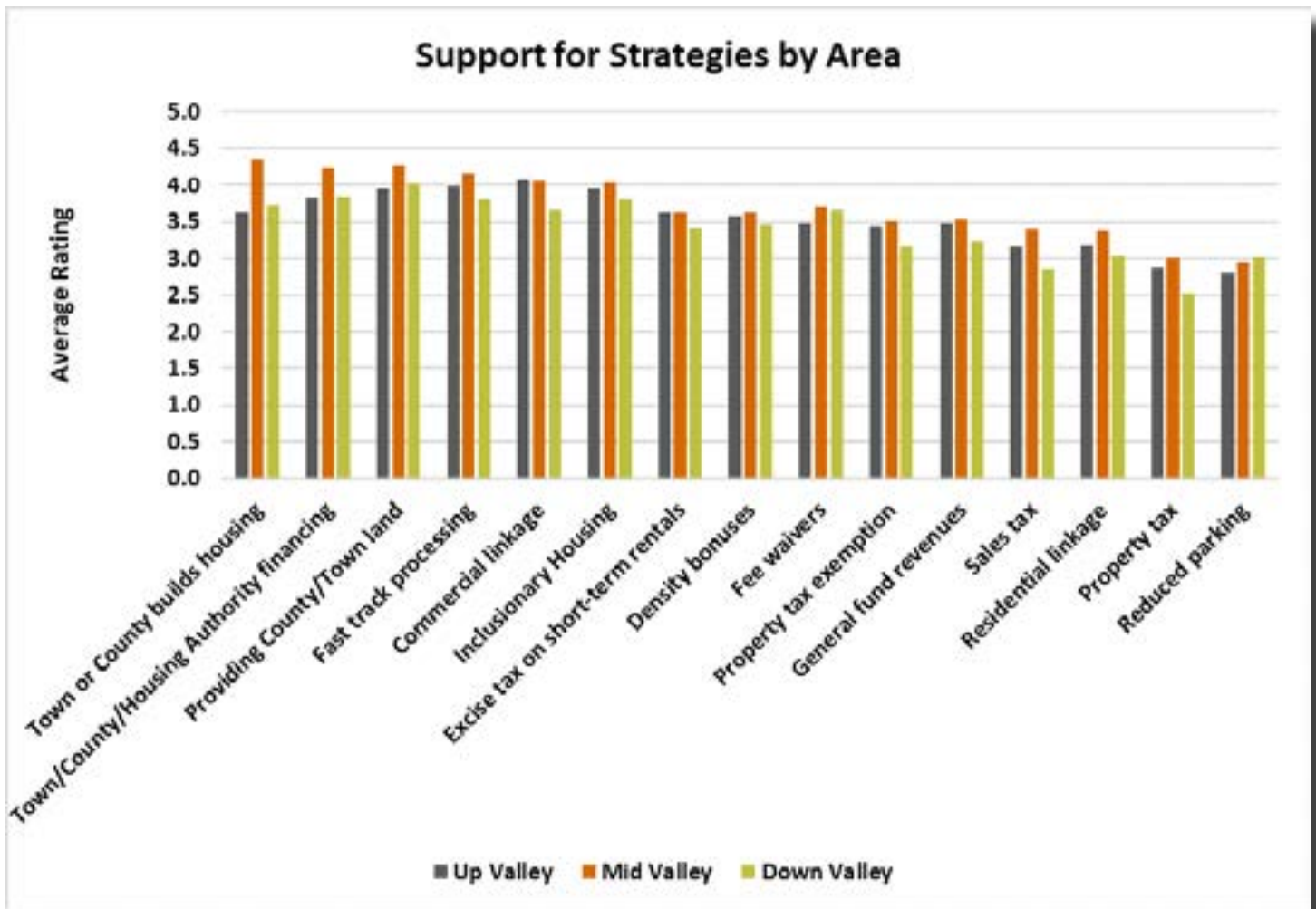
Source: 2018 household survey

HOUSING TOOLS

Differences within the valley

Support/opposition are similar throughout the Eagle River Valley, which indicates the potential for a valley-wide strategic housing plan with shared implementation of housing programs. A few notable differences:

- Mid-valley residences expressed slightly higher support overall for the majority of the tools.
- Mid-valley residents were more likely to support the Towns, County or Housing Authority building housing, perhaps due to the success of Miller Ranch in Edwards, and to support the provision of financing by the Towns, County or Housing Authority.
- Support is essentially equal among up-valley and mid-valley residents for four tools – commercial linkage, excise tax on short-term rentals, density bonuses and general fund revenues.
- The only tool for which support was higher down-valley than in the other two areas was reduced parking, probably since parking shortages are primarily an up- and mid-valley problem.



Source: 2018 household survey

HOUSING TOOLS

Characterizing Support

These trends are observed related to support for the housing tools:

- The more strongly that residents believe the availability of affordable housing for the workforce in Eagle Valley is a problem, the more likely they are to support housing tools.
- Renters expressed higher support than homeowners for all housing tools tested.
- There is, however, support for housing tools across all income categories. The average rating among lower income residents ($\leq 60\%$ AMI) was 3.7 compared to 3.6 among upper-income residents ($> 200\%$ AMI). Although the overall rating was lowest among households in the 160% to 200% AMI category, support for housing tools still outweighed opposition.
- Residents who currently occupy housing that is deed restricted or provided by employers are more likely to support these housing tools than occupants of free market housing.
- Residents who want to move into a different home in the Eagle Valley, or want to leave the Eagle Valley, showed higher support for tools than residents who want to stay in their homes for at least the next five years.
- Support varied somewhat by type of household. Persons living with roommates and “other” households (extended families, roommates and family members, etc.) indicated the highest support for housing tools, while couples with no children were the least supportive. In order from highest support to lowest:
 - Workforce households showed greater support than households with no employees.
 - Support is similar among all age groups other than senior households (at least one member age 65+). Support is lower among seniors than the overall population for most tools, especially parking and property tax reductions. Support among seniors, however, is slightly stronger for the three development regulations – inclusionary zoning, commercial linkage and residential linkage.
 - There appeared to be very little correlation between support for housing tools and ethnicity/race.
 - Workforce households showed greater support than households with no employees
 - Support is similar among all age groups other than senior households (at least one member age 65+). Support is lower among seniors than the overall population for most tools, especially parking and property tax reductions. Support among seniors, however, is slightly stronger for the three development regulations – inclusionary zoning, commercial linkage and residential linkage.
 - There appeared to be very little correlation between support for housing tools and ethnicity/race.

HOUSING TOOLS

Other Solutions

Nearly 200 residents offered additional suggestions about what could be done to provide affordable work-force housing in the Eagle River valley. Many took the time to offer multiple suggestions and specific examples. One brief comment about what should be done summed it up:

“Anything and everything”

- Comments generally fell into the following categories:
- Impose higher taxes/fees on second homes, large homes and short-term rentals.
- Allow/build smaller units – accessory dwellings, tiny homes, lock offs, basic apartments, dorms and yurts.
- Build and restrict housing for specific types of employees, like teachers.
- Get employers more involved in providing employee housing.
- Look to other communities - Vancouver, Martha’s Vineyard, Steamboat Springs.
- Improve transit, a point emphasized by realtors and property managers. Housing more employees down valley, especially renters, is generating the need for significant improvements in the transit system.
- Reduce land development and building regulations and decrease development fees to make it more affordable for the private sector to produce housing.
- Develop regional approaches and cooperation.

HOUSING TOOLS

Employer Assisted Housing

Employers have long contributed to housing in the Eagle River Valley. Many residents suggested employers should take greater responsibility for workforce housing in the future and employers seem to agree. When asked about the types of assistance they now provide or would consider providing in the future, results showed there is significant potential for increasing employer-owned rental units, housing search assistance, rent deposits, master leasing and, to a lesser degree, providing land for housing and purchase price buy downs.

"Strong emphasis needs to be placed on business and employers to provide workforce housing or pay for these initiatives."

-2018 Survey Respondent

Housing Assistance Provided by Employers	Provide Now	Would Consider
Purchase price buy downs	6%	18%
Land on which housing could be built	9%	20%
Master leasing units to rent to your employees	24%	45%
Rent or first month/deposit subsidy for your employees	29%	49%
Employer-owned rental units	41%	63%
Down payment/mortgage assistance	41%	33%
Assistance with housing search	47%	61%
Temporary/relocation housing	53%	43%
Hiring bonus / salary stipend / higher wages	59%	57%

Source: 2018 Employer Survey. Note: Multi-Response question; totals exceed 100%.

APPENDIX A – ACKNOWLEDGEMENTS

Acknowledgements

Thank you to the many agencies and individuals who made this study possible:

- Eagle County and Eagle County Housing and Development Authority who made the resources available and assisted with survey outreach.
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- All the local residents and employers who took a few minutes to complete the survey in December 2017 and January 2018.

APPENDIX B – AREA MEDIAN FAMILY INCOME AND PURCHASE PRICES

Area Median Income for Eagle County, 2017

Household Size	1	2	3	4	5	6
AMI Classifications						
Extremely Low (30% AMI)	\$18,810	\$21,480	\$24,180	26,850	\$29,010	\$31,170
Very Low (50% AMI)	\$31,350	\$35,800	\$40,300	\$44,750	\$48,350	\$51,950
60% AMI (LIHTC max)	\$37,620	\$42,960	\$48,360	\$53,700	\$58,020	\$62,340
Low (80% AMI)	\$50,160	\$57,280	\$64,480	\$71,600	\$77,360	\$83,120
Median (100% AMI)	\$62,700	\$71,600	\$80,600	\$89,500	\$96,700	\$103,900
Moderate/Middle (140% AMI)	\$87,780	\$100,240	\$112,840	\$125,300	\$135,380	\$145,460
Upper (200% AMI)	\$125,400	\$143,200	\$161,200	\$179,000	\$193,400	\$207,800

Source: CHFA

Affordable Home Price Calculation by AMI, 2017

AMI %	30%	60%	100%	140%	200%
Household Income – 3 persons	\$24,180	\$48,360	\$80,600	\$112,840	\$161,200
Affordable Purchase price					
Affordable monthly payment (30%)	\$605	\$1,209	\$2,418	\$2,821	\$4,030
Principal & interest (80% of pmt)	\$484	\$967	\$1,934	\$2,257	\$3,224
HOA, taxes, insurance (20% of pmt)	\$121	\$242	\$403	\$564	\$806
Mortgage Interest rate	5.00%	5.00%	5.00%	5.00%	5.00%
Max mortgage	\$90,086	\$180,172	\$300,343	\$420,400	\$600,572
Max Affordable Price -5% down	\$95,000	\$190,000	\$316,000	\$443,000	\$632,000
Affordable Rent + utilities	\$605	\$1,209	\$2,418	\$2,821	\$4,030

Affordable purchase prices were calculated assuming that a household would have 5% for a down payment, and would qualify for a loan that 30% of their monthly income. HOA, property taxes and insurance of 20% were included. The max mortgage assumes an interest rate of 5.0%, which is about half point higher than prevailing rates for 30-year fixed rate mortgages. Interest rates are rising, however, and will have a profound impact on housing affordability. A one point increase in the rate, as occurred in 2013, would drop the affordable purchase price for a median income household by \$30,000 to \$35,000.

APPENDIX C – HOME SALES BY ZIP CODE, 2017

Vail - 81657 Zip Code					
	# of Sales	Median	Average	Affordable Price - 100% AMI	Affordability Gap
Single Family	25	\$ 2,200,000	\$ 3,333,000	\$ 316,000	\$ 1,884,000
Townhouse/Du-plex	75	\$ 1,425,000	\$ 2,178,000	\$ 316,000	\$ 1,109,000
Condo	160	\$ 743,750	\$ 1,629,000	\$ 316,000	\$ 427,750
Red Cliff - 81649 Zip Code					
	# of Sales	Median	Average	Affordable Price - 100% AMI	Affordability Gap
Single Family	6	\$ 242,000	\$ 340,000	\$ 316,000	\$ (74,000)
Townhouse/Du-plex	1	\$ 342,000	\$ 342,000	\$ 316,000	\$ 26,000
Condo	-	\$ -	\$ -	\$ 316,000	\$ -
Minturn - 81645 Zip Code					
	# of Sales	Median	Average	Affordable Price - 100% AMI	Affordability Gap
Single Family	9	\$ 521,000	\$ 719,000	\$ 316,000	\$ 205,000
Townhouse/Du-plex	4	\$ 713,250	\$ 741,000	\$ 316,000	\$ 397,250
Condo	1	\$ 570,000	\$ 570,000	\$ 316,000	\$ 254,000
Avon/Beaver Creek/Eagle Vail - 81620 Zip Code					
	# of Sales	Median	Average	Affordable Price - 100% AMI	Affordability Gap
Single Family	41	\$ 3,325,000	\$ 4,386,299	\$ 316,000	\$ 3,009,000
Townhouse/Du-plex	99	\$ 770,000	\$ 1,138,007	\$ 316,000	\$ 454,000
Condo	225	\$ 490,000	\$ 877,865	\$ 316,000	\$ 174,000

APPENDIX C – HOME SALES BY ZIP CODE, 2017

Edwards - 81632 Zip Code					
	# of Sales	Median	Average	Affordable Price - 100% AMI	Affordability Gap
Single Family	106	\$ 1,700,000	\$ 1,843,958	\$ 316,000	\$ 1,384,000
Townhouse/Du-plex	49	\$ 1,060,000	\$ 1,285,429	\$ 316,000	\$ 744,000
Condo	12	\$ 818,125	\$ 894,771	\$ 316,000	\$ 502,125
Wolcott - 81655 Zip Code					
	# of Sales	Median	Average	Affordable Price - 100% AMI	Affordability Gap
Single Family	9	\$ 950,000	\$ 1,332,056	\$ 316,000	\$ 634,000
Townhouse/Du-plex	-	\$ -	\$ -	\$ 316,000	\$ -
Condo	-	\$ -	\$ -	\$ 316,000	\$ -
Eagle - 81631 Zip Code					
	# of Sales	Median	Average	Affordable Price - 100% AMI	Affordability Gap
Single Family	92	\$ 615,500	\$ 670,334	\$ 316,000	\$ 299,500
Townhouse/Du-plex	49	\$ 423,500	\$ 424,038	\$ 316,000	\$ 107,500
Condo	10	\$ 312,500	\$ 320,000	\$ 316,000	\$ (3,500)
Dotsero/Gypsum - 81637 Zip Code					
	# of Sales	Median	Average	Affordable Price - 100% AMI	Affordability Gap
Single Family	155	\$ 400,000	\$ 460,768	\$ 316,000	\$ 84,000
Townhouse/Du-plex	38	\$ 376,500	\$ 368,561	\$ 316,000	\$ 60,500
Condo	12	\$ 194,800	\$ 201,967	\$ 316,000	\$ (121,200)

APPENDIX D – METHODOLOGY & SOURCES

Primary research was conducted to generate information beyond that available from existing public sources. This appendix provides the methods and sources used, such that the research contained in this report could be replicated or updated as needed.

Study Area Definitions

The three market areas were defined by Census Tract and Zip code, as follows:

	Census Tracts	Zip codes
Up Valley	6, 7.01, 7.02, 7.03	81645, 81649, 81657, 81658,
Mid Valley	4.01, 4.02, 5.01, 5.02, 5.03	81620, 81632
Down Valley	2, 4.03	81631, 81637, 81655,

Household Survey

An online survey was conducted from late November 2017 through mid-January 2018 to collect information on the current housing situation of local residents and employees. The survey explored household characteristics, housing perceptions and preferences, tradeoffs, and preferred housing solutions. The link to the survey was widely distributed through various media, employers and multiple other outreach efforts (see below). In total, responses were received from 705 residents in the Eagle River Valley: 147 from up valley, 347 mid valley, and 211 down valley.

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

Employer Survey

Concurrent with the household survey, a short online survey was also conducted to reach employers in the Eagle River Valley. The employer survey inquired about the number of year- round and seasonal workers (summer and winter) employed, where workers live (commute patterns), employee retention and recruitment issues, to what extent employee housing is perceived to be a problem, and employers preferred housing solutions. The link to the survey was distributed by the Vail Valley Partnership, through in-person visits to many restaurants and retailers, direct phone and/or email invitations to the valley's 50 largest employers with follow-up phone calls. Responses were received from 84 employers representing 9,700 jobs, approximately 27% of all jobs in the Eagle River Valley.

Survey Outreach

- Outreach for the online employer and household surveys was conducted as follows:
- Two press releases to all local news outlets.
- Editorial coverage from the Vail Daily News on (11/30/2017).
- Public service announcements on local radio stations: La Nueva Mix, KSKE, The Lift FM.
- Radio interviews on Mid Day Mile and on the Zephr.
- Email distribution to Eagle County Government E-News Subscription.

APPENDIX D – METHODOLOGY & SOURCES

- Newsletter outreach to members of the Vail Valley Partnership, Vail Chamber and Business Association, Gypsum Chamber, and Eagle Chamber.
- Direct phone calls and/or email invitations to the 50 largest employers.
- Email outreach to all current participants and applicants for Valley Home Store and ECHDA properties and programs.
- Spanish language outreach at ECHDA owned and managed properties, and on La Nueva Mix.
- Email links on the websites of Eagle County Government, Eagle County Housing, and The Valley Home Store.
- Social media messages on Eagle County Government Facebook page, Eagle County Housing Facebook page, Eagle County Classifieds Facebook page, Vail Moms Facebook page, Vail Moms classifieds Facebook page.

Property Manager and Realtor Focus Group

A focus group of property managers and realtors was conducted on October 12, 2017 to obtain information, insights, and assist with survey design. This focus group provided qualitative information on trends, challenges, housing preferences and shifts in demand.

Secondary Data

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

- 2010 Census data from the U.S. Census Bureau and population and household projections from the State Demography Office in the Colorado Department of Local Affairs (DOLA);
- Employment information from the Quarterly Census of Employment and Wages (QCEW), Colorado Department of Labor and Employment; ESRI;
- 2016 Area Median Income from the U.S. Department of Housing and Urban Development;
- 2017 and 2018 Multiple Listing Service (MLS) listings;
- Existing reports, and of particular note the Housing Needs Assessments from 2007, 2012, and 2016, Vail Valley Partnership Workforce Survey Report 2017, Land Title, and Polar Star Market Reports.

Demand Calculations

- The following components make up the Catch-up/Keep-up demand estimates. The following baseline data points are used throughout the demand calculations:
- Total jobs in the Eagle River Valley of 35,810, per ESRI December 2017.
- Total occupied housing units in the Eagle River Valley of 17,030, per 2010 Census, brought up to date with DOLA State Demographer data.
- Jobs/household per the 2018 household survey is 1.9. However, given that this change is not large compared with the 1.8 jobs/household previously measured and used for other calculations for housing policies in the valley. To remain consistent, 1.8 jobs/household is used in this report. If a larger change is measured in future years, these calculations should be revisited.
- Jobs/employee of 1.24, per the 2018 household survey.

Unique assumptions are described below. Final demand numbers are rounded to the nearest 10.

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Unfilled Jobs

In the 2018 Employer Survey, employers reported that 7% of jobs remained unfilled in the peak winter hiring season. This percentage was applied to the total jobs in the Eagle Valley. Unfilled jobs were then translated to units needed by calculating the jobs held/person (1.24) and the employees per household (1.8). Unemployment is currently so low that very few jobs can be filled by employees who already live in the Eagle River Valley, so no discount was given for local hiring.

	Assumptions & Units Needed
Total Jobs	35,810
% unfilled Jobs (Dec/Jan 2018)	7%
# unfilled jobs	2,470
Jobs per employee	1.24
Employees needed	1,992
Employees/Household	1.8
Housing Need	1,110

Functional Rental Market

The number of existing rental units was derived using DOLA and Census figures, which estimate a total 17,030 occupied homes in the Eagle River Valley. Since tenure estimates have shifted considerably towards renters since the 2010 Census, a combination of DOLA and survey response data was used to estimate that 45% of all homes are renter occupied. The research team estimated that 1% or fewer of these units are vacant, based on Polar Star reports and the property manager/realtor focus group. An additional 4% is a conservative estimate of what is needed to achieve a 5% vacancy rate.

Functional Rental Market	Assumptions & Units Needed
2017 Total Units per Census + DOLA	17,030
% rentals, per survey + DOLA	45%
Rental Units	7,660
Goal of 5% vacancy - assume 1% already	4%
Housing Units Needed	310



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In-commuters

The percentage of in-commuters and the extent to which they desire to move to the Eagle River Valley were established through the 2018 employer survey.

In- commuters	Assumptions & Units Needed
Total Jobs	35,810
Jobs per employee	1.24
Total employees	28,879
% Commuting from outside	9%
Number of in-commuters	2,599
Desire to move	39%
# Who would move	1,014
Employees/household	1.8
Housing Need	560

Overcrowding

The 2018 household survey established that 16% of all households are currently overcrowded. Consistent with previous studies in Eagle County, the definition of 1.5 persons per bedroom was used to define “overcrowded.” The metric of 30% reduction has also been used consistently over time as a practical measure to relieve, but not eliminate, the problem.

Overcrowded	Assumptions & Units Needed
Total survey respondents over crowded:	16%
Total Housing Units	17,030
Overcrowded units	2,670
% needed to reduce overcrowding	30%
Housing Units Needed	800

New Jobs

New jobs for 2020, 2025, and 2030 were projected using the baseline of ESRI jobs in the valley, and applying the anticipated growth rates as published by the State Demography Office on the DOLA website December 2017.

New Jobs	Assumptions & Units Needed		
	2020	2025	2030
Increase in Jobs over 2017	2,304	5,250	8,643
Jobs per Employee	1.24	1.24	1.24
New Employees	1,858	4,234	6,970
Employees/household	1.8	1.8	1.8
Housing Units Needed	1,030	2,350	3,870

APPENDIX D – METHODOLOGY & SOURCES

Retiring Employees

Employers responding to the 2018 employer survey provided the data that 4% of the workforce intends to retire in the next five years. This data was annualized and applied to total jobs in the valley, using the consistent assumptions about jobs/employee and employees/household.

	Retiring in 5 years	Retiring annually
% total jobs with employee planning to retire	4.2%	0.8%
Total Jobs	28,879	28,879
# Jobs held by retiring employees	1,202	240
Jobs/employee	1.24	1.24
Employees/household	1.8	1.8
Housing Units needed	540	110

Gap, Location, and Tenure

The gap calculation begins with the total housing need estimated for 2020: 3,870 units. This number is then discounted with the assumption that 9% of jobs will continue to be filled by in-commuters, to establish a demand for 3,800 units within the Valley.

The color-coded chart identifying where gaps exist by region and tenure is estimated using the market and AMI data compiled in Chapter 1. Quantification of these gaps is highly sensitive to changes in the market and should be reviewed regularly.

The location for new housing was established by household survey respondent's stated preferences regarding where they want to live. Percentages used are as follows:

	Up Valley	Mid Valley	Down Valley
Own	26%	39%	35%
Remt	42%	40%	18%

The tenure mix of 55% owners and 45% renters matches that of the survey weighting, which was derived by finding a middle ground between the 2010 Census tenure mix and that of the 2018 household survey, which seemed to indicate that the mix of owners and renters has shifted in favor of renters since the recession.

Comparison of 2007 and Current Demand

While the general method used to estimate demand has remained the same, most of the assumptions have changed significantly over the past 10 years. While both the rental and for sale housing markets are now greatly exceeding 2007 price points, many other elements of the current economy are more fragile, and overall demand projections and housing gaps are lower than in 2007.

Catch-up

In 2007, the construction industry was extremely strong, and unfilled jobs were at a record high. This year, unfilled jobs present a significant challenge to employers, but do not match 2007 levels. With very low snowfall, this winter looks to

fall short of the past few years' economic activity as measured by sales tax receipts. This could mark the beginning of an economic slow-down for the Eagle River Valley, or the economy may rebound quickly with a strong summer visitor season and plentiful snow in 2018/2019.

- Functional rental market is a new metric added in 2018 to address the extremely low vacancy rates, rapidly rising rents, and lack of consumer choice in the rental market.
- In-commuters are always a challenging demographic to measure. However, 2018 employer survey responses align closely with State Demographer estimates, both of which show a significant decrease in in-commuters since 2007. This may be related to housing scarcity and competition for employees in neighboring communities.
- Given relatively flat wages and significantly higher home prices and rental rates, the increase in the overcrowding in 2018 comes as no surprise.
- When all of these factors are combined, there is an estimated 1,670 fewer units needed to meet current demand than in 2007.

Keep-up

- In 2007, keep-up demand and the housing gap were projected out 12 years, through 2015. This year, twelve-year projections are also provided, but greater emphasis is placed on the nearer term forecasts of 2020 and 2025. This approach, combined with State Demographer estimates, has resulted in significantly lower job growth projections.
- The rate at which employees are retiring has slowed quite a bit. In 2007, an estimated 275 new units were needed each year to fill housing gaps left by retiring employees, compared to only 110 units per year given current conditions. Post-recession, many employees have pushed back their retirement dates, or made plans to scale back their work commitments without retiring.
- While the overall estimates for housing units needed were much higher in 2007, so were the assumptions about what the market would provide. In 2018, the gap represents 61% of the total housing need, compared to only 27% in 2007.

Comparison of Housing Demand Summary – 2007 and 2018

	2007	2018	Change
Catch-up			
Demand for unfilled jobs	1,420	1,110	(310)
Rental Market	-	310	310
In-commuters	2,469	560	(1,909)
Overcrowding	557	800	243
Total Catch-up	4,446	2,780	(1,666)

Keep-up - Projected to Year	2015	2020	12 yrs/2 yrs
Job Growth	4,776	1,030	(3,746)
Retirees	3,284	220	(3,064)
Total Keep-up	8,060	1,250	(6,810)
Total need	12,506	4,030	(8,476)
Gap	3,398	2,450	(948)

APPENDIX E – SURVEY DEFINITIONS OF TOOLS

Definitions of housing tools by category presented in the survey.

Incentives
Density bonuses when workforce housing is built
Fee waivers -- water/sewer tap fees or permits for workforce housing
Reduced parking requirements for workforce housing
Fast track processing -- workforce housing projects go to the front of the line for review
Property tax exemption
Development Requirements
Commercial linkage: requiring new commercial development to provide housing
Residential linkage: a type of impact fee on new residential construction
Inclusionary Housing: a percentage of units in new subdivisions restricted for workforce housing
Taxes
Excise tax on short-term rentals, for example 3% - 5% - vote required
Property tax (paid for by property owners) - vote required
Sales tax (paid for by consumers) - vote required
Public Initiatives
Providing County or Town land that is vacant or under-utilized
Town or County builds housing (like Miller Ranch and Chamonix)
Town, County, or Housing Authority provide financing
General fund revenues - appropriation by elected officials required
Other Solutions - Employer assistance for housing -- rent or mortgage subsidies, etc.