

Attachment #1.

**Routt County
Community Housing Steering Committee
Final Report**

December 13, 2016

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INTRODUCTION

The City of Steamboat Springs City Council and the Routt County Board of County Commissioners endorsed and authorized the Community Housing Steering Committee (Steering Committee) to study the housing market in Routt County on March 15, 2016. The Steering Committee was made up of locally elected and appointed officials, business leaders and community members. The Steering Committee members are:

- Dan Pirrallo, Co-Chair, Steamboat Springs Chamber Resort Association
- Sheila Henderson, Co-Chair, Human Resources Coalition
- Doug Monger, Routt County Commissioners
- Kathi Meyer, Steamboat Springs City Council
- Roger Ashton, Yampa Valley Housing Authority Board
- Charlie McArthur, Native Excavating
- Angela Ashby, Steamboat Springs Board of Realtors Chair
- Viviana Loya, Routt County Human Services
- Karen Goedert, One Steamboat Place
- Tom Fox, Fox Construction
- Soniya Fidler, Yampa Valley Medical Center

The Steering Committee established the follow Problem Statement and Mission:

Housing demand is outpacing supply. The role of the Community Housing Steering Committee is to facilitate the identification and analysis of solutions mitigating the obstacles to housing. The role of the Working Groups is to analyze housing demand sectors through a supply and demand lens and make recommendations to the Steering Committee. Together, the Steering Committee and Working Groups will identify opportunities to address housing supply in Routt County.

METHODOLOGY

The Community Housing Steering Committee approached their study of the housing market by looking at four distinct segments of the market defined below:

- Seasonal – short term (less than 6 months), rental housing
- Low Income – long-term apartment or mobile home rentals, year round residents, up to 60% AMI includes senior citizens, homeless population and college students
- Entry Level – permanent residents in the market for bottom third of the for sale market; condos, single family homes in outlying communities
- Move Up – middle third of for sale market; larger townhomes, single family homes, permanent residents

These four market segments were all analyzed based on seven unique criteria listed below:

- Demographics

- Demand
- Supply
- Obstacles
- Consequences
- Solutions/Opportunities
- Definitions of Success

Each market segment was studied and analyzed by a Working Group, led by a member of the Steering Committee and populated by community members with interest in solving the housing challenges in Routt County. The Working Groups met for two months and produced a report on their market segment focusing on the seven criteria listed above. The following is a list of the Working Group leaders and community participants:

- Seasonal led by Karen Goedert, with participation from: Alison Brodie, Brooks Bradbury, Erin Walker, Jay Melnick, Jane Martin, Jim Clark, Trish Sullivan, Tyler Kern, and Charlie Macarthur
- Low Income led by Viviana Loya and Sheila Henderson, with participation from: Fr. Ernest Bayer, Laura Von Boecklin, Diane Brower, Lisa Brown, Catherine Carson, Cathy Maloney, Kathi Meyer, Kate Totos, and Joella West
- Entry Level led by Roger Ashton, with participation from: Ben Beall IV, Jane Blackstone, Matt Eidt, Kimberly Holm, Ryan Ross, Tim Rowse, John St. Pierre, Ulrich Salzgeber, John Spezia, and Kristy Winser
- Move Up led by Angela Ashby, with participation from: Dave Epstein, Scott Ford, Tom Fox, Gates Gooding, Tyler Goodman, Cole Hewitt, Richard Mandel, Lisel Petis, Geoffrey Petis, and Holly Rogers

What follows is a cumulative report of the Working Groups' analyses.

DEMOGRAPHICS

	<u>Seasonal</u>	<u>Low Income</u>	<u>Entry Level</u>	<u>Move Up</u>
<u>Income Range:</u>	Varies	\$0 - \$35,000	\$35,000 - \$75,000	\$75,000 - \$150,000
<u>Total Routt County Households:</u>	1,500 ↔	2,538 ↑	3,189 ↑	2,924 ↑
<u>Percent of Total Households:</u>	10% ↔	27% ↑	33% ↓	31% ↔
<u>Countywide Distribution:</u>				
• Steamboat	Data	1,469 – 58%	1,783 – 55%	1,191 – 41%
• Unincorporated Routt County	Not	636 – 25%	952 – 30%	1,407 – 48%
• Hayden	Available	242 – 10%	264 – 8%	199 – 7%
• Oak Creek		148 – 6%	151 – 5%	85 – 3%
• Yampa		43 – 2%	39 – 1%	42 – 1%
<u>Rent – Own</u>	100% Rent	45% Rent ↑ 55% Own ↓	26% Rent ↓ 74% Own ↑	17% Rent ↔ 83% Own ↔
<u>Housing as a percent of Gross Income:</u>				
• Less than 30% of Gross Income	Data	19% ↔	60% ↔	83% ↔
• More than 30% of Gross Income	Not Available	81% ↔	40% ↔	17% ↔

How to read this chart:

↔ = Stable metric

↑ = Trending upward

↓ = Trending downward

Trending information derived from 2009-2014 American Community Survey to show changes in demographics over time.

Sources: 2014 American Community Survey and seasonal employer data

SUPPLY

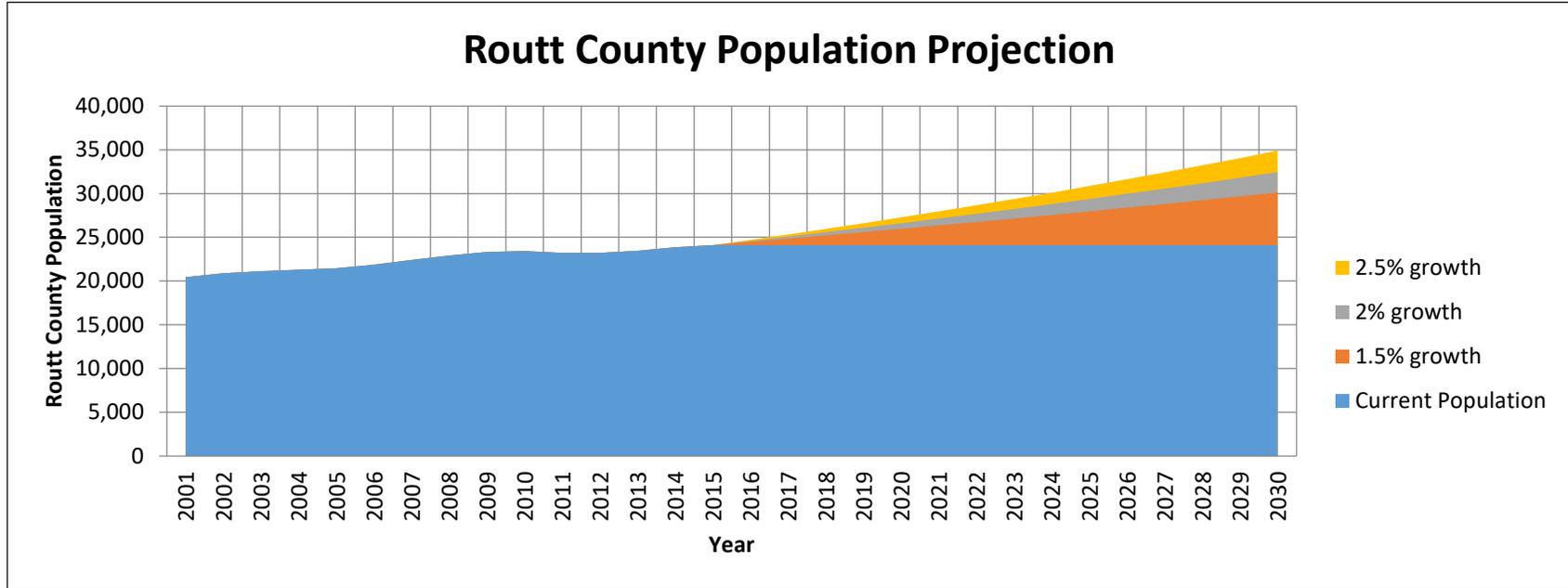
	<u>Seasonal</u>	<u>Low Income</u>	<u>Entry Level</u>	<u>Move Up</u>
<u>Total Routt County Households:</u>	1,500	2,538	3,189	2,924
Absolute Housing Available	650 Beds	2,574 Units	5,147 Units	5,040 Units
Vacancy Rate	0%	41%	41%	41%
Available Housing Units for locals	650 Beds	1,719 Units	3,036 Units	2,973 Units
Gap in Supply	179 Beds	-819 Units	-153 Units	+49 Units

Methodology:

Gap in supply data was derived by taking the household population within each market segment (excluding Seasonal) and comparing it to the available housing units in that market segment. Household population was sourced from the 2014 American Community Survey. Available housing units were determined by examining tax records provided by the Routt County Assessors and applying the vacancy rates found in the 2014 American Community Survey. Seasonal supply and demand data was derived from a survey of seasonal employers.

$$\text{Household Population} - (\text{Total Units} \times (1 - \text{Vacancy Rate})) = \text{Gap in Supply}$$

DEMAND



	<u>Seasonal</u>	<u>Low Income</u>	<u>Entry Level</u>	<u>Move Up</u>
<u>Estimated gap in housing supply:</u>				
Current	179 Beds	819 Units	153 Units	-49 Units
<u>Demand for new housing units as a result of population growth:</u>				
2020	80 Beds	215-365 Units	263-447 Units	247-420 Units
2025	100 Beds	447-779 Units	546-952 Units	513-894 Units
2030	150 Beds	697-1,247 Units	852-1,524 Units	800-1,431 Units
Total	509 Beds	1,516-2,066 Units	1,005-1,677 Units	751-1,382 Units
<i>Average new units needed per year to match demand</i>	<i>34 Beds</i>	<i>101-137 Units</i>	<i>67-111 Units</i>	<i>50-92 Units</i>

NOTE: Unit ranges based on population growth scenarios ranging from 1.5% growth to 2.5% growth

OBSTACLES

Obstacles to the development of housing identified in all segments:

- Planning/Zoning Process
- Building Code restrictions
- Cost to build new supply
 - Cost of Land
 - Building Department Fees/Taxes
 - Tap Fees
 - Cost of Construction
 - Cost of Infrastructure
- Vacation rental marketplace (Airbnb and VRBO)

Obstacles to the development of housing by housing segment:

<u>Seasonal</u>	<u>Low Income</u>	<u>Entry Level</u>	<u>Move Up</u>
High Rents	Lack of Funding	Lack of Funding	Low wages
Low Supply	Limited transportation	Resistance to annexation	Lack of community support
Tight labor market	Low wages	Limited transportation	Construction defects law
	Lack of community support	Low wages	
	Lack of infrastructure	Lack of community support	
		Lack of political leadership	
		Rapid appreciation of existing supply	
		Financial barriers for consumers	
		Lack of Infrastructure	

Note: Refer to Appendix A for additional details from each housing segment.

CONSEQUENCES

Consequences identified in all segments:

- Loss of workforce across all segments (out-migration) and employee turnover
- Loss of businesses due to inability to adequately staff
- Loss of “Community Character”

Consequences by housing segment:

<u>Seasonal</u>	<u>Low Income</u>	<u>Entry Level</u>	<u>Move Up</u>
Decreased tourism	Impact on human services agencies	Impact on infrastructure	Impact on Infrastructure
	Social impact	Rising housing costs	Rising housing costs
	Economic impact on individuals	Growth	
	Negative health outcomes		
	Impact on employment		

Note: Refer to Appendix B for additional details from each housing segment.

SOLUTIONS/OPPORTUNITIES

Solutions/Opportunities to the development of housing identified in all segments:

- **Facilitate the development of supply to match demand:** This can only be accomplished by a structured and dedicated effort to encourage the development of housing supply throughout the county including infill within the existing City of Steamboat Springs, annexation of new developable land into the City of Steamboat Springs and development of existing lots in Routt County’s designated growth centers (Hayden, Oak Creek, Yampa and Stagecoach). The City of Steamboat Springs area contains 75% of the County’s housing stock and will be the primary location for new housing supply. Development in Hayden, Oak Creek, Yampa and Stagecoach will accommodate the remainder of the housing supply needed to meet demand. The following solutions can help facilitate supply in all market segments:
 - **Funding:** Establish permanent funding source(s) to support the Yampa Valley Housing Authority’s (YVHA) development of seasonal, low income, entry level and move up housing.
 - **Planning and Zoning Process:** Create a process to amend the codes, review process and review timeline to create a more timely, flexible and predictable entitlement process at the City of Steamboat Springs and Routt County. Change the culture of those entities to prioritize our community goals and have that translate into an entitlement process that achieves those goals.
 - **Public Works Infrastructure:** Fund and construct public works infrastructure for the City of Steamboat Springs to support future infill development and development in the Urban Growth Boundary.
 - **Transportation and Infrastructure:** Explore and invest in additional transportation options between growth centers to accommodate increased transportation demand created by additional housing throughout the County.

Solutions/Opportunities to the development of housing by housing segment:

<u>Seasonal</u>	<u>Low Income</u>	<u>Entry Level</u>	<u>Move Up</u>
Seasonal employer partnership to develop new employee units	YVHA LIHTC Developments Mobile Home Communities	Developments throughout the City and County	Developments throughout the City and County

Notes: Refer to Appendix C for additional details from each housing segment.

Refer to Appendix J for additional information regarding the development potential throughout the County and within the City of Steamboat Springs

DEFINITIONS OF SUCCESS

Definitions of Success identified in all segments:

- **Match housing supply with demand:**
 - Home price and rental rates appreciate at a rate benchmarked by Area Median Income, local construction cost per square foot and Denver-Boulder-Greeley Consumer Price Index
 - **Funding:**
 - Create a funding committee to look at all dedicated funding options and to work with other groups searching for funding including taxes
 - Establish a dedicated funding source based on the funding committee recommendations
 - **Planning and Zoning Process:**
 - Measure review times and decrease review times by 25% moving forward.
 - Adopt a short term housing incentive code to promote the development of housing in all market segments
 - Rework the CDC update to focus on policies that will result in a timely, flexible and predictable entitlement process and will empower more administrative approvals and Planning Commission final decisions. This approach should consider planning, zoning, engineering, fire and building standards. To be completed by December 2017.
 - Change the construction defect law locally to facilitate the development of multi-family for sale housing as other communities throughout the state have done.
 - **Water and Public Works Infrastructure:**
 - Populate the Capital Improvements Plan at the City and County with projects that will facilitate development
 - City Council will adopt policies to secure funding to construct the redundant water supply that can accommodate new housing developments
 - Work collaboratively to fund expansions to US Highway 40 west of Downtown Steamboat Springs
 - **Transportation and Infrastructure:**
 - City Council and Board of County Commissioners will invest in roads, busses and transportation options that are safe, reliable and predictable in locations where housing developments are occurring.

Definitions of Success by housing segment:

<u>2020 Goals</u>	<u>Seasonal</u>	<u>Low Income</u>	<u>Entry Level</u>	<u>Move Up</u>
	250 Beds	200 Units	250 Units	250 Units

The goal is to produce supply that will catch up with demand and begin to provide housing supply that matches demand in all market segments.

<u>2030 Goals (cumulative)</u>	500 Beds	1,000 Units	1,000 Units	750 Units
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The goal is to establish an environment where housing supply matches demand in all market segments. 2030 goals will be reevaluated and adjusted based on actual trends in the local real estate and employment markets.

Note: Refer to Appendix D for additional details from each housing segment.

CONCLUSION, TASKS AND RESPONSIBILITIES

Conclusion

Housing supply is not keeping up with demand, leading to rapidly increasing home prices and rental rates. An environment of prolonged home price and rental rate appreciation will price out many local wage earners from our communities leading to a loss of community character and economic competitiveness. It is the recommendation of the Community Housing Steering Committee that the City of Steamboat Springs, Routt County, the Yampa Valley Housing Authority, businesses and community members in Routt County establish policies and take significant action to stimulate the production of housing supply to meet demand. Through the tasks and responsibilities listed below and by achieving the targets set forth in this report, our community can maintain reasonable home price and rental rate appreciation resulting in the retention of a talented local workforce and the preservation of community character.

City of Steamboat Springs

- Participate in Funding Committee to determine a dedicated funding source(s) to support YVHA's development of seasonal, low income, entry level and move up housing.
- Facilitate the implementation of the funding committee recommendations.
 - Immediate request to add a fee to VRBO/Airbnb to fund Community Housing
- Amend planning, zoning and building codes and processes to facilitate the development of more housing supply. Empower staff and Planning Commission to further the community goals of providing housing supply.
- Fund and construct the infrastructure to support development within the Urban Growth Boundary
- Invest in roadway and transportation options in concert with new housing development.

Routt County

- Participate in Funding Committee to determine a dedicated funding source(s) to support YVHA's development of seasonal, low income, entry level and move up housing.
- Facilitate the implementation of the funding committee recommendations.
- Fund and construct the infrastructure to support development within the Urban Growth Boundary
- Amend planning, zoning and building codes and processes to facilitate the development of more housing supply in designated Growth Centers. Empower staff and Planning Commission to further the community goals of providing housing supply.
- Invest in roadway and transportation options in concert with new housing development.

Yampa Valley Housing Authority

- Provide annual updates on the measurements of success and key housing benchmarks (price appreciation, CPI, construction costs, wages)
- Monitor the percentage of middle class households as an indicator of community character
- Update YVHA Strategic Plan to include development of units in all four market segments
- If and when appropriate, coordinate a professional scientific survey to understand community values and support for community housing initiatives.
- Identify projects and policies that impact the development of housing in all four market segments and communicate those impacts to interested parties.

Businesses

- Work collaboratively with the City, County, YVHA and other businesses to facilitate the development housing for your workforce
- Advocate that our public institutions take action to meet our housing goals

Community Members

- Get involved and advocate that our public institutions take action to meet our housing goals

Steering Committee/Working Group Participants

- Continue involvement with YVHA
- Participate in the Funding Committee
- Show up at Planning Commission, City Council and County Commissioner meetings to support new developments in the four market segments